

Ben Hooson interviews the management of Alpariy bank: Mr Dronov and Mr Polyakov

Alpariy is a bank with six years experience serving the financial flows of one of Russia's biggest corporations, the long-distance and international telecom monopoly, Rostelecom. Earlier this year, the bank gained independence after a Rostelecom reorganisation.

With a full banking licence, fully liquid asset portfolio of around 1.5 billion roubles (\$52 million), and extensive experience serving the internal needs of corporations, Alpariy is looking for corporate partners and customers in Russia and from abroad.

The bank is now owned by the Institute for Economic Security, a research institute specialised in corporate security, which offers a raft of consulting and other services aimed at protecting companies and investors in the sometimes hazardous Russian business environment. In addition to exhaustive knowledge of Russian corporate law, the Institute offers the benefit of staff with long experience of work in Russian law-enforcement agencies.

"The interaction between the Institute and the bank is what we can offer, which is special: it means that a corporate client can use our services to carry out financial operations and receive the best advice on structuring those operations," said Igor Polyakov, managing director of Alpariy.

Managers of Alpariy believe that they have picked a good time to go looking for new customers. In the immediate aftermath of the 1998 financial crisis and resulting bank collapses, corporate customers were glad to place their accounts and carry out their transactions through any bank, which looked immune to bankruptcy and consequent loss of client funds. Level of bank commissions and efficiency were of secondary importance to customers, who had lost funds in collapsed banks: security was uppermost.

But latest statistics in 2001 show a migration of customers, who are now less fearful of bank failures after the sector regained its equilibrium, helped by Russia's economic growth. Corporate customers are looking for competitive prices, efficiency and

innovative services. Alpariy is ready to offer all of those to Russian and foreign clients, with special emphasis on the synergy between bank and Institute:

"The Institute can provide crucial information even before it reaches the public arena, and a customer can use that information to advantage in his work through the bank," said Sergey Dronov, Director of the Institute.

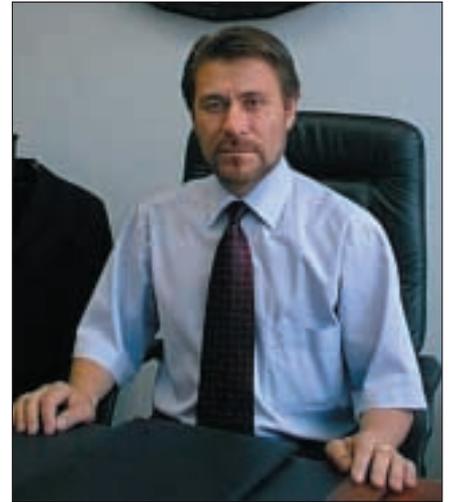
Alpariy expects to begin working with several large corporations, which are now clients of the Institute. Potential customers, who are now talking to the bank, include several from the Russian diamond and jewelry-making industries. However, the bank is equally interested in working with customers based abroad, who are investing money into Russia: "We are willing to talk to companies from any country and with any specialisation," Dronov said.

As a former house-bank for Rostelecom, Alpariy has built a highly secure asset structure and pursued a highly conservative strategy. The quality of Alpariy's assets portfolio is impeccable, divided between credits on the interbank market, promissory notes of gas giant Gazprom (rated the most reliable Russian securities since the 1998 default on government bonds), cash on correspondent accounts at the Central Bank and some shares in Rostelecom, which is a promising blue chip on the Russian stock market.

The legacy of Alpariy's work for Rostelecom includes a system for management of corporate fund flows, developed by the bank and patented for application to the telecom monopoly. Alpariy also masterminded development of Rostelecom's pensions fund, Rostelecom Guarantee.

"We prepared the demographic, economic, financial models for the pension fund, which is now the fifth biggest non-state pension fund in Russia," Polyakov said.

Alpariy has 60 full-time employees based at



Sergey Dronov, Director of the Institute for Economic Security



Igor Polyakov, managing director of Alpariy

an office block owned by the bank just off the Garden Ring in central Moscow. As well as providing its banking services, Alpariy can offer corporate partners office facilities in its 6-floor premises with a total 6000 square meters of floor space. ■



ALPARY BANK