

# The Annual Report of the State Corporation "Deposit Insurance Agency" for 2008

Approved by The Board of Directors  
on March 17, 2009

## DIA Board Management

Performance of the mandatory system of insurance of household deposits in banks of the Russian Federation (hereinafter referred to as DIS) in the reporting year is characterized, first of all, by an increase in amount of insured events and volume of insurance payouts as a result of the growing instability in the Russian banking industry, related to the crisis phenomena in the global economy.

## Deposit Insurance System in 2008

The structure of DIS's membership has changed in the following manner. At the beginning of 2008, DIS had 934 member banks. During the reporting year, the Agency added 13 banks to the register of DIS member banks (hereinafter referred to as the bank register) which resulted from issuing licenses to them by the Bank of Russia granting a right to attract deposits from individuals. At that, 10 banks were excluded from the bank register: 3 of them due to termination of their activities as a result of their reorganization in the form of merger/acquisition; 7 banks were excluded because of their license revocation and complete insurance payouts. The changes in structure of DIS member banks are indicated in Table 1.

- Operation of Mandatory Deposit Insurance System
- Deposit Reimbursement Payments
- Examining Member Banks
- Mandatory Deposit Insurance Fund
- Formation of the Mandatory Deposit Insurance Fund
- Investment of Temporary Idle Monetary Resources of the Mandatory Deposit Insurance Fund
- Estimation of the Mandatory Deposit Insurance Fund Sufficiency
- Deposit Insurance System Impact on Household Deposit Market

Year	Included in DIS	Excluded from DIS	Number of banks in DIS at the year end	Insured events
2004	381	0	381	
2005	562	12	931	
2006	10	7	934	
2007	7	7	934	
2008	13	10	937	

Table 1. DIS member banks structure

Thus, as at the beginning of 2009 DIS had 937 banks registered therein. Among them: 44 inactive banks as a result of insured events occurred, and 9 active banks that formally stayed in DIS but have forfeited their rights to open new accounts and take deposits from individuals. DIS member banks account for 99.6% of all funds placed by households on deposits and accounts with banks of the Russian Federation.

In this reporting year there was continued implementation of the strategic line in DIS development, which consists of successive increase of deposit insurance coverage and decrease in the rate of deposit insurance premiums, resulting from achievement of optimal ratios of basic financial and economic indexes in the deposit insurance system.

## Agency Performance Corporate Bankruptcy Trustee (Liquidator) of Credit Institutions

According to the Federal Law "On Amendments to Article 11 of the Federal Law "On Insurance of Household Deposits in Banks of the Russian Federation and to other Legislative Acts of the Russian Federation" dated 17.10.2008 the deposit insurance coverage limit was increased from 400 thousand rubles to 1 million rubles for insured events that occurred after October 1, 2008. Furthermore, a rule was introduced which envisages full reimbursement of deposits up to the limit established by law rather than co-insurance which existed earlier.

- Liquidation/Receivership Management
- Liquidation and Distribution of Bankruptcy Estate
- Investigating and Contesting Dubious Transactions, Bringing of Guilty Persons to Account
- Current Expenditure Management in Liquidated Banks
- Consideration and

As a result, the deposits (accounts) which are fully insured made by number 99.8% (in 2007 – 97.4%) of the sum – 63% (the year before – 25.3%) of all insured bank liabilities to individuals. This fully complies with the main objective of the deposit insurance system to protect interests of mass depositors.

Since October 1, 2008, the quarterly rate of bank deposit insurance premiums to the DIS fund was reduced from 0.13% down to 0.1% of the calculation base (the Agency Board of Directors' decision of 23.09.2008). The fourth quarter of 2008 was determined as the first settlement period for paying insurance premiums at the new rate.

Reduction of insurance premium rate allowed to decrease financial burden on banks resulting from their participation in DIS. In accordance with calculations in 2009 the banks collectively will be able to save 9 billion rubles on insurance premiums. Thus, the reached balance will be preserved in the ratio of the Agency's insurance liability and the size of the mandatory deposit insurance fund, providing the additional safety margin for insurance payouts.