



IFC's Recent **BANKING INVESTMENTS** in **RUSSIA**



IFC OFFERS RUSSIAN BANKS:

- Long-term partnership
- Long-term financing to help asset-liability matching and attract other financing
- A full range of financial products, including guarantees, senior debt, subordinated debt and equity
- Customized donor-funded advisory services to support banks' operations

RUSSIAN STANDARD BANK

In October 2001, IFC issued a partial guarantee of Russian Standard Bank's (RSB) first ruble bond issue. The bank's business strategy focuses mainly on the fast-developing consumer finance market, and access to ruble financing allows the bank to increase its activity in this market. In June 2002, IFC and RSB signed an agreement for IFC to invest US\$10 million for an 11.66% stake in RSB's equity. This strengthened the bank's capital and allowed it to continue its rapid expansion. In December 2002, IFC provided a US\$5 million partial guarantee on a ruble promissory note issue by RSB, enabling the bank to mobilize more local currency financing.

PROBUSINESSBANK

In November 2001, IFC approved a US\$5 million subordinated convertible loan to Probusinessbank. The investment supported the bank's strategy of financing Russian industrial enterprises and enabled it to extend the tenor of its credits. IFC also provided hands-on technical expertise to assist the Bank to develop its expansion strategy and to review its organizational structure, credit approval process and asset-liability management. Due to improved performance and reputation in the business community, Probusinessbank attracted an additional \$18.5 million in external financing in 2001. In their October 2002 rating review of Probusinessbank, FITCH IBCA's experts emphasized that the relations between Probusinessbank and IFC "facilitated greater transparency of the bank and strengthened risk management processes."

SMALL BUSINESS CREDIT BANK (KMB-BANK)

In May 2002, IFC signed an agreement to open a US\$7 million credit line to Small Business Credit Bank (KMB-Bank) for financing small businesses (SMEs) and to invest US\$3 million (about 13%) in the bank's capital. As most of the bank's business is located outside Moscow, IFC's investment will improve access to financing for SMEs in the regions of Russia. IFC's long term financing will enable the bank to expand its client base quickly and improve the stability of its funding.



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INDUSTRY-CONSTRUCTION BANK ST. PETERSBURG

In June 2002, IFC granted Industry-Construction Bank St. Petersburg (ICB) a US\$10 million credit line for five years. These funds will help the bank to provide longer-term funding to SMEs in the North-Western region of Russia. The long tenor of the IFC funding will enable the Bank to reach new clients with longer term financing needs.

NIZHEGORODSKY BANKIRSKY DOM (NBD-BANK)

In October 2001, IFC provided a US\$2.5 million credit line for five years to Nizhegorodsky Bankirsky Dom (NBD-Bank). The funds will help finance SMEs in the Nizhni Novgorod region. IFC's financing will enable NBD-Bank to expand the investment opportunities in its loan portfolio. IFC is also helping the bank improve its risk management by advising the bank on improvement of its internal audit function and its management information systems.

CENTER-INVEST BANK

In May 2002, IFC signed a credit agreement on providing Center-Invest Bank with a US\$2 million credit line for three years. The bank will use the IFC financing to provide long-term loans to SMEs in the Rostov-on-Don region. Center-Invest is the largest of the Rostov area banks which invest in the regional economy. IFC is also assisting the bank to strengthen its management and operations, including revision of the bank's product line and cost structure to improve overall profitability, the development of a new business development strategy, and staff training on credit practice, internal audits, and asset-liability management.

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