

## Center-invest will lend money to the Olympians

The Rostov bank enlarges its branch network in Sochi

**Open Joint Stock Company Commercial Bank Center-invest (Rostov-on-Don) declared about its intention to grant loans for the companies which are expand with the construction of the Olympic objects in Sochi, where the bank is going to expand the branch network in the resort city and to draw loans from the internal and external markets in the amount of USD100-300m. The market analysts and participants consider that it will take the bank about 1,5-2 years to enlarge the customer base significantly, after the regional companies, i.e. the traditional clients of the bank, will enter the number of the participants of the Olympic project besides the huge federal companies.**

Center-invest Bank is the only Rostov bank present at the market of Sochi: its two branches have been operating for more than two years in this resort city. "This summer the bank will open the third office, that will be focused on lending not only to individuals but also for investment Olympic objects' construction", Tatyana Gorobets, the chief of the branch network of the Center-invest Bank says.

As it was explained by Vladimir Glushko, the Deputy Chairman of Center-invest Bank, the new lending trend of the Rostov financial institution is directed first of all to the federal and regional enterprises of the small and medium business. He accepted the possibility that the bank will work out a special loan program for the Sochi project participants, but at the present the bank offers its potential borrowers the standard products which are already in demand at the Sochi market. "We have positive experience of lending to companies with relatively low level of capitalization, which implement their investment projects in the sphere of energy efficiency," – Mr. Glushko said. During two years of its presence at the Sochi market Center-invest has provided the small and medium enterprises (operating at the Sochi economic area) with loans for about several hundred m rubles.

The Bank intends to enlarge the Sochi loan portfolio through lending in big volumes. "One borrower limit amounts to RUB400m in our bank," Vasily Vysokov, the Chairman of the Board of

Directors, said. As he stated, the resource base enables the bank to give huge loans. By the end of the year the Bank intends to borrow about USD100-300m from the internal and external markets. Among the borrowing instruments the Bank considers issue of Russian and Eurobonds and also loans from Russian and foreign banks.

OJSC CB Center-invest was founded in the year 1992. The main shareholders of the bank are the EBRD (27,45%), DEG (22,45%), Mr. and Mrs. Vysokov (17,85%). As at 01.01.08 the Bank's equity amounts to RUB5,537 bn while the loan portfolio makes up RUB28,72bn. According to the results of the year 2007 the bank has gained about RUB701m of the net profit.

Market analysts and participants presume that the plans of the Center-invest bank to expand its loan portfolio through lending Olympic project participants are deemed perspective and long-term if the Bank manages to outride the harsh competition among the large Moscow financial institutions which are widely presented in Sochi. As Alexander Osin, the chief economist of the Finam Investment Company, states, several large Moscow banks declared about their interest to open offices in Sochi and they plan to cover the loans by payments prescribed by the contracts which in fact obtained state backing.

At the same time Ivan Manaenko, the deputy chief of the analytical department Ltd Co. VELES-Capital IC, thinks that Center-invest will be able to increase its loan portfolio if in contrast to the large federal structures which stick to the tough credit policy, the bank will be flexible when granting loans.

As Valery Hitry, the deputy general manager of the Kubaninvest bank, is concerned, Center-invest can account for significant enlarging of its loan portfolio not earlier than in 1,5-2 years. "At present almost all Olympic property developers are large federal companies which are unlikely to be interested in the credit products of the Rostov bank. But after the large infrastructure projects are finished small and middle-sized enterprises, i.e. traditional customers of the Center-invest bank, will enter the region" – the expert assumes.

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