UNITED AGAINST NUCLEAR IRAN Ambassador Mark D. Wallace | CEO | AmbWallace@uani.com | 212.922.0063

March 11, 2025

Andrey Kostin
Chief Executive Officer
VTB Bank (PJSC)
Vorontsovskaya str.
43, bld.1
Moscow
109147
Russia

Re: VTB Bank in Iran

Dear Mr. Kostin:

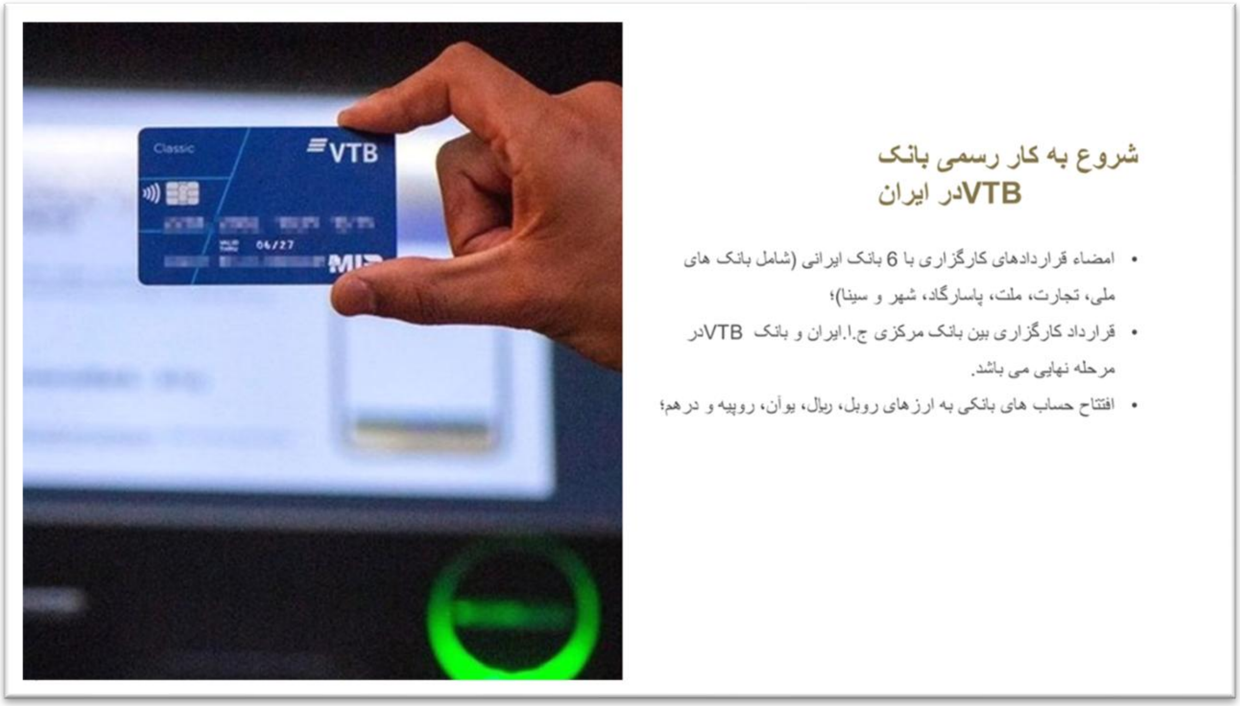
United Against Nuclear Iran ("UANI")[1] is writing to seek your urgent clarification regarding reported cooperation between VTB Bank and U.S.-sanctioned entities including the Central Bank of Iran ("CBI") and six Iranian commercial banks. In February 2025, WikiIran, a website dedicated to exposing the Islamic Republic of Iran's violations of international laws and regulations, claimed:[2]

> VTB Bank is Russia's second-largest Bank and a state-owned entity that has been identified as upgrading their presence in Iran through the building of a full-fledged branch in Tehran. The bank has reportedly finalized correspondent agreements with the CBI and was in the process of signing similar agreements with six Iranian commercial banks: Melli, Tejarat, Mellat, Pasargad, Shahr and Sina, which is owned and controlled by the Mostazafan Foundation.

WikiIran purports to have identified VTB Bank's presentation slides pitching a proposed partnership between VTB Bank and Iranian banks (see next page):

[1] UANI is a leading not-for-profit, non-partisan, advocacy organization whose mission is to promote the cessation of economic and financial support of the Islamic Republic of Iran by corporations and business until the Iranian regime verifiably abandons its drive for nuclear weapons and support for terrorism and human rights violations. (http://www.unitedagainstnucleariran.com).

[2] *See* WikiIran, "A New Era of Cooperation: Russian VTB Bank's Efforts to Establish Banking Connections in Iran," February 2025.



WikiIran also purports to have identified formal letters from Sina Bank, which is owned by the Mostazafan Foundation, revealing that both banks have agreed on correspondence and will even open and receive Russian Ruble-denominated letters of credit for bilateral trade (see next page):

بانک سینا

تاریخ: ۱۴۰۲/۱۰/۰۵
شماره: ۰۲/۱۹۵۸۹۷
پیوست: ندارد
طبقه‌بندی: عادی

بسمه تعالی

"سال مهار تورم، رشد تولید"

مدیرعامل

جناب آقای دکتر حسینی
معاون محترم اقتصادی بنیاد مستضعفان انقلاب اسلامی
موضوع : نتیجه مذاکرات با بانک VTB روسیه

باسلام واحترام؛

باصلوات بر محمد(ص) وآل محمد(ص)؛ با عنایت به جلسه برگزارشده با نماینده مدیر عامل بانک VTB (خانم OLGA) درمحل دفترحضرتعالی و مذاکرات صورت پذیرفته با آقای ALEXANDER معاونت خزانه داری آن بانک و همچنین ضمن مکاتبات رسمی صورت پذیرفته با بانک مذکور موارد ذیل مورد توافق دو بانک قرارگرفته است و انجام خدمات ذیل از سوی بانک VTB مورد قبول واقع گردید :

- گشایش و پذیرش اعتبار اسنادی توسط بانک مذکور و ابلاغ آن به مشتریان
- پذیرش و ابلاغ ضمانتنامه و بروات اسنادی متقابل
- پذیرش انجام وپرداخت حوالجات
- امکان کارسازی دستور پرداخت های صادرکنندگان و واردکنندگان (ازابه روسیه) از طریق حساب روبلی بانک سینا نزد آن بانک

مراتب جهت استحضار ودرصورت صلاحدید برگزاری جلسه مشترک با هلدینگهای زیرمجموعه بنیاد مستضعفان انقلاب اسلامی به حضورتان ایفاد می گردد.

غلامرضا لنجعلی

دفتر مرکزی تهران، خیابان استادمطهری، شماره ۱۸۷ تلفن: ۸۸۷۵۹۰۰۸ نمابر: ۸۸۷۵۹۰۰۴
کد پستی: ۱۵۸۷۹۹۸۴۱۱
https://www.sinabank.ir

شناسه: ۷۳۷۹۱۸

For your information, the CBI was sanctioned on September 20, 2019 by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") under its counterterrorism authority, Executive Order (E.O. 13224).[3] Iran's Central Bank has provided billions of dollars to the Islamic Revolutionary Guards Corps ("IRGC"), its Qods Force ("IRGC-QF") and its terrorist proxy, Hezbollah. Since at least 2016, the IRGC-QF has received the vast majority of its foreign currency from the CBI and senior CBI officials have worked directly with the IRGC-QF to facilitate CBI's

[3] U.S. Department of the Treasury, "Treasury Sanctions Iran's Central Bank and National Development Fund | U.S. Department of the Treasury," September 20, 2019.

financial support to the IRGC-QF.

The IRGC-QF, which was designated pursuant to E.O. 13224 on October 25, 2007, is a branch of the IRGC responsible for external operations and has provided material support to numerous terrorist groups, including the Taliban, Hezbollah, Hamas, and the Palestinian Islamic Jihad, making it a key component of Iran's destabilizing regional activities. The IRGC, including its external arm, the IRGC-QF, was designated as a Foreign Terrorist Organization on April 8, 2019. Hezbollah was designated by the Department of State as a Foreign Terrorist Organization in October 1997 pursuant to E.O. 13224 in October 2001.

Not to mention, all six of the commercial Iranian banks purported to have signed agreements with VTB Bank are also sanctioned by OFAC and are subject to secondary sanctions, which target not only the sanctioned entity itself but any third-party actors doing business with the sanctioned entity. Bank Melli was sanctioned on November 5, 2018 under E.O. 13224 for assisting in, sponsoring, or providing financial, material, or technological support for, or financial or other services to or in support of, the IRGC-QF.[4] Since the mid-2000s, Bank Melli increasingly provided services to Iranian military-related entities as they became further involved in all aspects of the Iranian economy. Bank Melli has enabled the IRGC and its affiliates to move funds inside and outside of Iran. Bank Tejarat was also sanctioned on November 5, 2018 under E.O. 13224 for assisting in, sponsoring, or providing financial, material, or technological support for, or financial or other services to or in support of, Mahan Air, a designated Iranian airline that provides transportation, funds transfers, and personnel travel services to the IRGC-QF.[5] Mahan Air was designated pursuant to E.O. 13224 on October 12, 2011. Bank Tejarat was also sanctioned under E.O. 13382, which targets proliferators of Iran's weapons of mass destruction and their means of delivery.

Bank Mellat and Sina Bank were sanctioned on October 16, 2018 under E.O. 13224.[6] Sina Bank is owned and controlled by the Mostazafan Foundation, which was sanctioned on November 18, 2020 under E.O.13876, which targets the Supreme Leader of the Islamic Republic of Iran and the Iranian Supreme Leader's Office ("SLO").[7] While the Mostazafan Foundations is ostensibly a charitable organization, its holdings are expropriated from the Iranian people and are used by the Supreme Leader Ali Khamenei to enrich his office, reward his political allies, and persecute the regime's enemies. Finally, Pasargad Bank and Bank-e Shahr were sanctioned on October 8, 2020 under E.O. 13902, which authorizes OFAC to sanction any Iranian financial institution that funds

[4] U.S. Department of Treasury, "U.S. Government Fully Re-Imposes Sanctions on the Iranian Regime As Part of Unprecedented U.S. Economic Pressure Campaign | U.S. Department of the Treasury," November 5, 2018.
[5] U.S. Department of Treasury, "U.S. Government Fully Re-Imposes Sanctions on the Iranian Regime As Part of Unprecedented U.S. Economic Pressure Campaign | U.S. Department of the Treasury," November 5, 2018.
[6] U.S. Departments of Treasury, "Treasury Sanctions Vast Financial Network Supporting Iranian Paramilitary Force That Recruits and Trains Child Soldiers | U.S. Department of the Treasury," October 16, 2018.
[7] U.S. Department of Treasury, "Treasury Targets Vast Supreme Leader Patronage Network and Iran's Minister of Intelligence | U.S. Department of the Treasury," November 18, 2020.

the Iranian government's malign activities.[8] Engagement in financial transactions or business activities with Iranian banks subject to U.S. sanctions would risk exposing VTB Bank to counterterrorism sanctions.

Iran's ties with Russia have come under intense scrutiny following Russia's full-scale invasion of Ukraine in February 2022. Iran has offered Russia diplomatic, economic, and military support, including the provision of fighter drones for use on the battlefield in Ukraine. Iran's provision of homegrown drones—namely, the Shahed-136 loitering munition and the more sophisticated Mohajer-6—has enhanced Russia's ability to strike civilian infrastructure, including residential buildings, the energy grid, and water facilities.[9] Iran's modified fighter drones have also been used to destroy infrastructure, strike military targets, including radar, air defense, and artillery systems, and target Ukrainian tanks and other military vehicles. The Iranian drones have proven useful to Russia, particularly since Russia has not invested in a robust drone arsenal. The lack of Russian-made drones has resulted in Russia securing a significant deal with Iran, purchasing 6,000 Shahed-136 kamikaze drones from the Iranian weapons company, Sahara Thunder.[10]

The U.S. Department of the Treasury's OFAC has sanctioned numerous individuals and entities based in Russia in connection with Iran's drones and military aircraft development and logistics. The U.S. has consistently issued warnings and sanctions to international companies playing a role in supporting Iran's drone activities. This includes efforts to disrupt procurement networks and prevent misuse of the U.S. financial system. While their cooperation has primarily focused on military aspects, the financial infrastructure facilitating military trade between Russia and Iran has also been targeted. In April 2024, OFAC Sanctioned entities, individuals and vessels playing a central role in facilitating and financing the clandestine sale of Iranian drones to Russia, including Sahara Thunder.[11] More generally, OFAC sanctioned a "sprawling shadow banking network" consisting of 50 individuals and firms across Hong Kong, the UAE, and the Marshall Islands in June 2024. This network facilitated the sale of Iranian oil and petrochemicals, with proceeds funding Iran's military, including its drone transfers to Russia.[12] The strengthening of banking ties between VTB Bank and Iranian banks and the potential financial facilitation of future arms deals—including the provision of drones—is a definite cause for concern and places VTB bank at significant risk of exposure to additional sanctions.

The risk of exposure to sanctions is expected to increase with the newly installed U.S. administration. Based on past performance and current signaling, the administration is likely to adopt more stringent sanctions against international companies that continue to do business with and in Iran. On October 7, 2024, U.S. Representative Mike Waltz, the National Security Advisor to

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[8] U.S Department of Treasury, "Treasury Sanctions Eighteen Major Iranian Banks | U.S. Department of the Treasury," October 8, 2020.
[9] United Against Nuclear Iran (UANI), "Tehran's Ties With Beijing and Moscow | UANI," June 2023.
[10] Haaretz, "U.S. Sanctions Iranian Company Supplying Suicide Drones to Russia | Haaretz," April 25, 2024.
[11] U.S. Department of Treasury, "Treasury Targets Networks Facilitating Illicit Trade and UAV Transfers on Behalf of Iranian Military | U.S. Department of the Treasury ," April 25, 2024.
[12] U.S. Department of Treasury, "Treasury Targets Shadow Banking Network Moving Billions for Iran's Military | U.S. Department of the Treasury," June 25, 2024.

U.S. President Donald Trump, noted, "if we want to be serious about regional [Middle East] stability and our own national security, we must return to President Trump's policy of maximum pressure on Iran to cripple their war machine."[13]

While the risk of further sanctions should be reason alone for any company to cut the cord of Iran trade, there are a plethora of other serious commercial, financial, legal, and reputational risks associated with doing business in or with Iran. Iran is plagued by a plethora of serious legal, financial, and socio-political risks, ranking at or near the bottom on every major business risk environment indicator as shown by data from leading think tanks, NGOs, and UN agencies. UANI's "Iran Risk Snapshot" provides a collated snapshot of all these indicators.

Whether at home or abroad, the regime adopts a consistently callous attitude to the sanctity of human life. In early 2020 the Islamic Republic of Iran murdered 1,500 of its own citizens for engaging in legitimate anti-regime protests – and demanded that the families of its victims pay for the bullets.[14] In the year following the killing of Mahsa Amini by Iranian police in late 2022, the regime brutally murdered over 500 Iranian citizens.[15] Iran has also been heavily implicated as having played a direct role—including training terrorist militants[16]—in the atrocities committed by Hamas against Israel on October 7, 2023, in which more than 1,200 Israelis were massacred, subject to torture, mass rape, dismemberment, and immolation.[17] This is in addition to the well-documented $100 million that Iran provides to Hamas annually.

UANI is aware that U.S. Department of Treasury OFAC has imposed full blocking sanctions on VTB Bank. As part of wider U.S. efforts targeting Russia's economy and financial systems, VTB Bank was designated under E.O. 14024 on February 24, 2022, and is therefore already subject to comprehensive sanctions and asset freezes.[18]

In view of the foregoing, please confirm that VTB Bank has already terminated or intends to terminate any and all Iran business ties with immediate effect. To be sure, UANI has received more than 100 responses from companies worldwide indicating that their advertised ties to Iranian companies were misrepresented – commonly in an attempt to burnish the bona fides of the Iranian counterpart and its IRGC-dominated economy at-large. Nonetheless, we would appreciate your clarification with respect to the foregoing, including your purported cooperation with Iranian banks.

Thank you for your attention to these important matters. Please let us hear from you within ten (10) days of receipt of this letter.

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[13] U.S. Representative Mike Waltz on X, "Today marks one year," October 7, 2024.
[14] VOA News, "US Confirms Report Citing Iran Officials as Saying 1,500 Killed in Protests," December 23, 2019.
[15] VOA News, "Monitor: 516 Killed Since Iran Protests Began," January 3, 2023.
[16] Wall Street Journal, "Hamas Fighters Trained in Iran Before Oct. 7 Attacks – WSJ," October 25, 2023.
[17] New York Times, "Screams Without Words: How Hamas Weaponized Sexual Violence on Oct. 7," December 28, 2023.
[18] U.S. Department of Treasury, "U.S. Treasury Announces Unprecedented & Expansive Sanctions Against Russia, Imposing Swift and Severe Economic Costs | U.S. Department of the Treasury," February 24, 2022.

Very truly yours,

Mark Wallace

Ambassador Mark D. Wallace

UANI is a not-for-profit, bi-partisan, advocacy group that seeks to prevent Iran from fulfilling its ambition to obtain nuclear weapons. UANI was founded in 2008 by Ambassador Mark D. Wallace, the late Ambassador Richard Holbrooke, and Middle East expert Dennis Ross. UANI's private sanctions campaigns and state and federal legislative initiatives focus on ending the economic and financial support of the Iranian regime by corporations until Iran verifiably abandons its drive for nuclear weapons, support for terrorism and gross human rights violations. Former U.S. Senator Joseph Lieberman is UANI's Chairman. UANI's Advisory Board consists of distinguished leaders in government, academia and business. See www.unitedagainstnucleariran.com/about/leadership.

I. IRAN BUSINESS RISKS

Any desire from foreign firms to maintain or ramp up Iran business is short-sighted, ill-advised, and fraught with risk to its shareholders, employees, agents, and contractors. The risks inherent in doing business in Iran are serious and fall into at least ten distinct categories:

Revocation of the JCPOA and Reimposition of U.S. Secondary Sanctions. On May 8, 2018, the United States Administration announced it would withdraw from the JCPOA, and secondary sanctions were reimposed which affect companies even outside U.S. jurisdiction with respect to every major industry in Iran. Due to Iran's military support of the Russian invasion of Ukraine in 2022, there are increasing calls for E-3 signatories to the JCPOA, France, Germany, and the United Kingdom, to follow the example of the U.S. and reimpose sanctions snapback.

Impairment of Corporate Reputation. A company that seeks opportunities in a country notorious for sponsoring terrorism and violating fundamental human rights, including state sponsored torture and killing of its own citizens, like Mahsa Amini in late 2022, will inevitably corrode its reputation with consumers, trading partners, and the general public, as recent polling strongly indicates.

Banking Risk. U.S. and European banks are unwilling, largely as a result of Iran's own actions, to finance new business ventures in Iran. Along with the serious money laundering issues in Iran, banking-related Iran risks continue to be severe, as strong penalties remain for those institutions that directly or indirectly facilitate prohibited transactions. Iran remains on the Financial Action Task Force (FATF) blacklist.

Doing Business with the Islamic Revolutionary Guard Corps. Doing business in Iran means doing business with the IRGC. It is flatly illegal for American and international companies to do business with the IRGC, but corporate compliance officers and country managers will be unable to discern if their companies are doing business with a reputable Iranian company or one that is secretly operated, managed, and even owned by the IRGC.

Economic Sanctions Independent of the JCPOA. Notwithstanding the JCPOA, significant economic sanctions unrelated to Iran's illegal nuclear proliferation program remain in effect which bar companies and their affiliates from doing business in multiple sectors of Iran's economy. The passage of the JCPOA does not eliminate or ease those sanctions.

Unavailability and Deficiency of Insurance Coverage. Companies will find that their business operations and assets in Iran are either uninsurable or subject to inadequate coverage and/or extraordinary insurance premiums because of the highly unstable and risk-laden political, legal, and business environment. Germany no longer allows export credit insurance from 2023.

Impairment of Shareholder Value. Influential shareholders and the investing public will not look charitably upon any company whose drive for short term profits in Iran will inexorably finance that regime's policies of sponsoring terrorism, nuclear proliferation, subjugation of women, violent repression of LGBT individuals, and the arbitrary incarceration and execution of its citizens. It is difficult to see how share value will not suffer.

Impairment of Future Business Opportunities. A company that shortsightedly embraces business opportunities in Iran will likely be cut off from more lucrative business opportunities in countries that oppose Iran's hegemonic policies, especially among Gulf Arab states. Even worse, companies may be barred altogether from doing any business within the borders of these neighboring countries because they will be viewed as providing financial support to a lawless regime that is antithetical to their very existence.

<u>Arrest, Imprisonment, Kidnapping, Torture, and Execution</u>. A company that does business in Iran exposes its officers, employees, and contractors to a high risk of harassment, arrest, prosecution, and incarceration without due process of law, without the right to legal counsel, and without an effective and independent judicial system to protect basic legal rights. Even individuals with dual citizenship, such as British-Iranian Alireza Akbari, executed by the regime in January 2023, are not safe from the regime's clutches.

<u>Hacking, Cyber Insecurity, and IP theft</u>. Doing business in Iran will inevitably lead to the hacking and theft by Iranian operatives and security agents of a company's proprietary information, trade secrets, confidential employee and corporate information, personal information, and customer information. Moreover, Iranian firms systematically use the slightest association with foreign firms as a pretext to continue advertising purported partnerships, and misappropriate corporate trademarks often many years after ties may have been excised.