

Center-invest Bank:

An umbrella for SMEs in the South of Russia

EBRD – new shareholder of Center-invest

In June 2004 European Bank for Reconstruction and Development extended its partnership with Center-invest by acquiring 25% of the voting shares for \$8.15 million and approving a 5 year \$5 million loan targeted to SMEs. That moving reinforces cooperation between the two institutions initiated in 2002 when EBRD launched its TFP program and granted a \$5 million loan, which was extended to \$8 million in 2003.

In 2002 International Financial Corporation (IFC) granted its first 2-year \$2 million loan to Center-invest targeted to SMEs and reviewed the bank's corporate governance practices. Currently negotiations with IFC for a subordinated loan and credit line for SMEs are underway. Center-invest, together with DEG and KfW, is working on long-term credit lines to support medium-size business in southern Russia. USAID provides on its guarantees for Center-invest Bank credits to SMEs.

The world's leading international financial institutions have chosen Center-invest as their partner for several reasons: it has been audited for 8 years to IAS standards and implemented a strict corporate code of conduct; it implements innovative strategies employing highly qualified staff; it is technologically sophisticated; it has extensive experience in cooperation with export agencies such as USAID, Hermes, SIMEST, COFACE and first-rated commercial banks such as Commerzbank, AKA, Raiffeisen, BCP Bank, San Paolo IMI SPA, Bank Gesellschaft Berlin and Union Bank of California.

Last year the bank granted over 1800 credits exceeding R2.5 billion to support medium-size business in the south of Russia where 15% of the country's population live and are involved in 10% of the economic production.

Established in 1992, Center-invest has a branch network covering 24 cities and towns in the Rostov region, City of Krasnodar and City of Volgograd. It has become the largest regional bank with over one third of local banks' capital, assets, loans and deposits.

New impulses for economic development

Foreign participation in Center-invest will help provide new impulses for the economic development in the South of Russia.

- Center-invest will continue to implement its strategy to integrate its clients into global markets by giving local enterprises an access to much required long-term investment capital.
- The bank's financial indicators will considerably improve.

- The bank will expand its branch network. Its customers can receive the same range of high quality banking services as in any European bank.

SMEs in global economy

Often SMEs are contrasted with globalization processes, trans-corporations and international financial institutions. In practice SMEs are not just instruments for employment and social stability but also suppliers and consumers of goods and services for corporations as well as innovative business to indicate future global investments, economy development index. That is why global technologies should be used for their development. Therefore Center-invest has launched an SME center providing auditing services, an internet-based development center and a legal 'hot-line' service. The bank supports companies who provide consulting services for SMEs; it regularly organizes conferences and seminars. Center-invest also offers new financial instruments to SMEs such as leasing services, trade financing and plastic card settlements.

All these activities are targeted to obtain SMEs. The Bank's clientele includes over 6000 dynamic and innovative developing SMEs. Over 50% of loans they receive are targeted for re-equipment and new goods production, as well as active marketing strategies.

Activities of the Russian SMEs influence the global economy. Most of the Russian SMEs are only on their start positions. Most of the western SMEs reached demand satiety. The exchange of technologies, know-how instruments and experience between Russian and western SMEs will stimulate the development of small business not only in Russia, but also in western countries.

A Win-Win situation

Center-invest has created a broad structure of international cooperation with benefits to local SMEs and regional economy, international financial institutions and western banks and their clientele. In this win-win situation we believe that the only losers are those who don't work with Center-invest.

Center-invest is a regional bank, which efficiently manages regional risks. It is open for international cooperation. Russia is too big for western companies to manage regional risks even from their Moscow offices. A reliable and transparent regional partner-bank with leading international financial institutions as its shareholders reduces risks and provides a "protecting umbrella" for the international cooperation of SMEs in the South of Russia.



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**Professor Dr Vasily Vysokov,
Chairman**

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