

Austria's Raiffeisen Bank Says Huge Russian Business Safe From Sanctions

By [The Moscow Times](#)

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Raiffeisen chief executive Karl Sevela said the Austrian bank expected no significant impact from western sanctions against Russia and would not back out of its most profitable market.

VIENNA — Austria's Raiffeisen Bank International expects "no significant impact" from Western sanctions against Russia over the crisis in Ukraine, it said Thursday, underscoring its commitment to its single most profitable market.

Emerging Europe's second-biggest lender is a top-10 bank in Russia as measured by its 10.3 billion euro (\$13.6 billion) loan book. It has nearly 2.8 million customers there, it said while releasing second-quarter results that handily beat expectations.

Raiffeisen boosted second-quarter net profit to 183 million euros as net interest income rose more than expected, risk provisions came in lower than thought, and savings measures began to kick in.

In Russia, Raiffeisen made a profit after tax of 103 million euros in Russia in the second quarter, up from 101 million a year ago and down from 109 million in the first three months.

In slides prepared for an analyst call, RBI said it would adhere strictly to sanctions on Moscow. It saw "no significant impact from most recent sanctions on business due to its short-term nature," noting business up to 90 days was not affected.

It said it was proceeding cautiously and doing selective underwriting as it focuses on standing corporate and retail clients in Russia.

Raiffeisen said a Ukrainian Central Bank audit of its operations in Ukraine found no need for additional capital and said "negligible further provisioning" for impairment losses was required there.

It reiterated its 2014 outlook for flat lending and for risk provisions to rise to 1.3 billion to 1.4 billion euros from 1.15 billion in 2013. It repeated that results may be impacted by the European Central Bank-led Asset Quality Review health checks of bank balance sheets or the situation in Ukraine and Russia.

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