

French Bank Societe Generale to Slash Russia Exposure

By [The Moscow Times](#)

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A woman walks past the logo of French bank Societe Generale as she enters the bank's headquarters in La Defense near Paris.

PARIS — Societe Generale will cut its exposure to Russia in the face of mounting loan-loss provisions in the country, the French bank said as it posted a nearly threefold increase in fourth-quarter net profit.

France's second-largest bank said it would reduce funding for Russian operations by a further 400 million euros (\$454 million) this year, leaving them increasingly dependent on ruble bond issues for financing.

"The Russian issue will be more difficult [this year], but will be under control," Chief Executive Frederic Oudea said at a news conference on Thursday. "For the rest, we are expecting improved results in all businesses."

Loan-loss provisions in Russia are expected to double, the bank said, as the country's commodities-focused economy struggles to contend with a sharp fall in oil prices as well as Western sanctions over Moscow's involvement in the Ukraine crisis.

"That will without doubt lead the [Russian] bank to post a loss in 2015," said Bernardo Sanchez Incera, SocGen's deputy head of international retail operations.

The group's fourth-quarter improvement was slightly below analysts' estimates, according to brokers' research notes, having taken a 200 million euro hit on its consumer finance withdrawal in Brazil.

It also raised its litigation-risk provisions in the second half of the year by 200 million euros to 1.1 billion euros amid an internal audit for possible sanctions breaches.

The rise in quarterly net income to 511 million euros, from 191 million a year earlier, helped the group to post a near-32 percent increase for the full year as overall loan provisions fell sharply and revenue rose 5 percent.

While Russia weighed on its international retail banking business, SocGen said revenue from its French branch network rose nearly 2 percent despite a sluggish economy.

The bank proposed a 2014 dividend of 1.20 euros per share, up from 1 euro the previous year. That left its payout ratio unchanged at 40 percent, though the bank said it aims to lift the ratio to 50 percent this year.

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