

Annual report of the State Corporation “Deposit Insurance Agency” for 2015

Approved by the Resolution of the Board of Directors
of the State Corporation “Deposit Insurance Agency”
dated March 11, 2016
(Minutes N 3, Section I)



Deposit
Insurance
Agency

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Introduction to the DIA Annual Report for 2015

SILUANOV
ANTON GERMANOVICH

Chairman
of the Board of Directors,
Minister of Finance
of the Russian Federation



DEAR COLLEAGUES,

I am pleased to present you the report on the State Corporation Deposit Insurance Agency's operation in 2015.

The past year was characterized by new challenges for the Russian banking system. In 2015 77 deposit insurance system's member banks lost their licenses; the volume of insurance payouts increased significantly – up to 369.2 billion rubles; the number of depositors that applied for deposit insurance payouts amounted to 713 thousand persons; there were 14 major insured events, the insurance liability of the Agency under each of them exceeded 10 billion rubles.

Since July 1, 2015 differential (risk-based) premium rate system was introduced for contributions paid by banks to the Mandatory Deposit Insurance Fund. From April 1, 2015 escrow accounts opened for settlements under the real estate purchase and sale transactions enjoy an increases coverage limit of 10 million rubles per one depositor with one bank for.

In 2015 the Agency continued to perform the functions of the corporate liquidator of financial institutions, participate in the projects on the prevention of bankruptcy of credit institutions.

While facing an increased workload and expanding competence of the Agency for ensuring maximal satisfaction of bank creditors' claims, the Agency, as the receiver (liquidator) of credit institutions, actively works to trace and recover the assets of the banks that were stripped and concealed by former failed banks' owners or management, including in foreign jurisdictions.

The Agency also took measures in respect of non-government pension funds (NPFs) that are authorized to operate in the area of mandatory pension insurance and are members of the Insured Rights Guarantee System for persons covered by the mandatory pension insurance (IRGS), including control measures in respect of IRGS member funds.

During the last year the Agency started to perform certain new important functions related to the measures aimed at increasing capitalization of banks and registration of NPFs in IRGS through their inclusion into a respective register on the basis of decisions made by the Bank of Russia.

The International Association of Deposit Insurers (IADI) awarded the Agency with the Deposit Insurance Organization of the Year prize which is a sign of global recognition of the Agency's achievements in all areas of its operation.

I am sure that the Agency will continue to play an important role in strengthening and maintaining stability of the financial system of our country.

DIA Board of Directors



SILUANOV
ANTON
GERMANOVICH

Chairman of the Board
of Directors, Minister
of Finance of the Russian
Federation



AKIMOV
MAXIM
ALEXEEVICH

First Deputy Head
of the Office
of the Government
of the Russian
Federation



BARSUKOV
SERGEY
VLADIMIROVICH

Director of Financial
Policy Department
of the Ministry
of Finance of the Russian
Federation



IGNATIEV
SERGEY
MIKHAILOVICH

Counsellor to Chairman
of the Bank of Russia



ISAEV
YURIY
OLEGOVICH

General Director
of the State Corporation
“Deposit Insurance
Agency”



LESCHEVSKAYA
YULIYA
ALEXANDROVNA

Director of Department
of Finance-banking
Operation and Investment
Development
of the Ministry
of Economic Development
of the Russian Federation



MALYSHEV
FEDOR
IVANOVICH

Referent of the Expert
Directorate of President
of the Russian
Federation



MOISEEV
ALEXEY
VLADIMIROVICH

Deputy Minister
of Finance
of the Russian
Federation



NABIULLINA
ELVIRA
SAKHIPZADOVNA

Chairwoman
of the Bank of Russia



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RADIEVICH

Deputy Minister
of Economic
Development
of the Russian
Federation



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VASILY
ANATOLIEVICH

Deputy Chairman
of the Bank of Russia



SIMANOVSKII
ALEXEY
YURIEVICH

First Deputy Chairman
of the Bank of Russia



SUKHOV
MIKHAIL
IGOREVICH

Deputy Chairman
of the Bank of Russia

DIA Board of Management

ISAEV
YURIY OLEGOVICH

General Director of the State Corporation
“Deposit Insurance Agency”

MIROSHNIKOV
VALERY ALEXANDROVICH

First Deputy General Director

AMIRIANTS
RUBEN VLADIMIROVICH

Deputy General Director

BARANOV
OLEG GENNADIEVICH

Deputy General Director

MELNIKOV
ANDREY GENNADIEVICH

Deputy General Director

KONOSHENKOV
VITALIY ALEXANDROVICH

Director of the Investment Department

AGAPTSEV
GEORGIY YURIEVICH

Director of Department of Restructuring
of Financial Organizations

MOLODTSOVA
NATALIYA DMITRIEVNA

Head of Financial Directorate —
Chief Accountant

BELOV
ALEKSEY SERGEEVICH

Head of the Legal Directorate —
Director of the Legal Department

SAVCHENKO
SERGEY MIKHAILOVICH

Head of the Administration Directorate —
Director of the Administration Department

Milestones of 2015

JANUARY

- Resolution of CB Ellips bank (OJSC) was completed.
- The Agency started to perform a new function commencing to take measures aimed at the increase of bank capitalization. The Government of the Russian Federation approved the list of 27 banks meeting the requirements to receive the resources for the capitalization increase.
- The Agency started registration of non-government pension funds (NPFs) with the pension savings guarantee systems through inclusion of NPFs into the register of member funds based on the resolution of the Bank of Russia.

FEBRUARY

- Report of the Financial Stability Board (FSB) — an international body created by G20 — on the results of evaluation of macroprudential policy tools and bank resolution regime in Russia was published. The report noted that the bank resolution regime created in 2008 helped to maintain financial stability in Russia contributed to a significant extent by high performance of the Agency.
- The Agency received 13.7 billion rubles as repayment by a third party of the obligations of My Bank (LLC) to its creditors which became the largest case of voluntary satisfaction of creditors' claims of a bank with its license revoked.

APRIL

- The Agency started actual transfer of federal loan bonds (FLB) to the banks within the frameworks of taking measures aimed at the increase of their capitalization.

MAY

- The Government of the Russian Federation approved the list of banks whose preferred shares are to be purchased by the Agency and the list of banks for the purposes of increase of their capitalization through provision of subordinated loans repayable in not less than 50 years as approved by the Board of Directors of the Agency.

JUNE

- To ensure financial sustainability of DIS and funding of payouts, the Board of Directors of the Agency approved the request of the Agency to the Bank of Russia to provide a loan (s) totaling up to 110 billion rubles for a term up to 5 years.

JULY

- The system of differentiated contributions paid by the DIS member banks to the Fund became effective from July 1, 2015.
- The High Court of England made decision on the claim of the Agency to search at the territory of the country at several addresses of S.V. Pugachev who actually was the controlling owner of the failed CJSC Moscow Industrial Bank and who is internationally wanted as he is accused in misappropriating its assets.
- The Bank of Russia revoked banking licenses of four banks (AMB Bank (PJSC) (Moscow), JCSC M BANK (Moscow), OJSC RUSSIAN CREDIT BANK (Moscow), BANK "TULSKY PROMYSHLENNIK" (PJSC)) which were members of the financial banking group controlled by one owner.

AUGUST

- The Government of the Russian Federation approved the list of regional banks for the Agency to take measures aimed at the increase of their capitalization as approved by the Board of Directors of the Agency.

SEPTEMBER

- The Agency started resolution of the INVESTMENT TRADE BANK which was among the top 50 banks by the size of assets.

OCTOBER

- The International Association of Deposit Insurers (IADI) recognized the Agency as the Deposit Insurance Organization of the Year 2015 for achievements in all areas of its operation.
- The Agency signed the Memorandum on Understanding with the Argentina deposit insurer (SEDESA) being one of the most authoritative members of IADI and the largest deposit insurers in Latin America.

NOVEMBER

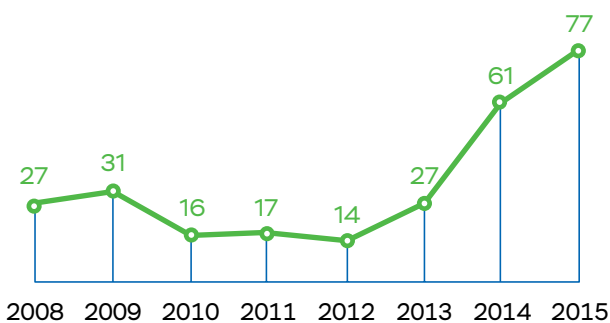
- The Agency started implementation of bankruptcy prevention measures in relation to the PJSC BANK URALSIB being one of top 30 banks by the size of assets.

DECEMBER

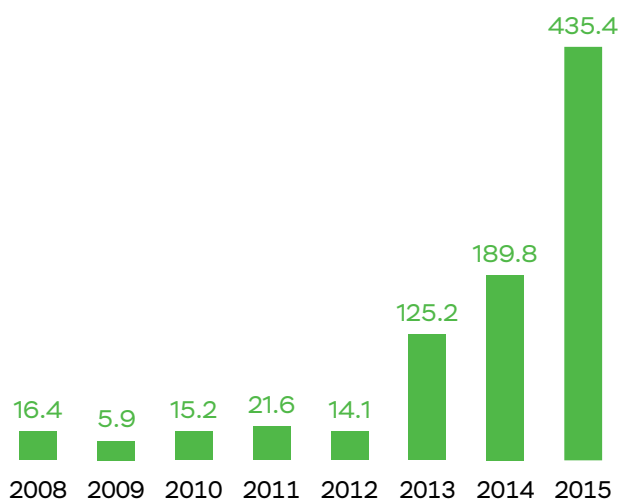
- To ensure financial sustainability of DIS and funding of payouts, the Board of Directors of the Agency approved the request of the Agency to the Bank of Russia to increase the amount of the loan(s) by 140 billion rubles.

Dynamics of Main Indicators

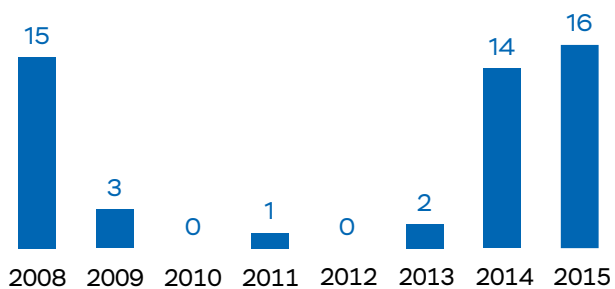
Number of insured events



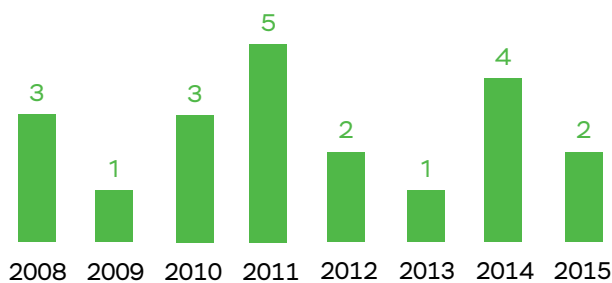
Liability on the insured events which occurred during the year, billion rubles



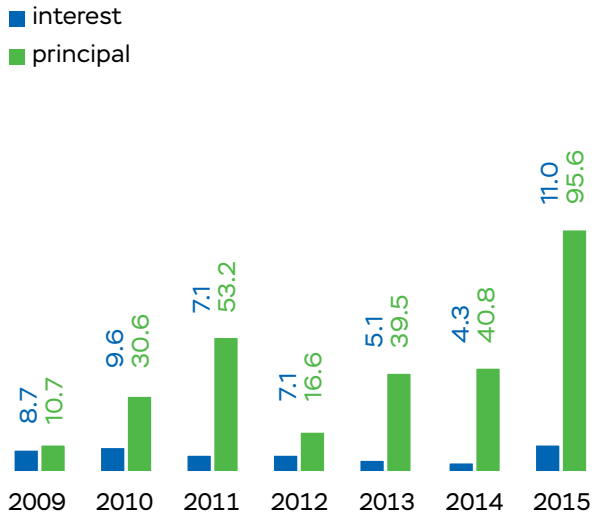
Number of bank resolution projects started



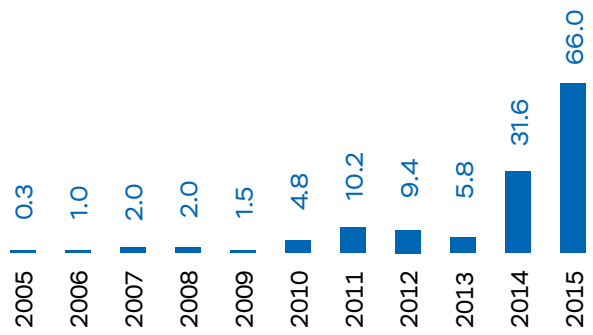
Number of bank resolution projects completed



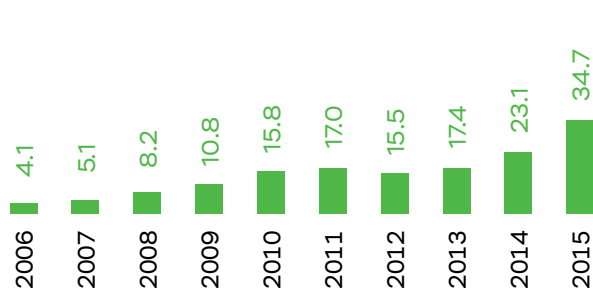
Return of financing allocated for resolution, billion rubles



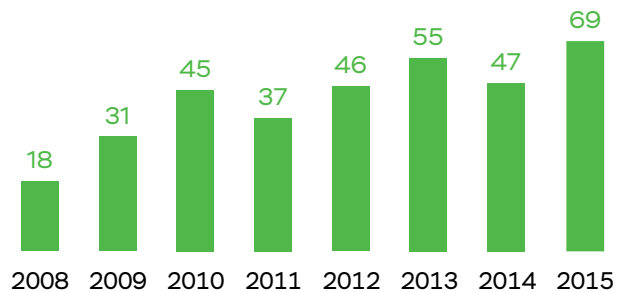
Dynamics of payouts to the creditors of credit institutions throughout the Agency's history, billion rubles



Dynamics of satisfaction of creditors' claims in the credit institutions in respect of which receivership proceedings were completed



Length of liquidation proceedings in credit institutions, months



Implementation of the Agency Development Strategy until 2015

As the result of the strategy implementation from 2011 to 2015, the Agency became an efficient organization meeting global standards for deposit protection systems and an active participant of the financial safety net of the Russian Federation.

¹ The International Association of Deposit Insurers, IADI is an international organization in which deposit insurers from 77 countries of the world participate (including the Agency). The Agency's representatives are included into the management bodies, standing and regional committees and research subcommittees of IADI.

DEPOSIT INSURANCE

In 2011-2015, 196 insured events (payout cases) occurred. The Agency made payouts to 1.822 thousand depositors totaling 716.8 billion rubles. The average term of payout start amounted to 12.7 calendar days from the date of the insured event.

To shorten the time to serve depositors with their deposit amount exceeding the insurance indemnity limit, the principle of "one window" in the agent bank for the simultaneous receipt of the payout and registration of creditor's claims in respect of the balances exceeding the payouts on insured deposits was introduced.

The differential premium system (with rates dependent on the risk) for the contributions paid by the DIS member banks to the Fund was introduced.

Within the framework of international cooperation, the Agency's representatives managed a number of international research projects in order to summarize the best international practices and develop practical recommendations on their implementation by the deposit insurance systems of various countries. The International Association of Deposit Insurers (IADI)¹ recognized the Agency as the Deposit Insurance Organization of the Year 2015 in all areas of activity.

BANK RESOLUTION (BANKRUPTCY PREVENTION)

In 2011–2015 bankruptcy prevention (hereinafter also referred to as resolution) proceedings started in 33 banks. Resolution proceedings were completed in 14 credit institutions.

1,192.06 billion rubles were actually allocated towards bank resolution throughout the term of the Agency Development Strategy until 2015. The procedure of selection of investors to participate in bank bankruptcy prevention measures implementation was improved; methodology of evaluation by the representatives of the Bank of Russia and the Agency of sufficiency of the bank's assets to settle its obligations was approved which allowed to improve the mechanism of transfer of assets and liabilities from a problem bank to the financially stable bank.

The Agency received 13.35 billion rubles as the result of work with assets acquired in the course of bank resolution. Measures to improve the quality of these assets are being taken.

The Agency actively participated in preparation of the federal law adopted in 2014 and providing for inclusion of the bank resolution mechanism into the general system of measures aimed at prevention of bankruptcy of financial institutions. Therefore, the said resolution mechanism which was temporary earlier became permanent.

BANK LIQUIDATION

In 2011–2015 liquidation proceedings were performed in 317 credit institutions. They were completed in 86, they go on in 231.

Bankruptcy circumstances were inspected in 115 banks, evidence of deliberate bankruptcy was found in 87 of them. 225 criminal cases were initiated (without the cases combined into one litigation with the cases initiated earlier), including 34 – evidences of deliberate bankruptcy of financial organizations, 130 – evidences of theft of funds and property of financial organizations and evidences of abuse of authority by their executives. Guilty verdict were brought under 32 criminal cases.

The Agency developed the method of work organization in liquidated banks when the mechanism of transfer of assets and liabilities to an operative bank is applied.

122.7 billion rubles were allocated for payments to meet creditor claims. The average percentage of satisfaction of creditors' claims in the banks amounted to 42.5% (1st priority – 72.5%, 2nd priority – 17.7%, 3rd priority – 24.3%).

Mechanisms governing redemption of claims of the creditors by provision of compensation, transfer of assets and liability of credit institutions in the course of receivership (liquidation), transfer to the founders (participants) of liquidated credit institutions of the property which remained after the settlements with creditors are over were developed.

The Agency activated the activity (including that in foreign jurisdictions) for search and recovery of assets of credit institutions which were withdrawn by former owners or executives.

COMMUNICATIONS STRATEGY

Work of the Agency's web-site which provides to its users access to new services, including the unified search system through the member bank of the deposit insurance system, was improved. Additional services were created on the web-site: "call from the site", "trust line" Consulting platform of the Agency was organized on the forum of Banki.ru web-site. Work to create the Internet portal to sell the property of liquidated financial organizations and the property purchased in the course of implementation of credit institution bankruptcy prevention measures started. Reports for each quarter are regularly published on the web-site of the Agency.

For effective cooperation with depositors and other creditors of DIS member banks the Agency has representative offices in 7 federal districts.

In order to improve communication with financial services consumers, the Public Council for cooperation with creditors of financial institutions was established.

FINANCIAL STRATEGY

The Board of Directors of the Agency improved approaches to diversification of the Agency's investment portfolio. To maintain the balance between profitability and reliability of the instruments for investment of temporarily idle resources, the investment declaration of the Agency was specified.

The Agency purchases goods, work, and services for its needs on the basis of tender procedures. To improve and increase transparency of procurement operations, electronic form of purchases is used as a priority.

Management of purchases of subsidiaries and affiliates of the Agency was optimized, participation of SME in supply of goods and provision of services to the Agency was expanded.

To centralize financial control, to improve financial discipline and operativeness of management of funds, the Agency created the Liquidity Management Committee (Treasury) of the Agency vested with control functions in respect of cash flows of the Agency and its subsidiaries and affiliates and their intended and effective use.

CORPORATE GOVERNANCE

The Agency has migrated to the electronic document workflow. The corporate governance system in subsidiary banks, other subsidiaries and affiliates of the Agency was improved and unified.

Resolution of the Board of Directors of the Agency dated December 14, 2015 (Minutes N. 17) approved the new Development Strategy of the Agency until 2020.

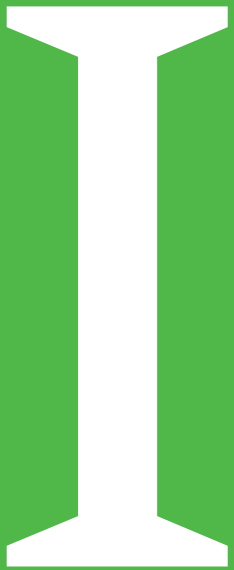
Formation of the comprehensive system of Key Performance Indicators (KPIs) of the Agency and its subsidiaries and affiliates harmonized with the KPI system of the Agency was completed. Mid-term information infrastructure development strategy of the Agency was developed and approved.

HR STRATEGY

To motivate the employees to achieve strategic goals and tasks, the Agency studies personnel involvement into its activity. The areas to increase employees' interest were determined based on the research results.

Implementation of measures aimed at improving and updating knowledge and skills of the Agency employees, at acquisition by them of new competences related to the extension of their functionality continued (short- and long-term skill development and re-training programs; educational programs of various duration and format, etc.). The models of incentives for the Agency's personnel development based on the KPI system were optimized.

Report on the Agency's Operation in 2015





Ensuring Operation of the Deposit Insurance System (DIS)

- 1.1. DIS Main Indicators
as of December 31, 2015
- 1.2. Deposit Insurance Payouts
- 1.3. Control Measures Taken to the DIS
Member Banks
- 1.4. The Mandatory Deposit Insurance Fund
- 1.5. Investment of Temporary Idle Monetary
Resources of the Fund
- 1.6. DIS Impact on the Bank Deposit Market

1



Ensuring Operation of the Deposit Insurance System (DIS)

In 2015 the deposit insurance system (DIS) continued to function under increased stress. During the year, 77 licenses were revoked from DIS member banks (as compared to 61 licenses revoked in 2014). The payouts to insured depositors increased by 82% as compared to the previous year (from 202.4 billion rubles up to 369.2 billion rubles), while number of depositors that applied for insurance payouts increased by 23% (from 579 thousand people up to 713 thousand people). In total, throughout the history of DIS, by December 31, 2015, 295 insured events occurred; the total amount of insurance liability reached 828 billion rubles to 5.29 million of depositors. (FIG. 1).

In the reporting year the largest expenses of the Fund were for the payouts to insured depositors of Vneshprombank LLC (45.0 billion rubles), OJSC RUSSIAN CREDIT BANK (40.7 billion rubles), CB Transporthny LLC (37.6 billion rubles), JSC RUSSTROYBANK (21.6 billion rubles) (all from Moscow). The aggregate amount of covered deposits in these banks amounted to 145 billion rubles. A total of 14 large insured events with covered deposits over 10 billion rubles in each case were fixed in 2015. Significant payments in the reporting period required to attract additional financing to the Fund through borrowings from the Bank of Russia.

In 2015 compensation payments were also made from the Fund for the amount exceeding 2.3 billion rubles in favor of 23 thousand depositors of 45 Ukrainian banks which terminated their activity at the territory of the Crimea Federal District (25 billion rubles in favor of 200 thousand depositors in the previous year).

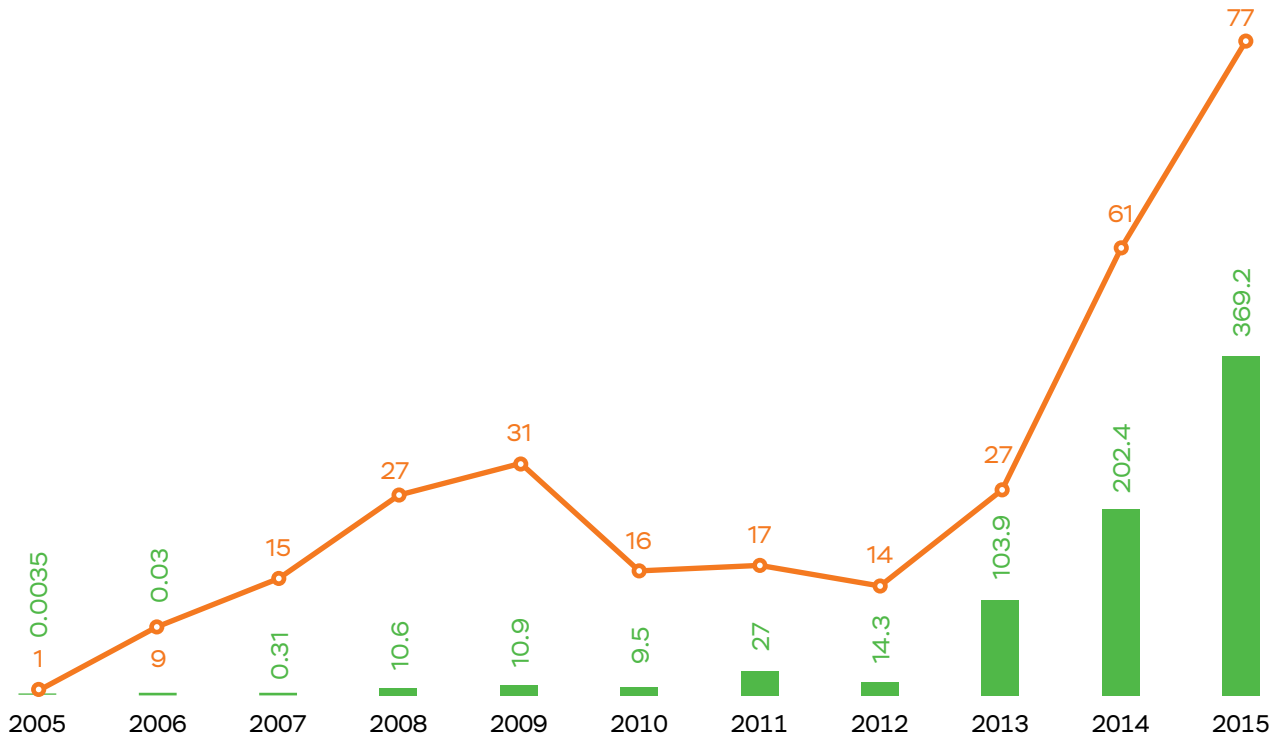


FIG. 1 Number of Insured Events and Payouts (2005–2015)

- Payouts, billion rubles
- Numbers of insured events

DIS Main Indicators as of December 31, 2015

DIS STRUCTURAL INDICATORS

As of the beginning of 2015, 860 banks were registered in the deposit insurance system. The following changes occurred in the membership in the deposit insurance system in the course of the year. 18 banks were excluded from the register, with 6 banks (ReCorBank (LLC), Fresco bank (CJSC), OJSC Bank Petrocommerts, CB MAK-bank (LLC), JSC Neryungribank and JSC InvestCapitalBank) excluded due to the termination of their operations because of reorganization through merger with other DIS member banks, and other 12 banks (CB Synzha LLC, OJSC JSCB Grand-Bank, JSCB Yaroslav (CJSC), CB Ringcombank LLC, OJSC CB Kauri, JSCB Elektronika OJSC, UP-bank (OJSC), CB Partnerbank LLC, OJSC NCO Tuvacredit, MCB ODINBANK (LLC), CBSR Dagestan LLC and CB Baltcredobank (CJSC)) being excluded due to the completion of deposit insurance payouts after license revocation. The history of changes in DIS membership is presented in [TAB. 1](#).

Thus, as of December 31, 2015 842 banks were registered in the deposit insurance system, including 226 banks that were in the process of receivership (liquidation), and 7 credit institutions that formally remain to be DIS members but lost their right to open new accounts and accept funds into deposits from individuals.

DIS FINANCIAL AND ECONOMIC INDICATORS

During the reporting year the deposit insurance coverage limit was 1.4 million rubles (for escrow accounts opened for settlements under real estate purchase transactions — 10 million rubles) per depositor per bank.

The unified rate of banks' insurance premium of 0.1 % of calculation base (the average amount of the daily computed deposit balances per quarter) remained unchanged during the first half of the year. From July 1, 2015 the law introduced the system of differentiated

YEAR	INCLUDED	EXCLUDED	NUMBER OF DIS MEMBER BANKS AS OF THE END OF THE YEAR	INSURED EVENTS DURING THE YEAR
2004	381	0	381	0
2005	562	12	931	1
2006	10	7	934	9
2007	7	7	934	15
2008	13	10	937	27
2009	7	19	925	31
2010	7	23	909	16
2011	5	18	896	17
2012	7	12	891	14
2013	5	23	873	27
2014	3	16	860	61
2015	0	18	842	77

TAB. 1 Change in DIS member banks

premium rates. The basic rate to be paid by all banks is set by the Board of Directors of the Agency at the level of 0.1% of the calculation base, the additional rate is 20% of the basic rate, and increased additional rate is 150% of the basic rate. Additional or increased additional rate was applied by a bank if the maximal interest on deposits attracted by it in the calculation period exceeded the basic level of interest on deposits calculated by the Bank of Russia by more than 2 pp or 3 pp, respectively.

By the end of the reporting period, the total amount of insured (eligible) deposits came up to 22.9 trillion rubles, with increase for 2015 being 4.6 trillion rubles (25.0%).

As of the end of the year, the amount of the Agency's insurance liability (covered deposits) was estimated to be 14.9 trillion rubles (12.7 trillion rubles in the previous year). In relative terms (as compared to the total amount of eligible deposits) it decreased and made up 65.1 % (with 69.4% at the end of 2014).

Deposit Insurance Payouts

In 2015, 77 insured events occurred with the total amount of covered deposits of 435.4 billion rubles to 1.8 million depositors.

ARRANGING AND PAYING OUT INSURANCE

All payouts during the reporting period were arranged within the period not exceeding 14 calendar days except for OJSC VCB (Samara) and Vneshprombank LLC (Moscow) where preparations for payouts were interrupted by the New Year holidays. Average time for starting payouts was 13.45 calendar days (9.42 business days) in the reporting period. Information on occurrence of insured events and payouts to insured depositors was published on the Agency's official website, in the official edition of the Bank of Russia, printed media at the location of failed banks or at the place of residence of the considerable number of their depositors, and was also displayed directly in failed banks' offices. 1.2 million mail notifications were sent to depositors included into the liabilities registers and not coming during the first days, informing them of the place, time and procedure of payouts.

In the reporting period, for the first time in the history of DIS, the insured event resulted from moratorium on satisfaction of claims of bank creditors imposed by the Bank of Russia in respect of NOTA-Bank (PJSC) and Vneshprombank LLC (Moscow) in order to keep the property of the banks for the period of looking for the options to settle their obligations. In addition, transfer to the purchasing banks of a part of property and all liabilities to the depositors of OJSC JSCB Probusinessbank and NOTA-Bank (PJSC) allowed to significantly (by 16.6 billion rubles) decrease the scope of payouts in these banks.

To ensure the most convenient conditions for insured depositors to receive insurance payments, agent banks were engaged on a competitive basis. With the network of offices of agent banks in place, the required service was rendered not only to depositors in the populated settlements where the offices of liquidated banks were located but in the places of residence of considerable number of their

² Data on the places of payouts are presented without consolidation by the insured events.

depositors (for example, Svyaznoy Bank (JSC) did not have structural divisions but payouts were organized in 130 towns of Russia where the depositors resided). All in all, payouts took place in 963 populated settlements² of 75 constituent entities of the Russian Federation, including the Crimea Republic and the city of federal significance Sevastopol. Depositors residing outside the locations where payouts were executed could receive their indemnity in non-cash form or in cash by postal transfer.

In the reporting year depositors' claims to liquidated banks for amounts that exceeded the coverage limit were accepted according to the "one-window" principle in the agent banks. 74% out of 31.4 potential applicants made use of this opportunity.

Payouts to depositors of 30 failed banks were executed through two or more agent banks, with 7 banks where three agent banks participated in payouts to depositors simultaneously and the depositors were divided among them by availability of deposits of individual entrepreneurs, place of residence and/or alphabetically. The largest amount of insurance indemnity was paid through PJSC Sberbank of Russia (51%) and VTB 24 (PJSC) (31.3%).

As of December 31, 2015 76 agent banks were accredited with the Agency. 4 banks were accredited in the reporting year: JSC CB Rosinterbank, PJSC AK Bank, RNCB Bank (PJSC), JSC CB Northern Credit, while 6 banks were excluded: VLBANK (JSC), JSC JSCB GAZ-BANK, OJSC JSCB Probusinessbank, JSC InvestCapitalBank, BANK GOROD (JSC), and Vneshprombank LLC.

In 2015 the Agency provided the opportunity to receive insurance payments for depositors of 216 banks, including those that failed in earlier years. For the reporting period, insurance payments for the total amount of 369.2 billion rubles were received by 713.5 thousand depositors of 178 banks, including 1.9 billion rubles — on deposits of 14.6 thousand individual entrepreneurs which became eligible for insurance in the beginning of 2014.

In the reporting period insurance payouts were completed in 22 banks due to the completion of liquidation proceedings. The total amount of payouts in these banks equaled to 9.36 billion rubles, with 7.16 billion rubles returned to the Fund in the course of liquidation proceedings (76.5% of the paid amount).

PREVENTING FRAUD IN DIS

An important line of the Agency operation is prevention of insurance fraud attempts. To protect rights of bona fide depositors and protect the Fund from incurring losses, deposit transactions were analyzed in every liquidated bank in order to identify transactions

that could be qualified as fictitious liabilities. By results of the analysis, in 33 banks about 6.9 thousand cases of artificial creation of eligible deposits through inclusion into the accounting documents of fake records on funds credited to the accounts of individuals were detected for the total amount of 5.8 billion rubles.

For the last 3 years the volumes of dubious operations detected in liquidated banks remain at the high level (11.6 billion rubles – in 2013, 3.7 billion rubles – in 2014, 5.8 billion rubles – in 2015). At the same time the share of dubious deposits in the total insurance liability for all insured events was gradually decreasing (9.2% – in 2013, 1.9% – in 2014, 1.3% – in 2015), including as the result of measures taken by the Agency.

Due to such circumstances, the Agency receives applications from citizens connected with dubious deposits. In 2015, the Agency received 14 thousand claims in respect of the size of the insurance indemnity and more than 2 thousand applications on holding fictitious some credit and debit operations on the accounts executed during the period of pre-closure of the bank and with the request to restore the data on the balances of their accounts which existed before such operations.

In addition, during the reporting period the Agency received requests from 2.8 thousand depositors of OJSC Commercial Volga-Credit Bank (Samara) with claims in respect of the shortage of insurance indemnity that resulted from double accounting of the bank and debiting funds from the customers' accounts without their orders. The investigative authorities of Samara Region initiated the criminal case in respect of this fact, and the Agency acting as the receiver of the bank made decision to protect the interests of the depositors and restore in accounting the balances on their accounts extrajudicially. Following the detailed analysis of all available sources of information (including parallel accounting system of the bank included into the materials of the criminal case), 1.5 billion rubles were restored on deposit accounts, the insurance indemnity was paid to the depositors.

Extrajudicial procedure of determining the obligations to the depositors on the basis of analysis of the primary documents was also applied at IpoTek Bank (CJSC) (Moscow) where by the moment of license revocation the automated banking system was destroyed (the Main Investigative Department of the Main Directorate of the Ministry of Internal Affairs initiated the criminal case in respect of this fact). Following consideration by the Agency as the receiver of petitions of one thousand depositors, the bank's obligations

to them totaling 0.6 billion rubles were restored in accounting, the insurance indemnity was paid to the depositors.

The size of claims of a substantial part of depositors of JSC NST-BANK, Maximum CB (LLC) and Bank Gorod (JSC) for the purposes of calculation of the insurance indemnity was established on the basis of analysis of original primary documents on the deposits in connection with the signs of violation of accounting rules identified in the banks.

During the reporting period the Agency was providing advice to the citizens on the issues connected with the usage of bank services by them and insurance coverage, including personal visits of citizens to the Agency, contacts through the “hotline” (1.1 million phone calls were processed) and written requests received by mail and in the electronic form (12 thousand written responses were sent).

Control Measures Taken to the DIS Member Banks

The purpose that the Agency employees pursued while participating in inspections of credit institutions carried out by the Bank of Russia is to assess whether the banks fulfilled obligations imposed on them by the Law on Deposit Insurance, namely: obligations to make records on the bank's liabilities to depositors and to form the register of such liabilities when due, as well as the obligation to pay premiums to the Fund in full amount and in timely manner.

Banks were inspected according to the schedule in compliance with the "Consolidated Plan of Full-Scope and Limited-Scope Inspections of Credit Institutions (their Branches) for 2015" as approved by the Bank of Russia. In 2015, the Agency employees participated in inspections of 67 banks (with 2 unscheduled inspections) situated in 34 constituent entities of the Russian Federation. The total amount of eligible deposits with the banks inspected during the year equaled to 7.1% of all eligible deposits (not taking into account the Sberbank of Russia). The number of banks inspected throughout the time of the Agency's operation is presented in [FIG. 2](#).

By the results of the inspections, one can conclude that all banks correctly define funds of individuals (including entrepreneurs) received pursuant to bank deposit (account) agreements as deposits to be insured, and include them in the calculation base of insurance premiums. Their depositors are provided with sufficient details on the banks' membership in the deposit insurance system and of the procedure of receiving insurance payments in case of an insured event. In the course of inspections, special attention was paid to how the banks maintain records on data of depositors and their accounts in compliance with the register generation requirements established

FIG. 2

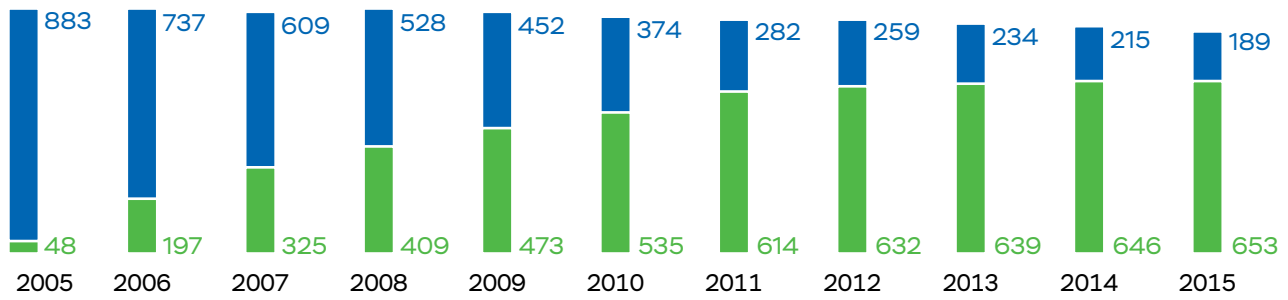


FIG. 3

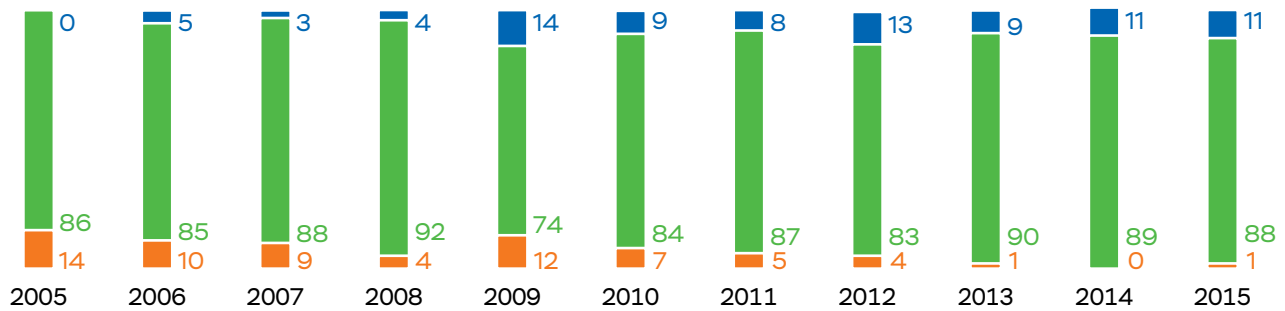


FIG. 2 Number of DIS Member Banks Inspected in 2005–2015

- Non-inspected banks
- Number of inspected banks out of operative banks

FIG. 3 Results of Check of Liabilities Register Quality in 2005–2015, %

- The register met the established requirements
- The register mostly met the established requirements
- The register failed to meet the established requirements

by the Bank of Russia. The register generation quality assessment results are presented in FIG. 3.

In 87% of the banks the time for generating the register of liabilities to depositors did not exceed one day. 7 banks formed registers in full compliance with the established requirements, 59 banks formed registers generally complying with the established requirements but with minor deficiencies, 1 bank formed the register with material violations. Typical deficiencies identified in the course of inspections include: lack or distortion of identification information on some part of depositors, liabilities and counterclaims; duplicating records on depositors; incompliance of the formed register with accounting data; incomplete inclusion of data on counterclaims of the bank to the depositors.

The Mandatory Deposit Insurance Fund

³ Fund's assets include the cash of the Fund and income-bearing financial instruments into which the temporarily idle resources of the Fund are invested. The difference between the balance and assets of the Fund is the debt to the agent banks for the payouts made by them at the expense of their own resources.

FUND FORMATION

As of December 31, 2015 the Fund amounted to 37.5 billion rubles. The Fund's assets as of the reporting date amounted to 56.6 billion rubles.³ As compared to the beginning of the reporting year, the Fund's size decreased by 46.1 billion rubles (55.1%).

To maintain financial sustainability of DIS and fund the payouts, the Board of Directors of the Agency approved possibility of addressing to the Bank of Russia with the request to provide to the Agency loans totaling up to 250 billion rubles without security for a term up to 5 years of which 75 billion rubles were received during the reporting period.

During the year the Fund also received member banks' insurance premiums – 75.7 billion rubles (14.9% more than a year before), recoveries from the receivership estate on insurance indemnity paid earlier – 39.1 billion rubles, returns on investment of temporary idle resources of the Fund – 9.1 billion rubles; other proceeds – 1.1 billion rubles.

The Fund expenses equaled to 171.1 billion rubles, including 168.8 billion rubles related to payouts to insured depositors and compensation of expenses of agent banks; 2.3 billion rubles – financing of activity of the Autonomous Non-Commercial Organization "Depositors' Protection Fund" to pay compensation to depositors of Ukrainian banks at the territory of the Crimea Federal District.

During 2015, DIS member banks paid insurance premiums for Q4 2014 and for Q1, Q2 and Q3 of 2015. Information on premiums actually received in 2015 for each settlement period is presented in **TAB 2**.

In compliance with the Law on Deposit Insurance, from Q3 2015 the unified contribution rate was replaced by the system of differentiated rates including the basic rate (0.1 percent of the calculation base), additional rate (20 percent of the basic rate) and increased additional rate (150 percent of the basic rate). Premiums calculat-

SETTLEMENT PERIODS	Q4 2014	Q1 2015	Q2 2015	Q3 2015	TOTAL
Insurance premiums for the settlement period (billion rubles)	17.7	18.7	18.8	20.5	75.7

TAB. 2 Insurance Premiums Paid by the Banks to the Fund in 2015

ed at the basic rate were paid by all banks. Additional and increased additional rates were applied depending on the excess of the maximum interest on deposits attracted by the bank in the calculation period over the basic levels of interest on deposits calculated by the Bank of Russia. During this calculation period the Bank of Russia found 39 banks meeting the criteria for payment of premiums at the additional rate and 17 banks for payment at the increased additional rate. The actual proceeds to the Fund in Q3 2015 increased by 120 million rubles at the expense of the increase in insurance premiums paid by 49 operative banks.

In 2015, short-term delays in premium payments (for 1–2 days) were committed by 1 to 3 banks per quarter. Most banks paid insurance premiums in full amount and in due time. In the reporting period, 13 claims were sent to the banks to repay the unpaid amounts totaling 105.2 million rubles, of which: claims to 11 banks were repaid in full (80.5 million rubles) while the outstanding premiums (24.7 million rubles) was not repaid by 2 banks in connection with their licenses revocation.

In addition, in 2015 the Agency filed 66 claims as a creditor of liquidated banks for payment of insurance premiums totaling 212.9 million rubles. As of the end of the reporting period almost all unpaid insurance premiums related to liquidated banks. Within the frameworks of settlements with 3rd priority creditors, during the year 34 banks with the revoked licenses partially repaid their debt on unpaid premiums totaling 5.8 million rubles.

The Fund’s resources were recorded on a special account of the Agency with the Bank of Russia. The cash flow statement of the Fund for 2015 is presented in the “Financial Statements” Section.

Investment of Temporary Idle Monetary Resources of the Fund

To ensure protection from inflation and replenishment of the Fund, the Agency invested its temporary idle monetary resources in the market according to the principles of repayment, profitability and liquidity.

⁴ Before the said date the Fund's cash in the reporting period was invested in compliance with the Regulation on the Investment of Temporary Idle Monetary Resources of State Corporation "Deposit Insurance Agency" as approved by the decision of the Agency's Board of Directors dated December 07, 2011 (Minutes No. 4)

To ensure protection from inflation and replenishment of the Fund, the Agency invested its temporary idle monetary resources in the market according to the principles of repayment, profitability and liquidity.

The Fund's cash was invested in compliance with the Regulation on the Investment of Temporary Idle Monetary Resources of the State Corporation "Deposit Insurance Agency" as approved by the decision of the Agency's Board of Directors dated September 30, 2014 (Minutes No. 5)⁴.

In 2015 to pay insurance indemnity, the securities from the Fund's portfolio were sold and some securities were presented to the redemption against the available offers, loans from the Bank of Russia were also received. Interim accumulation of liquid resources of the Fund was in the form of deposits with the Bank of Russia.

No shares were purchased during the year. At the same time, when the market situation was improving, shares from the Agency portfolio were sold at times when they reached positive yield. During 2015 the Agency sold on the stock market the shares making part of the investment portfolio of the Fund in full and 1.2 billion rubles received were allocated for payouts to the depositors.

As of December 31, 2015 the Fund's assets amounted to 56.64 billion rubles. 7% of the Fund assets were invested in the federal loan

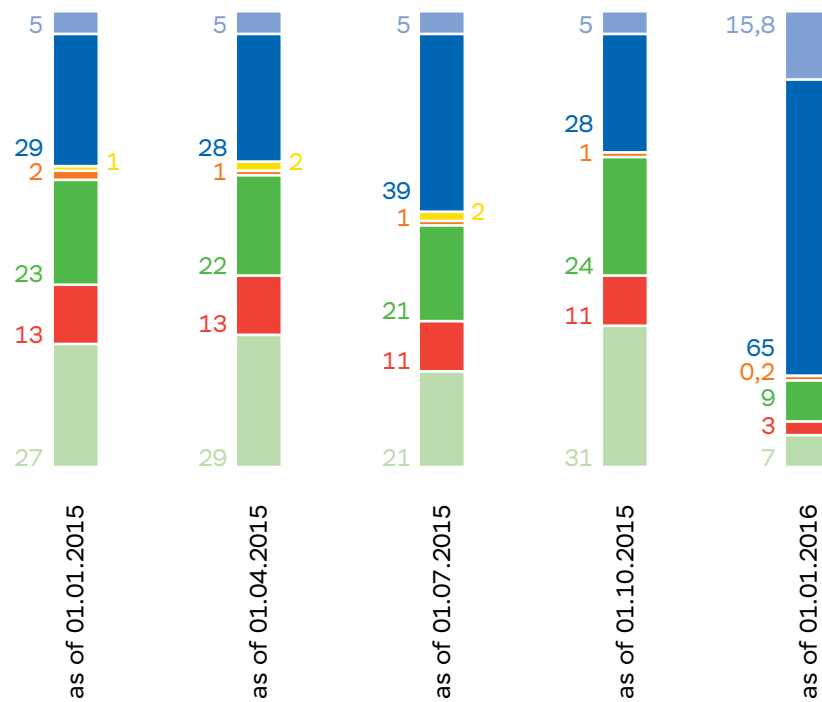


FIG. 4 Changes of the Fund's Asset Structure, %

- Cash
- Deposits with the Bank of Russia
- Shares
- Bonds of international financial institutions
- Corporate bonds
- Bonds of constituent entities of the Russian Federation
- Federal loan bonds

bonds of the Russian Federation. 3% were invested in the bonds of constituent entities of the Russian Federation and 65% were invested in the deposits with the Bank of Russia. Besides, 9% of the Fund assets were invested in corporate bonds, 0.2% – in the bonds of the international financial organizations (the Eurasian Development Bank) (FIG. 4).

The total amount of income from investing the Fund's assets for 2015 adjusted for revaluation of securities equaled to 11.14 billion rubles, with the return on invested funds being 13.9% per annum. Thus, with moderately conservative policy in 2015, the Agency provided funds required for the reimbursement of insured depositors and received the yield comparable with the market indicators of players having similar investment restrictions.

DIS Impact on the Bank Deposit Market

In 2015, deposits of individuals grew significantly. The key growth factors were increased savings by the population, capitalization of high interest rates and currency revaluation (increase in foreign currency exchange rates to ruble). As for DIS impact on the deposit market, increase at the end of 2014 of the maximal insurance indemnity (coverage limit) from 700 thousand to 1.4 million rubles became an important stabilizing factor.

⁵ In all DIS member banks (including the banks which did not provide reporting in connection with license revocation in January 2016).

⁶ In all DIS member banks (including the banks which did not provide reporting in connection with license revocation in January 2016).

During the reporting period the amount of bank deposits of individuals increased by 4,666.4 billion rubles (in 2013 – by 1,595.2 billion rubles) up to 23,219.1 billion rubles. In relative terms, the growth was 25.2% (in 2014 – 9.4%). Without the currency reevaluation, the amount of deposits would have increased by 18.7%. Impact of interest capitalization in 2015 was assessed as 7.9 pp of the deposit growth.

As of December 31, 2015 deposits of individual entrepreneurs amounted to 266.1 billion rubles⁵ (1.2 % of the total amount of deposits of individuals) with 16.9% increase from the beginning of the year. The amount of insurance liability to them (covered deposits) is evaluated to be 165.8 billion rubles⁶ or 62.3% of the total amount of deposits of individual entrepreneurs which corresponds to the structure of deposits of individuals in general.

Investments into uninsured bearer saving certificates demonstrated growth in the beginning of the reporting period with slower growth thereafter. During the year, funds invested by depositors into such certificates increased by 111 billion rubles (24.1%) up to 571.1 billion rubles. As the result, the share of bearer certificates in total deposits did not change making up 2.5%.

In general, the amount of household deposits with banks (including deposits of individual entrepreneurs) in 2015 increased

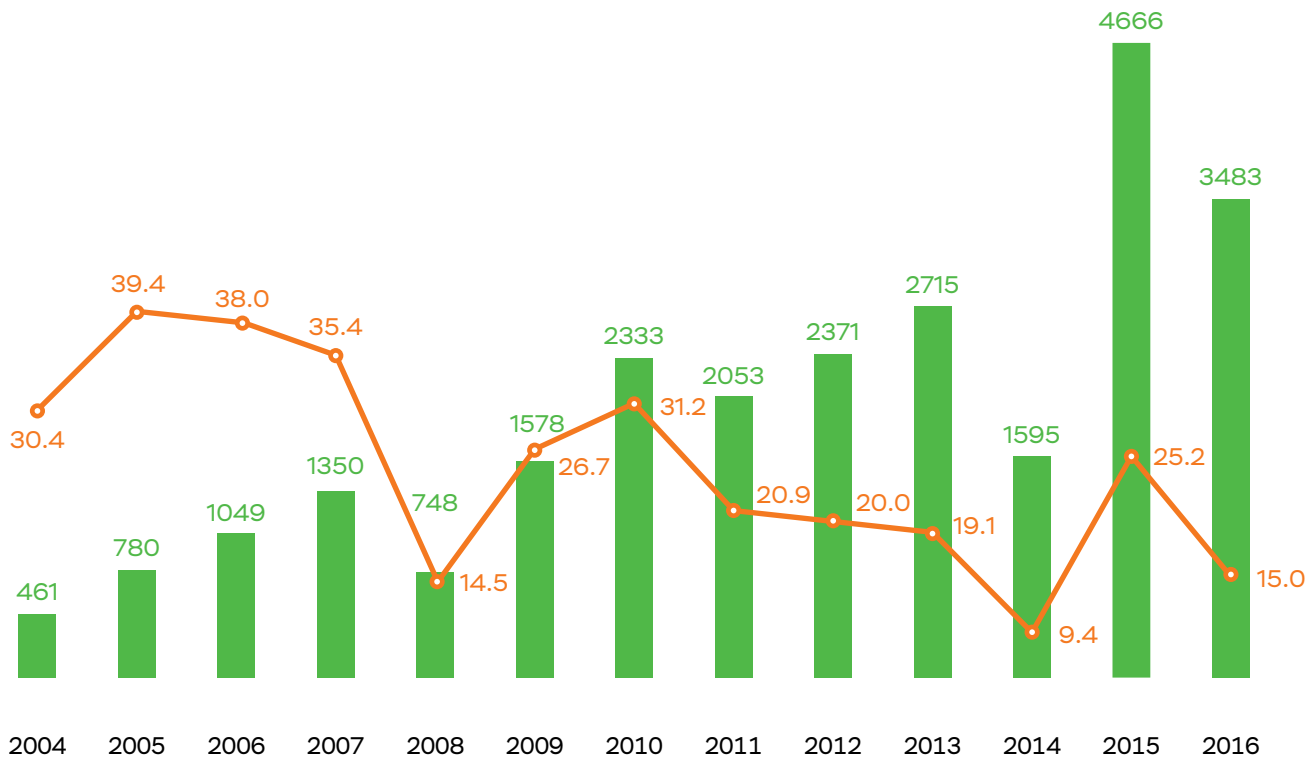


FIG. 5 Growth of Population Deposits in 2004–2016, billion rubles, %

- Growth, billion rubles.
- Growth, % (right scale)

by 4,586.7 billion rubles (in 2014 – by 1,503.7 billion rubles). In relative terms, it showed growth of 25.1 % up to 22,889.9 billion rubles (in 2014 – by 9%).

Dynamics of daily deposit gains demonstrates that in 2015 the population savings were growing more rapidly than in the previous year. In January–November of 2015 the growth of deposits averaged 8.8 billion rubles per day (3.4 billion rubles per day in January–November of 2014).

At the end of 2015 high growth of deposits of the population was observed. Deposits of individuals grew by 1.7 trillion rubles in December. Traditional Pre-New Year bonus payments increased the deposits in the reporting year for about 1 trillion rubles, currency revaluation – for about 700 billion rubles.

According to the Agency’s estimates, the aggregate amount of deposits will increase in 2016 by 3.3–3.7 trillion rubles (14–16% in relative terms), reaching the range from 26.5 to 26.9 trillion rubles. This forecast takes into account possible slowdown of growth rate of the income of the population, uncertainty of the exchange rate dynamics and the gradual decrease (as compared to 2015) of interest rates on deposits (FIG. 5).

In the reporting year the most active growth was demonstrated by average and large-size deposits. In H1 the deposits from

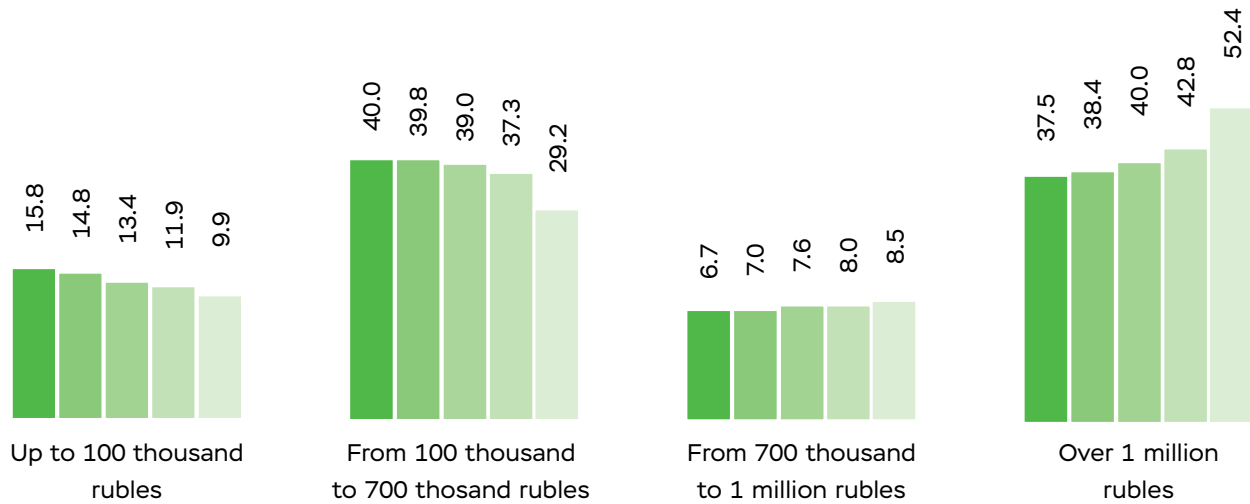


FIG. 6 Structure of Deposits Depending on Deposit Amount, %

■	01.01.2012
■	01.01.2013
■	01.01.2014
■	01.01.2015
■	01.01.2016

700 thousand to 1 million rubles increased by 16.2% in terms of amount and by 13.7% in terms of the number of accounts, over 1 million rubles – by 17.8% in terms of amount and by 37.9% in terms of the number of accounts. In H2 the deposits from 700 thousand to 1 million rubles increased by 15.2% in terms of amount and by 14% in terms of the number of accounts, over 1 million rubles – by 30% in terms of amount and by 29.5% in terms of the number of accounts. The amount of deposits from 100 thousand to 700 thousand rubles remained almost unchanged.

As the result, the highest growth rate per year was demonstrated by deposits from 700 thousand to 1 million rubles and over 1 million rubles – by 33.9 and 53.2% in terms of amount and by 29.6 and 78.6% in terms of the number of accounts, respectively.

By the results of the year, the share of deposits from 100 to 700 thousand rubles decreased from 37.4 to 29.2%, from 700 thousand rubles to 1 million rubles increased from 8 to 8.5%, deposits over 1 million rubles increased from 42.8 up to 52.4% of the total deposit amount (FIG. 6).

The share of foreign currency deposits for the year increased from 26.1 up to 29.4%. The main growth was observed in Q3 – by 3.3 pp.

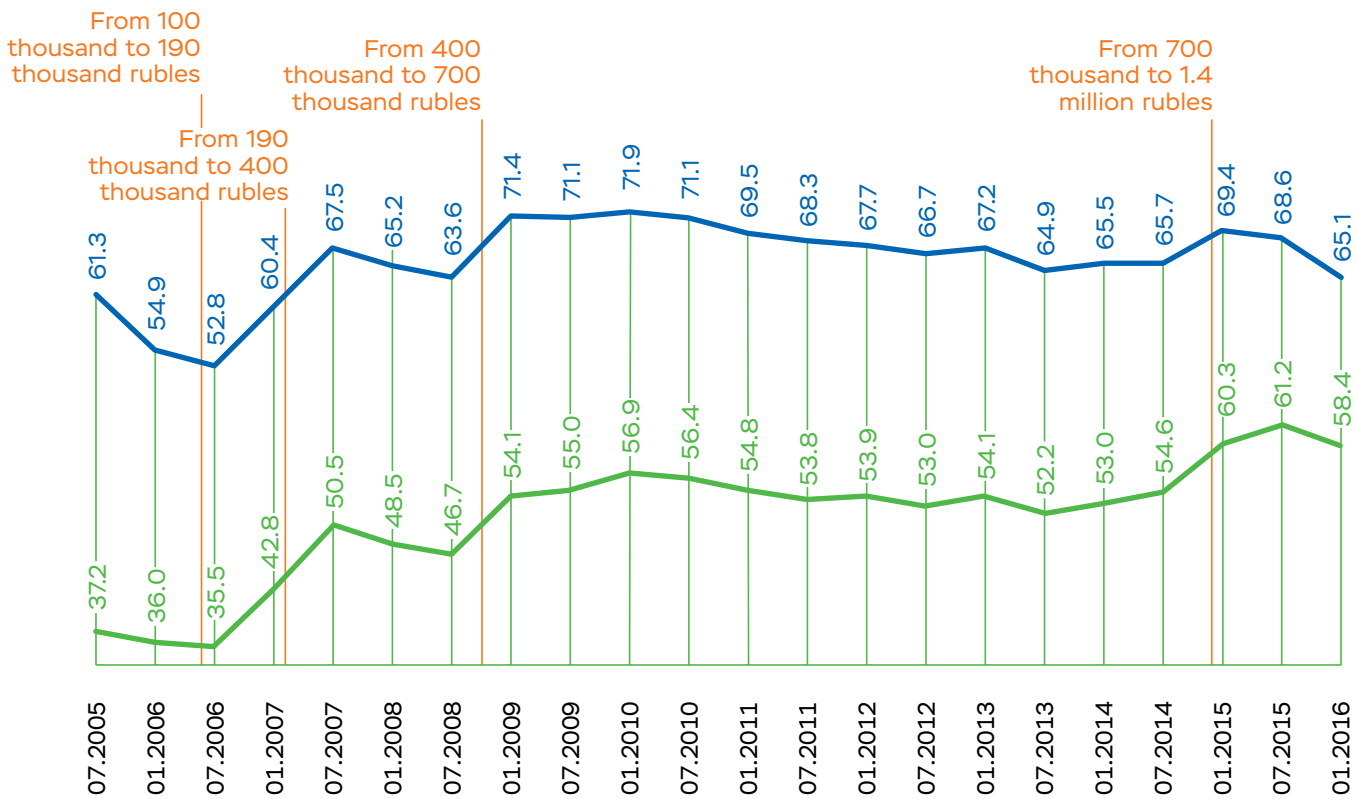


FIG. 7 The Agency's Insurance Liability in 2005–2016, %

- All banks
- Without considering Sberbank of Russia

In 2015, the share of 30 largest banks in terms of deposit amount increased from 79.2 up to 81.7%, including increase in the share of the Sberbank of Russia by 1 pp – from 44.9 to 45.9%.

The Agency's insurance liability (covered deposits) decreased during 2015 and as of December 31, 2015 amounted to 65.1% of all insured (eligible) deposits (69.4% as of December 31, 2014). Without considering the Sberbank of Russia, this indicator decreased from 60.3 to 58.4% (FIG. 7).



Operation of the Insured Rights Guarantee System subject to the Mandatory Pension Insurance

- [2.1.](#) Main Indicators of the Insured Rights Guarantee System subject to the Mandatory Pension Insurance
- [2.2.](#) Control Measures in Respect of IRGS Member Funds
- [2.3.](#) The Pension Savings Guarantee Fund

2



Main Indicators of the Insured Rights Guarantee System subject to the Mandatory Pension Insurance

The Insured Rights Guarantee System subject to the Mandatory Pension Insurance (hereinafter referred to as IRGS) guarantees the rights of insured persons who accumulate their pension savings and receives pension benefits (payments) from pension savings accumulated in the Pension Fund of the Russian Federation or in one of non-government pension funds (NPFs) participating in the mandatory pension insurance system and being members of the insured rights guarantee system (IRGS member funds). One of the main objectives of IRGS in the reporting period was organization of keeping the register of IRGS member funds.

As of December 31, 2015 33 non-government pension funds which received positive opinion of the Bank of Russia on compliance with the requirements to the membership in IRGS was included into the register of IRGS member funds. IRGS member funds manage about 96% of pension savings accumulated in non-government pension funds.

In 2015 the current law was amended to reflect changes connected with the procedure for determining the calculation base for establishing the size of guarantee fees paid to the Pension Savings Guarantee Fund (PSGF). The cash on account designated for

operations with the resources of pension savings included into the calculation base earlier were replaced with the average size of cash balances.

The guarantee fees rate in 2015 was set in compliance with Article 15 of the Federal Law dated December 28, 2013 N 422-FZ “On guaranteeing the rights of insured persons in the mandatory pension insurance system of the Russian Federation when forming and investing the resources of pension savings, setting and making payments at the expense of pension savings” (hereinafter referred to as the Law on Guarantee) in the amount of 0.0125% of the calculation base and was not changed during the year.

Due to the absence of guarantee events in 2015, no guarantee compensation was paid.

Control Measures in Respect of IRGS Member Funds

To analyze the current activity of IRGS member funds the Agency has developed and implemented the form of information provision containing the current quantitative and qualitative indicators on the volume and structure of pension savings and on the number of insured persons.

As in 2014-2015 the Bank of Russia inspected NPFs in respect of their compliance with the requirements to the membership in IRGS, planned inspections of IRGS member funds with the participation of the Agency's employees were not scheduled, unscheduled inspections were not organized.

In H2 of the reporting year the employees of the Agency took part in 19 temporary administrations of the Bank of Russia appointed in NPFs which performed the activity on the mandatory pension insurance and whose licenses were canceled. The temporary administrations took the measures that allowed to timely form the registers of NPFs' liabilities to 1.6 million of insured persons totaling 62.64 billion rubles.

The Pension Savings Guarantee Fund

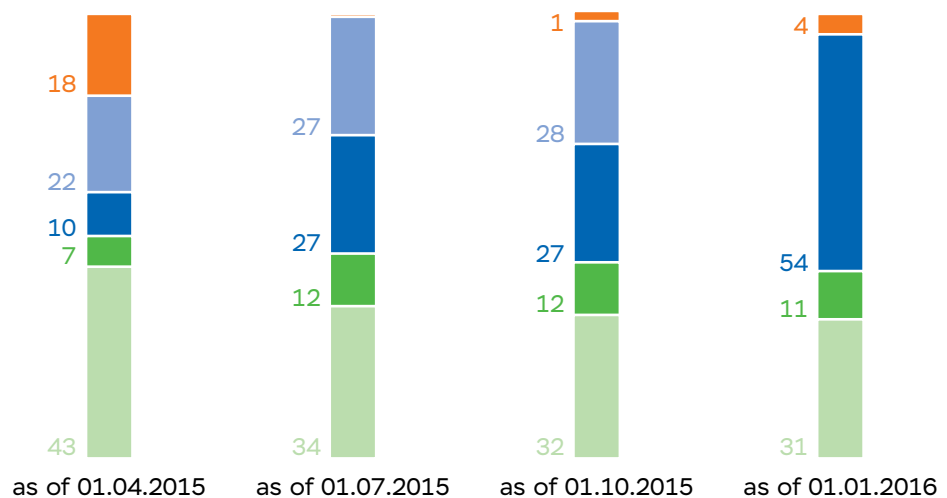


FIG. 8 Change in the Structure of PSGF Assets, %

- Cash
- Credit institutions
- Corporate bonds
- Bonds of constituent entities of the Russian Federation
- Federal loan bonds

In 2015 PSGF started to receive the admission fees. As of the reporting date the amount of PSGF formed at the expense of the admission fees paid by IRGS member funds amounted to 116.66 million rubles. Completeness and timeliness of admission fee payment was controlled as due.

The Agency found out that 14 out of 33 IRGS member funds overpaid the admission fees which were returned to IRGS member funds or set-off as payment of future regular fees.

To ensure protection from inflation and replenishment of PSGF, the Agency has invested its temporary idle monetary resources according to the principles of repayment, profitability and liquidity.

As of December 31, 2015 31% of PSGF funds were invested in the federal loan bonds of the Russian Federation. 11% were invested in bonds of the constituent entities of the Russian Federation, 54% were invested in corporate bonds (FIG. 8).

The total amount of income from the investment of PSGF funds for 2015 adjusted for revaluation of securities equaled to 16.1 million rubles, with return on invested funds being 17.7% per annum.



Measures to Increase Bank Capitalization

3



Measures to Increase Bank Capitalization

Measures aimed at the increase of bank capitalization are taken in compliance with the Federal Law dated December 29, 2014 N 451-FZ “On introduction of amendments into Article 11 of the Law on Deposit Insurance and Article 46 of the Federal Law “On the Central Bank of the Russian Federation (Bank of Russia)” (Law N 451-FZ).

As per the Law N 451-FZ the measures aimed at the increase of bank capitalization are taken through transfer of federal loan bonds invested by the Russian Federation into the property of the Agency as the property contribution (FLBs) into subordinated liabilities (bonds) of the banks (with repayment (redemption) terms coinciding with the FLBs redemption terms or not less than in 50 years) and the preferred shares of the banks purchased on the basis of Part 6 of Article 16 of the Law on Deposit Insurance.

In compliance with the Law N 451-FZ the resolution of the Board of Directors of the Agency dated January 13, 2015 (Minutes N 1) approved the Procedure and conditions of placement of the property contribution of the Russian Federation into the property of the State Corporation «Deposit Insurance Agency» into subordinated bonds and preferred shares of banks (hereinafter referred to as the Procedure). The resolution of the Board of Directors of the Agency dated February 16, 2015 (Minutes N 3) approved the template agreement for monitoring of activity of a bank in respect of which the measures to increase capitalization are taken (hereinafter referred to as the Agreement). Conclusion of such an Agreement between the Agency and a bank is a mandatory condition for taking measures aimed at the bank capitalization increase.

As per the Procedure and the Agreement, banks that are subject to the participation in measures aimed at their capitalization increase shall, in particular, assume the following obligations:

- during three years to increase for at least 1% per month their lending and placement of funds into the bonds of businesses that operate in industries that recognized as the most important for the economy development, SME, constituent entities of the Russian Federation as well as mortgage lending and investments into mortgage bonds;
- independently, at the expense of additional funds of their shareholders (participants) or third parties or at the expense of profit of the banks, increase the equity (capital) of the bank, including the Tier I capital of the bank, by 50% of the amount of FLBs received from the Agency;
- during three years not to increase the level of remuneration of the bank's top managers and the payroll fund of the other employees of the bank as compared with the level achieved as of January 1, 2015.

On February 2, 2015, the Government of the Russian Federation approved the list of 27 banks for the Agency to take measures aimed at the increase of their capitalization. The aggregate nominal value of FLBs designated for the said banks amounted to 830.699 billion rubles.

The Decree of the Government of the Russian Federation dated May 13, 2015 N 877-r approved another two lists – the list of banks whose preferred shares are to be purchased by the Agency to ensure financial sustainability of the deposit insurance system and the list of banks for the purposes of taking measures aimed at the increase of their capitalization through provision to the banks of subordinated loans (payment for subordinated bonds of the banks) with the repayment (redemption) term not less than 50 years. A total of eight banks (with four of them included earlier into the above list of 27 banks) were included into the said two lists.

To increase capitalization of regional banks, the resolution of the Board of Directors of the Agency dated June 16, 2015 introduced amendments to the Procedure that establishes the requirements that the regional banks should meet to receive resources from the Agency to increase their capitalization. On August 10, 2015, the Government of the Russian Federation approved the list of 10 regional banks for the Agency to take measures aimed at the increase of their capitalization. The aggregate nominal value of FLBs designated for the said banks amounted to 8.47 billion rubles.

A total of 42 banks were included into the lists of banks for the purposes of the increase of their capitalization approved

by the Government of the Russian Federation as of the end of the reporting year. The total nominal value of FLBs allocated for them is 856.3 billion rubles.

As of December 31, 2016 the Agency received 31 written consents from the banks to conclude the contract (s) for the purchase by the Agency of subordinated liabilities (preferred shares) of banks (under a quota of 34 banks – the funds were received by the head banks for 3 banks included into banking groups), including 5 consents from the regional banks to conclude the contracts for the purchase by the Agency of subordinated liabilities. The total amount of financing in compliance with the requests from the banks amounted to 827.2 billion rubles, including 4.7 billion rubles in respect of regional banks.

During 2015 the Board of Directors of the Agency made decisions on the purchase by the Agency of subordinated liabilities and preferred shares of 30 banks for the total amount of 826.09 billion rubles.

After all necessary corporate procedures were taken in the banks claiming FLBs, the Agency concluded the contracts for the purchase of subordinated liabilities and preferred shares and the Agreements for monitoring of activity with 25 banks: PJSC, Sovcombank, OJSC Bank Petrocommerts, PJSC Bank FC Otkrytie, OJSC MOSCOW CREDIT BANK, PJSC AK BARS BANK, JSC JSCB NOVICOMBANK, JSCB Absolut Bank (PJSC), Bank VTB (PJSC), Bank GPB (JSC), PJSC Promsvyazbank, PJSC BINBANK, PJSC Bank Zenith, PJSC Bank Saint Petersburg, PJSC JSCB Svyaz-Bank, PJSC MDM Bank, Bank Vozrozhdenie (PJSC), JSC RUSSIAN CAPITAL (PJSC), JSC Rosselkhozbank, PJSC MTS-Bank, PJSC MInBank, JSC ALFA-BANK, RNCB Bank (PJSC), JSC Bank Russian Standard, OJSC MBSP and JSC SMP Bank. The total nominal value of FLBs transferred to the said banks amounted to 802.69 billion rubles.

In the reporting year, in compliance with the directives of the Government of the Russian Federation, the Agency also transferred FLBs to a number of non-financial organizations (PJSC OAK – 100.0 billion rubles, PJSC GTLK – 30.0 billion rubles and OJSC Rosseti – 32.0 billion rubles).

To distribute FLBs kept by the Agency by the end of 2015, on December 29, 2015 (Minutes N 18) the Board of Directors of the Agency approved changes in the total nominal value of FLBs allocated for the increase of capitalization of nine banks included in the lists approved by the Government of the Russian Federation earlier. Such amendments are also subject to approval by the Government of the Russian Federation. The same resolution of the Board of Directors of the Agency introduced

amendments to the Procedure that provides for taking measures aimed at the increase of capitalization of the banks meeting the requirements of the Procedure as of October 1, 2015. The list of such banks prepared on the basis of information of the Bank of Russia is subject to approval by the Government of the Russian Federation after approval by the Board of Directors of the Agency.

In the reporting year (during the period after FLBs receipt), the banks mainly increased their lending to the enterprises from the processing industries (40% of the total increase in their loan portfolio), mortgage loans (22%), loans to constituent entities of the Russian Federation (15%), transport and communication enterprises (13%).



The Agency's Actions to Resolve Failing Banks

[4.1.](#) Bank Resolution Measures

[4.2.](#) Assets Management

[4.3.](#) Bank Resolution Funding

4



Bank Resolution Measures

To strengthen stability of the banking system, ensure its sustainable development, protect the interests of creditors and depositors of banks, in 2015 the Agency continued to take measures to prevent bank failures.

As of December 31, 2015, resolution measures were implemented in respect of 30 banks (FIG. 9).

In the reporting period there was a significant increase in the number of banks resolved with the Agency's participation. The aggregate assets of the banks in which resolution started in 2015 exceeds 1 trillion rubles (1,004 billion rubles), while in the previous reporting period the assets of the banks with the bankruptcy prevention (resolution) measures implemented with the Agency's involvement was almost 300 billion rubles less.

As of the beginning of 2015, resolution measures were implemented in respect of 16 banks. Within the year, the Agency accepted offers of the Bank of Russia to take part in preventing bankruptcy of 16 more banks, while the banking license was later revoked from one of such banks (Svyaznoy Bank (JSC)) (FIG. 10).

In the reporting year the Bank Supervision Committee of the Bank of Russia considered and accepted the reports on completion of bankruptcy prevention measures in OJSC CB Ellips bank. In fact, the activity of the bank was terminated in November 2014 as the result of its reorganization through merger with the JSCB RUSSIAN CAPITAL (PJSC).

In 12 resolution projects that started in the reporting period third party investors were selected, and they commenced the bank bankruptcy prevention measures together with the Agency. In 3 projects selection of investors will continue in 2016.

Implementation of resolution measures in relation to a problem bank with the participation of private investors being an example

FIG. 9 Number of Bank Resolution Projects Including Settlement of Obligations (P&A), as of the year-end

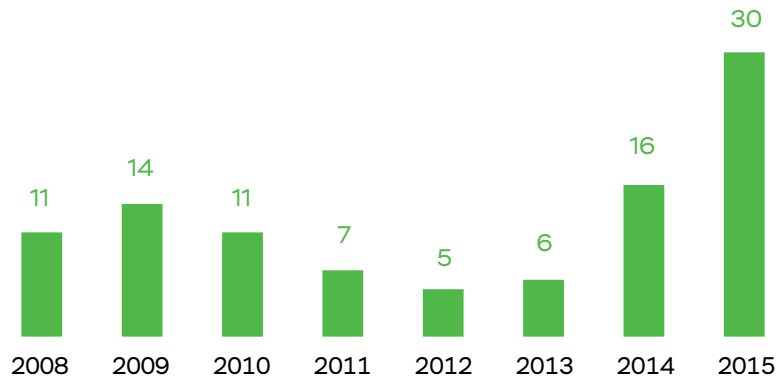
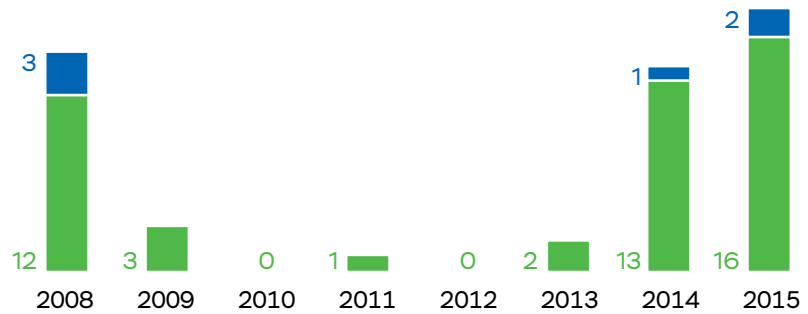


FIG. 10 Number of Bank Resolution Projects Including Settlement of Bank Obligations (P&A)



- Transfer of property and liabilities
- Resolution

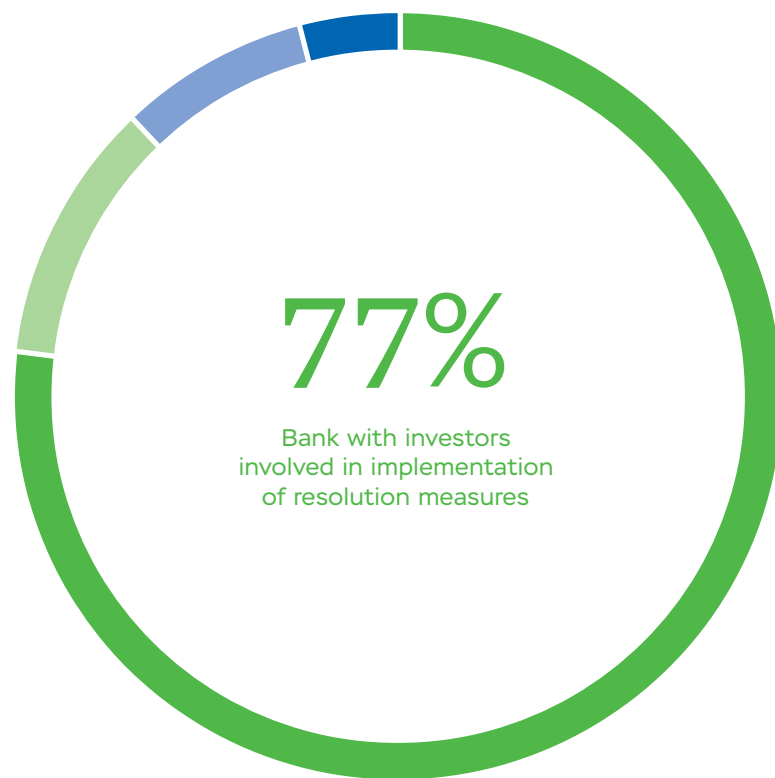


FIG. 11 Distribution of Resolution and Settlement of Bank Obligations Projects by Kinds and Types

- 77% – banks with investors involved in implementation measures
- 8% – banks resolved by the Agency
- 11% – banks where transfer of assets and liabilities took place
- 4% – bank where bankruptcy prevention measures were on started in connection with revocation of their banking license

of effective public–private partnership is a priority resolution model for the Agency as, on the one hand, it allows to achieve significant economy of government resources, and, on the other hand, it optimally corresponds to the market economy principles (FIG. 11). The Agency is focused on the selection of investors on a competitive basis. One of the key selection criterion is minimal size of financial assistance allocated by the Agency to resolve the bank. Due to tender procedures, the size of financial assistance allocated by the Agency towards bank resolution was reduced by 42 billion rubles as compared with the initial estimate.

In 2015 the Agency took measures to prevent a bank’s bankruptcy with the participation of its large creditors for the first time. This mechanism involves restructuring of a problem bank’s liabilities to its large creditors which allows to reduce the scope of government financial assistance that is needed. The Agency applied this procedure in respect of th Bank Tavrishesky (OJSC) and the OJSC FONDSERVICEBANK.

In the mentioned banks claims of their large creditors: OJSC Lenergo, OJSC MRSK of North-West (Bank Tavrishesky (OJSC)) and Roskosmos (OJSC FONDSERVICEBANK) were converted into subordinated deposits. At the same time, the Agency gave the said creditors the possibility to participate in problem banks’

management, including through inclusion of their representatives into the banks' Boards of Directors.

The largest resolution project of the reporting year was financial rehabilitation of PJSC BANK URALSIB which was the 27th in Russia by asset size and 34th by loan portfolio to corporate customers as of the beginning of the resolution proceedings.

The plan of participation in the measures aimed at bankruptcy prevention was developed to stabilize the position of the bank. The plan provided for involvement of a private investor, V.I. Kogan, and provision by the Agency of financial assistance to the bank in the form of loans totaling 81.0 billion rubles.

OJSC "Bank of Moscow" remains the largest financial rehabilitation project through the history of the Agency – the Agency started implementation of bankruptcy prevention measures in relation to this bank in 2011. Within a set of measures aimed at the resolution of this bank, the Agency, at the expense of the borrowings from the Bank of Russia, provided to OJSC "Bank of Moscow" financial assistance (loan) in the amount of 294.8 billion rubles. In compliance with the terms and conditions of the loan contract, in 2015 OJSC "Bank of Moscow" continued partial repayment of the loan as the result of its work with troubled assets which, as of the beginning of the resolution proceedings, amounted to about 150 billion rubles. As of December 31, 2015 a part of the loan was repaid by the bank – 25.41 billion rubles.

During the year the Agency applied twice the mechanism referred to as the "settlement of obligations" of the banks (purchase and assumption transaction) which economically identical to the "partial resolution" mechanism used by the Agency earlier. The essence of both mechanisms is in transferring a part of assets and liabilities for the equal amount from the problem bank to a "healthy" one. The principal difference is in the procedures of business restructuring of the problem bank: in case of the "partial resolution" a part of assets and liabilities of the problem bank was transferred to the "healthy" bank before the problem bank's license revocation, in case of the "settlement of obligations" – after its license was revoked.

In 2015 the Agency applied the mechanism of settlement of obligations in respect of OJSC JSCB Probusinessbank and NOTA-Bank (PJSC). The measures aimed at bankruptcy prevention of these banks were considered infeasible as they had significant volume of poor quality assets and, therefore, required significant financial aid.

Banking licenses of OJSC JSCB Probusinessbank and NOTA-Bank (PJSC) were revoked by the orders of the Bank of Russia.

Simultaneously with the decisions made, the Bank of Russia approved the plans of participation of the Agency in the settlement of obligations of the banks that envisaged transfer to sound banks of liabilities to the creditors whose claims in compliance with the law are subject to satisfaction as the first priority claims, and assets of OJSC JSCB Probusinessbank and NOTA-Bank (PJSC) for the amount equal to the transferred liabilities. The aggregate amount of transferred liabilities amounted to 29.28 billion rubles (OJSC JSCB Probusinessbank – 24.02 billion rubles and NOTA-Bank (PJSC) – 5.26 billion rubles).

The Agency organized closed bidding processes to select acquirers of assets and liabilities of OJSC JSCB Probusinessbank and NOTA-Bank (PJSC), the winners were PJSC BINBANK and JSCB RUSSIAN CAPITAL (PJSC), respectively.

As a result of the measures taken to settle the obligations of OJSC JSCB Probusinessbank and NOTA-Bank (PJSC), a “healthy” part of business of these banks was preserved, full protection of rights and interests of banks’ depositors was assured and economy of resources of the mandatory deposit insurance fund for about 25 billion rubles were achieved.

Assets Management

ASSET MANAGEMENT FOR BANKS IN RESOLUTION

The Agency was performing controlling and methodological functions in relation to asset management in the banks in which it held shares and performed the functions of provisional administration. In 2015, the Agency considered and approved 127 applications of the banks in resolution (JSCB RUSSIAN CAPITAL (PJSC), OJSC ROST BANK, NB TRUST (OJSC), OJSC FONDSERVICEBANK, Tavrichesky Bank (OJSC), JSC JSCB EXPRESS-VOLGA, JSC VOKBANK, OJSC CB Solidarnost, OJSC Gazenergobank, PJSC Sotsinvestbank, JSCB Investtorgbank (PJSC), OJSC VUZ-bank, CJSC Bank Sovetsky) on establishing credit limits for the borrowers, managing problem assets and performing specific operations.

MANAGEMENT OF ASSETS ACQUIRED DURING BANK RESOLUTION

In the reporting year, the Agency did not purchase any assets in order to prevent bank bankruptcies.

In the previous years, assets of nine banks in resolution were purchased: KIT Finance Investment Bank (OJSC), Bank Petrovskiy OJSC, GB Nizhny Novgorod OJSC, SB GUBERNSKIY (OJSC), JSCB SOYUZ (OJSC), PotencialBank OJSC, Bank24.ru (OJSC), Nizhegorodpromstroibank CJSC, CB RBR (CJSC) for the total amount of 165 billion rubles.

In 2015 the Agency purchased the units in ZPIFN for 1 billion rubles as the kick-back in the course of implementation of resolution measures in relation to the Ellips-bank.

Due to the measures taken by the Agency that were aimed at recovery of funds that were earlier spent on purchasing the rights of claim, the debtors repaid 1.08 billion rubles during the year.

In the reporting year, 2.03 billion rubles were received from sale of assets acquired by the Agency in the course of implementation of bank bankruptcy prevention measures.

All in all, in 2015 the Agency received a total of 3.43 billion rubles from managing assets acquired by the Agency in the course of bank resolution.

Bank Resolution Funding

As of December 31, 2015 the Agency allocated to bank resolution a total of 1,537.55 billion rubles, of which: 1,270.47 billion rubles were financed at the expense of borrowings from the Bank of Russia (including 294.81 billion rubles spent on resolution of the Bank of Moscow OJSC), 259.33 billion rubles were financed from the property contribution of the Russian Federation into the Agency, 7.75 billion rubles financed from the assets of the Fund.

In the reporting year, the Agency funded bank bankruptcy prevention measures at the expense of borrowings from the Bank of Russia totaling 482.59 billion rubles, 4 billion rubles were allocated for supporting settlement of obligations and financial rehabilitation of banks at the expense of the property contribution of the Russian Federation into the property of the Agency.

In compliance with the approved schedules in 2015 the borrowers repaid to the Agency 95.61 billion rubles of the principal and paid 10.96 billion rubles as interest on the borrowed funds.

Unrecoverable debt under resolution projects for the amount of 7.04 billion rubles was written down at the expense of capitalized profit (that increased the property contribution of the Russian Federation), and 0.19 billion rubles of payouts from the Fund were recognized as unrecoverable.

As of December 31, 2015 the size of current financing of bank resolution measures by the Agency amounted to 1,172.57 billion rubles, out of which funds of the property contribution of the Russian Federation into the property of the Agency equaled to 117.03 billion rubles, loans of the Bank of Russia equaled to 1,047.89 billion rubles, funding from the Fund equaled

to 6.07 billion rubles, income from assets acquired by the Agency in the course of bank bankruptcy prevention equaled to 1.58 billion rubles.

In 2015, the Agency repaid loans to the Bank of Russia for the amount of 79.22 billion rubles from the funds repaid by borrowers.

Control over spending of funds and other actions of the Agency connected with bank bankruptcy prevention were exercised by the Board of Directors of the Agency, the Bank of Russia and the Chamber of Accounts of the Russian Federation.



The Agency's Operations as Receiver (Liquidator) of Credit Institutions

- [5.1.](#) Liquidation Management
- [5.2.](#) Bankruptcy Estate Formation for Settlements with Creditors
- [5.3.](#) Investigating and Contesting Dubious Transactions. Bringing Guilty Persons to Account
- [5.4.](#) Managing Current Expenditures of Liquidated Banks
- [5.5.](#) Verification and Satisfaction of Creditors' Claims, Work of Management Bodies of Liquidated Banks

5



Liquidation Management

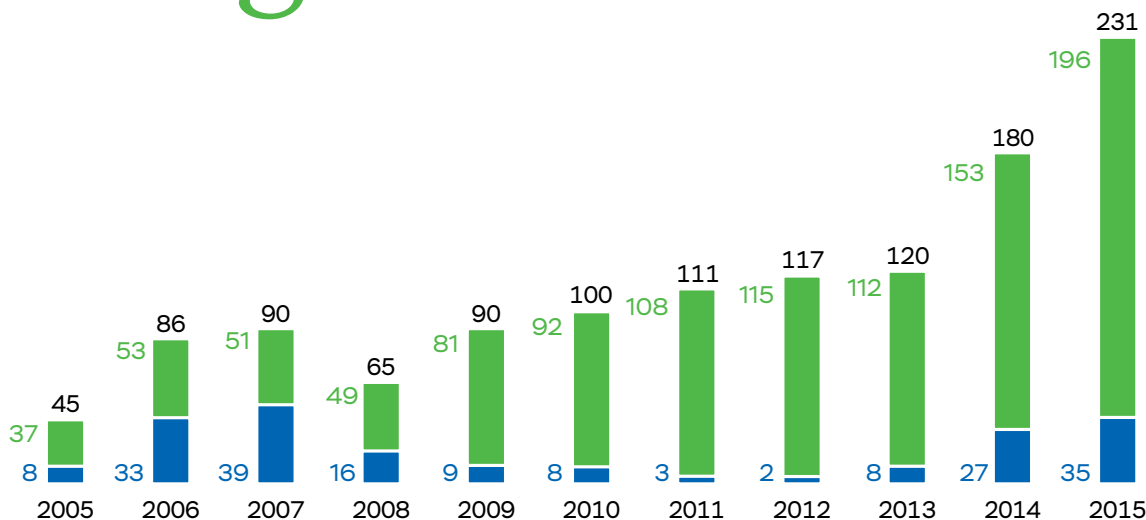


FIG. 12 Number of Banks in Liquidation for the Period of the Agency's Activity (as of the End of the Year)

- Receivership
- Forced liquidation

As of December 31, 2015 the Agency acted as receiver (liquidator) of 231 credit institutions which exceeds the same indicator of the previous year 1.3 times. Receiverships (bankruptcy proceedings) were performed in 196 credit institutions and forced liquidation in 35 (FIG. 12).

In the reporting year the Agency was appointed as the receiver (liquidator) of 79 credit institutions which exceeds the same indicator of the previous year by 8 units (FIG. 13). The proportion of banks in respect of which receivership and forced liquidation proceedings are applied remained unchanged.

In the reporting year, the share of banks located outside the Moscow Region was 43% of the total number of credit institutions in which the Agency acted as receiver (liquidator) which corresponds to the similar indicator of the previous year (FIG. 14).

Liquidated credit institutions broken down by federal districts are presented in FIG. 15.

In 2015 the trend of large universal banks with large volume of assets and liabilities coming under the Agency's management was preserved (OJSC JSCB Probusinessbank, OJSC RUSSIAN CAPITAL BANK, SB Bank (LLC), CB Transportny LLC, CJSC M BANK, CB Transnational Bank (LLC), etc.).

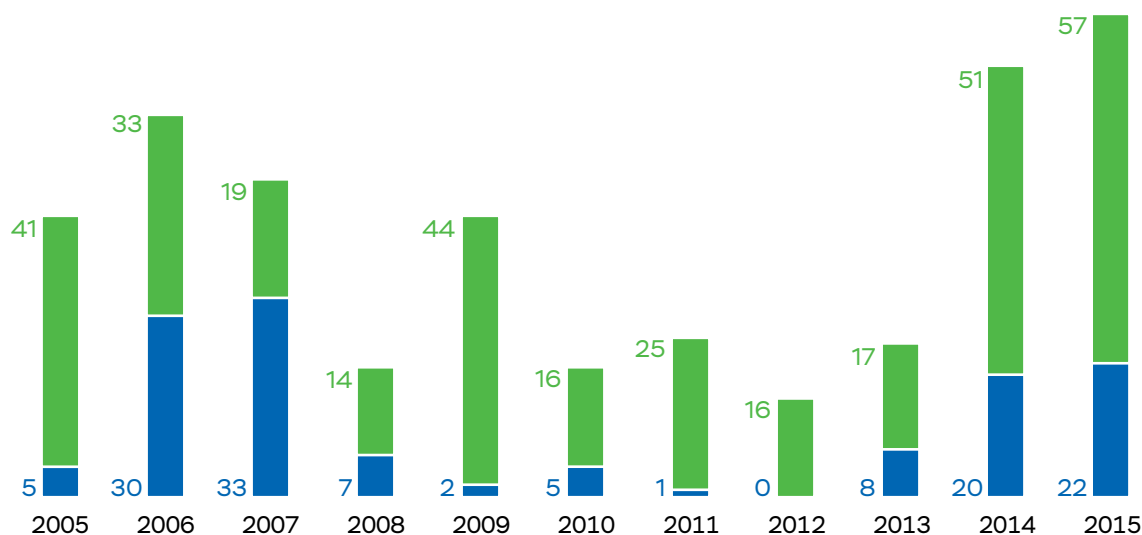


FIG. 13 Receivership (Liquidation) of Credit Institutions Started

- Receivership
- Forced liquidation

In the reporting year the Agency for the first time assumed the functions of provisional administration after revocation of banking licenses of OJSC JSCB PROBUBINESSBANK and NOTA-Bank (PJSC). The provisional administration facilitated implementation of measures aimed at settlement of obligations to individuals that were taken in these banks. In the course of implementation of these measures there was organized transfer to a healthy bank of all individual customers for full banking servicing under the previous condition and some assets of the banks at the book value for the amount equal to the transferred liabilities. Assets and liabilities for the amount of about 24 billion rubles were transferred from OJSC JSCB PROBUBINESSBANK and for about 5.3 billion rubles from NOTA-Bank (PJSC). The measures in respect of the two above-mentioned banks represent simultaneous fulfillment by the Agency of functions both of receiver (liquidator) and resolution manager of a failed bank.

In many banks taken over by the Agency in the reporting year the evidence of theft of property disguised as provision of loans and commitment of other illegal operations with the assets with the signs of acts subject to penal punishment were detected.

Following the results of consideration of the application of the Bank of Russia and the Agency, the law-enforcement authorities

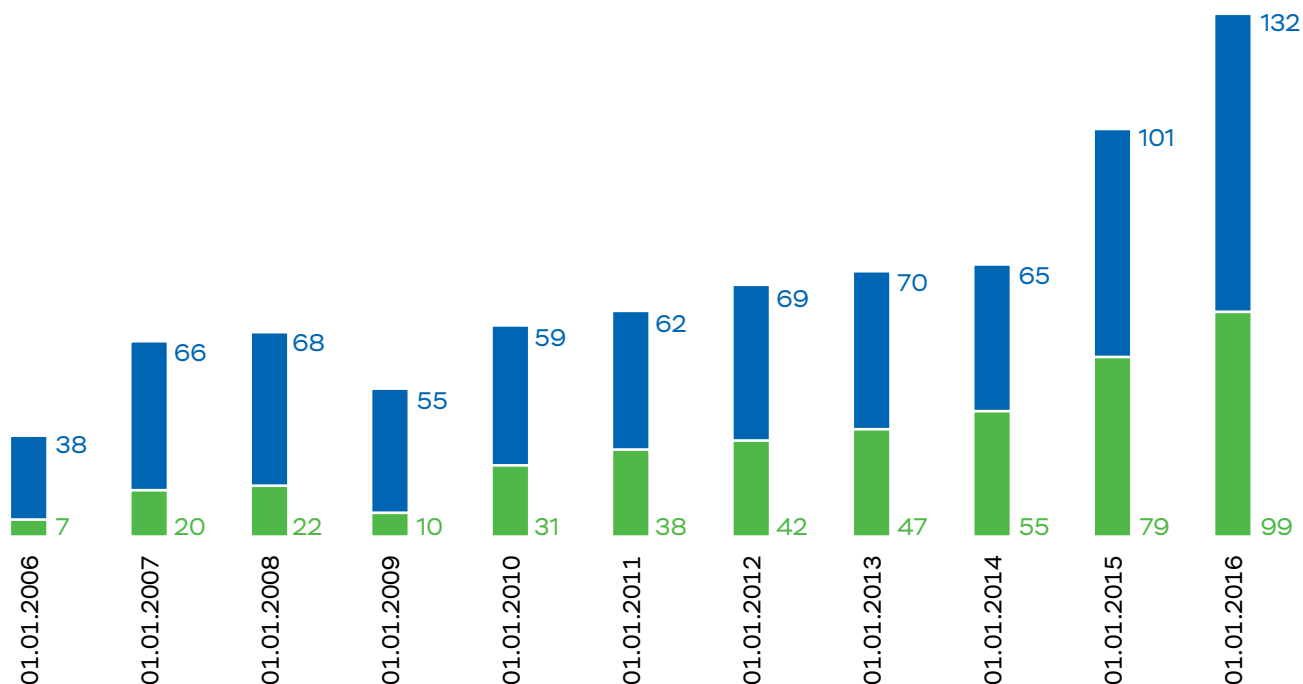


FIG. 14 Share of Regional and Moscow Banks in the Total Number of Liquidated Credit Institutions

- Registered in Moscow and the Moscow Region
- Registered in other regions

initiated criminal cases related to the facts of assets misappropriation which took place in a number of banks (OJSC Bank PSB, OJSC SB Simbirsk, OJSC CCB Creditbank, CJSC TYUMENAGRO-PROMBANK, OJSC Volga-Credit bank, PK-Bank LLC, CJSC Promsberbank, CJSC IpoTek Bank, JSC Comsotsbank Boomerang, Plato-bank LLC, OJSC IC MAST-Bank, CJSC M BANK, CB Gagarinsky (JSC), PJSC Time Bank).

In the reporting period, the Agency faced the cases of illegal actions by credit institutions that were members of formal and informal banking groups where similar penal offences were committed many times. Such banks include OJSC CCB Creditbank and PJSC Time Bank and the so-called Antalbank Group consisting of nine credit institutions (JSC Greenfieldbank, JSC NST-Bank, OJSC CB Maximum, etc.) in respect of the evidence of theft of resources in which the criminal cases were also initiated and investigated.

Since the beginning of the Agency's operation as the corporate receiver (liquidator), liquidation proceedings have been completed in 235 credit institutions (FIG. 16).

In 2015 liquidation proceedings were completed in 28 credit institutions, of which: bankruptcy proceedings were completed in respect of 17 banks (OJSC JSCB Grad-Bank, LLC, JSCB Yaroslav (CJSC) JSCB Lefco-bank

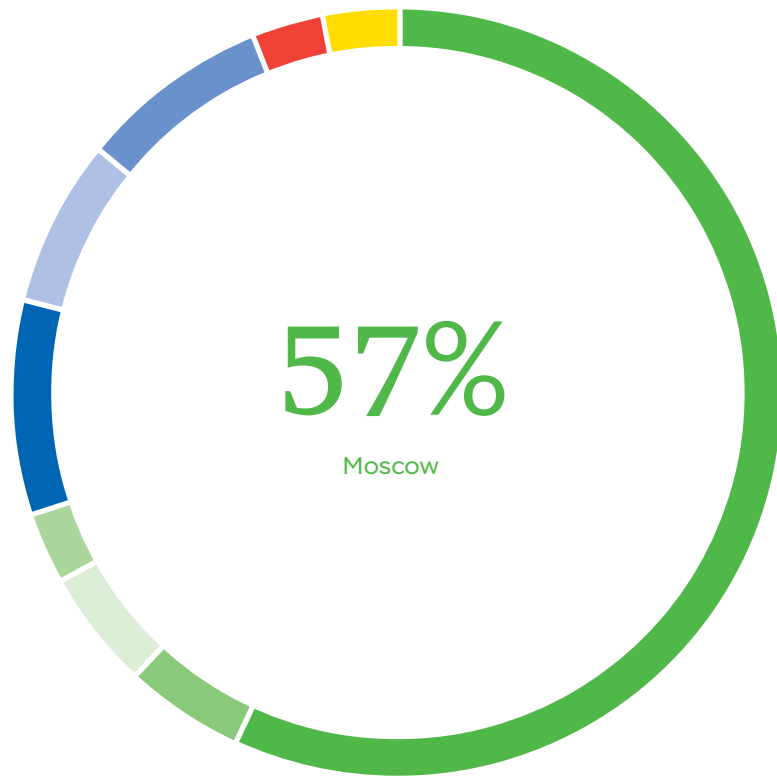


FIG. 15 Banks under Liquidation Broken Down by Federal Districts of the Russian Federation

- 57% – Moscow
- 5% – Central Federal District
- 5% – North Western Federal District
- 3% – Southern Federal District
- 9% – Volga Federal District
- 7% – Ural Federal District
- 8% – Far Eastern Federal District
- 3% – Siberian Federal District
- 3% – North Caucasus Federal District

(OJSC), OJSC CB Kauri, JSCB Electronika OJSC, JSCB Troyka (OJSC), CB Partnerbank LLC, UP-bank (OJSC), OJSC FIB, Baltcredobank (CJSC), My Bank (LLC), CB Sotscreditbank LLC, OJSC Agrokhimbank, CJSC JSCB MIB, CBI Bank LLC, OJSC CB Vypel, (LLC) CB NEOPOLIS-BANK); compulsory liquidation proceedings were completed in 11 banks (CB Ringcombank LLC, CB Sunzha LLC, CB Kaspys LLC, CBSR Dagestan LLC, OJSC NCO Tuvacredit, MCB ODINBANK (LLC), CB SOYUZPROMBANK, CB KIP-BANK (LLC), CB AUERBANK LLC, OJSC TSB, CB KBC (LLC)).

The average length of liquidation proceedings in respect of the banks where they were completed in the reporting period equaled to 69 months with the average indicator for the whole history of the Agency equal to 42 months. The increased length of bankruptcy proceedings are due to the length of litigations to collect assets in some banks and to bring former executives and owners of the credit institutions to civil liability (JSCB Lefco-bank (OJSC), JSC Yaroslav (CJSC), CB Partnerbank LLC, OJSC FIB, Baltcredobank (CJSC), CB Sotscreditbank LLC, OJSC Agrokhimbank, OJSC CB Vypel, KBI Bank (LLC)). The liquidation proceedings in respect of these banks exceeded 6 years. Besides, in respect of JCCB Yaroslav (CJSC) and CB Partnerbank LLC, bankruptcy proceedings were preceded by compulsory liquidation. The terms of compulsory liquidation proceedings were less than one year in CBSR Dagestan LLC, CB Ringcombank LLC,

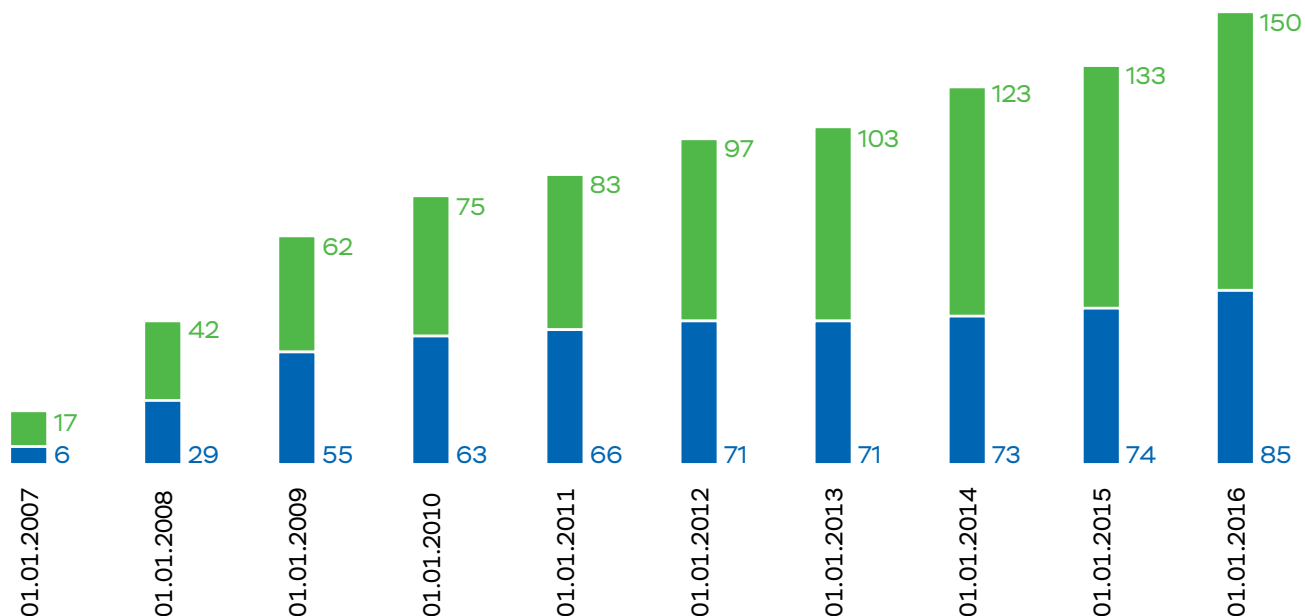


Рис. 16 The Number of Banks where Liquidation Procedures were Completed in 2006–2015 (Cumulatively)

■ Bankruptcy
■ Liquidation

CB Sunzha LLC, CB SOYUZPROMBANK, OJSC TSB with the average length of compulsory liquidation proceedings being 16 months.

In 2015 the Agency employees participated in 88 provisional administrations managing credit institutions as appointed by the Bank of Russia; this facilitated prompt implementation of measures that improve recovery of assets, early identification of dubious transactions committed by the management of the banks to the detriment of interests of the credit institutions and their creditors and prompt consideration of creditors' claims.

To support receivership (liquidation) proceedings the Agency engaged specialized third party organizations to provide legal services, accounting and support keeping the register of creditors' claims, appraise assets, ensure processing of archive documents of liquidated financial organizations, hold electronic trades, organize storage of property, etc.

As of December 31, 2015, 93 organizations were accredited by the Agency to render services to liquidated credit institutions. 801 tenders for the right to render services to to the Agency in liquidated banks were held in the reporting year which exceeds the same indicator for the previous year 1.5 times.

Bankruptcy Estate Formation for Settlements with Creditors

The actions, including search, inventory, appraisal of property, debt recovery from debtors of liquidated banks and property sale were performed in order to form the maximal bankruptcy estate which is the source of settlements with creditors of liquidated banks.

In the reporting year, the Agency completed inventory takings in 76 credit institutions with book value of their assets being 555 billion rubles. By the results of the inventory, the shortage was detected in 68 banks for the total amount of 82 billion rubles due to the absence/lack of supporting documents for loans, securities, settlements with debtors, cash placed on correspondent accounts. Significant share (about 72%) of aggregate detected shortage related to 8 credit institutions: SB Bank (LLC) (14 billion rubles), JSCB Investbank (OJSC) (12.4 billion rubles), JSCB Intrust-Bank (OJSC) (11.2 billion rubles), OJSC Bank “Zapadny” (5.6 billion rubles), OJSC Unikorbank (4.3 billion rubles), OJSC Smolensk Bank (3.9 billion rubles), OJSC PRB (3.9 billion rubles), OJSC CB Stroy-credit (3.5 billion rubles). Measures aimed at identification of the shortage reasons and collecting the assets were taken regarding all discovered facts of shortage.

In 2015, on the basis of internal regulations, in the course of conducting financial analysis of credit institutions, the Agency conducted appraisal of assets of 68 banks in which liquidation proceedings started in the reporting year. In compliance with the current legislation, at the request of creditors, independent appraisal of assets of 65 liquidated credit institutions was completed.

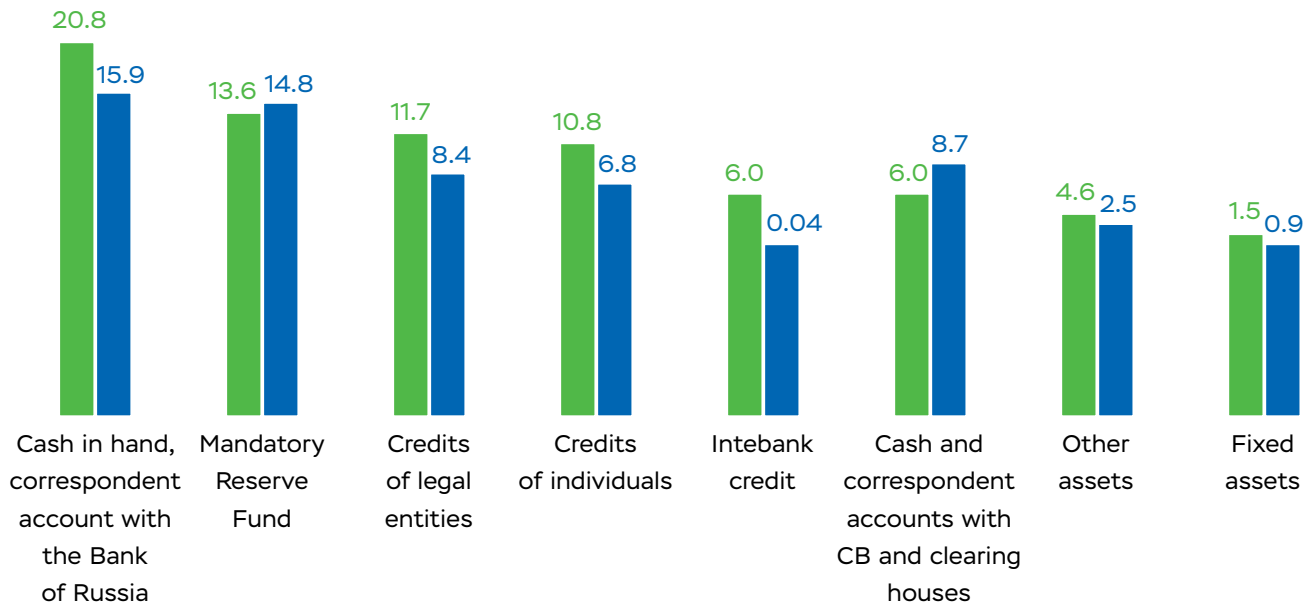


FIG. 17 Dynamics of Proceeds to Bankruptcy (Liquidation) Estates by Types of Assets, billion rubles

■ 2015
■ 2014

In the reporting year, 75 billion rubles were recovered from bankruptcy estates of the liquidated credit institutions (as compared with 58.1 billion rubles in 2014), including: obligatory reserves transferred by the Bank of Russia amounted to 13.6 billion rubles; cash of liquidated banks on correspondent accounts with the Bank of Russia were equal to 20.8 billion rubles; receipts from repayment and recovery of loans amounted to 28.5 billion rubles; 6 billion rubles were balances on banks' correspondent accounts and in clearing houses; 0.2 billion rubles were received from sale of securities; 1.5 billion rubles were received from sale of fixed assets; 4.4 billion rubles were received from sale of other assets.

In addition, as stipulated by Article 189.93 of the Law on Bankruptcy, 13.7 billion rubles were received in the reporting year from third parties to satisfy claims of creditors of the banks. 13.67 billion rubles of them were received from a third party (FFF Holdings B.V.) for satisfying claims of My Bank (LLC) creditors; 67.8 billion rubles were received from a participant of the bank for meeting claims of CB "Stary Kreml" (LLC) creditors.

It should be noted that as compared with 2014 proceeds from liquidation of failed banks' assets increased 1.5 times (from 27.0 billion rubles to 40.6 billion rubles), the volume of funds in banks' cash

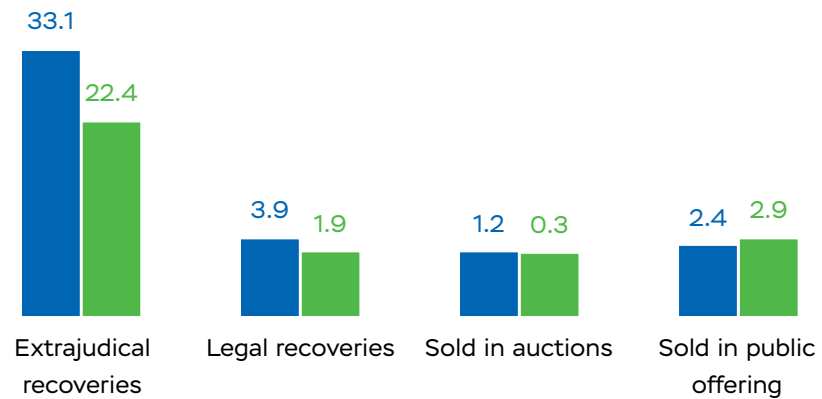


FIG. 18 Dynamics of Proceeds to Receivership Estate by Types of Collection⁷

- 2015
- 2014

⁷ Without the funds deposited with the Bank of Russia, funds of the banks placed in cash desk and on correspondent accounts with the Bank of Russia.

desk and on their correspondent accounts with the Bank of Russia increased from 16 billion rubles to 21 billion rubles; funds deposited with the Bank of Russia decreased from 15 billion rubles to 13.6 billion rubles (FIG. 17).

The main source of increase in the proceeds to bankruptcy (liquidation) estates was both 1.8 times increase in the volume of assets of liquidated banks and increase in the share of liquid assets in failed banks which came under the Agency's management in 2014–2015. As the result of pre-judicial actions taken by the Agency and aimed at repayment of debt by debtors to the credit institutions, 33 billion rubles came to the bankruptcy (liquidation) estates of liquidated banks which exceeds the same indicator of the previous year 1.5 times.

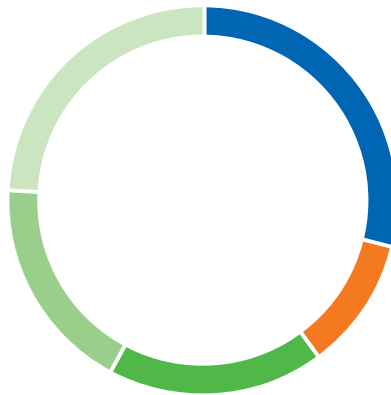
29,936 statements of claim (totaling 471 billion rubles) were sent to arbitration courts and courts of law for the reporting period to recover the assets of liquidated credit institutions which exceeds the same indicator of the previous year 2 times.

20,039 claims (totaling 364 billion rubles) were satisfied, 775 claims (34 billion rubles) were dismissed.

In 2015, there were 42,053 enforcement proceedings totaling 755 billion rubles, of which 20,366 (totaling 194 billion rubles) were initiated in the reporting year.

FIG. 19 Extra-judicial Proceeds to Receivership Estate by Types of Assets

- 29% – Claims against individuals
- 11% – Other assets
- 18% – Cash and correspondent accounts with CB and clearing hoses
- 18% – Interbank credit
- 24% – Claims against legal entities



29%
claims against individuals

FIG. 20 Dynamics of Claim Handling, thousand units

- Claims submitted to judicial authorities
- Enforcement proceeding initiated

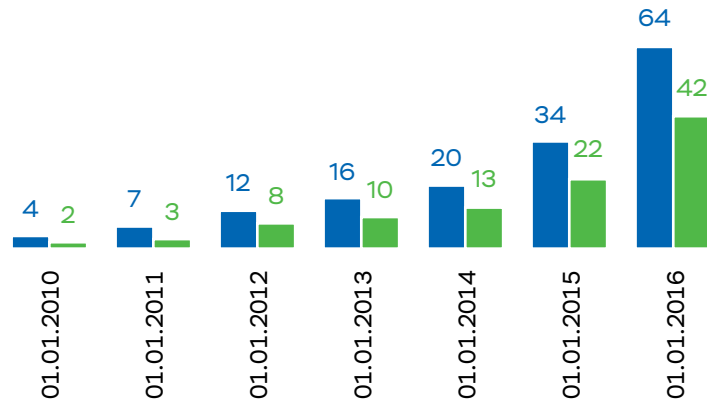
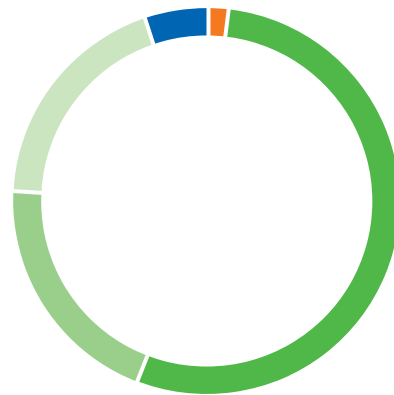


FIG. 21 Judicial Proceeds to Receivership Estate by Types of Assets

- 55% – Claims against legal entities
- 20% – Claims against individuals
- 19% – Other assets
- 5% – Cash and correspondent accounts with CB and clearing hoses
- 1% – Interbank credit



55%
claims against legal entities

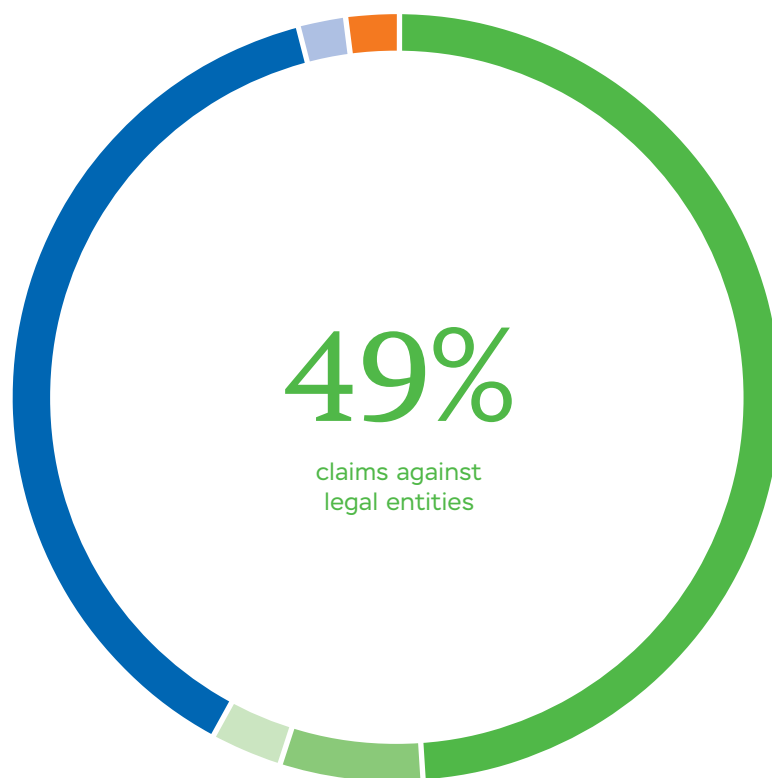


FIG. 22 Judicial Proceeds to Receivership Estate by Types of Assets

- 49% – claims against legal entities
- 6% – claims against individuals
- 3% – corporate securities
- 38% – real estate and land
- 2% – precious metals, stones, commemorative coins, pieces of art
- 2% – other assets

As the result of judicial work and collection through enforcement proceedings, the volume of proceeds to the bankruptcy and liquidation estates from the debtors of credit institutions amounted to 3.9 billion rubles which exceeds the same indicator of 2014 2 times. In 2015, as established by laws, the Agency held 340 trades with the property of liquidated banks, including 133 auctions, 137 public offerings in electronic form, 59 public offerings (not electronic) – after the trades, in the cases established by law; the property was sold by conclusion of direct contracts 11 times. 3.64 billion rubles were recovered through the sale of property which exceeds the same indicator of the previous year 1.15 times.

Investigating and Contesting Dubious Transactions. Bringing Guilty Persons to Account

Acting as the official bankruptcy trustee (liquidator), the Agency takes measures aimed at identification and contesting transactions that are to the detriment to the property interests of the credit institutions and their creditors (dubious transactions), searches for and demands bank assets illegally held by third parties, and also establishes grounds to bring to account liable persons whose actions/omissions contributed to a credit institution failure.

In the reporting year, inspections to identify dubious transactions were performed in 61 credit institutions. Transactions to be contested were identified in 43 credit institutions. Working action plans to contest dubious transactions were approved and implemented. In 2015, 2,060 claims to contest dubious transactions of liquidated credit institutions were considered in courts of law and arbitration courts, with 1,387 of them based on the claims filed in the reporting year. 654 claims of the Agency were sustained. 1.56 billion rubles were received to be included in the bankruptcy estates of liquidated credit institutions as the result of contesting dubious transactions by the Agency in the reporting period.

In the reporting years circumstances of bankruptcy of 20 credit institutions were investigated, with evidences of intentional bankruptcy identified in 17 banks. Opinions on impossibility to detect the circumstances of bankruptcy due to the absence of electronic database and documents were prepared in “BPF Bank” and “Russky Zemelny Bank”. At the same time, inspections of these banks revealed the evi-

dence of theft of their property disguise by provision of loans to legal entities and other transactions. The Agency acting in the capacity of bankruptcy trustee prepared and sent to the law-enforcement authorities the application on evidence of crime stipulated by Part 4 Article 160 of the Criminal Code of the Russian Federation (Embezzlement); claim-related work is under way.

15 claims of the Agency seeking to impose financial liability on ex top-managers of banks for the amount of 11.3 billion rubles were sent to courts. Claims of the Agency to bring to subsidiary liability were satisfied in respect of the executives of CJSC "International Industrial Bank" in the amount of 75.6 billion rubles, CB Sembank LLC – 0.5 billion rubles and JSCB GAL-ABANK (CJSC) – 0.4 billion rubles. Claims for collection of losses from former executives of JSCB MZB in the amount of 2.3 billion rubles, CJSC Bank BEFK – Ural – 0.3 billion rubles and OJSC Combank "Prikamie" – two claims totaling 0.2 billion rubles – were also satisfied.

86 filings based on identified evidences of different crimes as discovered in credit institutions were submitted to the law-enforcement authorities, including: 15 – evidences of intentional bankruptcy; 50 – evidences of theft of funds and property of credit institutions, and evidences of abuse of authority exercised by top-managers and employees of the credit institutions; 3 – evidences of attempted theft from the mandatory deposit insurance fund; 18 – other grounds. In the reporting period 138 criminal cases were initiated, including: 116 – evidences of theft of funds and property of credit institutions, and evidences of abuse of authority exercised by top-managers and employees of the credit institutions; 8 – evidences of deliberate bankruptcy; 2 – attempted theft from the mandatory deposit insurance fund; 12 – other grounds.

Guilty verdict was brought under 14 criminal cases.

1. On January 30, 2015 Savelovsky District Court of Moscow found the Chairman of the Management Board of CB Industrial LLC, B.B. Kerbabaev, guilty of the crimes stipulated by Article 196 "Deliberate bankruptcy", part 3 Article 30 "Preparation for crime and attempt of crime" and part 4 Article 159 "Fraud" of the Criminal Code of the Russian Federation, he was imprisoned for 2 years. The verdict came into legal force.
2. On February 6, 2015 Dorogomilovsky District Court of Moscow found Acting Chairman of the Management Board of Bank Impreia LLC, I.A. Kuleshov, guilty of the crime stipulated by part 1 Article 201 "Abuse of powers" of the Criminal Code of the Russian Federation, he was sentenced to a fine of 100 thousand rubles. The verdict came into legal force.
3. On February 25, 2015 Leninsky District Court of Vladikavkaz found the Chairman of the Management Board of OJSC JSCB "Region Development Bank", S.I. Doev, guilty of the crimes stipulated by part 4 Article 160 "Embezzlement", part 2 Article 165 "Causing property damage by false pretense or abuse of trust" and part 4 Article 174.1

“Legalization (laundering) of funds or other property acquired by the person as the result of crime” of the Criminal Code of the Russian Federation, he was imprisoned for 3 years and 6 months; the Head of Cash Operations Department, Z.Kh. Satsaeva, was found guilty of the crimes stipulated by part 4 Article 160 “Embezzlement” and part 2 Article 165 “Causing property damage by false pretense or abuse of trust” of the Criminal Code of the Russian Federation, she received a 3 year suspended prison sentence. The verdict came into legal force.

4. On May 20, 2015 Zamoskvoretsky District Court of Moscow found Vice-President of OJSC PRB, S.G. Ayrapetyan, guilty of the crime stipulated by part 4 Article 160 “Embezzlement” of the Criminal Code of the Russian Federation, he was imprisoned for 3 years. The verdict came into legal force.

5. On June 01, 2015 Khunzahsky District Court of the Republic of Dagestan found shareholder of OJSC JSIB Imbank, G.M. Darbishev, guilty of the crimes stipulated by part 3 and part 4 Article 159 “Fraud” of the Criminal Code of the Russian Federation, he received a 4 year suspended prison sentence. The verdict came into legal force.

6. On June 25, 2015 Presnensky District Court of Moscow found the actual owner of CJSC JSCB “Slavic Bank”, M.R. Urin, guilty of the crimes stipulated by part 4 Article 159 “Fraud”, part 3 Article 174.1 “Legalization (laundering) of funds or other property acquired by the person as the result of crime” of the Criminal Code of the Russian Federation, he was imprisoned for 8 years and 6 months. The verdict came into legal force.

7. On July 24, 2015 Tverskoy District Court of Moscow found the Chairman of Executive Directorate of CJSC “International Industrial Bank”, A.A. Didenko, guilty of the crime stipulated by part 2 Article 33 “Types of participators in crime”, part 4 Article 160 “Embezzlement” of the Criminal Code of the Russian Federation. Determination of Moscow City Court dated September 30, 2015 changed the verdict, A.A. Didenko was imprisoned for 3 years.

8. On July 29, 2015 the Supreme Court of the Republic of Dagestan found M.A. Magomedov who controlled the business of Makhachkala Branch of Vitas Bank LLC and his partners in crime, M.A. Gadzhiev and S.M. Abakarov, guilty of the crimes stipulated by part 1 Article 210 “Organization of criminal community (criminal association) or participation in it”, part 3 Article 163 “Blackmail”, part 3 Article 161 “Robbery”, part 4 Article 159 “Fraud”, part 3 Article 174.1 “Legalization (laundering) of funds or other property acquired by the person as the result of crime”, part 2 Article 326 “Falsification or destruction of vehicle identification number” of the Criminal Code of the Russian Federation, M.A. Magomedov was sentenced to imprisonment for 16 years, M.A. Gadzhiev — for 6 years and 6 months, S.M. Abakarov — for 6 years. Civil claims of the Bank against M.A. Magomedov and M.A. Gadzhiev was satisfied for 116.1 million rubles. The verdict came into legal force.

9. On September 24, 2015 Metallurgichesky District Court of Chelyabinsk found the cashier of Chelyabinsk Branch of OJSC IB "Buzulukbank", I.V. Suslova, guilty of the crimes stipulated by part 3 Article 160 "Embezzlement", part 1 Article 174.1 "Legalization (laundering) of funds or other property acquired by the person as the result of crime" and part 1 Article 306 "Misleading information" of the Criminal Code of the Russian Federation, she received a suspended prison sentence for 2 years and 7 months, civil claim of the bank in the amount of 250.9 thousand rubles was satisfied. The verdict came into legal force.

10. On September 24, 2015 Presnensky District Court of Moscow found the Chairman of the Management Board of CJSC JSCB "Image", V.A. Silina, Chairman of the Board of Directors, V.P. Motkin, and Chief Accountant, E.N. Guriyanova, guilty of the crimes stipulated by part 4 Article 160 "Embezzlement", part 3 Article 174.1 "Legalization (laundering) of funds or other property acquired by the person as the result of crime", part 3 Article 186 "Making, storage, transportation or sale of counterfeit money and securities" of the Criminal Code of the Russian Federation, they received a suspended prison sentence from 4 years to 4 years and 6 months. The verdict came into legal force.

11. On October 16, 2015 Pushkino Town Court of the Moscow Region found the shareholder of OJSC CB Pushkino, I.I. Lisitsyna, guilty of the crime stipulated by part 4 Article 159 "Fraud" of the Criminal Code of the Russian Federation, she received a 5 year suspended prison sentence, civil claim of the bank in the amount of 151.7 million rubles was satisfied. The verdict came into legal force.

12. On November 9, 2015 Borsky Town Court of the Nizhny Novgorod Region found Deputy Chairman of the Management Board of Borsky Combank LLC, L.M. Krivenchuk, guilty of the crime stipulated by part 4 Article 160 "Embezzlement" of the Criminal Code of the Russian Federation, she received a 3 year suspended prison sentence.

13. On November 9, 2015 Kaspiysky Town Court of the Republic of Dagestan found N.M. Magomedova, advisor of Primorie Branch of Dagenergobank LLC, guilty of the crimes stipulated by part 4 Article 159 "Fraud" and part 1 Article 327 "Falsification, making or distribution of false documents, governmental awards, stamps, seals, letterheads" of the Criminal Code of the Russian Federation, she was imprisoned for 5 years, civil claim of the bank in the amount of 2.5 million rubles was satisfied.

14. On December 21, 2015 Izmaylovsky District Court of Moscow found the head of cash desk of Elektrozavodskoe Operating Cash Desk of CB Holding-Credit LLC, A.N. Rudoy, guilty of the crime stipulated by part 4 Article 160 "Embezzlement" of the Criminal Code of the Russian Federation, he received a 4 year suspended prison sentence, civil claim of the bank in the amount of 5 million rubles was satisfied.

Managing Current Expenditures of Liquidated Banks

Current expenses for bankruptcy (liquidation) proceedings in the reporting year amounted to 10,991 million rubles which exceeds the same indicator of the previous year 1.3 times.

In addition to the above-mentioned increase in the volume of assets of liquidated banks, the main reason for the increase in current expenses was the growth of payments of salaries and severance pays to dismissed employees of liquidated banks. In 2015 in the course of bankruptcy (liquidation) of credit institutions, measures were taken to dismiss more than 18.8 thousand persons as compared to 14.5 thousand persons in 2014. Salary payments amounted to 4.4 billion rubles (39.9 %), out of which 2.4 billion rubles were paid to discharge arrears in salaries and severance pays to dismissed employees.

Legal costs account for significant share (25.3%) in the current expenses of liquidated banks. Due to the increase in the scope of work on debt collection from the debtors of the banks in courts, such costs increased 1.8 times as compared to the previous year and amounted to 2.8 billion rubles.

As large credit institutions with branch networks and significant real estate came under the management of the Agency, current expenses connected with security, rent, operation and maintenance of real estate increased 1.7 times.

The structure of current expenses on liquidation (bankruptcy) of credit institutions in 2015 is presented in [FIG. 23](#).

In case of lack of funds in liquidated credit institutions, liquidation expenses were prepaid by the Agency as established by law to speed

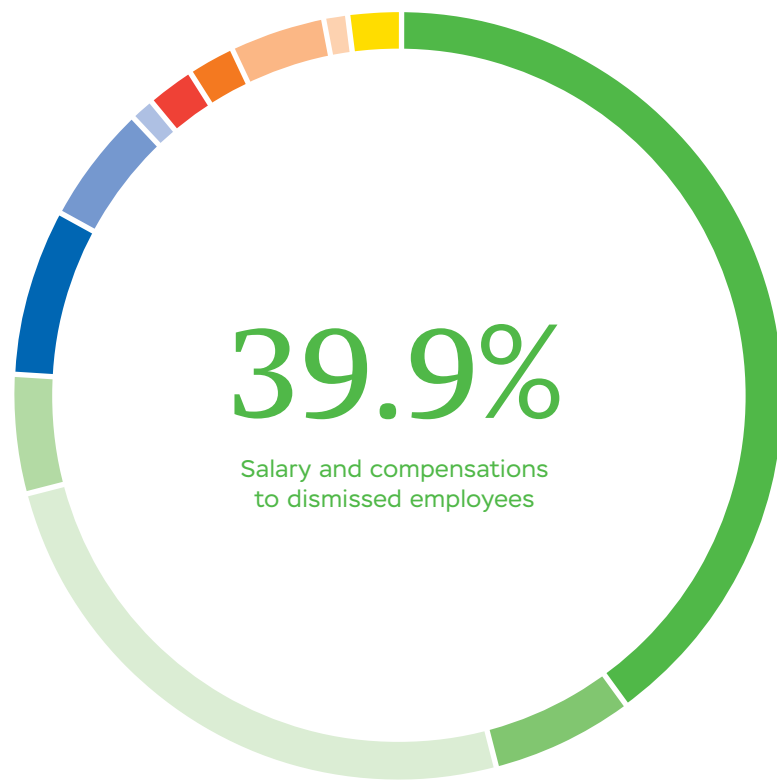


FIG. 23 Structure of current expenses on liquidation (bankruptcy) of credit institutions in 2015

- 39.9% – salary and compensations to dismissed employees
- 6.1% – salary accruals
- 25.3% – legal costs for arbitration proceedings
- 5.3% – expenses for expert examination of documents and placement of archives
- 6.3% – rent
- 4.7% – expenses of information and intermediary services
- 1.1% – postal, telegraph, telephone expenses
- 2.2% – maintenance of buildings and structures
- 1.7% – security expenses
- 3.7% – state duty paid
- 1.3% – transport expenses
- 2.4% – other expenses

up the liquidation and to discharge the salary debt to former employees in the shortest possible time.

In the reporting year, the amount of prepaid funds taking into account the debt as of the beginning of the reporting period was equal to 868.8 million rubles; 801.3 million rubles were repaid by the liquidated credit institutions during the year.

Verification and Satisfaction of Creditors' Claims, Work of Management Bodies of Liquidated Banks

As significant number of credit institutions came under the management of the Agency in 2015, the total amount of established claims of creditors of liquidated banks increased 1.5 times – from 694.6 billion rubles up to 1,055.9 billion rubles, the total number of creditors increased 1.2 times – from 221.95 thousand up to 267.1 thousand persons.

Overall, as of December 31, 2015, claims of 267.13 thousand creditors of credit institutions where the liquidation procedures were not completed – for the total amount of 1,055.9 billion rubles (FIG. 24 and FIG. 25) were established, of which claims of the Agency (mainly payouts to insured depositors) amounted to 549.9 billion rubles making up 52% of the liability of liquidated credit institutions to the creditors.

In 2015 66.02 billion rubles were allocated for payments to creditors which is the maximal indicator throughout the history of the Agency which exceeds the indicator of the previous year 2 times (31.63 billion rubles).

In compliance with Article 189.96 of the Law on Insolvency (Bankruptcy), measures were taken to satisfy the claims of creditors by kickback in six credit institutions (JSCB Troyka (OJSC), CB Sots-

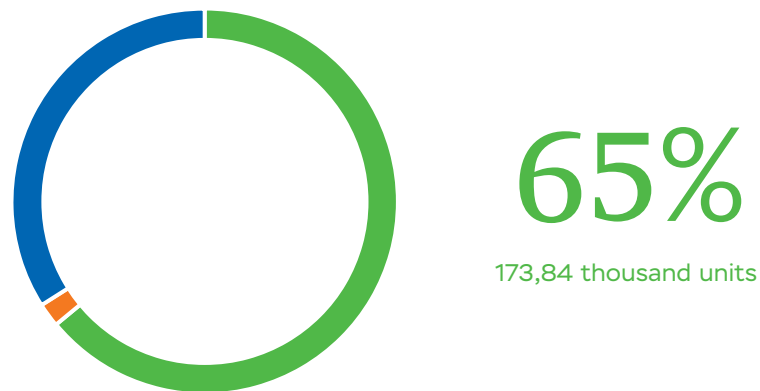
FIG. 24 Structure of Established Claims in Credit Institutions where Liquidation Procedures Continue as of 01.01.2016

- 644.40 billion rubles.; 61.02% – 1st priority
- 0.18 billion rubles.; 0.02% – 2nd priority
- 411.33 billion rubles; 38.96% – 3rd priority



PIС. 25 Structure of Number of Creditors of Credit Institutions where Liquidation Procedures Continue as of 01.01.2016

- 173.84 thousand units; 65% – 1st priority
- 2.59 thousand units; 1% – 2nd priority
- 90.71 thousand units; 34% – 3rd priority



creditbank (LLC), CB SPBRR OJSC, OJSC CB Vypel, OJSC FIB, OJSC CB PROMBANK). The creditors were mainly granted with the rights of claim against former heads of the failed credit institutions who were brought by the Agency to subsidiary liability or from whom the damages were recovered as the compensation.

In compliance with the agreements concluded with the creditors, they were provided with the assets with the total value of 1,123 million rubles, of which the Agency as the first-priority creditor of liquidated credit institutions received as the kickback the rights of claims against 5 controlling persons of three liquidated banks totaling 819.3 million rubles. The average percentage of meeting claims of creditors of 17 insolvent banks in which liquidation proceedings were completed in the reporting year was 46.4%, which is above the average indicator throughout the Agency's history 1.3 times (34.7%).

Significant growth of this indicator in the reporting period is caused, among other things, by the measures to satisfy in full claims of the My Bank (LLC) creditors. In compliance with Article 189.93 of the Law on Insolvency (Bankruptcy), 15 billion rubles were received from a third party (FFF Holdings B.V.) to satisfy claims of My Bank (LLC) creditors.

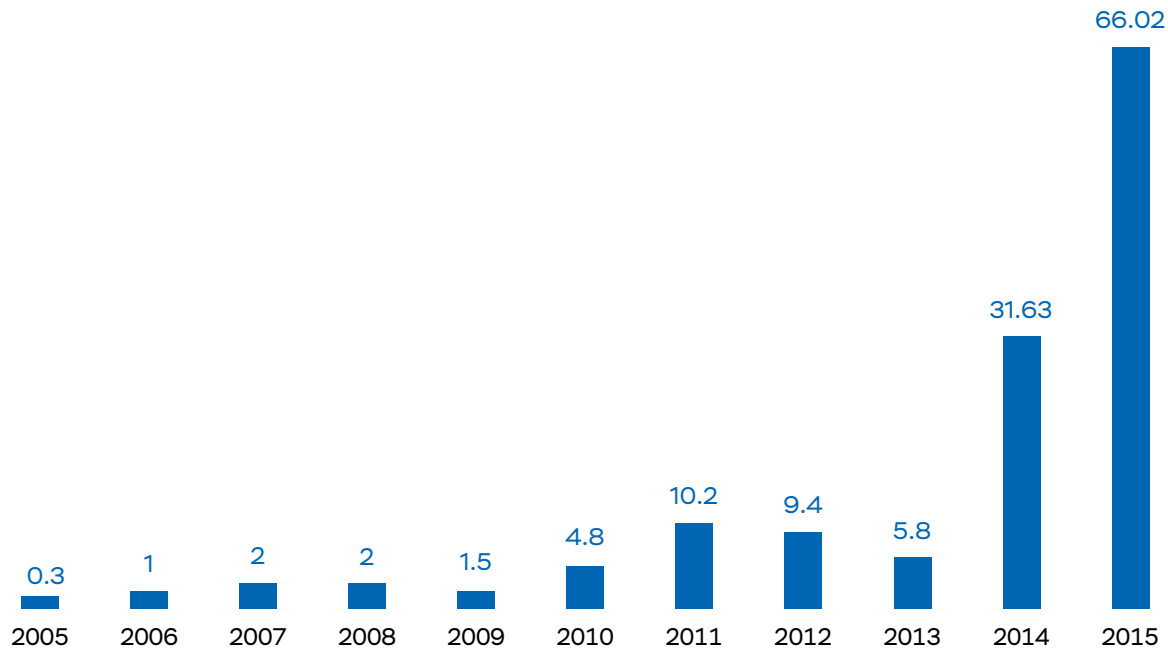


FIG. 26 Dynamics of Payments Made to Creditors throughout the Agency's History, billion rubles

In terms of priority of creditor claims, throughout the Agency's history claims of first priority creditors were satisfied in average by 70.7%, second priority – by 20.2%, third priority – by 16.3%.

Claims of the My Bank (LLC) creditors were fully satisfied as well as claims of creditors of 11 credit institutions in respect of which compulsory liquidation proceedings were applied.

Assets that remained after settlements with creditors with the total value of 11.9 billion rubles were distributed between shareholders (participants) of 16 credit institutions (cash, rights of claim, accounts receivable, real estate, vehicles).

As of December 31, 2015 148,544 judicial acts, decrees of court bailiffs, decisions of head of tax authorities, acts of other authorities and officials on levy of execution, on suspension of operations on accounts, on search and arrest and/or other restrictions on funds standing on the accounts of customers of liquidated credit institutions were considered. 9,023 of which were in respect of creditors of liquidated credit institutions.

In 2015 85 meetings of creditors of liquidated credit institutions were held, with 68 of them being the first creditors' meetings. All in all, 4,584 creditors were present at the creditors' meetings

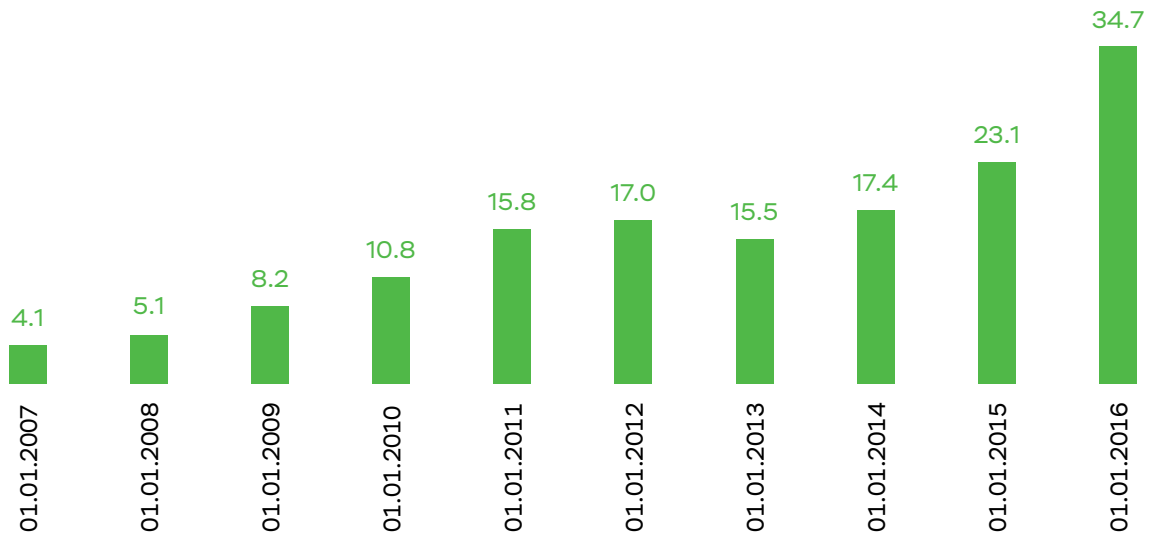


Рис. 27 Dynamics of Satisfying Creditor Claims in Banks where Liquidation was Completed, %

(7.88% of the total number of creditors entitled to participate in such meetings). Such creditors held 80.99% of total votes.

As of December 31, 2015 219 creditor committees exist, of which 218 committees have full authorities to decide on the issues referred by the legislation to the competence of creditors' meetings or creditor committees. In the reporting period 1,916 meeting of creditor committees were held in which 3,567 issues were considered. Decisions proposed by the bankruptcy trustee (liquidator) were made on most issues (80.85%).



The Agency's Operations on Liquidation of Non-government Pension Funds

- [6.1.](#) Liquidation Management
- [6.2.](#) Formation of Funds for Settlements with Creditors
- [6.3.](#) Investigating and Contesting Dubious Transactions. Bringing Guilty Persons to Account.
- [6.4.](#) Verification and Satisfaction of Creditors' Claims, Work of Management Bodies of Liquidated NPFs

6



Liquidation Management

As of December 31, 2015 the Agency performed liquidation procedures in 20 NPFs not being PSGS members, including bankruptcy proceedings in 6 of them and forced liquidated in 14 of them. At that, in the reporting period the liquidation procedures were commenced in respect of 15 NPFs which exceeds the same indicator of the previous year 3 times (FIG. 28).

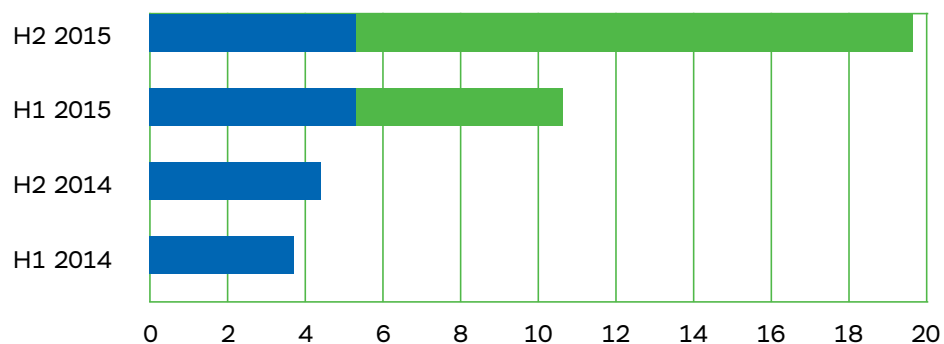


FIG. 28 Dynamics of the Number of NPFs in Respect of which the Agency Performs the Liquidation Procedures

- Receivership
- Liquidation

Sharp growth in the number of NPFs liquidated by the Agency is connected with the improvement by the Bank of Russia of supervision over the activity on mandatory pension insurance and non-government pension system, including control measures implemented in the course of reorganization of non-government pension funds into joint-stock companies and their accession to the Pension Savings Guarantee System (PSGS).

Taking into account that the government amended in 2015 the procedure of forced liquidation of NPFs performing activity as the insurer in respect of mandatory pension insurance, upon the requests of the Bank of Russia the arbitration courts started the procedures of forced liquidation in 14 funds (10 of which were reorganized into joint-stock companies prior to cancellation of their licenses). Earlier the Agency performed only the functions of liquidator of funds being non-for-profit organizations.



FIG. 29 Structure of Assets of Liquidated NPFs (Book Value)

- 2.59% – 2014
- 4.80 % – Pension savings (PS)
- 65.75% – Pension reserves (PR)
- 29.45% – Receivership estate (RE)

- 97.41% – 2015 r.
- 91.00 % – Pension savings (PS)
- 3.87% – Pension reserves (PR)
- 5.13% – Receivership estate (RE)

The share of NPFs registered in the Moscow region amounted to 75% of the total number of liquidated NPFs as of December 31, 2015. The peculiar feature of the funds in respect of which the Agency was appointed a liquidator in 2015 is the presence of separate regional divisions located at the territory of various constituent entities of the Russian Federation.

The largest liquidated NPFs (by size of attracted funds and number of customers) were:

by pension savings/number of insured persons:

- JSC NPF “Solntse. Zhizn. Pensia.” (29,994.5 million rubles/ 703.3 thousand persons),
- JSC NPF Savings Fund “Solnechny bereg” (13,911.7 million rubles/ 216.7 thousand persons);

by pension reserves/number of participants:

- OJSC NPF “Blagodenstvie” (1,204.6 million rubles/ 28 thousand persons),
- JSC NPF “Blagovest” (860.2 million rubles/ 32.2 thousand persons).

The reporting year saw not only the increase in the number of liquidated NPFs, aggregate amount of their assets, liabilities and number of customers but also change in the structure of their assets. If in 2014 the main share of funds’ assets was formed at the expense of pension reserves (more than 65%), in 2015 – at the expense of pension savings of insured persons (more than 90%) (FIG. 29).

As the result, there was a change in the assets included in the portfolio of liquidated funds where the pension reserves were placed,

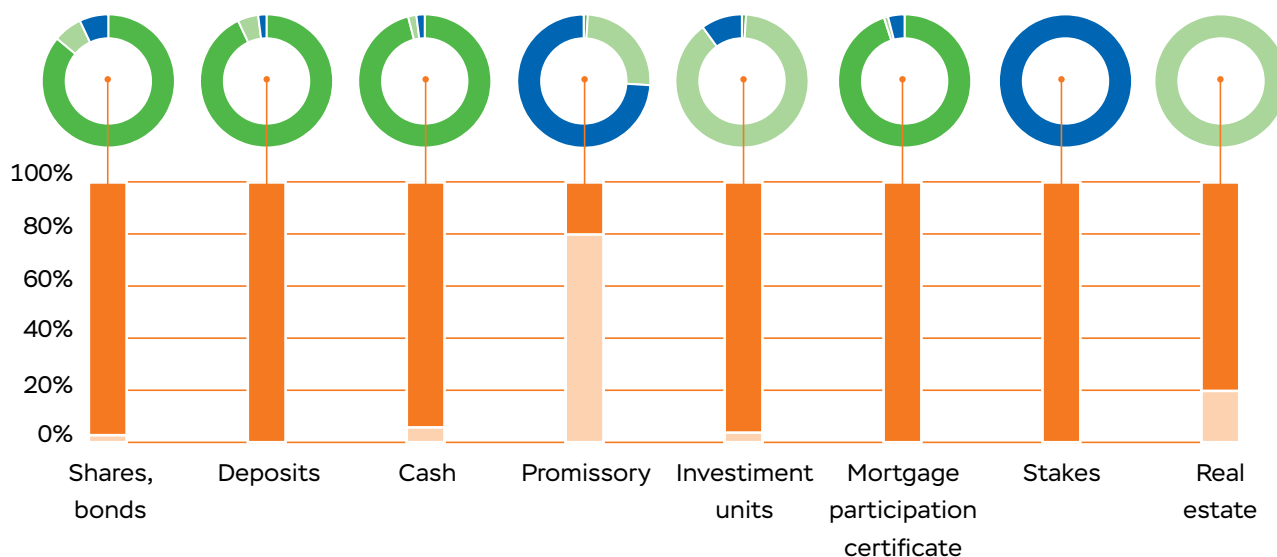


FIG. 30 Comparative Analysis of Assets Portfolio of Liquidated NPFs by Types of Investments (book value)

- 2014
- 2015
- Pension savings (PS)
- Pension reserves (PR)
- Receivership estate (RE)

pension savings were invested and equity (property to provide for the chartered activity) (FIG. 30).

For the purposes of effective management of liquidation proceedings, including operative performance of first-priority measures to provide for safety and recovery of assets, in 2015 the Agency's employees participated in 19 provisional administrations of NPFs appointed by the Bank of Russia.

Uninterruptedness of liquidation proceedings was secured by full-time employees of the Agency. Given the industrial specifics and increase in the number of measures taken in respect of NPFs, the Agency additionally accredited specialized organizations in new nominations: book-keeping and tax accounting in non-government pension funds, brokerage and depository activity, trust management and actuarial appraisal. 32 selections were held among the accredited organizations for the right to provide services to liquidated NPFs. A non-government pension fund was also selected to perform the obligation of payment of non-government life pensions.

A set of liquidation measures performed by the Agency is aimed at maximal protection of the rights of persons participating in the programs of mandatory pension insurance and non-government pension system. Accessibility and openness of this information in 2015 was assured through placement of more than 100 publications containing the data on the course of the main liquidation measures in the funds on the official web-site of the Agency, in the Unified Federal Register of Data on Bankruptcy and mass media.

Formation of Funds for Settlements with Creditors

For the purposes of proper execution of powers of the bankruptcy trustee (liquidator) of NPFs, the Agency takes measures which provide for formation of funds for settlements with creditors to the maximal extent possible.

The main lines of the Agency's work to accumulate the funds of liquidated NPFs in the reporting year were: acceptance of assets from provisional administrations, assurance of their integrity; taking measures aimed at search, detection and recovery of assets held by third parties, including management companies under the trust management agreements; inventory taking, determination of the market value of assets (asset appraisal), organization and holding trades, collection of accounts receivable through court proceedings.

In 2015 the Agency took inventory in 13 funds, in respect of 4 funds the results were summarized in the reporting year. The main shortage of NPFs' assets was identified in equity (assets to conduct chartered activity) and is mainly formed at the expense of accounts receivable from counterparties under the economic contracts, not documented, and the property not transferred by the former executives of NPF to the provisional administration and the liquidator. The aggregate book value of the assets of liquidated NPFs as of the end of the reporting year amounted to about 72.5 billion rubles, including 70.5 billion rubles falling on the funds in respect of which the liquidation proceedings were commenced in 2015.

To optimize work with NPFs' assets, including to speed up the inventory taking, the Agency organized electronic workflow with the largest specialized depositories. In 2015 contracts were additionally concluded with two depositories.

The market value of securities admitted for circulation on the organized market belonging to the NPFs liquidated by the Agency in 2015 amounted to about 4 billion rubles. The market value of other assets is determined by the specialized organizations accredited by the Agency.

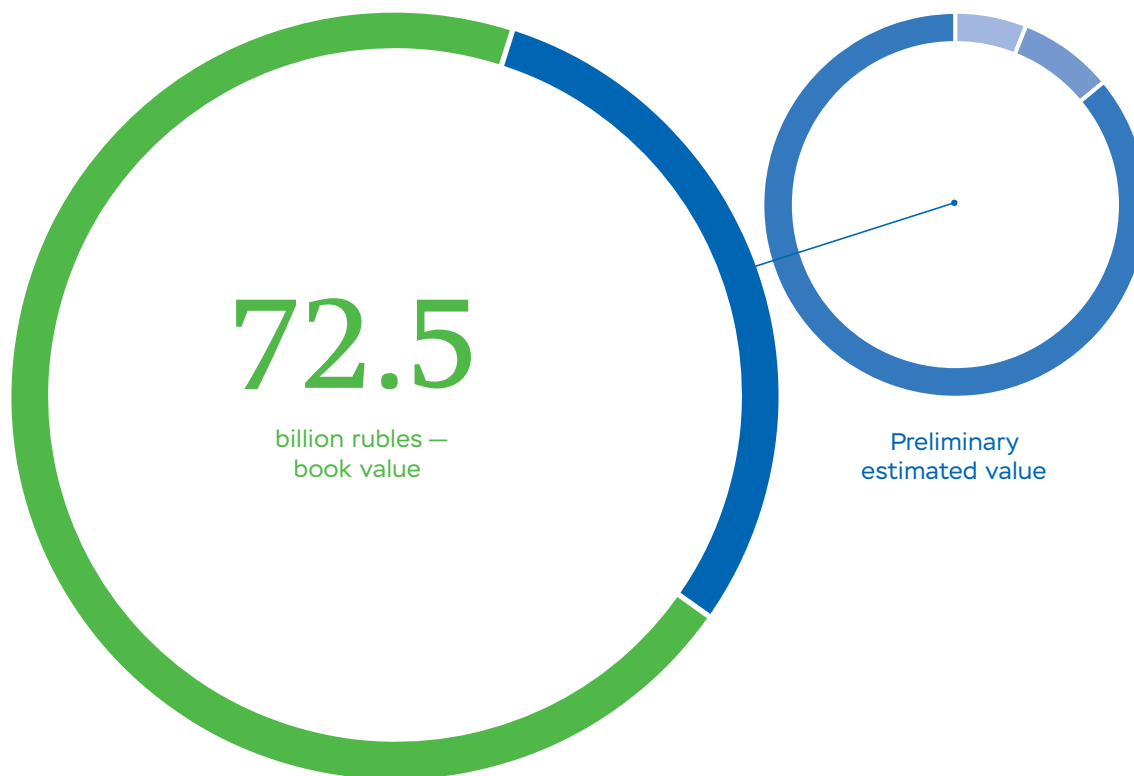


FIG. 31 Book and Estimated Value of the Assets of Liquidated NPFs

- 72.5 billion rubles — book value
- ~30% — preliminary estimated value
- Pension savings
- Receivership estate
- Pension reserves

Preliminary analysis showed that the aggregate estimated value of the available assets of liquidated NPFs as of December 31, 2015 does not exceed 30% of their book value (FIG. 31).

Given poor quality of assets of liquidated funds, statements of claim for the total amount of 854.4 million rubles were brought to arbitration courts and courts of law to collect them. 30 claims totaling 781.05 million rubles were satisfied. In 2015, there were 21 enforcement proceedings totaling 408.5 million rubles, of which 17 totaling 408.5 million rubles were initiated in 2015. In the reporting period, the proceeds in the course of enforcement proceedings amounted to 0.22 million rubles.

During 2015 sale of liquidated NPF assets continued. Technology of free of charge placement of data on trades in the official edition of the Bank of Russia — the Journal of the Bank of Russia and the Unified Federal Register of Data on Bankruptcy was mastered (if the funds' assets are insufficient to cover the current expenses). Trades with the assets of 5 funds in the form of open auction and public offering were organized and held.

763.3 million rubles were received on the accounts of funds opened with the Agency for separate accounting of funds of pension savings, pension reserves and bankruptcy estate. In 2015 about 90% of all proceeds were the funds of pension savings, while in 2014 almost 100% of proceeds were represented by the funds of pension reserves.

PENSION SAVINGS

In 2015 cash funds in the amount of 681.9 million rubles were received to the accounts of liquidated funds for accounting of pension savings which resulted from pre-judicial works aimed at return of funds from credit institutions when closing the settlement accounts and from trust management.

There were no settlements with creditors at the expense of pension savings in 2015. These measures will be initiated by the Agency in 2016 — in the course of forced liquidation proceedings after approval of the interim liquidation balance sheets of NPFs by the Bank of Russian.

PENSION RESERVES

In the reporting year 71.3 million rubles was received to the accounts of liquidated funds for accounting of pension reserves with the Agency, about 15 million rubles were received for the same period of the previous year. If in 2014 the proceeds were caused by closure of settlement accounts, in 2015 they were mainly made at the expense of return of funds by the management companies from trust management.

48.79 million rubles were received under the claims of the Agency against the management companies. In connection with failure to meet claims of the Agency for returning pension reserve funds from trust management, statements of claim were sent to arbitration courts for the total amount of 25,86 million rubles. 2 statements of claim were fully satisfied for 7.27 million rubles on the basis of judicial decisions made.

Measures to search and recover NPFs' assets allowed starting settlements with creditors whose claims are subject to satisfaction at the expense of pension reserves.

In 2015, decision was agreed with the Bank of Russian and measures were taken to transfer to another NPF of the obligation to pay to 182 participants of NO Podolsk Non-government Pension Fund of life non-government pensions and funds of pension reserves for the amount of 30.2 million rubles while preserving the conditions of their payment. All in all, 47.3 million rubles were allocated towards settlements with the depositors and participants of three liquidated funds in 2015.

BANKRUPTCY ESTATE

10.1 million rubles were received to the accounts of liquidated NPFs for accounting of funds of bankruptcy and liquidation estates in 2015. The main share (more than 60%) in the structure of current expenses of NPFs for the reporting year was the obligations to pay salary, benefits and compensations to the former employees of liquidated funds. Taking into account insufficiency of funds, their current expenses were mainly paid at the expense of the Agency. In 2015 the amount of expenses of NPFs for liquidation proceedings that was prepaid by the Agency amounted to 3.7 million rubles, 0.8 million rubles were recovered.

Investigating and Contesting Dubious Transactions. Bringing Guilty Persons to Account

In 2015 circumstances of bankruptcy and evidences of dubious transactions of three non-government pension funds were investigated: NPF Industrial, NO Podolsk Non-government Pension Fund and NPF “Semeyny”.

Evidences of deliberate bankruptcy were identified in NPF Industrial. Dubious transaction for illegal writing-off of funds from the banking account of the fund was detected and challenged in NPF “Semeyny”. 3 filings based on identified evidences of different crimes discovered in liquidated funds were submitted to the law-enforcement authorities: evidences of deliberate bankruptcy (NON-GOVERNMENT PENSION FUND “PROFESSIONAL INDEPENDENT PENSION FUND”, NPF Industrial), evidences of theft of property (NO Podolsk Non-government Pension Fund).

Verification and Satisfaction of Creditors' Claims, Work of Management Bodies of Liquidated NPFs

As significant number of NPFs came under the management of the Agency in 2015, the amount of established claims of their creditors increased 27 times – from 758.49 billion rubles up to 21,046.12 billion rubles, the total number of creditors increased 17 times – from 1.6 thousand up to 28.2 thousand persons.

As of December 31, 2015 claims of 28.2 thousand creditors of 11 liquidated NPFs for the total amount of 21,046.12 million rubles were established, including those subject to satisfaction at the expense of pension savings – 22.9 thousand creditors; at the expense of pension reserves – 4.9 thousand creditors; at the expense of bankruptcy estate – 0.4 thousand creditors.

Claims of the Bank of Russian acquired as the result of transfer of funds to the Pension Fund of the Russian Federation exceeded 16 billion rubles.

In the reporting period the structure of claims of creditors of liquidated NPFs changed: the share of established claims of creditors subject to satisfaction at the expense of pension savings increased from 16% to 96%.

Change in the structure of creditors' claims is connected with the fact that in respect of NPFs with licenses canceled in 2015

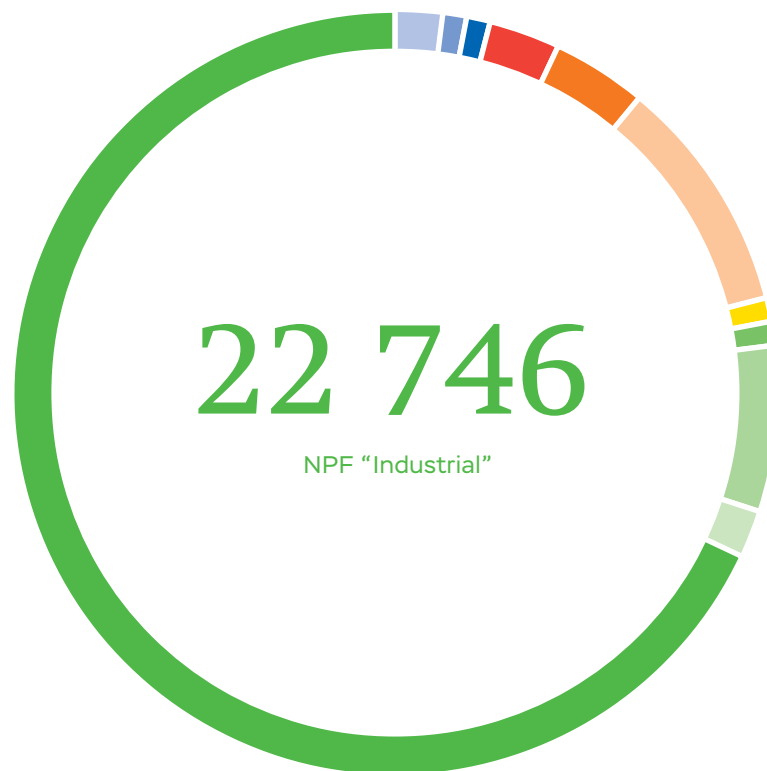


FIG. 32 Established Claims of the Creditors of Liquidated NPFs, units

■	22 746 – NPF "Industrial"
■	131 – JSC NPF "Sbergatelnny"
■	91 – NPF Savings Fund "Solnechny bereg"
■	25 – NPF "General Pension Fund"
■	323 – NPF "Transstroy"
■	370 – NO NPF "Podolsky"
■	3 423 – JSC NPF "Solnechnoe vremya"
■	93 – NPF "Uraloboronzavodsky"
■	91 – JSC NPF "AdektaPensia"
■	717 – NPF "Semeyny"
■	220 – PNPF

funds for the fulfillment of obligations to insured persons and their successors in the amount determined in compliance with the Law on Guarantee are compensated at the expense of funds of the Bank of Russia.

In 2015 pension reserves in the amount of 47.3 million rubles were allocated for payments to creditors of liquidated funds which allowed to satisfy, fully or partially, claims of 814 creditors of NPF "Semeyny", NPF "General Pension Fund" and NO Podolsk Non-government Pension Fund.

During the reporting period 3 meetings of creditors of liquidated NPFs were held. All in all, 133 creditors were present at the creditors' meetings (14.04% of the total number of creditors entitled to participate in such meetings). Such creditors held 70.57% of total votes.

As of December 31, 2015 work of 6 creditor committees which have full authorities to decide on the issues referred by the legislation on bankruptcy to the competence of creditors' meetings or creditor committees in full was assured. As of the reporting date 40 minutes of the meetings of creditor committees held in

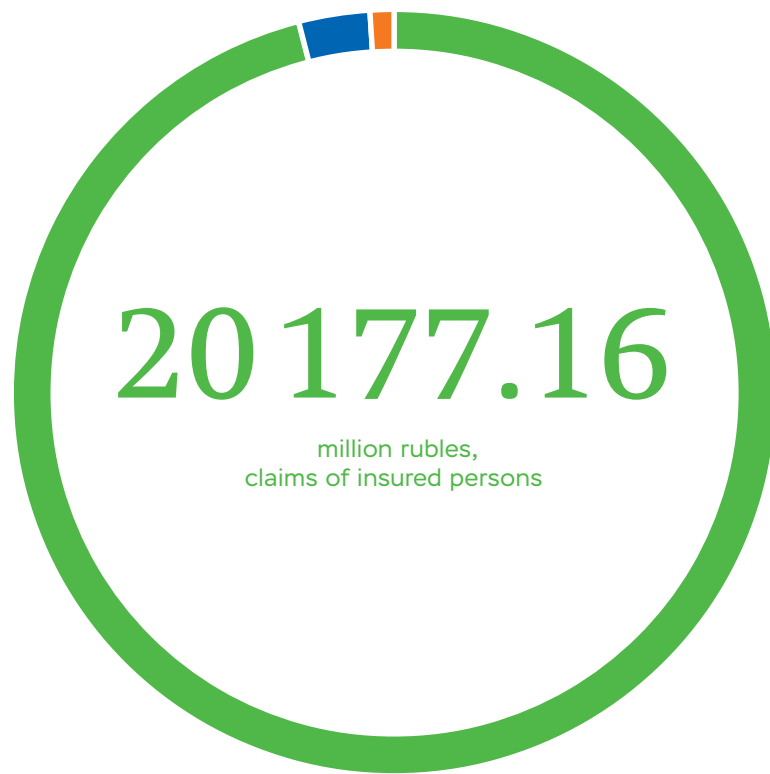


FIG. 33 Structure of Claims of the Creditors of Liquidated NPFs, Million Rubles

- 20 177.16; 96% – claims of insured persons (successors of dead insured persons) and creditors subject to satisfaction at the expense of pension savings
- 649.21; 3% – claims of creditors subject to satisfaction at the expense of pension reserves
- 219.75; 1% – claims of creditors subject to satisfaction at the expense of receivership estate

the reporting period which considered 85 issues, including approval (adjustment) of the cost estimates (34%), holding trades to sell NPF assets (11%) and report of the liquidator (12%), were received. Decisions proposed by the liquidator were made on most issues (94%).



Facilitation of the Agency's Main Functions

- [7.1.](#) Corporate Governance
- [7.2.](#) Internal and External Audit
- [7.3.](#) HR
- [7.4.](#) Operations of the Agency Representative Offices in Federal Districts
- [7.5.](#) Information Technologies
- [7.6.](#) Information Policy and International Cooperation
- [7.7.](#) Procurement Operations of the Agency
- [7.8.](#) Financing of the Agency Operation

7



Corporate Governance

In compliance with the Law on Deposit Insurance, the Agency's management bodies are the Board of Directors, Management Board and General Director.

In 2015, 18 meetings of the Board of Directors were held, in which strategic issues of the Agency's operation were considered. Thus, the Board of Directors considered issues dealing with financial stability of the deposit insurance system and sufficiency of the Fund's resources, borrowings from of the Bank of Russia, measures aimed at prevention of bank failures and using funds of the property contribution of the Russian Federation provided to the Agency to implement bank bankruptcy prevention measures; approval of the Agency's Development Strategy through 2020 and the results of execution of the Agency's Development Strategy through 2015, on key performance indicators of the Agency and wide range of issues connected with participation of the Agency in measures to increase capitalization of systemic banks.

Decisions of the Board of Directors were implemented by the Management Board of the Agency according to the schedule. 198 meetings of the Management Board were held which considered 1,089 issues related to core and operational activities of the Agency.

In 2015 the Management Board of the Agency approved 33 internal regulations (including new versions) and amended 45 regulatory documents.

In 2015, the Agency's workflow amounted to 492,769 units which is 30% more than in 2014. In 2015, the aggregate workflow of the Agency and liquidated credit institutions was 854,084 units which is 16% more than a year before.

SOCIAL RESPONSIBILITY OF THE AGENCY

In its operation the Agency pays significant attention to the social responsibility and facilitating sustainable social development.

Ensuring ongoing operation of the deposit insurance system, efficient management of liquidation procedures in insolvent banks and

NPFs, implementing measures aimed at prevention of bankruptcy of socially and economically significant banks and participation of the Agency in measures to increase capitalization of systemic banks contributed to maintaining stability of the financial and banking system, extension of lending to industrial enterprises in support of sustainable economic development of the country.

By protecting rights and legal interests of citizens, businesses and organizations that faced problems caused by bank failures, the Agency helped retain workplaces and increase tax receipts to the budgets of all levels.

Due to fast reimbursement of insured depositors in failed banks, the Agency prevented decline of well-being and people's quality of life, promoted improvement of moral environment in the society. Efficient functioning of the deposit insurance system encouraged citizens to further place their savings in banks on a reasonable basis, thus promoting economic growth.

Enhancing people's financial literacy also remained a priority line of the Agency's work. Considering the impact that media can have on public awareness, in the reporting year the Agency continued a series of seminars about banking services rendered to the population and bank deposit insurance for journalists working in different regions.

Internal and External Audit

The Internal Audit Service (hereinafter referred to as the Service) is an independent business unit of the Agency which performs the function of control by the Board of Directors over the Agency's operation. General management of the Service is performed by the Agency's Board of Directors, day-to-day management – by the Agency's General Director. Regulations on the Service are approved by the Agency's Board of Directors. The Service should contribute to achievement of the Agency's objectives using systematic and consistent approach to improvement of efficiency and reliability of internal control and risk management systems.

The activity of the Service is aimed at improvement of functioning of the Agency and provision to the Board of Directors of the Agency and to the General Director of the Agency of objective and independent information on adequacy and effectiveness of the existing internal control and risk management systems; on compliance by the employees with the legislation of the Russian Federation and internal regulations of the Agency, decisions of management bodies of the Agency; on reliability, completeness and timeliness of financial and other reports of the Agency; safety of property and other significant issues connected with the the Agency operation.

In the reporting period the Service carried out scheduled and unscheduled audits of all core lines of the Agency's operation: organization of insurance payouts, resolution, bankruptcy (liquidation) in respect of financial institutions. Compliance by ANO "Depositors' Protection Fund' with the decisions of the management bodies of the Agency was checked.

It was determined that requirements of the legislation, internal regulations and decisions of the Agency's governing bodies were performed in full scope and in due time. Violations and deficiencies identified by the Service were promptly communicated to the management bodies of the Agency. The Agency's internal control and

risk management systems corresponded to the nature and contents of the functions performed.

The Service has the powers of the division on prevention of corruptive and other offenses. Therefore, in 2015 the Service accepted, processed and analyzed the data on income, expenses, property and property liabilities, facilitated operation of the Agency's commission on compliance with the requirements to business conduct and settlement of conflict of interests, updated "Corruption Countering" section of the official web-site of the Agency, provided explanation, etc.

The open tender aimed to select the auditing organization was held, Financial and Accounting Advisors LLC won the tender. The Agency's financial statements for 2015 certified by the auditing organization are presented in Section II hereof.

HR

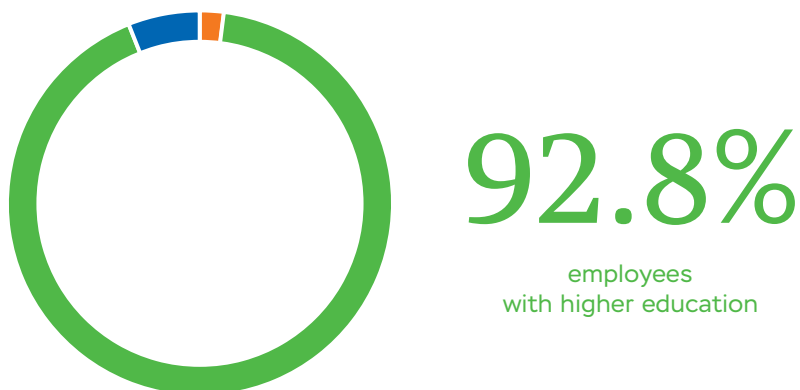


FIG. 34 Educational Status of the Agency's Employees

- 92.8% – employees with higher education
- 5.6% – employees with incomplete higher or secondary education
- 1.6% – employees attending higher educational institutions

Human resources are managed pursuant to the strategic priorities of the Agency according to the principles of compliance, corporate and professional ethics and social responsibility.

As of the end of the reporting period the Agency's organizational structure included eighteen departments, the Internal Audit Service and seven representative offices in the federal districts.

The Agency's staff as of December 31, 2015 was 861 person.

HR system covers all HR areas: recruitment, personnel adaptation, training and professional development, salary and social benefit management.

While engaging and recruiting personnel, the focus was made on highly qualified banking specialists, economists and lawyers. Vacancies were filled from internal candidate pool and by engaging specialists from large banks and other financial institutions. In 2015, 200 employees were hired. The average age of employees of the Agency as of the end of the reporting period was 40 years. As of the end of the reporting period, 92.8 % of the Agency's employees had higher education, including higher economic education (49.7%) and higher legal education (21%) (FIG. 34 and 35). 5.3% of the Agency's employees had academic degrees (46 PhDs). 16.8% of the employees had two higher educations.

An integral part of the Agency's HR policy is professional development of employees. In 2015 the Agency employees participated in 117 training events. The issues discussed in the seminars and workshops covered compliance with requirements of the federal law on fighting corruption, new legislation on bankruptcy of legal

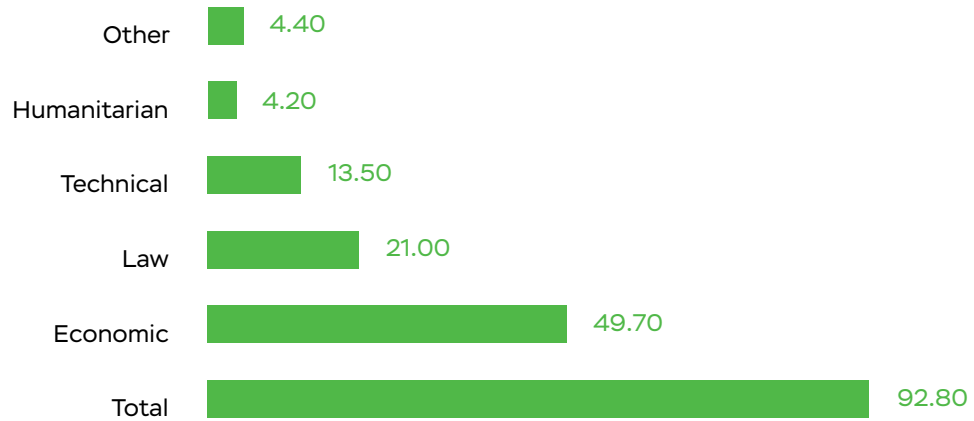


Рис. 35 Employees with Higher Education, %

entities and citizens, reform of the Civil Code of the Russian Federation, changes in the labor law and federal laws in the sphere of corporate procurement and information security. The Agency also started implementation of the long-term program aimed at the development of managerial knowledge and skills of linear managers.

As decided by the Government, one employee of the Agency participates in the federal program “Training and retraining of Senior Executives Pool (2010–2015)”.

In the reporting period, by results of the performance appraisal, 137 employees were promoted, while 71 employees were transferred to other business units in accordance with the Agency’s needs.

The Agency’s social policy is aimed at enhancing the status of being the Agency employee. One of its top priorities is taking care of the employees’ health. In the reporting year programs of optional medical insurance for employees, life insurance and financial aid in emergency situations were in place.

Operations of the Agency Representative Offices in Federal Districts

In the reporting year the Agency Representative Offices in Southern, Volga, Ural, North-Caucasian, Siberian, Crimea and Far Eastern federal districts continued their operation. In the North-Western Federal District, the St. Petersburg Fund for Assisting to the Development of the Deposit Insurance System and Credit Institutions acted as the representative office of the Agency under the respective agreement.

The Agency Representative Offices undertook public awareness efforts enhancing awareness about the deposit insurance and pension savings guarantees, resolution and liquidation of financial institutions; assisted in arranging payouts to insured depositors and managing liquidation proceedings in banks; interacted with DIS member banks, local offices of the Bank of Russia, public and municipal authorities at the territory of federal districts. The Agency Representative Offices in the Crimea Federal District assisted the Autonomous Non-commercial Organization “Depositors’ Protection Fund” in compensation payments to the depositors of the credit institutions which terminated their activity at the territory of the district. In 2015 the Agency Representative Offices accepted about 10 thousand requests from citizens and organizations. Replies were provided in response to all requests in time.

Information Technologies

In 2015 the first stage of a comprehensive project on modernization of IT infrastructure of the Agency was implemented: state-of-the-art high-performance server equipment was put into commercial operation, to ensure data safety two-level back-up system was introduced, virtual infrastructure of the Agency was modernized, and the capacity of data storage systems was increased significantly.

To solve the task of effective automation of business processes in terms of development of function of liquidation of credit institutions:

- an application for universal access to the databases of liquidated banks was developed and commissioned. More than 200 copies of automated banking systems of liquidated credit institutions were connected to the system in the reporting period. Introduction of this application solution allowed searching for information on customers and accounts of customers of liquidated banks, form statements and trial balances, receive data on balances and limitations on accounts in “one-stop-shop” mode;
- work on creation of the first stage of the system of accounting of assets of liquidated financial organizations and system of accounting of litigations was completed in the reporting period;
- development of an information portal for sale of property of liquidated financial organizations to provide the visitors of the web-site with complete and reliable information on the assets of liquidated financial organizations subject to sale and assets acquired by the Agency in the course of prevention of bankruptcy of credit institutions, information support of trade participants was completed.
- Within the frameworks of development of the deposit insurance system functions, automated information system “Keeping the register of financial organizations” in connection with introduction of differentiated rates in insurance premiums of DIS member banks to the Fund was modernized.

Within the frameworks of the task to automate the process of financial and economic planning of activity of the Agency, work on audit of the processes of financial planning and control, receipt

of financial statements by planned and actual data using various analytical breakdown was completed in the reporting year. As the result, technical assignment for modernization of the accounting and reporting system was prepared.

The reporting period saw information and technical support of activity of provisional administrations in the banks, replacement and restoration of automated banking systems of 77 liquidated credit institutions and support of liquidation procedures in 16 NPFs with canceled licenses.

Information Policy and International Cooperation

INFORMATION POLICY

The basic principles of information policy of the Agency are transparency, openness and operational efficiency. Its main objectives include improvement of confidence of the citizens in financial system and minimization of social tension which may arise in connection with the activity of financial organizations.

For these purposes, the Agency raises financial awareness of population explaining the main principles of DIA activity. In 2015 systemic work on regular release of «Personal Money» program on “Russia 24” TV channel was performed. During the program, DIA specialists and invited experts were discussing various aspects of banking system functioning and giving practical recommendations to the financial services customers in respect of the existing risks and means for their mitigation. A total of 23 programs were shown on “Russia 24” in the reporting period. 4 special reports on topical issues of protection of interests of depositors who suffered from the actions of unfair bankers, payment of compensation to depositors of Ukrainian banks in the Crimea Federal District, etc. also went on air on “Russia 24” supported by the Agency. In addition, a number of live interviews of General Director and other representatives of DIA were organized on “Russia 24” at the initiative of the Agency and were devoted to topical issues of the deposit insurance system.

An important project in the Agency’s work to improve financial awareness of population was the movie released by the «First Channel» in December 2015 devoted to the deposit insurance system in Russia and protection of interests of depositors and creditors of financial organizations.

In addition, there was information support of participation of the Agency in all-Russia action «Day of financial awareness in educational institutions» and «Financial awareness week» in the Crimea

Federal District. The Agency employees took active part on the “Radio of Russia” in the regular program called «Money is everywhere?» created with the support of the Bank of Russia.

The main tool of direct interaction with bank depositors is operation of “toll-free hotline”. Due to the significant number of insured events and liquidated institutions, the number of requests of depositors that used the “hotline” of the Agency remained at high level. The “hotline” received about 100 thousand calls a month (1.2 million calls a year). Due to the daily analysis of statistic data and operative measures to address emerging problems, high indicators of service quality were still preserved: waiting time does not exceeded 30 seconds.

The Agency’s website is an important tool of its information policy. In 2015 a set of measures aimed at improvement of awareness and user friendliness of the web-site for different categories of visitors was taken, new sub-sections and services were created. In 2015 the website information was updated more than 12.9 thousand times (2 times more than in the previous year). The total number of website unique visitors increased by 40% and reached 2.35 million people.

In its communication policy, the Agency pays much attention to interaction with mass media. In 2015 the Agency was daily collaborating with federal and regional mass media, including information agencies, newspapers, magazines, radio and TV companies, and Internet media. Meaningful responses and comments were promptly provided to more than 600 requests from mass media, including more than 180 request from regional mass media sent through the Agency Representative Offices in the federal districts.

In the reporting period, briefing of General Director of the Agency on topical issues of deposit insurance system development was held as well as press conferences following the meeting with the Governors of Voronezh and Samara Regions. Based on the annual results, a meeting of DIA management with the journalists to cover the main results of activity of the Agency was held.

In 2015 interviews and comments of the Agency’s senior officers were regularly published in federal and regional mass media. In particular, Vedomosti Newspaper published the program-related interview of DIA General Director. The Agency’s senior executives constantly participated in various press events, TV and radio programs. In addition, in Q&A section of Banki.ru, the Agency representatives were hosting Bank Bankruptcy section where they answered 638 questions about bankruptcy (liquidation) of banks.

In the reporting year 298 press releases with official information of the Agency were sent to mass media.

Legislative requirements on informing population about insurance indemnity payments and progress of bankruptcy proceedings (liquidation) in banks were fulfilled in full scope. 1,314 official messages were published in federal and regional press and in the Journal of the Bank of Russia.

In 2015 mass media released more than 70,000 messages mentioning the Agency which exceeds the previous year indicator by 40%. Over 90% of mass media messages mentioning the Agency were positive or neutral.

For the purposes of implementation of the principles of information openness, additional channel for communication with bank depositors through social networks Facebook, VKontakte, Twitter and Odnoklassniki was created in 2015. By the end of 2015 these accounts of the Agency had more than 5.5 thousand permanent subscribers and tens of thousands of visitors. Over 1.1 thousand requests were received via social networks.

Significant attention was paid to the activity of the Expert Analytical Council and Public Council for Cooperation with Creditors of Financial Organizations. In 2015 three meetings of the Agency's Expert Analytical Council were held to discuss the issues related to further improvement of the Russian bank resolution regime, trends on the household deposits market and prospects of extension of powers of the Agency as corporate liquidator to the insurance segment of the financial market. The main result of work of the Public Council for Cooperation with Creditors of Financial Organizations is creation of actual prerequisites for adjustment of legislation and improvement of the set of measures for protection of the rights of depositors and other creditors.

During the reporting period the executives of the Agency presented reports at a number of seminars and conferences on the subject. DIA representatives took active part in the hearings and public events held by the State Duma and Federation Council of the Federal Assembly of the Russian Federation where new proposals and legislative initiatives concerning the topical issues for the financial sphere were discussed.

INTERNATIONAL COOPERATION

In the reporting year the Agency continued to participate in the activity of two international associations that represent deposit insurers from different countries – the International Association of Deposit Insurers (IADI) which includes 80 organizations from 77 countries of the world and the European Forum of Deposit Insurers (EFDI) whose members are 66 organizations from 44 European countries. The Agency is present in the management bodies of both associations – IADI Executive Council and EFDI Board of Directors.

2015 became a milestone in international recognition of the Agency. In October IADI gave its highest award to the Agency – «Deposit Insurance Organization of the year» highly appreciating DIA achievements in deposit insurance system management, organization and performance of procedures for resolution and liquidation of credit institutions, improvement of its operation on the basis of international standards and best practices, dissemination of its advanced experience in the world.

The research project headed by the representatives of the Agency and devoted to studying and summarizing international experience in the sphere of investigation of bank bankruptcy circumstances and bringing to account the persons whose actions contributed to bank failures, and unjustified receipt of insurance indemnity was completed in the reporting year. In March 2015 the final report with the research results and recommendations to deposit insurers was approved and posted on IADI web-site. Another project in which the Agency actively participates – studying the practice of setting the target size of the deposit insurance fund – will continue in 2016. As for EFDI activity, a meeting of the Board of Directors of this organization was held in Kazan in May 2015.

Bilateral interaction of the Agency with deposit insurers from other countries also developed: with Korean Deposit Insurance Corporation (Republic of Korea), Argentina Deposit Insurance Corporation (Republic of Argentina), Agency for Guaranteed Compensation of Bank Deposits of Individuals (Republic of Belarus), Financial Stability Bureau of the People's Bank of China (People's Republic of China).

In the Peer Review of Russia report following evaluation of mechanisms and tools of macroprudential policy and the bank resolution regime existing in Russia (published in February 2015) the Financial Stability Board (international body established by G20) noted that bank resolution regime applicable from 2008 helped to maintain financial stability in the country and contributed to a significant extent by effective operation of the Agency.

Procurement Operations of the Agency

Procurement operations of the Agency are performed in compliance with the Federal Law dated July 18, 2011 No. 223-FZ “On procurement of goods, work, services by certain types of legal entities” and the Regulations on procurement of goods, work, services by the State Corporation “Deposit Insurance Agency” developed thereunder and approved by the resolution of the Board of Directors of the Agency dated December 7, 2011 (Minutes No. 4).

In 2015 procurement through the tenders that also held in the electronic form using the electronic trading platforms were widely used. 18 tenders, 11 auctions, 17 request for quotations and 22 requests for bids were carried out. Based on the results of 14 tenders contracts were concluded for the total amount of 2,161.8 million rubles, 11 auctions – for the amount of 450.3 million rubles, 15 requests for quotations – for the amount of 10.3 million rubles, 18 requests for bids – for the amount of 107.8 million rubles. Economy from the purchases through competitive procedures are estimated to be 130.4 million rubles (4.6% of initial (maximal) contract value).

A total of 3,437 purchases were made which resulted in conclusion of contracts for the amount of 3,169 million rubles.

In the reporting period in the course of procurement the Agency actively cooperated with SME. Cost of purchases from SME in 2015 amounted to 477.3 million rubles.

The Agency complied with the requirement to the volume of purchases from SME established by the Decree of the Government of the Russian Federation dated December 11, 2014 N 1352 «On peculiarities of participation of SME in procurement of goods,

work, services by certain types of legal entities» which came into force in respect of the Agency from July 1, 2015. For the period from July 1 to December 31, 2015 the share of purchases from SME amounted to 21.1%. At that, the share of the Agency's procurement where only SME were allowed to take part amounted to 8.9%.

Financing of the Agency Operation

In 2015 current expenses on supporting the Agency's operation were in line with the cost estimate approved by the resolution of the Agency's Board of Directors dated December 10, 2014.

The total amount of the Agency's actual expenses was equal to 2,338.9 million rubles which corresponds to 94.0 % of the planned expenses (2,487.4 million rubles), including administrative and economic expenses of 2,297.1 million rubles (94.3% of the plan) and capital investment of 41.8 million rubles (79.5% of the plan).

Expenses on supporting the Agency's operation were spent in accordance with the Procedure of Financing Expenses and Using Income of the State Corporation "Deposit Insurance Agency" as approved by the Board of Directors, from income received from investment of the funds of the property contribution of the Russian Federation and income from other operations. In the reporting year, the total amount of such income was equal to 4.35 billion rubles. Temporary idle funds were invested in accordance with the limits established pursuant to the Regulations on Investing Temporary Idle Monetary Resources of the State Corporation "Deposit Insurance Agency" as approved by the resolution of the Agency Board of Directors dated September 30, 2014. Limits for investments in specific assets, changes of their amount and extending their terms were approved by the Management Board. Investment of funds was controlled by the Agency's Internal Audit Service and the INFINITUM Specialized Depository JSC, an entity selected in a tender in accordance with the Resolution of the Government of the Russian Federation dated December 21, 2011 No. 1080.

As of December 31, 2015, the total amount of temporary idle funds of the property contribution of the Russian Federation received by the Agency under the Law on Deposit Insurance, and funds

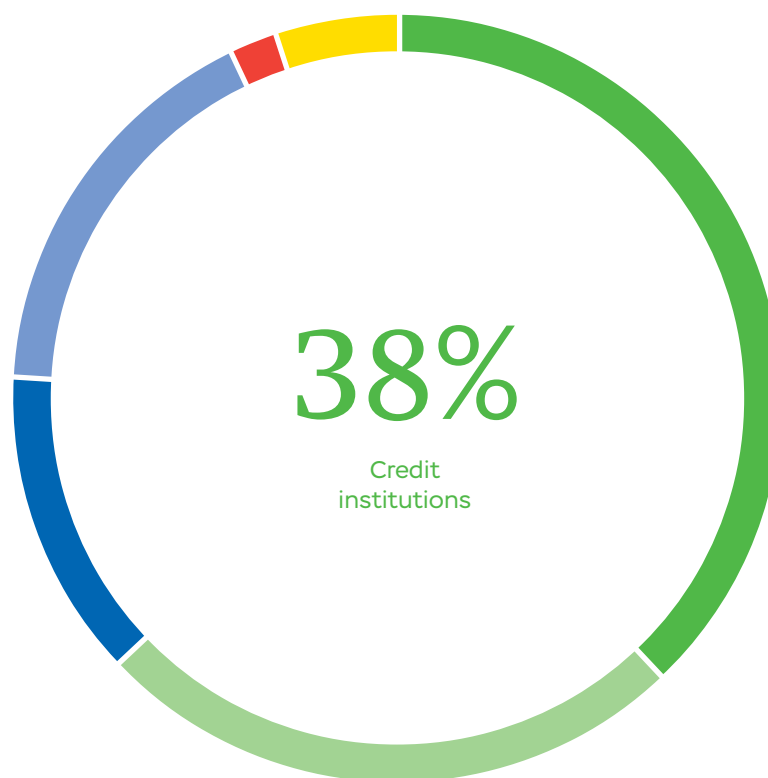


FIG. 36 Structure of Investments to Support the Agency Operations as of January 1, 2016

- 38% – Credit institutions
- 25% – Corporate bonds
- 13% – Cash
- 17% – Federal loan bonds
- 2% – Bonds of international financial institutions
- 5% – Bonds of constituent entities of the Russian Federation

available on the accounts of liquidated credit institutions amounted to 40.31 billion rubles. Amount of funds invested in various financial instruments was equal to 35.06 billion rubles. The balance of funds on accounts reserved for the Agency's expenses and for supporting liquidation procedures amounted to 5.25 billion rubles, of which 2.91 billion rubles – funds of the banks for settlements with the Federal Budget received within the frameworks of measures to increase capitalization of Russian banks. The structure of investments at the expense of these funds as of January 1, 2016 is presented in **FIG. 36**.

As of December 31, 2015 the funds of the property contribution of the Russian Federation received by the Agency for the purposes of bank bankruptcy prevention and settlement of obligations of banks in compliance with Federal Law dated October 27, 2008 N 175-FZ "On additional measures to strengthen stability of the banking system till December 31, 2014" amounted to 144 billion rubles. Their distribution structure is presented in **FIG. 37**.

In the reporting year the total amount of income earned from investment of funds that are not the assets of the Mandatory Deposit Insurance Fund and the Pension Savings Guarantee Fund adjusted for revaluation of securities equaled to 6.4 billion rubles.

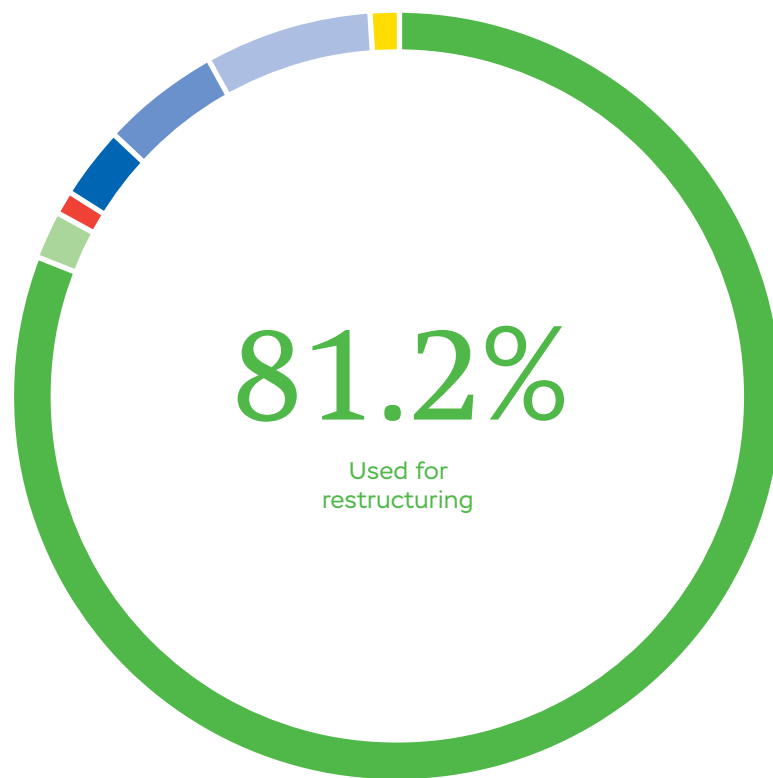


FIG. 37 Structure of Investments to Prevent Bank Bankruptcy as of January 1, 2016*

- 81.2% — used for restructuring
- 2.2% — federal loan bonds
- 0.3% — bonds of constituent entities of the Russian Federation
- 3.1% — corporate bonds
- 4.8% — deposits with the Bank of Russia
- 7.6% — deposits with Russian credit institutions
- 0.8% — cash

* Book value (total amount of property contribution — 144 billion rubles).

Based on the performance results for 2015 the Agency received profit before tax in the amount of 15.5 billion rubles, while profit tax adjusted for deferred tax assets amounted to 1.3 billion rubles, and the Agency's net profit was equal to 14.2 billion rubles. In compliance with the profit distribution procedure approved by the Agency's Board of Directors, 9.1 billion rubles out of this amount were allocated to the Mandatory Deposit Insurance Fund, 0.4 billion rubles were provided to increase the property contribution of the Russian Federation that is not included in the Mandatory Deposit Insurance Fund and the Pension Savings Guarantee Fund. A part of profit in the amount of 4.7 billion million was kept as the retained profit for the Board of Directors of the Agency to determine the areas of its use.

Financial Statements



Balance sheet

of the State Corporation “Deposit Insurance Agency” for 2015

million rubles

	ASSETS	AS OF 31.12.2015	AS OF 31.12.2014	AS OF 31.12.2013
	I. ASSETS			
1.	Investment of the Mandatory Deposit Insurance Fund’s resources	47 463	104 450	247 869
	1.1. Long-term	8 616	58 885	145 454
	1.2. Short-term	38 847	45 565	102 415
2.	Investment of the Pension Savings Guarantee Fund’s resources	123	0	0
	2.1. Long-term	87	0	0
	2.2. Short-term	36	0	0
3.	Investment of the Agency’s resources that are not included into the funds	60 912	38 723	30 909
	3.1. Long-term	16 136	7 759	12 067
	3.2. Short-term	44 776	30 964	18 842
4.	Funding of measures aimed at prevention of bank bankruptcies and settlement of obligations of the banks	1 172 571	791 113	443 534
5.	Funding of measures aimed at the increase of bank capitalization	838 000	1 000 000	0
6.	Fixed assets	5 205	4 770	790
7.	Cash	16 307	6 727	12 627
	including			
	7.1. Cash of the Mandatory Deposit Insurance Fund	9 174	5 280	11 778
	7.2. Cash of the Pension Savings Guarantee Fund	5	16	0
8.	Other assets	686 601	349 726	165 445
	TOTAL FOR SECTION I	2 827 182	2 295 509	901 174
	BALANCE	2 827 182	2 295 509	901 174

million rubles

	LIABILITIES	AS OF 31.12.2015	AS OF 31.12.2014	AS OF 31.12.2013
	II. EQUITY			
9.	Resources of the Mandatory Deposit Insurance Fund	37 454	83 599	168 127
10.	Resources of the Pension Savings Guarantee Fund	128	0	0
11.	Property contribution of the Russian Federation, including	985 691	1 161 642	164 569
	11.1. Funds for measures aimed at prevention of bank bankruptcies and settlement of obligations of the banks	144 002	158 346	161 310
	11.2. Funds for measures aimed at increase of bank capitalization	838 000	1 000 000	0
12.	Funds and reserves	0	0	0
13.	Retained earnings (uncovered loss)	4 671	0	0
	TOTAL FOR SECTION II	1 027 944	1 245 241	332 696
	III. LIABILITIES			
14.	Loans and credits received, including:	1 122 891	644 520	300 365
	14.1. long-term	850 487	612 920	290 365
	14.2. short-term	272 404	31 600	10 000
15.	Funds of financial institutions placed in bankruptcy and liquidation	35 970	22 554	7 992
16.	Other liabilities	640 377	383 194	260 121
	TOTAL FOR SECTION III	1 799 238	1 050 268	568 478
	BALANCE	2 827 182	2 295 509	901 174
	For information: off-balance sheet assets and liabilities			
17.	Received collaterals for obligations and payments	851 947	537 860	357 971
18.	Given collaterals for obligations and payments	5 000	5 340	5 000
19.	Depreciation of fixed assets	347	259	219

General Director



Yu.O. Isaev

Chief Accountant
February 15, 2016



N.D. Molodtsova

The Balance Sheet authenticity is certified by an audit firm “FBC” LLC, a member of a self-regulated organization of auditors “Non-commercial Partnership “Audit Association Sodruzhestvo”, membership certificate N 7198, ORNZ – 11506030481.

President



S.M. Shapiguzov

(auditor’s qualification certificate 01-001230, ORNZ – 29501041926)

Statement of income (losses)

of the State Corporation “Deposit Insurance Agency” including income/loss received from the investment of temporary idle funds for 2015

million rubles

	DESCRIPTION OF ITEMS	FOR THE REPORTING PERIOD	SIMILAR PERIOD OF THE PREVIOUS YEAR
	INCOME		
1.	Revenues from placement (investment) of the Mandatory Deposit Insurance Fund’s resources, total, including:	11 141	13 621
	1.1. Income from operations with securities	441	72
	1.2. interest income	7 603	13 496
	1.3. other income	3 097	53
2.	Revenues from placement (investment) of the Pension Savings Guarantee Fund’s resources, total, including:	16	0
	2.1. Income from operations with securities	0	0
	2.2. interest income	11	0
	2.3. other income	5	0
3.	Revenues from placement (investment) of the Agency's resources which are not the funds, total, including:	17 362	7 660
	3.1. Income from operations with securities	127	0
	3.2. interest income	16 487	7 638
	3.3. other income	748	22
4.	Revenues from use of funds received to take measures to increase bank capitalization	100 854	0
5.	Other income	306	255
	TOTAL INCOME	129 679	21 536

million rubles

EXPENSES			
6.	Expenses related to operations with securities purchased at the expense of the Mandatory Deposit Insurance Fund	7	7 799
7.	Expenses related to operations with securities purchased at the expense of the Pension Savings Guarantee Fund	0	0
8.	Expenses related to operations with securities purchased at the expense of the Agency's resources that are not the funds	2	970
9.	Interests expenses	9 396	2 620
10.	Expenses incurred in the course of the measures to increase bank capitalization	100 854	0
11.	Administrative expenses of the Agency	2 993	2 297
12.	Other expenses	924	1 233
TOTAL EXPENSES		114 176	14 919
PROFIT (LOSS) BEFORE TAX		15 503	6 617
13.	Profit tax	1 034	1 681
14.	Deferred tax assets (+), liabilities (-)	-250	846
NET PROFIT (LOSS) OF THE REPORTING PERIOD		14 219	5 782

General Director



Yu.O. Isaev

Chief Accountant
February 15, 2016



N.D. Molodtsova

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President



S.M. Shapiguzov

(auditor's qualification certificate 01-001230, ORNZ – 29501041926)

Cash Flow Statement

Of The Mandatory Deposit Insurance Fund For 2015

million rubles

	INDICATORS	FOR THE REPORTING PERIOD	SIMILAR PERIOD OF THE PREVIOUS YEAR
	BALANCE IN THE MANDATORY DEPOSIT INSURANCE FUND AS OF THE BEGINNING OF THE REPORTING PERIOD	83 599	168 127
	INFLOWS		
1.	Insurance premiums of DIS member banks	75 658	65 933
2.	Property contribution of the Russian Federation	0	402
3.	Property contribution of the Bank of Russia	0	60 000
4.	Funds received on a repayable basis, including:	75 000	0
	4.1. funds of the federal budget received to cover deficit of the Mandatory Deposit Insurance Fund	0	0
5.	Profit	9 136	3 308
6.	Other inflows	40 239	15 498
	TOTAL CASH INFLOW	200 033	145 141

million rubles

CASH OUTFLOWS			
7.	Payouts to depositors	168 792	202 492
8.	Agency fee	89	1
9.	Funding of Depositors' Protection Fund	2 297	26 124
10.	Repayment of borrowed funds, including:	0	0
	10.1. repayment of funds of the federal budget received to cover deficit of the Mandatory Deposit Insurance Fund	0	0
11.	Other outflows	0	1 052
TOTAL CASH OUTFLOWS		171 178	229 669
BALANCE IN THE MANDATORY DEPOSIT INSURANCE FUND AS OF THE END OF THE REPORTING PERIOD		112 454	83 599

General Director



Yu.O. Isaev

Chief Accountant
February 15, 2016



N.D. Molodtsova

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President



S.M. Shapiguzov

(auditor's qualification certificate 01-001230, ORNZ – 29501041926)

Cash Flow Statement

Of the pension savings guarantee fund for 2015

million rubles

	INDICATORS	FOR THE REPORTING PERIOD	SIMILAR PERIOD OF THE PREVIOUS YEAR
	BALANCE IN THE PENSION SAVINGS GUARANTEE FUND AS OF THE BEGINNING OF THE REPORTING PERIOD	0	0
	INFLOWS		
1.	Guarantee and accession fees of non-government pension funds	116	0
2.	Funds received on a repayable basis, including:	0	0
	2.1. funds of the federal budget received to cover deficit of the Pension Savings Guarantee Fund	0	0
3.	Profit	12	0
4.	Other inflows	0	0
	TOTAL CASH INFLOW	128	0

million rubles

CASH OUTFLOWS			
5.	Payouts	0	0
6.	Agency fee	0	0
7.	Repayment of borrowed funds, including:	0	0
	7.1. repayment of funds of the federal budget received to cover deficit of the Pension Savings Guarantee Fund	0	0
8.	Other outflows	0	0
TOTAL CASH OUTFLOWS		0	0
BALANCE IN THE PENSION SAVINGS GUARANTEE FUND AS OF THE END OF THE REPORTING PERIOD		128	0

General Director



Yu.O. Isaev

Chief Accountant
February 15, 2016



N.D. Molodtsova

The Balance Sheet authenticity is certified by an audit firm “FBC” LLC, a member of a self-regulated organization of auditors “Non-commercial Partnership “Audit Association Sodruzhestvo”, membership certificate N 7198, ORNZ – 11506030481.

President



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