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Societe Generale to Cut Staff at Russian Branches by 10-15% as Crisis Hits Banking Sector

By The Moscow Times

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Russia's Rosbank, part of France's Societe Generale Group, plans to cut 10-15 percent of its staff this year, its head said on Tuesday as Russian economic troubles weigh on the banking sector.

The bank will cut jobs by reducing its branch network, and through a reorganization of its business structure, Chief Executive Dmitry Olyunin told journalists.

The bank, which had earlier flagged potential job cuts as part of its strategy for the next few years, cut around 8.5 percent of its staff in 2014.

It will continue to sell part of its problematic loans to reduce its loan-loss provisioning, Olyunin added.

Russia's economic slowdown, deepened by Western sanctions over Ukraine, low oil prices and sharply higher interest rates, has hurt banks' profitability.

Olyunin said 2015 demand for retail loans had slumped by 80 percent from a year earlier, while the bank's share of non-performing retail loans more than five days overdue was 12 to 15 percent higher.

"It's clear that retail lending in Russia will be under serious pressure as regards margins and volumes for the next few years," he said. "It's difficult to say how long, but minimum two or three years."

Olyunin said he expected Russian banks' retail loan portfolio to shrink by some 15 percent this year.

In the corporate sector, Rosbank expects a less dramatic rise in its non-performing loan (NPL) ratio since it focuses on large Russian companies, including exporters.

Olyunin said the bank's NPL ratio for corporate borrowers would likely rise by 1 to 1.5 percentage points from around 8 percent at the start of the year, according to Russian accounting standards.

He declined to give a forecast for Rosbank's financial performance in 2015.

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