



“WE ARE STARTING AN ENTIRELY NEW BANKING HISTORY”

Trust Investment Bank currently leads on Russia's fixed-income market. Ilya Yurov, chairman of the board of directors, Trust Investment Bank, describes how the group plans to expand in other areas

How is Trust seeking to distinguish itself from other investment banks in Russia?

Trust is a full-range investment bank that is largely focused on the debt capital market. Trust was the first Russian bank to offer a comprehensive range of services for issuing credit-linked notes (CLN) and other Euroclear/Clearstream-traded securities. In February 2003, the bank successfully placed CLNs for Sistema, selling them to a broad range of investors. Since then, the bank has successfully arranged and placed CLN issues for GroupRazgulyai-UKRROS, NOVATEK, SeverStalTrans, AVTOVAZ and many others. We can help our clients find the best way to build their credit history in Russian and foreign markets.

Is Trust's major challenge to attract new clients after the loss of Yukos?

No, not at all. Yukos could afford to decide which partners to choose, and its relations with us (both back when we operated under the name Trust and Investment Bank and after the bank was renamed Trust) were, from the start, based on the terms and conditions of the banking services that we could offer. If we offered better services than others, then Yukos dealt with us. We're

a team of professionals with our own reputation on the market. Our only challenge is to achieve a level of competitiveness that would enable our bank to rival the world's leading players on Russia's financial market.

In 2004 you participated in a management buy-out of both Trust and Bank Menatep SBp. How are the different structures of the two banks to be defined? Will there be an official re-branding and repositioning campaign?

The strategy for developing the group's investment business aims to maintain our leadership on Russia's fixed-income market, while developing areas such as corporate finance, direct investment and asset management, along with cost cutting and expanding cross sales by using Trust National Bank's (formerly Bank MENATEP SBp) branch network. We will conduct an official re-branding and repositioning campaign for Trust National Bank. By changing the name, we are trying to emphasise that we are starting an entirely new banking history. The bank will develop mainly by continuing to provide corporate banking services, significantly expanding retail banking and continuing its cost-cutting strategy.

How was the banking landscape transformed in 2004?

Banks suffered sizable losses in the so-called summer crisis, but they were not so much financial- as reputation-related. Public confidence in private banks once again dropped to a critical level, but we hope the implementation of the deposit insurance scheme will reassure both individuals and the market.

Why do you believe that the development of the consumer credit market is a major component of structural economic reforms in Russia?

Of Russia's almost 100m-strong economically active population, only seven to eight million have turned to banks for loans to buy consumer goods or cars. The level of banking penetration in the retail trade is many times lower in Russia than in Eastern Europe, Asia and African countries.

With a population of 150m, Russia is potentially Europe's largest consumer market. The retail sales sector is among the fastest growing in the country's economy. The rise in effective demand for the main types of goods should be supported by an appropriate rise in the availability of consumer credit. 