

# BANKTRACK

## EUROPEAN ASSOCIATION OF COOPERATIVE BANKS

RUE DE L'INDUSTRIE 26-38

1040 - BRUSSELS

BELGIUM

BY EMAIL: [SECRETARIAT@EACB.COOP](mailto:SECRETARIAT@EACB.COOP)

### SUBJECT:

FAILURE BY RAIFFEISEN BANK INTERNATIONAL TO RESPECT CO-OPERATIVE  
VALUES AND ETHICAL STANDARDS IN ITS BUSINESS WITH BELARUS.

28 SEPTEMBER 2021

Dear Sir / Madam

I'm writing to you from BankTrack, the civil society organisation tracking commercial banks and the impacts of their finance. Our main mission is to stop banks from financing harmful business activities; to promote a banking sector that respects human rights and contributes to just societies and a healthy planet; and to support fellow civil society organisations in their engagement with banks.

We are contacting the European Association of Co-operative Banks (EACB) to raise a formal complaint about the activities of Raiffeisen Group International (Austria) (RBI), a member of the EACB via the Professional Association of Raiffeisen Banks ([Fachverband der Raiffeisenbanken](#)), the organisation which represents the interests of the entire Raiffeisen banking group.

Through its membership with EACB, RBI has committed to the EACB's [key values](#), including solidarity, self-help and social and environmental concerns. The bank also declared in its Sustainability [Mission Statement](#) to "act in a socially responsible manner, fostering the long-term welfare of the people and businesses". One of the RBI's core values is "social solidarity" and its [Code of Conduct](#) the bank states that it will "strive to neither directly nor indirectly finance any transactions, projects or parties, nor cooperate with any business partner (including customers, service providers and suppliers) that do not adhere to RBI's standards or are suspected of human rights violations".

However, in its systematic support for the regime in Belarus, RBI has been undermining co-operative values and its own policies. For over a year, RBI has been consistently supporting the regime of Mr Lukashenko, which has been described as "illegitimate, illegal and criminal" an [EU Parliament Resolution](#).

- **Underwriting "Blood Bonds"**: RBI acted as joint lead manager and book-runner when the Belarusian government issued US\$1.25 billion in Eurobonds in June 2020. This issuance helped the Lukashenko regime gain access to funds and the additional financial strength to enable the violent suppression of peaceful demonstrations, the limiting of free speech and the falsification of the August 2020 Belarus presidential election results. The bond issuance took place in the midst of an election campaign already marked by a nationwide crackdown on peaceful protesters, civil society activists, bloggers and journalists at the time. RBI continues to hold these "blood bonds", ignoring successive appeals from the diaspora, the Belarus Coordination Council, and from BankTrack – which has written to RBI but, like the activists from the diaspora, received no response.



- **Financing the regime:** RBI is the majority owner of a local Belarusian bank, Priorbank, in which the Belarusian state also holds a 6% stake. Priorbank is one of the largest banks in Belarus and one of few Belarus banks left outside state control. Priorbank also provides finance to all of the major state-owned companies in Belarus, including Belaruskali (potash fertilizer), Naftan (petrochemicals), Grodno Azot (chemicals and fertilizer), as well as the Belarusian oil concern Belarusneft. The General Manager of the latter even sits on Priorbank's supervisory board. Despite the call from the EU Parliament for a complete freeze on all EU fund transfers to Belarus state-controlled projects, RBI group continues funding such entities. By doing so, RBI is indirectly financing the repressive Belarusian state apparatus.
- **Confiscating funds of pro-democracy protesters:** After the rigged August 2020 presidential election, activists started fundraising initiatives to support those arrested, beaten or left unemployed. However, the authorities ordered banks in Belarus to first freeze and then confiscate and withdraw these funds from these citizens' private bank accounts. RBI's Priorbank followed this demand and went above and beyond for the Lukashenko regime by withdrawing not only the funds received from the charitable organisation, but also the funds from other accounts of these individuals, even putting some accounts in overdraft.

For additional details and references to support these claims, see the article "[Money does not stink](#)": [Belarus and the ethical values of Raiffeisen Bank International](#)", published by BankTrack with a Belarusian activist, and also see recent publications in [Der Spiegel](#) and [Intelligence Online](#).

BankTrack and other human rights groups have reached out to RBI numerous times calling for the bank to condemn the human rights violations in Belarus, carefully review its policies towards the country and its state-owned entities, and suspend the provision of any funding until new presidential elections are held under the supervision of international observers. However we have had no response whatsoever from the bank to these legitimate concerns.

RBI's behaviour is in clear contradiction with its own ethical values quoted above but also with the foundational Values and Principles of co-operative movement, not least the values of democracy, openness, honesty, social responsibility and caring for others. This is ultimately detrimental to the reputation of EACB and of the co-operative movement.

With this letter we urge the EACB to intervene in this matter and call on RBI to abide by these Values and Principles and respond constructively to the concerns raised by us and other civil society organisations. We also would like to ask the EACB to set out what grievance or disciplinary procedures it has in place in instances where its members threaten co-operative values, and at what point it would consider suspending the membership of the Professional Association of Raiffeisen Banks if this issue is not addressed.

We look forward to your timely response, and remain at your disposal for any additional information we may be able to provide.

Yours sincerely



Johan Frijns, Director