
Consequent to sale of the Georgian subsidiary bank, Cascade will...

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Consequent to the sale of the Georgian subsidiary bank, Cascade Bank targeted the surplus liquidity at the development of loan products and establishment of the branch network.

Cascade Bank will use the surplus liquidity generated after the sale of the Georgian subsidiary bank for the creation of branch network and the development of loan products. That statement was made by Jonathan Stark, the CEO of Cascade Capital Holdings, during the interview with the correspondent of ArmInfo.

Mr. Stark told that the proceeds from the sale of Cascade Bank Georgia increased the liquidity ratio of the Bank, which made more than thrice the general normative ratio, and twice the current ratio. "We made a decision to intensify our credit policy significantly through the development of a new choice of loan products that are correlated with the wide range of financial services offered not only by the Bank, but also by all members of Cascade Capital Holdings," Mr. Stark stated. According to him, the Bank makes every effort to train highly qualified personnel, and on the other hand, already has the capacity to offer quality services to both corporate and retail clients. To provide the extensive development of retail banking, and as well sound SME lending projects, the Bank though lacking any branches currently, is planning to open a number of branches next year. "We reconsidered the lending policies and procedures to make our loans more accessible and attractive, and to construct the whole product line so that the client needs are met to the utmost," Mr. Stark underscored. The Bank is also planning to access the highly profitable market of remittances, and is currently considering various proposals from the perspective of expediency and efficiency of development of the particular segment. According to Jonathan Stark, the Bank targets its new micro-lending products at the specific groups of society, and as well applies innovations and the latest achievements practiced in the international banking community, such as on-line crediting, SMS banking, etc.

Furthermore, while speaking about the financial indicators of Cascade Bank, Jonathan Stark stated that during the year the assets of the Bank grew from AMD 9 bln to 12 bln, the growth of the deposit base comprised more than 90%, a similar growth was also recorded by the indicator of credits to economy. The intense monthly dynamics demonstrated the operational income of the Bank. During 11 months of the current year the operational income of the Bank constituted AMD 210 mln. However, Mr. Stark explained that the balance of the Bank for the reporting third quarter regrettably disclosed "technical" loss related to the sale of the Georgian subsidiary bank. According to the Armenian Accounting Standards, which allows recording by equity method, the revaluated initial investments in the Georgian subsidiary bank and the investment income generated in Georgia turned out to be larger than the sale value of the Bank, as a result whereof the "technical" loss of AMD 411 mln was recorded. However, that amount would be less than AMD 100 mln by year-end results. Nonetheless, the sale of the Georgian bank was profitable since the initial investments had been made in US dollar and the banking operations were executed in the local currency (given the declining exchange rate of USD/GEL).
