

Raiffeisen Faces Higher Loss if Forced to Write Down Russia Assets

By [The Moscow Times](#)

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Raiffeisen chief executive Karl Sevela

VIENNA — Raiffeisen Bank International's (RBI) 2014 loss could top its previous worst-case scenario of 500 million euros (\$593 million) if it has to write down the value of its Russian business, its chief executive said Wednesday.

Karl Sevela was also quoted in the Austrian bank's in-house publication as saying it was lifting its cost savings target to 650-700 million euros (\$770-\$830 million) by 2016 from a previous 600 million (\$711 million) and it might exit one or more foreign markets, without elaborating.

RBI said on Monday its Russian business, which in the past has been a major profit generator, might deteriorate and that it might review the unit's accounting value given the weakness in the ruble and Russia's economic problems.

"The heavy drop in the Russian currency and the bad economic forecasts for Russia could make a write-down of the goodwill of Raiffeisenbank Russia necessary," in-house publication Raiffeisen-Zeitung quoted Sevelda as saying.

"If the existing goodwill of Raiffeisenbank Russia doesn't change, I expect that it [the 2014 loss] won't be more than 500 million [euros] (\$593 million)," he added.

Sevelda said any goodwill write-down at the Russian business would not affect RBI's regulatory capital quotas.

A spokesman for RBI confirmed the comments.

RBI currently operates in Austria and 15 countries in central and eastern Europe, but also has branches in other countries. RBI's business in 2014 suffered particularly in Ukraine and Hungary.

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