

Russian Banking Report

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❖ **What's going on
and why**

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NewsBase. What's going on and Why

Ministry of Justice registers CBR instruction to analyze current bank expenses

The Russian Ministry of Justice has registered an instruction issued by the Bank of Russia to conduct simultaneous analysis of the current expenses of lending institutions, the PR department of the Central Bank of Russia said in a statement. The simultaneous analysis of the current expenses incurred by lending institutions is a part of the programme for collecting data on expenses related to the production and sales of goods of market participants that is carried out in accordance with the Russian government's resolution. Concerns from all sectors of the economy participate in the 2011 survey. At the request of the Federal Statistics Service, the Bank of Russia has been collecting, processing and providing relevant data on the banking system, says a press release. Taking into account peculiarities of the banking activities, the list of indicators of forms of conducting simultaneous analysis of the current expenses of lending institutions is mainly limited to the interpretation of banks' expenses incurred to pay for goods (work and services) of non-financial institutions, the press release says. In order to decrease the burden imposed on lending institutions said information will be provided to the Bank of Russia with regard to a limited group of banks and upon processing will be submitted to the Federal Statistics Service to form consolidated indicators by types of economic activities.

RIA NOVOSTI, June 22, 2011

CENTRAL BANK

Ulyukaev: CBR prepared to discuss inflation control amendments

The Bank of Russia is prepared to discuss amendments to the law on the Bank of Russia that concern the inflation targeting policy that the regulator pursues, while the main goal of the monetary policy is keeping inflation within a specific range, first deputy CBR chairman Alexey Ulyukaev told reporters. The State Duma's Committee for the Financial Market and the Committee for the Budget and Taxes recommended at a joint meeting to take under advisement CBR's annual report for 2010. Meanwhile, the regulator pointed in its report to the need to discuss the possibility of making amendments to the law on CBR regarding the regulator's main operating goals "in the context of creation by the Bank of

Russia of the conditions to shift to inflation targeting and the ruble's free floating."
RIA NOVOSTI, June 16, 2011

Bank of Russia expects January-June inflation at 5.5-5.6% and 7% in 2011

The Bank of Russia expects June inflation at 0.4% and no more than 5.2% in January-June and 5.5-5.6% in January-September 2011, and around 1.5% in 4Q, and the regulator still finds possible to meet the annual forecast of 7%, first deputy CBR chairman Alexey Ulyukaev told reporters on Friday on the sidelines of the St Petersburg International Economic Forum, RIA Novosti reported. "We have at least two circumstances. The first one relates to the exchange rate, because the ruble's appreciation at the end of 2010 and the beginning of 2011 is being analysed. And the second one is reducing monetary pressure (money supply and the monetary base). We're close to reaching annual M2 of around 21%. It will most likely become 20% in the near future. We haven't changed our forecast (for inflation), and believe we'll meet the 7% target," Ulyukaev said.

RIA NOVOSTI, June 17, 2011

CBR: gold reserves in Russian international reserves up 0.8% in May

In May 2011 monetary gold held in Russia's international reserves rose 0.8% to 26.7 million troy ounces (around 830.4 tonnes) as of June 1 from 26.5 million troy ounces as of May 1, CBR data showed. The value of gold in the reserves grew 0.6% in May: as of June 1 the indicator was equal to US\$40.95 billion compared to US\$40.72 billion a month earlier. In May the portion of gold in Russian international reserves rose 0.1% to 7.9%. In 2010 gold reserves jumped 23.9% to 25.4 million troy ounces as of January 1, 2011 from 20.5 million troy ounces as of January 1, 2010. The value of gold in the reserves jumped 59.9% to US\$35.78 billion from US\$22.38 billion at the beginning of 2010. In 2010 the portion of gold in Russian international reserves rose 2.4% to 7.5% as of January 1 from 5.1% as of January 1, 2010. The physical volume of gold in Russia's international reserves has steadily grown in recent years: gold reserves totalled 402 tonnes as of January 1, 2007, 450 tonnes as of January 1, 2008, 519 tonnes as of January 1, 2009, 637.6 tonnes as of January 1, 2010 and 789.9 tonnes as of January 1, 2011.

RIA NOVOSTI, June 20, 2011

CBR board to review refinancing rate issue on June 30

The Board of Directors at the Bank of Russia will review on June 30, 2011 the issue related to the refinancing rate and interest rates on CBR's operations, first deputy CBR chairman Alexey Ulyukaev told reporters last Friday. "We'll consider this on June 30," he said, RBC wires. Meanwhile, Ulyukaev did not specify which decisions the Bank of Russia could be expected to take on the rate front. Last time the Bank of Russia reviewed this issue on May 30, 2011. At that time, the refinancing rate was left unchanged (8.25%). The Bank of Russia pointed out that this decision was adopted as inflationary expectations and the risks associated with sustainability of economic growth remain high. Starting May 3, 2011 the Bank of Russia raised its refinancing rate by quarter a percentage point (from 8% to 8.25%).

ROSBUSINESSCONSULTING, June 20, 2011

FOREIGN BANKS IN RUSSIA

CITIBANK

Sberbank and Citibank concluded agreement on intent

Sberbank Rossii and Citibank entered into an agreement of intent about Sberbank Rossii's readiness to provide services of collection, delivery, acceptance and transfer of cash monetary funds to corporate clients of Citibank, according to the bank's joint statement.

AK&M NEWS, June 22, 2011

HSBC BANK

HSBC sells part of business to Citibank

HSBC Russian daughter enterprise HSBC Bank is selling a portion of its retail business to Citibank, Interfax reported. According to HSBC, the assets involved in the transaction were worth 305.8m rubles on March 31, 2011. The deal is expected to go through in the third quarter of 2011. HSBC decided to close its private banking and retail divisions in Russia and to focus on the business customer sector in April 2011. In fact, another large British Bank, Barclays, also made the decision to stop working on the retail services in Russia a little while earlier, Interfax reported.

URALBUSINESSCONSULTING, June 16, 2011

RUSSIAN BANKS: GENERAL ISSUES

CBR: highest interest on ruble deposits drops to 7.85% at Top 10 banks

The PR department of the Bank of Russia released on Monday the data collected by monitoring the highest rates (on ruble deposits) offered by ten lending institutions that attract most private deposits. From June 11 till June 20 the interest rate dropped to 7.85% from 7.86% in June 1-10. Deposit rates of the following banks are analyzed: Sberbank of Russia, VTB 24, the Bank of Moscow, Raiffeisenbank, Gazprombank, Rosbank, Alfa-Bank, Bank Uralsib, MDM Bank and Rosselkhozbank.

BANKI.RU, June 20, 2011

Russian banks' pre-tax profit up US\$2.7 billion in May

The Russian banks' pre-tax profit totalled 366 billion rubles (US\$13 billion) in the first five months of the year, including 75 billion rubles (US\$2.66 billion) in May, said Gennady Melikyan, first deputy chairman of the Central Bank.

FC NOVOSTI, June 21, 2011

Russia to inject US\$50 million into IFC fund to support local banks

Russian Prime Minister Vladimir Putin cleared the Finance Ministry to inject US\$50 million into an International Finance Corporation (IFC) fund to boost Russia's banks capitalisation.

PRIME-TASS, June 21, 2011

MAJOR BANKS

ALFA-BANK

Alfa-Bank takes over Severnaya Kazna

Alfa-Bank has completed the rehabilitation of Severnaya Kazna, with the last stage being Severnaya Kazna's takeover by Alfa-Bank. As Alfa-Bank specified in its press release on Friday, on June 2, 2011 a record was made in the Unified State Register of Legal Entities about the termination of the activities at Severnaya Kazna through its reorganisation by the takeover by Alfa-

Bank. As Alfa-Bank noted, in autumn 2008, as the economic crisis wore on, Severnaya Kazna began to face problems with liquidity and ceased deposit payments. The Chief Directorate of the Bank of Russia in the Sverdlovsk region forwarded a proposal to CBR board chairman Sergey Ignatiev seeking measures to prevent the commercial bank from going bankrupt.

BANKI.RU, June 20, 2011

BINBANK

S&P revises BINbank outlook to Positive on improving financial profile

On June 15, 2011 Standard & Poor's revised the outlook on B&N Bank's ratings to 'Positive' due to better operating environment and its improving financial profile. The Russia national scale rating was raised to 'ruBBB+' from 'ruBBB-'. At the same time, S&P affirmed the long-term 'B-' and short-term 'C' counterparty credit ratings. In S&P opinion, the outlook revision reflects the improving operating environment in Russia and the Bank's positive development trends such as improving in asset quality (decrease in NPLs 90+), increase in the Bank's capital by US\$50 million additional share issue, gradually growing interest margin and clear-cut development strategy. "S&P actions reflect B&N Bank's successful development as compared to the group of its peers and meaningful efforts of the major shareholder focused on enhancement of the Bank's investment attractiveness," said Irina Komarova, Senior Vice President. Among the main triggers for the further positive rating actions S&P views sustainable improvement in profitability, capacity to maintain adequate capitalisation in line with further asset growth and reduction of industrial and single-name concentrations in the loan portfolio.

FC NOVOSTI, June 17, 2011

GAZPROMBANK

Gazprombank acquires 100% of Noyabrskneftekombank

Gazprombank acquired 100% of the authorised capital of Noyabrskneftekombank, Gazprombank announced. Gazprombank was established in 1990 and is one among the three largest banks of Russia in terms of financial performance, and ranks third among the largest banks in Central and Eastern Europe.

AK&M NEWS, June 16, 2011

Gazprombank to manage MRSK Holding's stake in MOESK

Holding (officially known as IDGC Holding) has assigned the management of its 50.9% stake in Moscow United Electric Grid Company (MOESK) to Gazprombank for three years and six months, the companies said in a joint statement late Thursday. The stake cannot be sold for 12 months. After this period, the holding's equity position in MOESK, which is Russia's largest distribution grid company, could be downsized to 25%.

ROSBUSINESSCONSULTING, June 17, 2011

Gazprom could sell 16% in Gazprombank

Gazprom could sell 16% in Gazprombank this year, the natural gas giant's CEO Alexey Miller told reporters on the sidelines of St. Petersburg International Economic Forum. "Gazprombank's business runs counter to that of Gazprom. The bank's EBITDA/debt ratio is negative and represents an additional debt in our consolidated report," he added. Gazprom owns a 41.73% stake in the bank, while its pension fund holds 50% plus one share.

ROSBUSINESSCONSULTING, June 20, 2011

MDM BANK

MDM Bank sees net profit up to 9 billion rubles in 2011

The net profit of Russia's MDM Bank is expected to amount to about 9.0 billion rubles in 2011, Oleg Vyugin, chairman of the bank's board of directors, told PRIME on June 18.

PRIME-TASS, June 20, 2011

BANK OF MOSCOW

Bank of Moscow creates US\$357mn reserves for bad loans

Bank of Moscow, recently taken over by state-controlled lender VTB, has allocated over 80% of its 2010 net profit to shoring up reserves, which were increased by RUBLES 10 billion (US\$356.9mn, or euros 249.3mn), the bank's head Mikhail Kuzovlev said at the St Petersburg International Economic Forum.

FC NOVOSTI, June 20, 2011

Bank of Moscow, presents opportunities of remote payment public services

Mikhail Kuzovlev, President of the Bank of Moscow, has attended the XV International Economic Forum in St. Petersburg and presented opportunities of access to public services and remote payment. In his presentation, Mikhail Kuzovlev demonstrated new solutions developed by the Bank of Moscow in the field of remote payment for public and commercial services. A co-brand card of the Bank of Moscow and Rostelecom was introduced during the presentation. This card is a mean of payment, client authentication and identification. Designed jointly with the leading provider of telecom services, it provides access to banking and public services and is an identifier for the Integrated Public Services Portal. At the same time the card can also be used for payments for public services at self-service terminals, via mobile phones and web-site www.epgu.gosuslugi.ru. The presentation also outlined opportunities to access "Personal Banking Office" at information booths and "Personal Office for Public Services" at the Integrated Public Services Portal, as well as mobile commerce technologies used by the Bank of Moscow.

BM.RU, June 20, 2011

PROMSVYAZBANK

Promsvyazbank borrows US\$59mn from RBD

The Russian Bank for Development (RBD) has issued the fifth RUBLES 1.665 billion (US\$59.1mn, or euros 41.8mn) tranche to Promsvyazbank for onward lending to small and mid-sized business.

FC NOVOSTI, June 17, 2011

Russia's Promsvyazbank buys 1 billion ruble loan portfolio from Bk Trust

Major Russian bank Promsvyazbank has bought 1.096 billion rubles of National Bank Trust's small and medium-sized enterprise (SME) loan portfolio, Promsvyazbank's press office said on Monday.

PRIME-TASS, June 20, 2011

SBERBANK

Sberbank announces new appointments

Vadim Kulik has been appointed Sberbank vice president in charge of financial risk department, while Svetlana Sagaidak will be vice president responsible for distressed assets, announced the PR department of Russia's largest state lender.

FC NOVOSTI, June 16, 2011

FSFM gives Sberbank green light to float 25% of stocks abroad

The Federal Service for Financial Markets (FSFM) authorised Sberbank of Russia to place up to 25% of its common shares abroad, RIA Novosti wires quoting the financial market regulator's statement posted in its official Twitter micro-blog. Sberbank requested FSFM's authorisation to have its shares listed abroad on May 24. Upon receipt by the bank of the regulator's authorisation around 5.4 billion common shares of Sberbank will be available on foreign markets in the form of depositary receipts (ADRs). Bank of New York Mellon was appointed custodial bank.

RIA NOVOSTI, June 16, 2011

Kerimov's companies apply to Sberbank for funds

Companies affiliated with Russian businessman Suleiman Kerimov have applied to Russia's largest bank, state-controlled Sberbank, seeking funds to finance the purchase of a stake in Belarusian state-owned potash producer Belaruskali, the bank's Deputy CEO Andrei Donskikh said Thursday, as cited by RIA Novosti.

PRIME-TASS, June 16, 2011

Sberbank and Cetelem to set up a jointly owned Russian POS finance bank

Sberbank of Russia (the leading Russian bank) and Cetelem (BNP Paribas Personal Finance), Europe's leading credit player announce they have signed a non binding Memorandum of Understanding with the project to set up a jointly owned Russian POS (Point of Sale) finance bank. June 17, 2011, St Petersburg – Sberbank of Russia and Cetelem (BNP Paribas group) have signed a non binding Memorandum of Understanding outlining major terms for the foundation of a joint Russian POS

finance bank. The deal will result in creation of a Partnership which should be operated under Cetelem brand and Sberbank will have a majority stake. Joining efforts of Sberbank, and Cetelem, should lead to the creation of a successful business beneficial for both parties and Russian personal finance market as a whole. The Partnership will use a concept of "responsible lending" developed by Cetelem (BNPP PF Group) and supported by Sberbank that implies providing simple and transparent client products with reasonable interest rates.

SBRF.RU, June 17, 2011

Sberbank set to set up venture fund together with Troika Dialog by end of 2011

Sberbank of Russia expects to establish a venture fund in Russia by the end of 2011 in association with Troika Dialog, Sberbank CEO and board chairman German Gref told reporters on the sidelines of the St Petersburg International Economic Forum, Prime-TASS wires. "We are discussing with Troika Dialog the possibility of incorporating a new venture fund," Gref said. Meanwhile, he did not rule out that at issue could be recapitalisation of the existing venture fund. "This will be our contribution in terms of investments in venture projects, in new technologies," he said. In addition, Gref said that Sberbank is currently discussing with its foreign partner the possibility of setting up a specialised bank in Russia to finance venture startups. Gref pointed out that over the past few years Sberbank has reached the global average level of investments in new technologies (7% of annual turnover). "The figure we'll reach next year will be around 8%," he said.

PRIME-TASS, June 17, 2011

Gref: Sberbank poised to divest oil assets of Urals Energy by end of 2011

Sberbank of Russia expects to sell the oil assets held by Urals Energy by the end of 2011, Sberbank CEO and board chairman German Gref told reporters at the St Petersburg International Economic Forum, Prime-TASS reported. "I hope this will be done till the end of 2011," he said answering the question when the sale is to be transacted. Previously Sberbank said that it is in talks over the sale of the companies that are licenced to develop the Taas-Yaryakhskiye and Dulisminskoye fields. As the media wired earlier, in August 2009 Urals Energy assigned to Sberbank the rights to Dulisminskoye and Sredne-Botuobinskoye fields. Decisions to assign the

rights to the fields that were held as collateral at Sberbank were adopted "as the liquidity situation at the company gets worse every day". For the record, in 2006 Urals Energy borrowed US\$630 million from Sberbank to buy 100% of Dulisma LLC and a 35.3% equity stake in Taas-Yuryakh Neftegazodobycha (the subsoil user at the Sredne-Botuobinskoye field in the Republic of Sakha (Yakutia)). Repayment dates of the credits expired on November 14 and November 28, 2008, but Urals Energy failed either to repay the money or extent or restructure the credits. All the rights related to the company's property collateralised were assigned to Sberbank's subsidiary, Sberbank Capital.

PRIME-TASS, June 17, 2011

Russia's Sberbank signs memo of intent to buy 5% in Itera

Russia's largest bank, state-controlled Sberbank, on Friday signed a memorandum of intent to buy up to 5% in the charter capital of Russian oil and natural gas company Itera.

RIA NOVOSTI, June 17, 2011

CEO: Sberbank to dispose of all non-core assets within 2-3 years

Russia's largest bank, state-controlled Sberbank, plans to dispose of all its non-core assets within the next two or three years, the bank's President and CEO German Gref said.

PRIME-TASS, June 17, 2011

CEO ups Russia's Sberbank RAS net profit forecast for 2011

The net profit of Russia's largest bank, state-controlled Sberbank, is expected to increase to up to 270 billion rubles in 2011, as calculated under Russian Accounting Standards (RAS), the bank's President and CEO German Gref said.

PRIME-TASS, June 17, 2011

SVIAZ BANK

Russia's Sviaz-Bank IFRS net profit down 29% in year in Jan-Mar

The net profit of Russia's Sviaz-Bank decreased 28.7% on the year to 604 million rubles in January-March, as calculated under International Financial Reporting Standards (IFRS), the bank said in a report Monday.

PRIME-TASS, June 20, 2011

Net profit of Sviaz-Bank (IFRS) in Q1 decreases by 28.7%

The net profit of Sviaz-Bank (IFRS) in the 1st quarter 2011 decreased by 28.7% to 604 million Rub. as compared with the first quarter 2010, according to the bank's statement.

AK&M NEWS, June 22, 2011

TRANSCREDITBANK

Novozhilov: Transcreditbank will most likely merge with VTB 24

Transcreditbank, the core bank of Russian Railways, which is being acquired by VTB Bank, during the integration with its buyer could merge not with the head bank of VTB Group, but its retail asset (VTB 24), Transcreditbank CEO Yury Novozhilov said in an interview with RIA Novosti. VTB Group's head bank is also in the process of buying another big asset (the Bank of Moscow). "It is presumed that the integration (with VTB Bank) will take three years and probably taking into account just the large number of retail customers Transcreditbank will be folded into VTB 24 rather than the group's head bank," Novozhilov said. According to him, in July-August 2011 VTB Group's executive committee chaired by VTB Bank CEO Andrey Kostin will approve an integration roadmap. Meanwhile, in 2011 Transcreditbank will operate independently, while the all-round integration process will begin starting 2012.

RIA NOVOSTI, June 22, 2011

VEB BANK

Vnesheconombank to Boost Russian Constituent Entities

In the course of the 15th Petersburg International Economic Forum in the presence of Presidential Envoy to the North Caucasus Federal District Alexander Khloponin, State Corporation 'Bank for Development and Foreign Economic Affairs (Vnesheconombank)' and the Chamber of Commerce and Industry (CCI) entered into an Agreement on Co-operation.

OREANDA NEWS, June 21, 2011

VTB BANK

FAS allows VTB Bank to buy 100% of Stolichnaya Insurance Group

The Federal Anti-Trust Service (FAS) has satisfied

a request submitted by VTB Bank seeking to acquire 100% of the voting shares of Stolichnaya Insurance Group (SIG, its core activity is securities management), Prime-TASS reports citing FAS. At present, VTB Bank holds a 25% + 1 share equity stake in SIG, and taking into account the equity position held by the Bank of Moscow, the block of shares equals 50%-1 share. The equity stake of the same size is in the hands of the companies affiliated with former Bank of Moscow CEO Andrey Borodin. After VTB Bank entered SIG's capital two shares from the Bank of Moscow stake was sold to an unknown buyer, which deprived VTB Bank of control. Stolichnaya Insurance Group manages a holding that consists of the companies controlled by MSK Insurance Group (Spasskiye Vorota joined the group at the beginning of 2011), Moscow Re-insurance Society, MSK-Life and Medical Insurance Company Solidarnost dlya zhizni. Today SIG officially announced management shakeup at SIG and MSK Insurance Group. VTB Bank representatives were appointed to the executive positions at the company. As SIG and MSK Insurance Company reported earlier, both companies will hold annual general meetings on June 30, and will elect new boards.

PRIME-TASS, June 17, 2011

VTB to take out US\$2.5 billion loan

VTB plans to take out a 3-year over US\$2.5 billion syndicated loan in early July, the bank's Deputy CEO Herbert Moos said on June 18. The loan was oversubscribed from the initial amount of US\$1 billion. The syndicate of lenders includes ten banks, he said. The funds are to be used to provide loans to VTB's clients, he added.

ROSBUSINESSCONSULTING, June 20, 2011

SMALL & MEDIUM BANKS

BANK AVANGARD

Bank Avangard to omit 2010 dividends

The shareholders of bank Avangard made a decision to omit 2010 dividends, the bank reported. The shareholders approved the annual statement, the annual statement of affairs, the profit and loss statement of the bank for 2010.

AK&M NEWS, June 22, 2011

CREDIT BANK OF MOSCOW**Fitch Ratings affirms Credit Bank of Moscow ratings**

June 21, 2011. international rating agency Fitch Ratings affirmed ratings of Credit Bank Of Moscow as follows: Long-term Issuer Default Rating (IDR) - at 'B+', Short-term IDR - at 'B', Individual Rating - at 'D', Support Rating - at '5' and National Long-term Rating - at 'A- (rus)'.
OREANDA NEWS, June 21, 2011

INVESTTORGBANK**Shareholders of Investtorgbank elect new BOD**

The shareholders of OJSC AKB Investtorgbank re-elected its Board of Directors on June 17, the bank reported. The Board of Directors now includes: Andrey Astakhov, Alexander Berlin, Vad Lila, Vladimir Gudkov, Andrey Kozyrev, Ilya Lifshits, Andrey Nikolaev, Igor Suvorov, Igor Cheremisin, Timothy John Hanford.

AK&M NEWS, June 22, 2011 NBD BANK**NBD bank concludes agreement with ResponsAbility Social Investments**

The Nizhni-Novgorod-based lender NBD bank and ResponsAbility Social Investments AG, one of the world's leading asset managers for social investments, have concluded a US\$10 million agreement.

FC NOVOSTI, June 17, 2011

BANK SEVERNAYA KAZNA**Bank Severnaya Kazna's Financial Recovery Officially Completed**

Alfa-Bank recently completed the financial recovery of Bank Severnaya Kazna; the last stage of the recovery process consisted in merging Bank Severnaya Kazna with Alfa-Bank, Alfa-Bank's press service reported. Data as to Bank Severnaya Kazna going into liquidation through a merger with Alfa-Bank have already been added to the Unified State Register of Legal Entities.

URALBUSINESSCONSULTING, June 22, 2011

RUSSIAN STANDARD BANK**Bank Russkiy Standart acquired share in Kompaniya Bankovskogo Strakh**

Bank Russkiy Standart acquired a 74.25% share in the authorised capital of Kompaniya Bankovskogo Strakhovaniya (English: Banking Insurance Company), the bank reported.
AK&M NEWS, June 22, 2011

ZERICH BANK**Zenit Business Bank is renamed to bank Zerich**

A record was made in the Unified State Register of Legal Entities on June 14, 2011 to terminate the activities carried out by Bank Zerich following its reorganisation through the takeover by Zenit Business Bank, the PR department of the Central Bank of Russia said in a statement. At the same time, a record was made in the Unified State Register of Legal Entities about the state registration of amendments (No. 2) to be made to the charter of Zenit Business Bank due to the change of its full and abbreviated corporate names to Bank Zerich. "On the basis of this report, a record was made in the CBR Book for State Registration of Lending Institutions about the termination of the activities carried out by Bank Zerich (Licence No. 2627) starting June 14, 2011," the Bank of Russia said in a press release.

AK&M NEWS, June 22, 2011

CIS BANKS & BANKING**AZERBAIJAN****Kapital Bank takes state prize bonds withdrawn from circulation only till July 1**

On the basis of the paragraph 1 of the Resolution N 196 of the Cabinet of Ministers dated September 12, 2006 "On withdrawal from circulation of the 2001 State domestic winning lottery bonds of the Azerbaijan Republic", the circulation term of the State domestic winning lottery bonds, issued in accordance with the resolution № 229 of the Cabinet of Ministers dated December 26, 2000 "On the issue of the 2001 State domestic winning lottery bonds of the Azerbaijan Republic", expires on July 1, 2011. The winning lottery bonds, as well as non-winning lottery bonds with the nominal

value can be presented to branches and cashier's offices of Kapital Bank until July 1, 2011. "The lottery bonds will be accepted by the Bank until the specified date. The lottery bonds rendered for payment after the specified date will be considered invalid", - the report says.

ABC.AZ, June 20, 2011

Turanbank plans to sell 50 million manats in 2011

Azerbaijan's Turanbank has approached to its lending target in 2011. Fuad Musayev, Turanbank Supervisory Board's chairman says that in 2011 the Bank is planning to sell 50 million manats, taking into account the reinvestment of repaid credit resources. "The strategy envisages an increase in the loan portfolio up to 120 million manats this year. The loan portfolio is already 110.6 million manats, and following this year, I think will exceed a little 120 million manats," Musayev said. By 1 June the Bank numbered 20,755 clients, including 7,059 active loan-borrowers.

ABC.AZ, June 21, 2011

DemirBank improves risk management process

Realisation of a new major project on improvement of risk management process in accordance with the agreement on technical support with the International Finance Corporation (IFC) signed this March launched in DemirBank. The Bank reports that within the first phase of the project the Bank underwent risk management process diagnostics, following which it was conducted presentation with participation of DemirBank's Board and heads of various agencies. Internal approaches on calculation of various parameters (PD, LGD, EAD) will be identified and introduced in the field of management and assessment of credit risks. Key indicators of risks (KPI) will be improved and system of risk and control self-assessment (RCSA) introduced in the management of operational risks. According to the Basel II principles, approach on organisation of internal capital adequacy assessment project (ICAAP) will be developed. Over the past few years DemirBank has been developed and introduced a variety of procedures, rules, methodology, instructions and policies. Advanced analysis and models are being developed in the sphere of credit, market and operational risks in the bank.

ABC.AZ, June 21, 2011

KAZAKHSTAN

Kazkommertsbank likely to buy Barclays Russian unit

Kazkommertsbank, Kazakhstan's No.1 lender by assets, is in final talks about acquiring the Russian unit of Britain's Barclays. The newspaper reported that the deal's price tag is unlikely to exceed 1.2-1.3 times the capital of the unit, but would not put a dollar figure on it. In February, Barclays said it would sell its Russian retail unit and focus on investment banking, as it was unable to compete in local retail business.

TREND.AZ, June 20, 2011

UKRAINE

Bank capital 6.3% in 5 months

The capital of Ukrainian banks for five months of 2011 rose by 6.3% and as of June 1, 2011 amounted to hryvnias 146.4 billion, or 14.5% of banks' liabilities, the NBU press office reported. The paid registered authorised capital increased by 5.1% to hryvnias 153.3 billion. Liabilities of banks grew by 7.6% to hryvnias 865.9 billion. The main components of the liabilities as of June 1, 2011 were: individuals' funds – 292.3 billion hryvnias or 33.8% of the commitments; funds of economic entities – hryvnias 167.6 billion or 19.4%; interbank loans and deposits - 167.1 billion hryvnias, or 19.3%. Assets of banks rose by 7.4%. As of June 1, 2011, NBU licence for banking operations was held by 176 banks.

UKRINFORM.UA, June 20, 2011

Oshchadbank plans to attract funds on foreign market

State-run Oshchadbank considers possibility of entering the foreign financing market in 2011, bank's CEO Serhiy Podrezov informed. As it was reported, in March Oshchadbank placed the inaugural issue of Eurobonds at USD 500 million with the yield of 8.25% and the maturity date in 2016. Eurobonds were issued through the company SSB No.1PLC, lead managers of the issue are Credit Suisse and Morgan Stanley.

UKRINFORM.UA, June 22, 2011

UZBEKISTAN

Banks in Jizzakh region to credit small business for 103 billion soums in 2011

This year branches and departments of commercial banks in Jizzakh region are forecasted to allocate loans of over 103 billion soums for financing subjects of small business and private entrepreneurship. Out of them, 2.1 billion soums

will be extended for the development of family business and craftsmanship. It is also expected to allocate loans worth 1.1 billion soums for the youth graduating from higher educational institutions and planning to start their businesses.
UZREPORT.COM, June 17, 2011

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