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Austria's Raiffeisen Bank to Close 15 Russian Branches

By The Moscow Times

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Forsythia blossom in front of the Raiffeisen Bank International (RBI) headquarters in Vienna.

Austria's Raiffeisen Bank is trimming its operations in Russia to save costs as a recession cuts into banking sector profits.

Raiffeisen's Russian subsidiary said in a press release Wednesday it would close 15 offices in towns across Russia and stop granting or refinancing auto loans.

Russian car sales are set to fall by up to one-third this year as an economic slump hits incomes, and Raiffeisen said the auto loans segment showed little room for growth.

Raiffeisen, Russia's 13th biggest bank by assets, announced in February it would pull out of the country's Far East to improve efficiency after its owner, Austria's Raiffeisen Bank International, said it would cut exposure in Russia.

Banks in Russia are struggling in the face of an oncoming recession and rising numbers of bad

loans.

The 15 offices will close in towns including Barnaul, Bratsk, Ivanovo, Izhevsk, Tolyatti and Chita by Oct. 30, Raiffeisen said, adding that it will also open six new offices in Moscow.

Raiffeisen Bank International confirmed on Wednesday that it made losses of 493 million euros ($542 million) last year due largely to difficulties in Ukraine and Hungary, the Reuters news agency reported.

The bank said it was on track to cut risk-weighted assets in Russia by one-fifth by the end of 2017, and warned that it could post another loss in 2015, according to the agency.

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