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HSBC Sells Portion of Retail Unit

By The Moscow Times

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LONDON — HSBC Holdings, Europe's biggest bank, is to sell part of its Russian consumer banking business to Citigroup.

The sale of the business, whose assets are valued at about $10.7 million, will be closed in the third quarter of the year, the London-based bank said in a statement Tuesday. HSBC in April said it would close its retail and private-banking units in Russia to focus on corporate clients as domestic lenders gain market share.

State-run banks led by Sberbank and VTB Group are expanding their corporate and brokerage businesses, squeezing out international competitors as the Kremlin seeks to turn Moscow into a global financial center. Britain's Barclays, Spain's Banco Santander, Morgan Stanley of the U.S. and Sweden's Swedbank are among foreign competitors who have either quit or curtailed Russian retail operations since 2010.

HSBC did not put a price on the sale although a spokesman said the deal involved the sale of its retail loan and mortgage portfolios at four branches in Moscow and one in St.

Petersburg.

"We're pleased with the outcome of this transaction, which is in line with our strategy of increasing our capital deployment discipline," said Brian Robertson, head of HSBC's European operations.

HSBC's new boss Stuart Gulliver in May unveiled a $3.5 billion cost-cutting overhaul that, among other things, will see it focus retail banking operations on its core markets such as Hong Kong and Britain.

(Bloomberg, Reuters)

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