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Crédit Agricole hit by Greek exposure

97
116

By Scheherazade Daneshkhu in Paris

Crédit Agricole reported a 75 per cent fall in first quarter net profits after taking another hit from its exposure to Greece through Emporiki, its lossmaking Greek bank.

Net profit at France's third-biggest bank by market value fell to €252m in the first three months of the year from €1bn in the same quarter last year, on revenues up 2 per cent at €5.4bn. The result was lower than expected.

The result was dragged down by €940m of losses related to Emporiki as well as a €224m due to the costs of deleveraging as the bank aims to conserve capital by reducing risk-weighted assets. These costs were partially offset by a €466m gain on the buyback of its own debt.

Jean-Paul Chifflet, chief executive of France's third-biggest bank by market value, said the bank had a team working on contingency plans should Greece exit the eurozone.

He said the bank had reduced considerably its financing for the Greek unit from €11.4bn a year ago to €5.2bn today.

Crédit Agricole acquired Emporiki in 2006 for €2.2bn and it has continually weighed on profits ever since.

Crédit Agricole, which is a co-operative bank majority-owned by its mutual shareholders, has its lending roots in rural France. It is reducing the size of its investment bank, where it is cutting jobs and pulling out of 21 countries, along with other French banks in anticipation of new European regulations on capital.

Crédit Agricole said it had achieved 70 per cent of the reduction in its funding requirements.

The investment bank made a quarterly net profit of €410m, up 13 per cent on last time after a strong quarter for fixed income business.