

# Auchan, Renault-Nissan Starting Local Banks

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Auchan Group will control the new joint banking venture with Dutch Credit Europe Group. Above, a shopping center with an Auchan store in Moscow. **Maxim Stulov**

Auchan Group's banking unit and Dutch Credit Europe Group have embarked on establishing a joint bank in Russia to expand their presence and provide a broader range of services to corporate clients, which include retail chains Auchan and Leroy Merlin, the companies said in a statement Monday.

The partners have filed a petition with regulators to register the joint venture, which is scheduled to start work next year, said the statement published on the website of Credit Europe Group's Russian subsidiary, Credit Europe Bank.

Credit Europe Group, which has been present in Russia since 1997, and Oney Banque Accord, owned by Auchan Group "made a decision in line with the long-term goals to strengthen their position in the market and expand the partnership by creating a joint bank in Russia,"

the statement said.

The new bank's equity capital will amount to 345 million rubles (\$11.5 million), Credit Europe Bank's president Haluk Aydinoglu told Kommersant.

Auchan Group will control the joint venture, Kommersant reported Monday, citing a source close to the French company.

In another example of a foreign investor not traditionally involved in finance seeking to enter Russia's banking sector, carmaking alliance Renault-Nissan intends to partner with Unicredit Group — which is present in the country through its subsidiary Unicredit Bank — to set up a local joint venture, according to the report.

Renault-Nissan's banking unit and one of Unicredit Group's subsidiaries — but not the Russian one — will own 60 percent and 40 percent of the joint venture, respectively, said the report, citing an unidentified source close to Unicredit Bank.

The Renault-Nissan Alliance and AvtoVAZ expect to spend more than 10 billion rubles (\$322 million) on upgrading IzhAuto by 2016, AvtoVAZ president Igor Komarov said late last week, Interfax reported.

"We are leaning toward the option of deep modernization. After the business plan [for IzhAuto) is finalized, investment will be about 10 billion rubles," he said. At least 300,000 Granta cars and one more similar model will be produced at IzhAuto. The parties in the project plan to meet in Izhevsk to finalize approval of the plant's development plan, Komarov said. AvtoVAZ executive vice president for finance and corporate development Oleg Lobanov told reporters that investment over the next three years would be about 25 billion rubles to 30 billion rubles per year and the overall investment program to 2020 is estimated at 160 billion rubles.

The car manufacturer plans to raise up to a third of this money through loans, including from VEB, VTB and Sberbank. The rest of the investment program will be funded through positive operating flows.

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