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Raiffeisen International Announces 'Painful' Cuts

By The Moscow Times

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VIENNA — Raiffeisen Bank International, Central and Eastern Europe's second-biggest lender, will adopt "painful" cost cuts that include forced lay-offs, new Chief Executive Karl Sevelda said Thursday, reining in the emerging Europe empire that he took over in June.

"Compared with our peers there is room for improvement" on costs, he told reporters. The review "will inevitably bring painful cuts with it."

Raiffeisen had a cost-to-income ratio of 60.2 percent in the first half of 2013, compared to 54.9 percent and 52.8 percent at main competitors Bank Austria and Erste Group, respectively.

Sevelda said Raiffeisen was scaling back in Hungary, Slovenia and perhaps Croatia, while focusing on Russia, Poland, Austria, Romania, Slovakia and the Czech Republic.

Second-quarter group profit fell by a quarter to 120 million euros ($160 million), missing market estimates as costs rose more than expected and it took a one-off hit of 20 million euros for an upfront booking of a Hungarian bank levy.

(Reuters)

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