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EBRD in \$30 million debt and equity deal to help expansion of Russia's Independent Leasing

Bank providing five-year multi-currency loan and taking minority stake in parent company

The European Bank for Reconstruction and Development is providing the equivalent of \$30 million in debt and equity financing to Independent Leasing (Russia) to support this Russian company's bid to develop into one of the largest providers of long-term leasing solutions for small businesses and corporate clients across various sectors and regions of the country.

The EBRD financing combines a five-year multi-currency loan, including roubles, with an investment which will give the Bank a minority stake in the group's parent company, Independent Leasing (IL) Limited registered in Cyprus, and secure a seat on its supervisory board.

The EBRD welcomes Independent Leasing's commitment to high standards and the Bank's involvement in the supervisory board will support the company's efforts to develop into one of Russia's top five leasing firms, said the EBRD's Allan Popoff, Acting Director for Non-Bank Financial Institutions.

Independent Leasing's aim is to become a nationwide, self-standing and diversified leasing company with a strong recognisable brand and coverage across the Russian Federation.

We have reached an important milestone in our development and not only attracted a reputable shareholder and strong lender to the company but also secured a sign of international recognition of Independent Leasing initial efforts to become a leading asset-based finance institution in Russia, said Sergei Kileinikov, CEO of Independent Leasing.

Founded under another name (PromSvyazLeasing) in 1999, it originally concentrated on a few large corporate clients, mainly in the telecoms sector, but its new strategy is to target mid-market customers across a broad spectrum of industries and expand in Russia's regions. The size of the individual leases the company will offer for equipment and vehicle acquisitions will typically range between \$200,000 and \$3 million.

Leasing has been one of the fastest growing segments of the local financial sector in recent years, buoyed by a booming economy although leasing's degree of penetration is still low in Russia compared to that in West. This kind of financing plays a vital role as Russia rushes to compensate for years of under-investment, but the leasing market is highly fragmented and many of the players tend to be captive entities financing group-related activities.

The Independent Leasing group is jointly owned on an equal basis by Russia Partners II Fund, one of the largest private equity teams operating across the Commonwealth of Independent States, and PromSvyazCapital Group, a diversified conglomerate, operating as a private equity fund, with investments in various sectors of the Russian economy.

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