

# The Business of Leaving:

## Raiffeisen Bank International and the Investment Case for Exiting Russia

This paper is authored jointly by BankTrack, KSE Institute, and B4Ukraine.



# EXECUTIVE SUMMARY

Since Russia's full-scale invasion of Ukraine, Austria's Raiffeisen Bank International (RBI) has remained the largest international bank operating in Russia. RBI has so far failed to make good on its commitment – first made in 2023 – to exit the country. Attempts to sell its Russian subsidiary have repeatedly stalled, while it continues to generate both substantial trapped profits and major market risks for the group and its investors.

This paper examines the costs of remaining in Russia for RBI and its investors and explores the costs and feasibility of several alternative Russia exit strategies. It makes the case that, although RBI's leadership claims exiting Russia is not in its hands, RBI still has **several realistic options for exiting Russia** that would carry substantial medium-term benefits for the group and its shareholders.

## Key findings:

- **RBI's Russian subsidiary is of substantially lower value to investors than its book value suggests.** The Russian subsidiary has generated around €5.6 billion in excess capital, but this capital is trapped in Russia and has no impact on the value of RBI's dividends. Meanwhile, we estimate that continued exposure to the Russian market is having an adverse impact on RBI's share price of 10–30%, making an exit from Russia necessary from an investor perspective.
- **RBI's current Russia exit plan is unlikely to reduce risks.** RBI has attempted to sell its Russian subsidiary, which would be economically feasible, likely resulting in a loss of ca. €4.1bn. However, RBI continues to perform business activities in Russia that significantly reduce its chance of receiving Kremlin approval for the sale. Russian risks therefore continue to mount as RBI's sale stalls.
- **Several feasible options for RBI to leave Russia remain available.** The two most realistic options are a “business freeze” strategy (a wind-down of all non-essential business and an eventual sale below market value) and a “dropping the keys” strategy (a deconsolidation of the Russian subsidiary and a write-down of the entire book value as a loss). These options would generate losses of between €4.1 and €5.6bn.
- **These exit options carry medium-term benefits for investors, despite the substantial short-term losses.** Either option would be substantially more likely to successfully reduce exposure to Russia risks than RBI's current Russia exit strategy, while a greater adverse impact on investors is unlikely. RBI should therefore consider both alternative exit scenarios, which would carry significant benefits for its investors in the medium term.

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# 1. INTRODUCTION: THE BUSINESS OF STAYING

Since Russia's full-scale illegal invasion of Ukraine in February 2022, international financial institutions operating in Russia have faced mounting pressures to exit. Many Western banks, including Société Générale and Citi, have sold or shut down their local subsidiaries due to the heavy reputational, legal and operational risks associated with Russian exposure. Some Western banks, however, have significantly delayed their exits, prolonging their exposure to substantial Russia-related market risks.

Among these, Austria's Raiffeisen Bank International (RBI) remains the largest international bank operating in Russia. RBI's Russian unit, AO Raiffeisenbank, continues to be the largest foreign banking operation in the country and is one of only two foreign banks considered "systemically important" by the Russian government. According to the 2024 report "Burning the Bridge" by BankTrack and B4Ukraine, this distinction owes in part to AO Raiffeisenbank's role as a critical financial intermediary within Russia's financial system: it is one of the only remaining banks in the country with access to the SWIFT messaging system, from which the vast majority of Russian banks have been excluded.

RBI's continued presence in Russia creates a complex risk landscape for investors: AO Raiffeisenbank's position has led to record revenues for RBI since 2022, but capital from excess profits cannot be repatriated to Austria due to Russian government blockades on asset transfers. Meanwhile, RBI's Russian exposure has raised significant reputational and human rights concerns, led to mounting pressure by supervisory authorities, and resulted in AO Raiffeisenbank facing sizable arbitrary fines and asset seizures by Russian authorities. As a result, and as has been widely recognised by regulators and analysts, RBI's position in Russia creates unacceptable risks for the group. As RBI restates in its 2025 Annual Report, a reduction in exposure to the Russian market provides the strongest option to manage these risks.

In 2023, RBI announced plans to exit Russia by selling AO Raiffeisenbank. However, almost three years later, the bank has failed to announce any meaningful progress towards this goal. Significant barriers to the completion of a sale led RBI CEO Johann Strobl to concede in September 2025 that the sales process was no longer "in [RBI's] hands." These barriers include the need for prospective buyers to be approved by the Kremlin – a requirement that has undermined previous deals because of the continued role AO Raiffeisenbank plays as a financial bridge to Europe – as well as by Western authorities, which have blocked previous sales attempts due to significant sanctions and human rights risks associated with potential buyers.

With the prospect of a sale increasingly unlikely and the risks of remaining in Russia continuing to mount, this paper evaluates potential alternative options for RBI to complete a full and responsible exit from Russia, building on options and recommendations proposed in B4Ukraine's 2022 report, "The Business of Leaving: How multinationals can responsibly exit Russia." It does not articulate the human rights and international legal case for exiting the Russian market, which is well-

articulated elsewhere, including in the first “Business of Leaving” paper. Rather, it explores evaluates the financial costs of two plausible exit strategies, benchmarking these costs against the risks generated by RBI’s current strategic position in Russia:

1. A “**business freeze**” scenario, whereby Raiffeisen would halt all its business activities in Russia except those required to fulfil its legal obligations, with the aim of shutting down and gradually disposing of assets until a suitable buyer is found;
2. A “**drop the keys**” scenario, whereby Raiffeisen would seek to immediately deconsolidate its Russian subsidiary at a book value of zero, essentially abandoning its Russian operations and writing off the entire value of its Russian subsidiary as a loss.

RBI’s leadership has previously declared its unwillingness to exit Russia “without compensation”. However, this paper makes the investment case that these exit strategies, though associated with substantial one-off financial costs, are both feasible and may be **significantly less costly** for the bank and its shareholders in the long term than continued exposure to the risks of remaining in Russia.

## 2. RBI’S RUSSIA BUSINESS: ADDED VALUE OR UNACCEPTABLE RISK?

AO Raiffeisenbank has historically been one of RBI’s most profitable units, with Russia serving as a primary growth market for the bank since it established its Russian arm in 1996. The subsidiary has historically generated **significant profitability for the group** and made up a significant portion of the group’s overall profits, though this proportion has declined in the past two years and these profits are now trapped in Russia, per RBI’s 2025 Annual Report.

This creates a paradox: while the Russian business remains financially attractive in accounting terms, Russian profits are of limited utility for RBI and investors, and the continuation of business activities in Russia exposes the group to escalating risks.

This section briefly outlines RBI’s current financial position in Russia, assesses the implications of this position for the bank and its shareholders, and attempts to estimate the potential market cost generated by RBI’s continued exposure to substantial Russia-related risks.

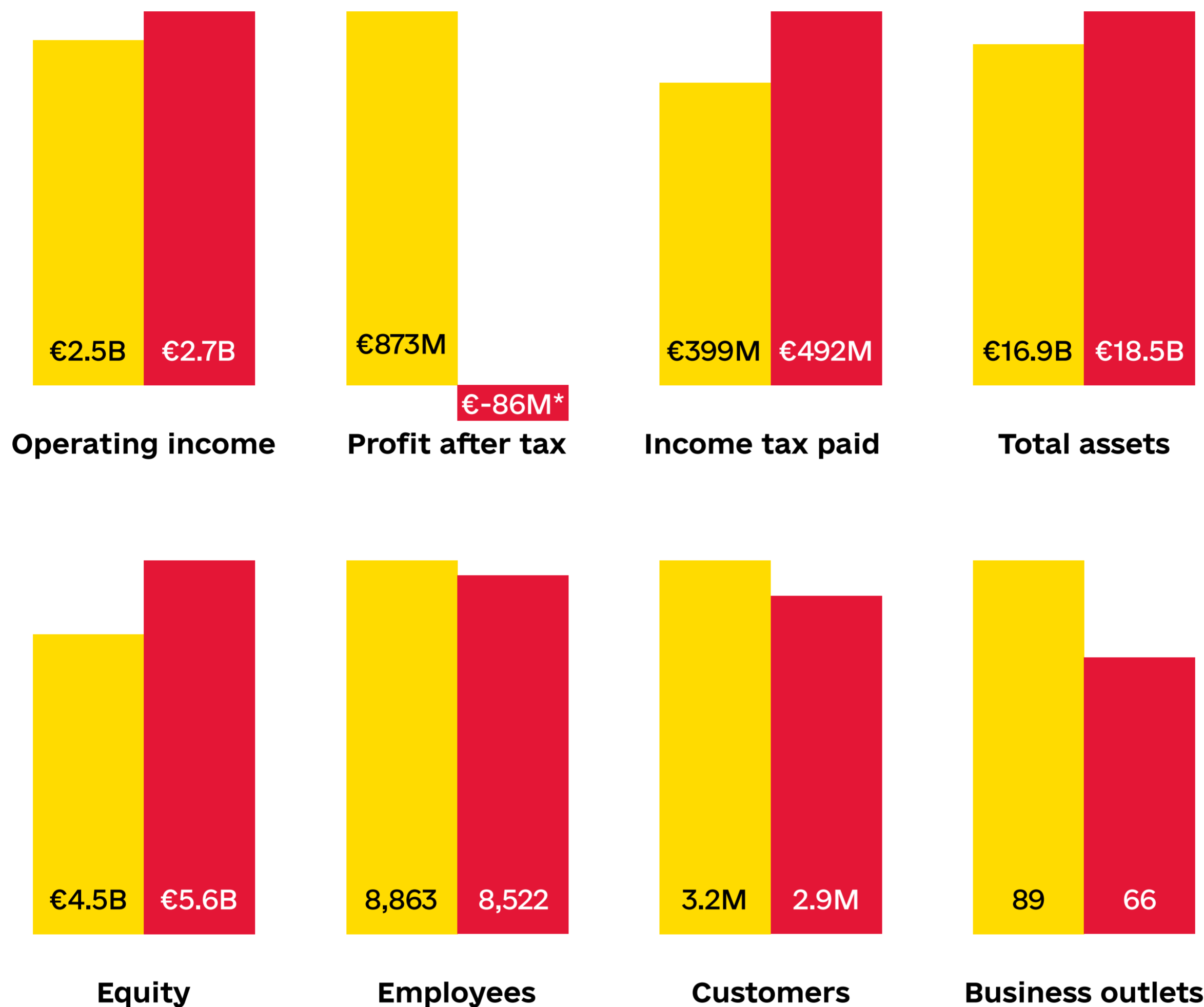
### RBI’s financial position in Russia

In accounting terms, RBI’s Russian subsidiary continues to generate substantial value for the group. Since 2022, limited competition from Western banks, high demand for AO Raiffeisenbank’s continued access to SWIFT for international transfers, and high interest margins in the Russian banking sector have contributed to AO Raiffeisenbank’s generation of outsized revenues for the group. Profits in Russia, for example, increased by 440% in 2022 following the invasion of Ukraine, and revenues remain very high in accounting terms.

# RAIFFEISEN BANK IN RUSSIA: AT A GLANCE

All figures taken from 2025 and 2024 Annual Reports

2024  
2025



\*Includes losses from litigation related to investor disputes in Russia.

The profits generated by AO Raiffeisenbank are structurally constrained, however, and have declined sharply compared to its revenues as a result of increasing operating costs and high penalties associated with ongoing litigation in Russia. These structural constraints significantly impact the real value of RBI's Russia business for investors. Several key factors constrain the investment value of RBI's Russia business compared to its book value:

Firstly and most notably, capital controls instituted in Russia prevent any of AO Raiffeisenbank's profits or excess capital from being repatriated to other markets, ensuring that RBI cannot utilise this excess capital elsewhere. As a result, dividend decisions by RBI are currently "based on the capital position of the Group excluding Russia," ensuring that investors do not see the benefits of the >€5bn in trapped earnings generated in Russia since the war on Ukraine.

Secondly, AO Raiffeisenbank has faced a growing volume of court-ordered penalties and asset seizures related to ongoing litigation in Russia, most notably with Russian investor Rasperia Trading, over investment disputes widely viewed as politically-motivated retaliations against AO Raiffeisenbank for losses incurred by Russian

companies in Europe as a result of European sanctions regimes. Such investment disputes have impacted RBI's Russian results in 2024 and 2025 to the value of ca. €2.3bn, severely hampering the profitability of its Russian business compared to previous years and leading to negative profit margins for AO Raiffeisenbank in 2025.

Thirdly, RBI's continued business activities in Russia are associated with a growing volume of financial risks which carry potentially significant implications for shareholders. These risks are briefly outlined below.

### The risks of staying

As with all businesses continuing to operate in Russia, RBI has faced repeated warnings by international authorities, civil society organisations, and shareholder rights groups that its continued business activities in Russia expose the bank and its shareholders to potentially substantial material risks. Among these risks, reputational damage, sanctions and regulatory pressure, and operational risks associated with the Russian market are among the most significant.

- **Reputational damage**

Since at least 2022, RBI has been exposed to significant reputational risks as a result of its operations in Russia, as Russia's illegal invasion of Ukraine has drawn widespread condemnation, especially across RBI's key markets in Central and Eastern Europe.

Human rights and Ukrainian advocacy groups, including BankTrack and B4Ukraine, have cited RBI's continued operations in Russia's wartime economy as playing a "crucial role" in materially and diplomatically contributing to Russia's ongoing war on Ukraine. This assessment is shared by researchers at the University of Essex Human Rights Centre, which notes potential shortcomings in RBI's human rights processes in relation to its operations in Russia.

The negative human rights perception of RBI has been shared by civil society groups, communities in RBI's home market in Austria, and government and regulatory officials: RBI's continued operations in Russia have drawn condemnation in the form of civil society open letters, protests in Austria, and its former designation as an "international sponsor of war" by the Ukrainian government. The European Central Bank has explicitly warned RBI and other Western banks with continued Russia operations that exposure to the Russian market poses an increased reputational risk.

The reputational damage incurred by RBI over its Russia exposure may have a **material impact on investors** through its impacts on the bank's ESG perception. Moody's cites RBI's Russia presence as contributing to moderate-to-high ESG risks, and human rights-focused investment platforms have criticised RBI's Russia links, potentially impacting its reputation among responsible investors. Several major European ESG-linked investment funds currently do not hold shares in RBI despite holding shares in peer banks, and data from the Financial Times indicates that major responsible investors such as the Netherlands' APG have recently divested from RBI. Although it is uncertain how closely these trends are linked to RBI's Russia business, withdrawal from Russia would clearly improve the bank's ESG profile and reduce civil society pressure, potentially improving its market position for shareholders.

- **Regulatory/sanctions risks**

RBI's continued links to Russia's economy, which is constrained by wide-reaching economic sanctions by Europe and the USA, exposes it to a series of sanctions and anti-money laundering (AML)-related risks with potentially salient consequences for shareholders.

RBI operates under direct supervision of the European Central Bank (ECB), which has intensified scrutiny of European banks with exposure to Russia. The ECB expressed concerns over the substantial risks of Russia-linked activities soon after Russia's full-scale invasion of Ukraine, ultimately setting higher capital requirements for RBI as a buffer against its Russia business in 2024. The ECB also moved beyond setting "de-risking" expectations in the same year by explicitly setting expectations for RBI to **reduce its business activities**, initially requiring RBI to reduce its loan portfolio in Russia by 65% by 2026. Following this decision, insiders reportedly claimed that the ECB considered RBI the "most problematic" bank in terms of Russia-related risks, suggesting a continued risk of future regulatory escalation. Such escalation could come in the form of further capital requirement increases, restrictions on dividend distribution, penalties, or limitations on business activities within the EU, creating potentially substantial costs for investors.

These risks are compounded by others associated with RBI's alleged financial dealings with entities subject to US and European sanctions and AML restrictions. Notably, RBI has faced threats by the U.S. Treasury of losing access to the U.S. dollar system over its alleged dealings with sanctioned oligarch Oleg Deripaska, among other Russia risks, which would carry drastic implications for the bank's future business activities. A 2025 investigation by BankTrack and B4Ukraine further indicates that a subsidiary of AO Raiffeisenbank in Russia retained investments in Russian sovereign bonds, leading to a series of parliamentary inquiries in Austria over the bank's potential violation of EU sanctions.

Deficiencies in transparency surrounding RBI's Russia business compound these risks. Erosions in financial reporting standards in Russia mean that the bank's Russian subsidiary has not produced a full annual report since 2022, and RBI has neglected to confirm whether it is conducting heightened human rights due diligence in connection with its business activities in Russia in line with the UN Guiding Principles on Business and Human Rights. This lack of transparency creates a **compliance black box**, increasing the risk that violations may go undetected.

Although regulatory determinations have thus far not found RBI liable for sanctions violations, continued queries could intensify adverse financial impacts and political risks and **damage the bank's standing among regulators**. Austrian proposals to compensate RBI for its losses in Russia at an EU level have previously failed following objections by EU officials, while European legislators have condemned RBI's continued business activities in Russia. Even without explicit sanctions penalties, RBI's European operations have therefore become materially constrained by negative regulatory and political perceptions of the bank's Russian exposure, creating adverse impacts for shareholders.

- **Operational risks: Russian asset weaponisation**

Through its substantial continued business activities in assets in Russia, RBI remains highly exposed to the Kremlin's growing weaponisation of Western corporate

presence in Russia as a political and economic tool to mitigate the impact of Western sanctions. Amid ongoing economic instability and US/European sanctions, Russian authorities have often seized Western corporate assets, imposed high penalties in investment disputes, or forced the nationalisation of Western businesses, in addition to steadily raising tax rates and imposing one-off “windfall taxes” on large businesses. According to the KSE Institute, 30 foreign companies operating in Russia had a total of more than \$57bn in assets seized by the Kremlin between early 2022 and early 2025.

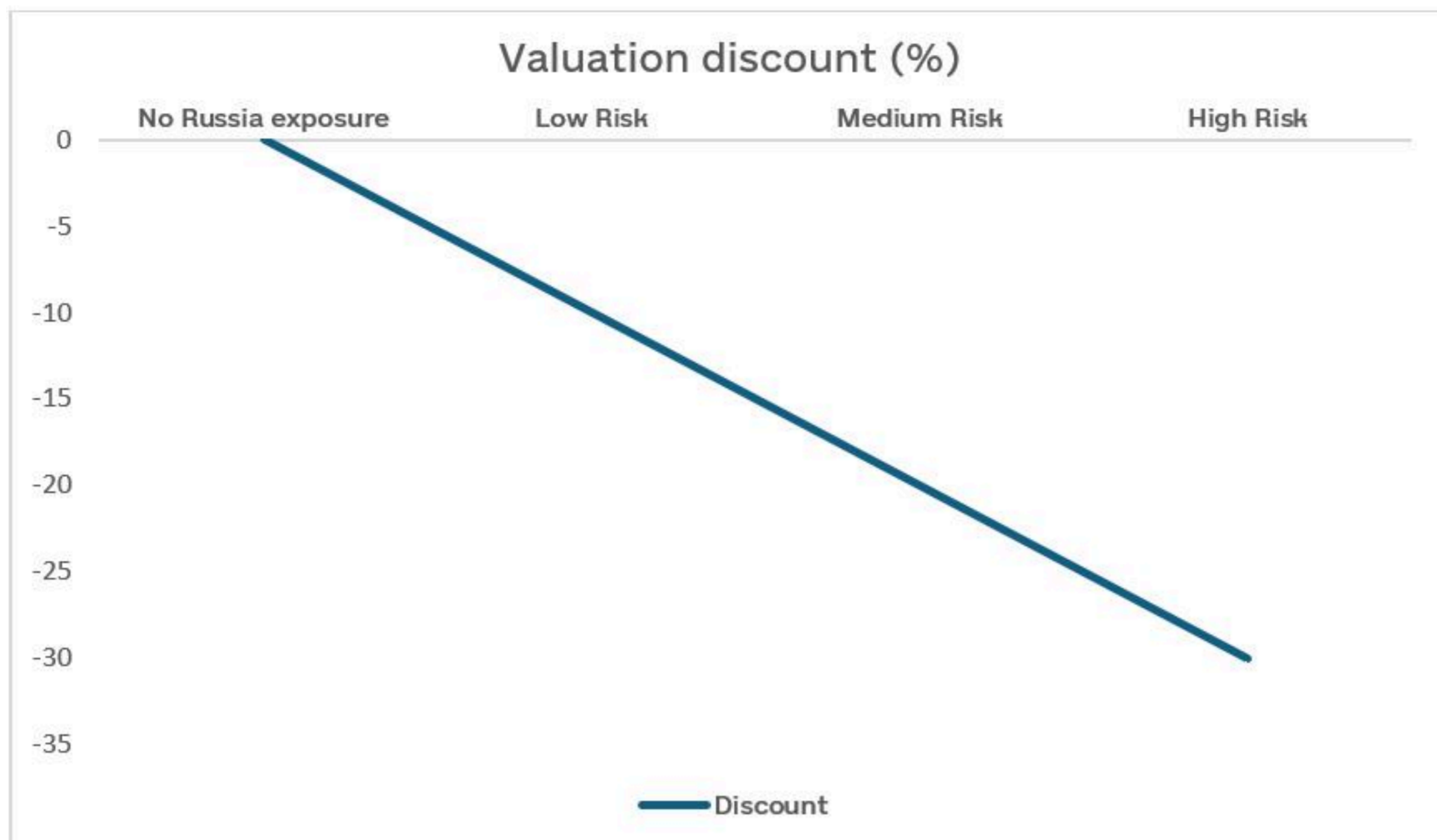
RBI has been a prominent target of this trend as a result of its investment disputes with Rasperia, leading to €2.4bn in losses as a result of politically-motivated damages rulings. Since RBI lost its disputes with Rasperia, the Kremlin has explicitly signalled plans to escalate its asset seizure and expropriation regime. In October, Russian President Vladimir Putin signed a decree – explicitly naming AO Raiffeisenbank – outlining a special procedure for the **swift nationalisation of European businesses still active in Russia**. RBI is particularly exposed to this risk as a result of its designation as a systemically important bank in Russia, increasing the incentive for Kremlin officials to trap the bank’s assets in the country.

RBI therefore faces significant operational risks through the possible forced nationalisation of its Russian subsidiary, which would lead to a loss of its entire equity of €5.6bn, as well as through possible future asset seizures and investment disputes, which are becoming increasingly likely as a result of the Kremlin’s readiness to weaponise Western corporate exposure to the Russian market. Although the realisation of these losses in Russia would not be immediately material to investors as a result of the exclusion of Russian results from dividend repayments, the KSE Institute estimates that these high risks are likely to continue impacting RBI’s market value as a result of their impact on the overall group’s market perception, performance, and capital ratios.

### **Russia business: Mounting revenues, mounting risks**

While RBI’s business activities in Russia generate substantial accounting value, the limited real value of its subsidiary AO Raiffeisenbank to investors is significantly outweighed by the losses risked by the wider RBI group due to its continued exposure to the Russian market. Since Russian profits cannot be repatriated for use by the group or issuance as dividends, their value to investors is extremely limited; meanwhile, the reputational, regulatory, and operational risks associated with RBI’s Russia business are increasingly unmanageable through compliance alone, and impose potentially heavy costs on the group and its investors. These risks are **non-linear and compounding**, meaning that adverse developments in one domain (e.g. sanctions enforcement) can rapidly escalate into broader reputational and financial consequences.

Based on benchmarking compared to other banks which have completed their exits from Russia (e.g. Société Générale and Citibank) as well as a consideration and weighting of the existing risk factors, the KSE Institute estimates that the market currently already prices a “Russia discount” of 10-30% to RBI’s total group equity value. Mixed market perceptions, having contributed to an immediate stark share price decline following the invasion of Ukraine and a slower recovery than peer financial institutions, demonstrate the saliency of Russia risks and strengthen the case for a swift exit from Russia.



The following sections outline RBI’s current strategy for managing the risks of its Russia exposure and compares RBI’s current Russia exit plan with more feasible alternative risk management strategies.

### 3. RBI’S RUSSIA EXIT PLAN: TOO LITTLE, TOO LATE

In 2023, RBI’s leadership first announced its intention to “pursue possible transactions that can lead to a sale or a spin-off of Raiffeisenbank Russia and its deconsolidation from the RBI group,” aiming to continuing business in Russia to maintain its banking licence until a buyer could be found.

The sales process – which the bank initially predicted would take four to seven months – has instead dragged on for **more than three years**. In the interim, RBI has responded to regulatory and sanctions pressure by US and European authorities by committing to a gradual reduction of its business activities in Russia, notably by sharply reducing its loan volumes as well as its clearing, settlement and payment services and by paying no interest rate on customer accounts to disincentivise deposits. Nevertheless, RBI earned roughly €1.2bn in loan interest and fee/commission income from its financial activities in Russia in 2025, indicating that business activities in Russia remain substantial despite business reductions.<sup>1</sup> Meanwhile, progress on the sale remains extremely slow, owing to significant Western and Russian regulatory hurdles, leading the bank’s leadership to conclude that a successful sale is “not in [its] hands”.

Still, RBI’s strategic position in Russia has remained largely unchanged since mid-2024. The bank aims to gradually reduce its business activities in Russia (though revenues remain stable as a result of high interest rates on deposits with the Russian Central Bank) and continues to explore options for the sale of AO

1. Based on calculations from the 2025 annual report: €729m in net fee and commission income, and €1,690m in net interest income (minus approximately €1,200m in net interest income estimated to be generated by interest paid on AO Raiffeisenbank’s deposits with the Russian Central Bank).

Raiffeisenbank to one of the limited potential buyers capable of receiving sign-off from both the Kremlin and Western authorities.

This section evaluates the potential cost of RBI's current plan for the deconsolidation of AO Raiffeisenbank to the group overall, as well as its political and legal feasibility. We conclude that RBI's current plan provides no realistic risk management prospects for investors.

### Modelling sale costs

RBI's outgoing CEO Johann Strobl has previously asserted that the bank is not ready to leave Russia "without compensation," suggesting that a sale of AO Raiffeisenbank is necessary for RBI to recoup some of the value of the trapped profits earned in Russia since the onset of the war. A full recovery of this equity, however, would be impossible in the current Russian legal landscape.

Since the onset of the war, Russian authorities have sought to disincentivise company exits from the Russian market in response to Western sanctions, and have sought to continually weaponise these exits by extracting value from exiting companies in order to bolster the state's budget. The Russian government has steadily raised both the regulatory requirements for exiting Russia and the costs of doing so by imposing forced discounts and so-called "voluntary contributions" (or company sales taxes) on companies seeking to complete an exit. As of late 2024, foreign companies were forced to accept a minimum discount of 60% on the value of their assets when selling their Russian unit, as well as paying a legally required 35% exit tax on the final sale value.

These requirements pose drastic implications for RBI's current exit plan and **significantly reduce the expected recovery value** for foreign investors. Taking RBI's current equity position in Russia as a "fair market value" for accounting purposes, one can assume a book value of €5.6bn for AO Raiffeisenbank as of Y/E 2025.<sup>2</sup> An "optimistic" scenario in which RBI completes a sale at a minimum discount of 60% on this assumed market value of €5.6bn would therefore result in a sales price of ca. €1.5bn after the deduction of the 35% exit tax, generating losses of €4.1bn at minimum. This optimistic scenario assumes Kremlin approval of a sale at maximum legal value for RBI, which is far from guaranteed. In this scenario, CET1 ratios<sup>3</sup> would be brought down to roughly 17% from current levels of 17.9% – still substantially above the minimum levels required by the ECB.

The capital generated by this sale would be "unfrozen" and repatriable, allowing the wider RBI group to use it for group purposes or distribute it as dividends. However, the heavy minimum discount demonstrates the reduced potential value that AO Raiffeisenbank carries for investors compared to the trapped accounting profits it has generated since the onset of the war on Ukraine.

### Feasibility of exit plan

Furthermore, the above calculation rests on the assumption that a sale of AO Raiffeisenbank, even at a heavily discounted rate, is feasible within the current

2. Based on the valuation precedent set by RBI's sale of its Belarusian unit Priorbank JSC, for which it calculated its losses as the difference between the purchase price and the book value of the equity of Priorbank.

3. CET1 ratios refer to a core regulatory measure of a bank's financial health, representing the ratio of a bank's highest-quality core capital (e.g. equity/retained earnings) to its risk-weighted assets. In late 2025, the ECB set the minimum CET1 capital requirement for banks under its supervisory authority at 11.2%.

Russian political landscape. As RBI's CEO Johann Strobl has conceded himself, the sales process is currently not in RBI's hands, and its feasibility is extremely uncertain, based on the Kremlin's current political position on foreign company exits as well as the perceived value which RBI continues to generate for the Russian war economy.

For all companies seeking to leave Russia in the current landscape, the exit process is complicated by several regulatory obstacles imposed by the Russian government as well as by the sanctions considerations of Western authorities. In its attempt to sell AO Raiffeisenbank to a Russian or third-country buyer, RBI is obliged to seek the approval of both European (and potentially US) authorities, which would refuse to greenlight a sale to a sanctioned party, as well as the Kremlin, which in 2024 approved a measure requiring President Vladimir Putin's express approval for all deals worth more than 50bn roubles (ca. €540m as of March 2026).

RBI's previous attempts to deconsolidate some or all of its Russian business have consistently failed at one or both of these hurdles. In 2024, RBI dropped a plan to transfer some of its stake in AO Raiffeisenbank to Rasperia Trading over US concerns that the Russian investment firm was linked to sanctioned oligarch Oleg Deripaska. More recently, RBI's latest talks to sell its Russian unit to an unnamed buyer failed after Russian authorities opposed the sale. RBI's continued banking operations in Russia **significantly complicate** the chances of a deal being approved: despite reducing its business, AO Raiffeisenbank's continued access to SWIFT means that it continues to play an important role in providing international payment services to select large corporate clients, even as retail access to payment services has been curbed. RBI's continued role in processing international payments for Russian gas exports to Europe was reportedly a key concern motivating Russian authorities' decision to block the most recent sale.

### An unviable option

A sale of AO Raiffeisenbank would be economically viable: though costly, imposing a minimum one-off cost of €4.1bn to the RBI group overall, these losses would largely impact the accountancy value of the group, as AO Raiffeisenbank's equity is currently trapped in Russia regardless, and would not drastically impact CET1 ratios. It would also remove most Russia-related risks for the RBI group by drastically reducing its Russia exposure. It would also improve both regulatory and investor perception.

However, RBI's current plan for exiting Russia – a gradual business reduction paired with attempts to sell AO Raiffeisenbank to a suitable buyer – is significantly hampered by the barriers placed on a potential sale by Russian authorities. Currently, the prospects for a sale are increasingly limited as a result of a dearth of potential unsanctioned buyers and of the Kremlin's vested interest in maintaining Russian access to the international payment services provided by RBI.

In the interim, RBI is continuing its gradual business reduction in Russia. Though contributing to a reduction in overall Russia-related risk, this reduction has thus far not substantially reduced reputational risk, nor has it decisively reduced the risk of potential adverse regulatory impacts. It should be noted that several reputationally damaging stories related to RBI's Russia exposure, including the aforementioned investigation about investments in Russian sovereign debt and associated

parliamentary inquiries, were released after RBI's decision to reduce its business activities in Russia. Furthermore, by only gradually reducing settlements, payments and clearing business in Russia, RBI continues to perpetuate the conundrum whereby its continued provision of services perceived as useful by the Kremlin reduces its chances of successfully receiving approval for a sale.

This option for leaving Russia, while balanced and realistic on paper, therefore **fails to address** Russia exposure risks and fails to offer realistic prospects of added shareholder value. RBI should therefore strongly consider alternative Russia exit plans, as proposed below, in order to responsibly manage Russia risks and recoup value for investors.

## 4. EXIT STRATEGY A: “BUSINESS FREEZE” WITH EVENTUAL SALE<sup>4</sup>

Of those Western banks which had a substantial exposure to the Russian market at the onset of the full-scale invasion of Ukraine, several banks, most notably Société Générale, took swift and decisive action to sell their Russian subsidiaries before restrictions made most sales unviable. Several others, however, opted for a different approach once a sale became unrealistic: a “business freeze” and suspension. Banks such as BNP Paribas, Commerzbank, and most notably Citi took explicit decisions to wind down their Russian business, with their Russian subsidiaries taking steps extending significantly beyond the gradual business reduction currently in place at AO Raiffeisenbank.

In all three cases, the listed banks instituted “**no new Russia business**” policies and sought to wind down their existing business activities to the quickest and greatest extent possible, seeking to only perform business activities required to fulfil their remaining regulatory and legal obligations. In Citi's example, noteworthy because its Russian operations still spanned a relatively substantial €7.51bn in assets and €430m in annual profits in 2022, the business freeze included, but was not limited to the following policy decisions, as cited in its 2024 Annual Report:

- refusing to take on new clients or take on new business activities in the country, only honouring existing contractual obligations, e.g. by servicing existing loans.
- seeking to reduce its remaining contractual obligations by, among other steps, selling loan portfolios to local buyers.
- halting money transfers, debit card services, and interest payments for all client accounts in Russia in 2024, and closing its last retail branch in the country later that year.

These business freeze decisions carried the immediate benefit of reducing, though not entirely eliminating, reputational and sanctions risks for Citi. By swiftly reducing its business activities in Russia, Citi was able to bring down its Russia exposure substantially from \$5.4bn in December 2021 to \$1.6bn in December 2024 (excluding clients' exposures, e.g. deposits), with loan volumes declining from \$2.9bn to \$0.1bn

4. Figures for and references to bank policies of BNP Paribas, Commerzbank, and Citi in this section are taken from BankTrack's “Banks and Russian Aggression in Ukraine tracker” unless stated otherwise.

in the same period. Through this business reduction, Citi ultimately also became one of the few international banks to **successfully sell its Russian subsidiary** after the tightening of restrictions in 2024, with the sale of AO Citibank to Renaissance Capital being completed in December 2025 at a total loss of \$1.2bn.

This section seeks to analyse the costs and feasibility of the “business freeze” scenario for RBI and evaluate its possible bearings on the sales prospects for AO Raiffeisenbank. In this scenario, it is assumed that RBI would closely follow the Citi example by suspending all new business in Russia, refusing to take on new clients, suspending its payment, settlement, and clearing services as well as retail banking activities to the greatest extent legally permissible, and seeking to dispose of existing loan portfolios while shutting down existing retail branches and IT services.

### **Modelling business freeze costs**

The immediate lost revenue costs of a “business freeze” for AO Raiffeisenbank are difficult to calculate due to the challenges of separating AO Raiffeisenbank’s revenues derived from essential business from those derived from business activities that do not merely fulfil contractual obligations. In immediate terms, AO Raiffeisenbank would likely continue to earn interest income on its deposits at the Russian Central Bank and would likely retain some of its interest income from existing loan commitments, though fee/commission income would likely substantially reduce if AO Raiffeisenbank suspended its international payments business in Russia.

Assuming (optimistically) a halving of non-Central-Bank-related interest revenues by aggressively slashing and disposing of loan portfolios, and a reduction of fee/commission revenues by 90% within the first year, AO Raiffeisenbank would face a revenue reduction of €900m in 2026 compared to 2025, based on 2025 Annual Report figures. An immediate disposal of trading assets would provide short-term revenue gains but lead to a further medium-term loss of €238m in annual revenues based on the result from 2025. Taken together, this would amount to an immediate reduction in annual revenues of €1.3bn, leading to estimated continuing annual revenues of ca. €1.4bn, nearly entirely derived from interest paid on existing Central Bank-held assets.

Further costs would be incurred based on (unknowable) severance and vendor termination costs incurred through the termination of employees and the shutdown of retail branches. A (very rough) estimate can be made based on Citi’s wind-down costs of €73m in 2024: crudely assuming that RBI’s physical presence in Russia exceeds that of Citi’s by a volume of ca. 3x based on a figure of ca. 9000 vs. 3000 employees in 2024, it can be estimated that wind-down costs would similarly exceed Citi’s by a volume of 3x, leading to one-off wind-down costs of ca. €230m.

If realised, all costs and lost revenue streams calculated herein would still lead to annual revenues of ca. €1.2bn for AO Raiffeisenbank, with profit numbers potentially fluctuating widely as a result of asset seizures tied to ongoing litigation. Assuming a similar tax rate and similar base administrative expenses to 2025 and no further litigation, AO Raiffeisenbank’s annual profits for the coming year would be ca. €400m – remaining substantial as a result of interest on Central Bank deposits even amid a wind-down. Even these lost revenues, however, would only **slow the accumulation of capital for AO Raiffeisenbank**, which, as outlined, provides no

material benefit to investors as it cannot be repatriated. The business freeze would therefore merely slow the growth in book value for AO Raiffeisenbank.

As outlined, the medium-term aim of a business freeze strategy would ultimately similarly involve exiting Russia by way of a sale of AO Raiffeisenbank. The total potential losses generated by such a sale – outlined in section 3.1 – would be €4.1bn at current book value (n.b.: A business freeze, by slowing the growth in book value of AO Raiffeisenbank, would therefore also slow the growth in expected losses generated by a sale). As outlined, CET1 ratios would remain stable in this situation, with investors recouping part of the trapped value generated by AO Raiffeisenbank while facing significantly lower Russia-related risks.

### Feasibility of business freeze

The feasibility of this exit plan is demonstrated by its proven success for RBI's former Western peers in Russia. As outlined above, several banks, most notably Citi, have successfully reduced their Russia risks by refusing to take on new business in Russia and winding down their existing activities to the greatest extent possible.

In RBI's case, specifically, the business freeze scenario would carry **two substantial added benefits**. Firstly, it would decrease the reputational and regulatory risks associated with some of RBI's continued business activities in Russia. As outlined in section 2.2.1 and 2.2.2, RBI has attracted negative attention from European authorities, civil society, and responsible investors in part due to its subsidiaries' continued pursuit of non-essential business activities in Russia, ranging from investments in potentially sanctions-sensitive Russian sovereign debt to the continued processing of international payments for Russian gas exports to Europe. In both of these cases, freezing the business would provide decisive advantages over the current gradual wind-down strategy without impacting the overall profitability of AO Raiffeisenbank.

Secondly, by ceasing its non-essential business in Russia, RBI would **remove a key incentive** for the Kremlin to block future sales on the basis of AO Raiffeisenbank's perceived utility to the Russian war economy. Refusing to process international payments for corporate clients, for example, would substantially reduce AO Raiffeisenbank's utility to the Russian regime compared to domestic Russian banks, potentially lowering the likelihood that a future sale would be blocked. Citi's rare completion of a successful sale after winding down its Russian unit to a "skeleton bank" indicates that a business freeze potentially increases the feasibility of a later sale, which RBI has thus far been unable to complete with its current exit strategy.

Key risks associated with this strategy include a potential continued blocking of attempts to sell AO Raiffeisenbank. In this case, a business freeze may merely **delay** the problem of Russia exposure rather than solving it decisively. However, even this delay and minimisation would reduce regulatory and reputational risks compared to the current scenario. An additional risk remains the prospect of asset grabs and nationalisation, as well as the possibility that the Kremlin seeks to ramp up asset seizure attempts in order to pressure RBI into restarting international payments business. Though to be taken seriously, this risk is an inevitability of continuing to do business in Russia: as B4Ukraine point out in its 2022 [paper](#) on the "Business of Leaving," "the Russian government already de facto controls assets of businesses staying in Russia." Attempting to minimise the risks of its Russia-related business

activities and use its leverage to force a sale by halting non-essential business remains a preferable route to regaining control of its business, and a more risk-friendly option for investors, than RBI's current exit plan.

## 5. EXIT STRATEGY B: “DROPPING THE KEYS”

The second potential exit strategy to be explored remains untested and speculative, not having been implemented by any similar significant Western financial institution doing business in Russia at the onset of the full-scale invasion of Ukraine. This option entails a **full deconsolidation of AO Raiffeisenbank at zero cost** – i.e. an uncompensated exit or a “dropping of the keys.”

In this exit scenario, RBI would seek to fully reduce its Russia-related exposures through AO Raiffeisenbank by relinquishing effective control over the unit per IFRS 10.<sup>5</sup> Through a spin-off of the unit into an independent, locally controlled entity, a transfer of the equity to the bank's local leadership, and/or an immediate write-off of the full value of AO Raiffeisenbank, RBI would have the opportunity to take a high-cost, but high-certainty strategy for fully eliminating the substantial risks of its Russia exposure.

In the immediate term, this scenario would likely involve a swift wind-down of existing business that connects AO Raiffeisenbank to the existing RBI group, including a suspension of existing IT systems, a suspension of correspondent banking relationships, and an initiation of formal steps to transition AO Raiffeisenbank away from the RBI group's intellectual property. The aim, however, would entail deconsolidating AO Raiffeisenbank and its associated Russian subsidiaries from the RBI group as swiftly as possible – with the aim of fully withdrawing from the Russian market at the earliest opportunity.

### Modelling the costs of “dropping the keys”

Based on existing figures, the swift deconsolidation of AO Raiffeisenbank would require RBI to write down a total loss of €5.6bn, or the entire equity of AO Raiffeisenbank. As in the scenarios outlined above, CET1 ratios would remain stable in this scenario. RBI explicitly includes the “zero deconsolidation” scenario in its investor presentations, with its most recent presentation showing a CET1 ratio of 15.5% if this scenario were realised – a hit compared to the current 17.9% ratio, but still well above minimum required levels. Applying this scenario to the group's 2025 financial results, as derived from RBI's 2025 Annual Report, the group's overall operating income would drop from ca. €9.1bn to ca. €6.5bn, with post-tax profits hypothetically increasing from €1.6bn to €1.7bn as a result of deducting the losses from AO Raiffeisenbank's investor dispute with Rasperia.

Although a very significant loss in income, the economic hit to the group and its shareholders overall would be mitigated by the limited utility of the Russian capital and profits in its current trapped form.

5. The International Financial Reporting Standard for determining whether a parent company effectively controls a subsidiary entity and may present its subsidiary's financial results as consolidated.

As outlined above, the market already likely prices a “Russia discount” into RBI’s share price, emerging in large part from the fact that its €5.6bn Russian business provides no value to shareholders in its current form. Although it is hard to assess the precise impact on share price and dividends, it is noteworthy that Société Générale incurred a significant share value collapse of >30% of its share price immediately after Russia's full-scale invasion due in part to its substantial Russia-related risk exposure (RBI’s share price drop in the same period exceeded 50%). When announcing its exit from Russia at a cost of ca. €3.6bn against an annual revenue of €28bn in April 2022, however, Société Générale recorded a much smaller share price drop of ca. 5%. Although AO Raiffeisenbank makes up a more significant portion of RBI’s overall business, Société Générale’s impressive share price recovery since the week following the war on Ukraine (>330%, compared to ca. 280% for RBI) indicates that the immediate financial penalty of leaving was later more than recuperated in share price value as a result of the benefits Société Générale gained by fully reducing exposure to Russia-related risks. RBI’s current impressive dividend trajectory (€1.60 per share in 2025, up ca. 45% on 2024), based on its recent performance excluding Russia, further indicates that the bank is on a positive course to deliver for shareholders even without access to capital from its Russian subsidiary.

Additionally, as outlined above, any potential option for an exit from Russia at this point would necessarily incur significant costs for RBI. These costs result in part from a hesitation to act immediately after the full-scale invasion, as well as from the restrictive political and regulatory environment in Russia, in which RBI’s options are limited and it lacks full control over the fate of its Russian subsidiary. Full zero-cost deconsolidation may result in an excess €1.5bn in losses, but RBI’s strong position outside of Russia and its increasingly limited options for managing the risks of its Russia business make deconsolidation a potentially financially viable option for decisively reducing Russia risks.

### Feasibility of deconsolidation

The feasibility of a deconsolidation of AO Raiffeisenbank is currently not entirely proven, having not been tested by RBI’s peer banks previously. However, financial modelling suggests that the option is both economically viable and potentially feasible in allowing RBI to regain certainty over its future strategic position in relation to Russia. Legal implications of the deconsolidation would need to be considered carefully, but B4Ukraine’s comprehensive “Business of Leaving” report, which provides insights into the approaches other multinational companies in other sectors have chosen to plan their Russia exits, may help provide a blueprint for how this exit may be approached.

B4Ukraine’s report furthermore provides insights into options RBI could seek in order to partially recoup the losses of deconsolidation. These options include tax write-offs as well as applications for governmental support – a prospect which seems feasible given the Austrian government’s record of seeking compensation for RBI’s losses in Russia at an EU level. Further options for loss mitigation include the possibility of international arbitration. As B4Ukraine’s report highlights, RBI and other multinational enterprises in Russia have been subject to political and legislative abuses that nearly certainly violate international and bilateral investment treaties, including the Austrian-Russian Bilateral Investment Treaty of 1990.

By deconsolidating its Russian unit and focusing on initiating proceedings for its losses, RBI may be in a position to mitigate some of the losses it has incurred at the arbitrary hands of Russian authorities.

The risk of nationalisation would remain significant in the deconsolidation scenario, as it does in all scenarios in which RBI seeks to strategically assess its position in Russia. As mentioned in section 3.2, however, this risk is an inevitable of conducting business in Russia as a large multinational enterprise in the wartime political environment. By seeking to deconsolidate its Russian business on its own terms, shutting down AO Raiffeisenbank's access to RBI IT and SWIFT systems, and writing down the losses while seeking remedy internationally, RBI may turn an immediate large-scale loss into a long-term benefit for itself and for investors.

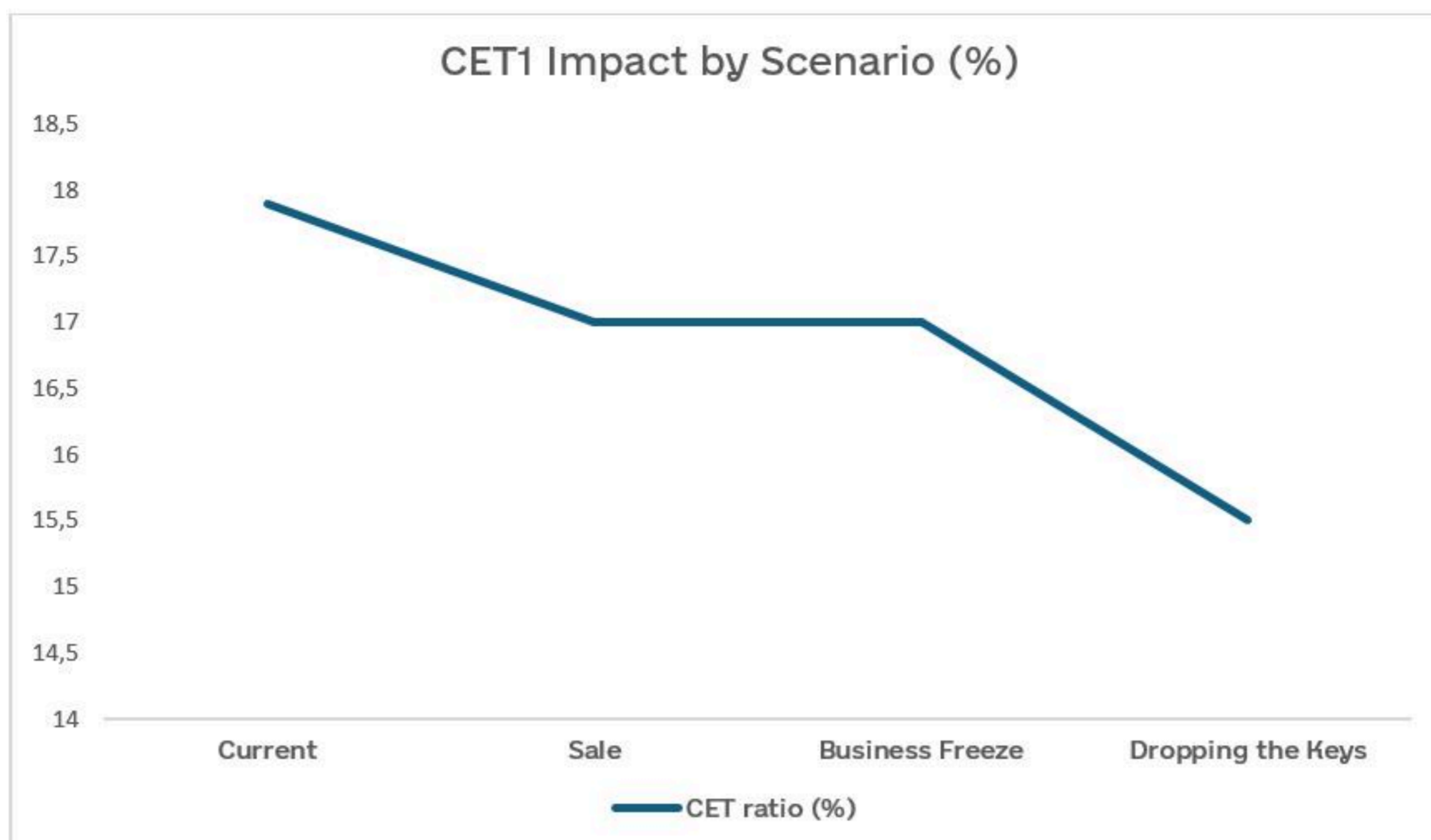
## 6. CONCLUSION AND RECOMMENDATIONS FOR INVESTORS

Raiffeisen Bank International's continued business activities in Russia through its subsidiary AO Raiffeisenbank subject both the RBI group and its investors to mounting levels of regulatory, reputational and operational risk, ranging from EU authority pressure to the prospect of Russian nationalisation. Having already severely impacted RBI's share price at the onset of Russia's illegal war on Ukraine, these risks likely continue to create downward pressure on RBI's share value. Meanwhile, though RBI's subsidiary AO Raiffeisenbank continues to generate substantial revenues in Russia, the value of these revenues for investors is constrained by the particularities of the Russian market and by the inability for RBI to repatriate them as dividends.

RBI therefore faces significant pressure to manage its Russia risks by exiting the Russian market, as many peer banks have successfully done. RBI's current Russia exit strategy, however, is marred by growing levels of uncertainty, with its business reduction failing to decisively address reputational and regulatory concerns, while its touted plan to sell its Russian subsidiary is both expensive and unclear.

This paper has therefore examined two alternative paths for an exit from Russia. First, a "business freeze" scenario, whereby RBI would halt all non-essential business in Russia with the aim of more decisively mitigating Russia-related risks and pushing for a sale of its Russian subsidiary. And second, a "dropping the keys" scenario, whereby RBI would seek to decisively end its Russia-related risk exposures by deconsolidating its Russian subsidiary at a book value of zero.

In both analysed cases, RBI would take a large hit to its overall revenues and incur an immediate, significant loss of between €4.1 and €5.6 billion, depending on the scenario, compared to an intended loss of ca. €4.1 billion on the basis of RBI's current exit plan. CET1 ratios would remain stable in both cases.



However, in both analysed cases, these are losses that could be completely cushioned by RBI's current strong non-Russian operations. Furthermore, the limited value of the potentially losable equity in its current form, the current likely impact of Russia risks on RBI's market value, and the significant risk created by potential Western regulatory penalties or Russian nationalisation mean that **remaining in Russia or committing to an unrealistic exit plan** is likely to cause greater harm both to the RBI group and its investors than the immediate short-term hit caused by a costly exit.

Investors in RBI should use every opportunity to engage and use their leverage to encourage the bank to shift its Russia strategy towards one of the two outlined scenarios.

In concrete terms, our recommendations are that RBI's investors:

- a) Demand RBI seek and publish a third-party risk assessment of its business in Russia, fully benchmarking the risks of remaining in the Russian market against the costs associated with exiting;
- b) Demand additional transparency from RBI over the Russia exit plans currently under consideration by the banks' leadership and the internal financial analysis of the costs associated with each option; and
- c) Demand RBI publish a full, verifiable plan for its exit from the Russian market, based on the scenarios outlined above or an alternative scenario proposed and verified by an independent third-party consultant.



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