

# Annual Report for 2018

of the State Corporation  
«Deposit Insurance Agency»

APPROVED BY THE RESOLUTION  
OF THE BOARD OF DIRECTORS  
OF THE AGENCY  
DATED MARCH 6, 2019



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# Address

of the Governor of the Bank of Russia,  
Chairman of the Board of Directors  
of the State Corporation "Deposit Insurance Agency"  
Elvira S. Nabiullina



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## DEAR READERS,

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Last year the Deposit Insurance Agency continued its work on strengthening the protection of depositors' rights.

The deposit insurance system is one of the pillars of public confidence in the banking system. The Agency efficiently performs the function of paying insurance compensation to depositors of failed banks, including in such complicated cases as when deposits were not recorded in the banks' books. One of the major events of 2018 was the extension of the deposit insurance coverage to the accounts of small businesses, which is a new and very important part of DIA operation.

The Agency has been taking consistent measures to improve the efficiency of tracing and recovery of the bank assets funneled abroad by former bank owners. According to the results of the year, the average satisfaction of creditors' claims to the failed banks amounted to 41%, while at the beginning of the Agency's operation it was a little over 4%.

In 2017, the functions of the Agency were slightly changed due to the introduction of the new mechanism of credit institution financial rehabilitation through the Banking Sector Consolidation Fund without DIA involvement. However, the specialists of the Agency took an active part in the investigation and assessment of financial condition of the banks subject to resolution.

The Agency is also gaining new functions. Last year the Agency started performing new functions of a liquidator of insolvent insurance companies.

At the same time, the Agency worked to improve transparency and efficiency of liquidation procedures, including sale of assets of the banks that were declared bankrupt.

Public convenience is one of important priorities in the Agency activity. Last year, a portal was launched which allows people to repay loans to the banks under liquidation in electronic form.

The key project for the moment is rendering of services, including payment services and reimbursement of insured depositors in electronic form and through the Single Portal of Public Services.

The Deposit Insurance Agency plays an important role in the banking system strengthening by contributing to the minimization of depositor losses. The results of the year show that DIA successfully discharges its functions, works on improvement of internal efficiency and implementation of hi-tech services.

# Board of Directors



**MS. ELVIRA NABIULLINA**  
Governor of the Bank of Russia



**MR. SERGEI IGNATIEV**  
Adviser to the Governor  
of the Bank of Russia



**MR. YURY ISAEV**  
General Director of the State  
Corporation "Deposit  
Insurance Agency"



**MR. FEDOR MALISHEV**  
Referent of the Expert  
Directorate of President  
of the Russian Federation



**MR. ALEXEI MOISEEV**  
Deputy Minister of Finance  
of the Russian Federation



**MR. VASILY POZDYSHEV**  
Deputy Governor of the Bank  
of Russia

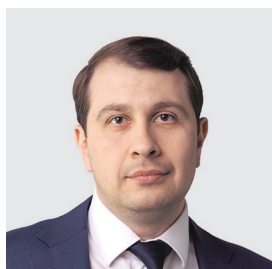


**MS. OLGA POLYAKOVA**  
Deputy Governor of the Bank  
of Russia



**MS. IANA PURESKINA**  
Director of the Department  
of Financial Policy  
Ministry of Finance  
of the Russian Federation





**MR. IL'YA TOROSOV**  
Deputy Minister of Economic  
Development of the Russian  
Federation



**MR. DMITRY TULIN**  
First Deputy Governor  
of the Bank of Russia



**MR. KONSTANTIN  
CHEKMYSHEV**  
Deputy Commissioner  
of the Federal Tax Service  
of Russia



**MR. VLADIMIR  
CHISTYUKHIN**  
Deputy Governor  
of the Bank of Russia

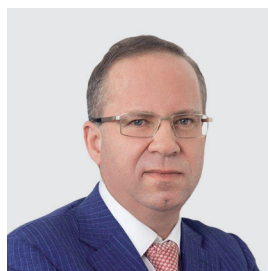


**MR. SERGEY SHVETSOV**  
First Deputy Governor  
of the Bank of Russia

# DIA Executive Board



**MR. YURY ISAEV**  
General Director



**MR. VALERY MIROSHNIKOV**  
First Deputy General Director



**MR. GEORGY AGAPTSEV**  
Deputy General Director



**MR. RUBEN AMIRANTS**  
Deputy General Director



**MS. OLGA DOLGOLEVA**  
Director, Legal Department



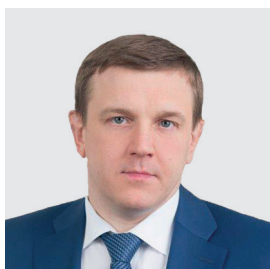
**MR. VITALIY KONOSHENKOV**  
Director, Investment  
Department



**MS. NATALIA MOLODTSOVA**  
CFO-Chief Accountant



**MR. YURY PECHENKIN**  
Director, IT Department



**MR. SERGEY SAVCHENKO**  
Deputy General Director



**MS. MARIA FILATOVA**  
Deputy General Director

# Milestones of 2018

## JANUARY

- The basic rate of insurance premiums to be paid by member banks to MDIF was increased from 0.12 to 0.15% of the calculation base.
- The High Court of Justice of England and Wales made decision to grant to the Agency as the receiver of CJSC International Industrial Bank the right to sell the assets-in-trust of S.V. Pugachev who was the actual controlling owner of the bank to replenish the receivership estate of the bank.

## FEBRUARY

- There was a meeting of the Public Council for Interaction with Creditors of Financial Organizations of the Agency which discussed the issues of detection and challenging dubious transactions with the deposits.
- The Agency transferred the powers of the founder of the Autonomous Non-for-Profit Organization "Depositor Protection Fund" (ANO FZV) to the Republic of Crimea and the city of federal significance Sevastopol duly represented by their supreme governmental authorities.

## MARCH

- Liquidation proceedings were completed in the three hundredth bank from the start of exercise by the Agency of powers of the receiver (OJSC Uralfinprombank, Yekaterinburg).

## APRIL

- The largest insured event of 2018: the banking license was revoked from JSC AK Bank, payouts to 30.4 thousand of insured depositors amounted to 23 billion rubles.

## MAY

- At the Saint Petersburg International Economic Forum (PIEF) the Agency presented the concept of improvement of liquidation proceedings in relation to failed financial organizations.
- The Agency hosted in Moscow the 55th meeting of the Executive Council of the International Association of Deposit Insurers (IADI), meetings of IADI technical and Council committees and the international conference on Availability of Deposit Insurers' Services to Consumers.
- Memorandums on understandings and cooperation were signed by the Agency with the Instituto para la Protección al Ahorro Bancario (Institute for Protection of Bank Deposits of Mexico, IPAB) which performs the functions of the national deposit insurer and the Philippine Deposit Insurance Corporation (PDIC).
- The Agency hosted in Moscow the meeting of the Board of Directors of the European Forum of Deposit Insurers (EFDI).

## JUNE

- The Agency repaid the loan of the Bank of Russia provided for the purposes of assurance of financial stability of the mandatory deposit insurance system in the amount of 24 billion rubles.

## JULY

- The deposit insurance system was expanded to apply to cash of individuals on escrow accounts opened for settlements under the agreements for participation in joint construction of real estate objects.

## SEPTEMBER

- The working group for harmonization of deposit insurance systems of member states of the Eurasian Economic Union (EAEU) which included the representatives of the Agency was created.
- There was a meeting of the Public Council for Interaction with Creditors of Financial Organizations of the Agency which discussed the issues of criminal prosecution of persons guilty of causing damage to financial organizations.
- Receivership proceedings were completed in respect of the Non-commercial Organization "Podolsk Non-Government Pension Fund". This was the first NPF liquidated by the Agency.
- Bankruptcy proceedings in relation to the PJSC BANK YUGRA, the largest bank in which the Agency was appointed as the receiver by the arbitration court, started (the bank's assets are about 300 billion rubles).

## OCTOBER

- Total volume of assets of financial institutions liquidated by the Agency exceeded 4 trillion rubles.
- There was a meeting of the Expert Analytical Council at the State Corporation "Deposit Insurance Agency" which discussed the initiatives of the Agency aimed at unification and improvement of liquidation procedures in financial organizations.

## NOVEMBER

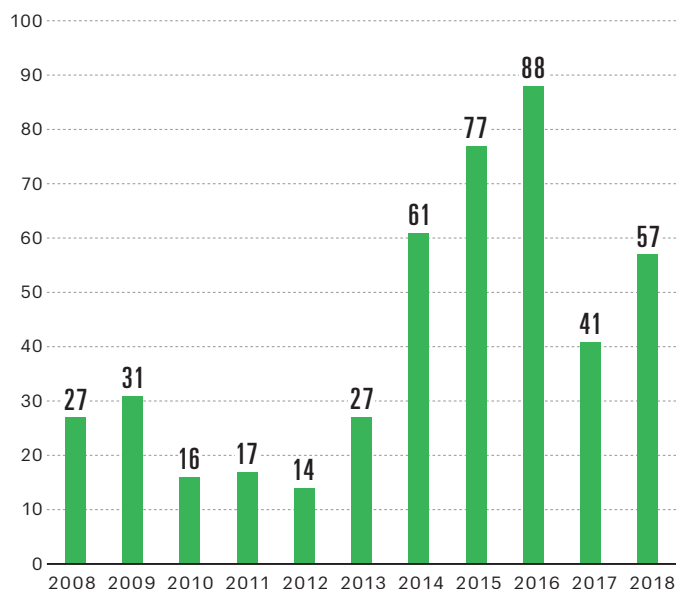
- The Agency launched the payment portal [www.payasv.ru](http://www.payasv.ru) for the borrowers of failed banks liquidated by DIA.
- Amendments were introduced into the Law on Bankruptcy which exclude the possibility of participation of the Agency as the voting creditor when making decisions on the meetings (committees) of creditors (under the claims received by the Agency as the results of insurance payouts to the depositors).

## DECEMBER

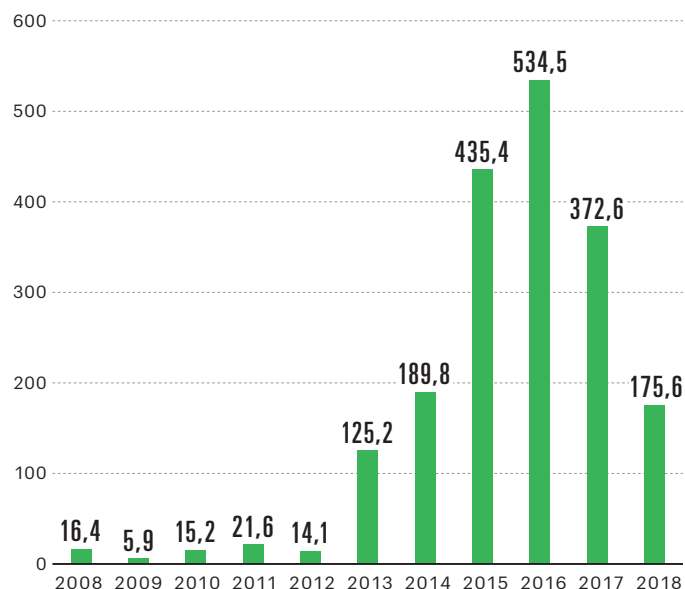
- The Agency opened the information center which provides consulting and information services to legal entities and individuals interested in the purchase of assets of liquidated financial organizations.
- The number of financial organizations where the Agency simultaneously performed the liquidation procedures reached 400.
- The insurance indemnity was paid to the four millionth depositor from the beginning of operations of the Agency.
- The number of operating DIS member banks decreased down to 400.
- Total volume of deposits in the banking system achieved 28 trillion rubles.
- There was the 15th anniversary of enactment of the Law on Deposit Insurance.

# Dynamics of Main Indicators

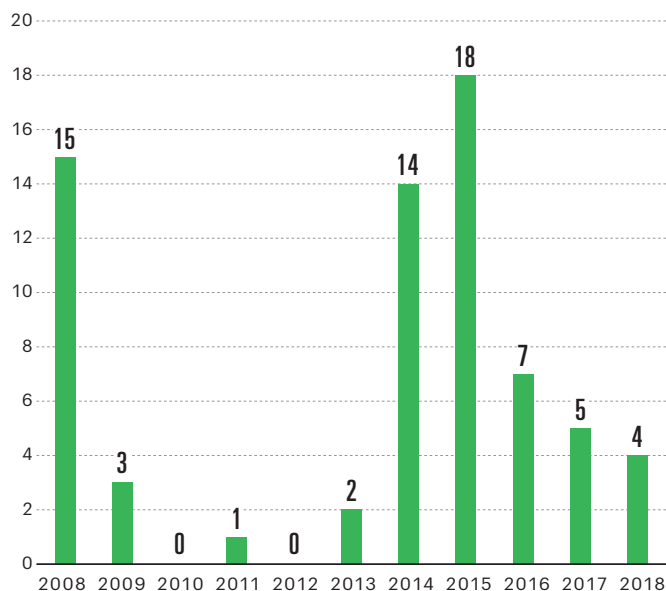
## NUMBER OF INSURED EVENTS



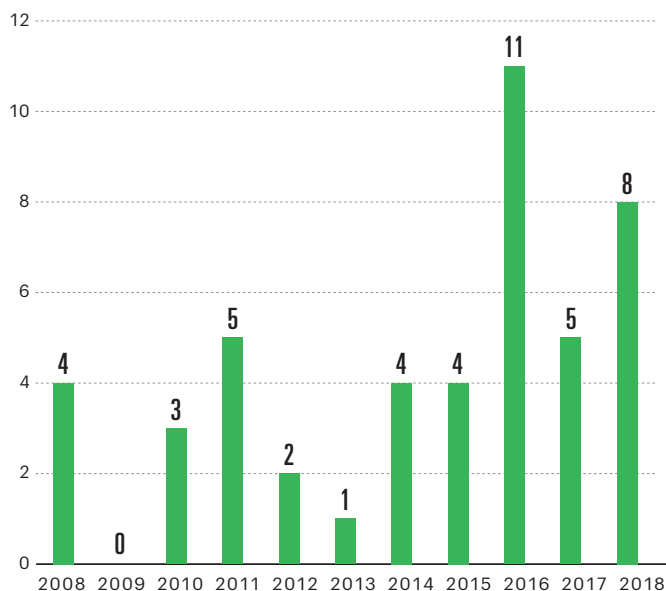
## LIABILITY OF THE AGENCY ON THE INSURED EVENTS WHICH OCCURED DURING THE YEAR, BILLION RUBLES



## NUMBER OF BANK RESOLUTION PROJECTS STARTED



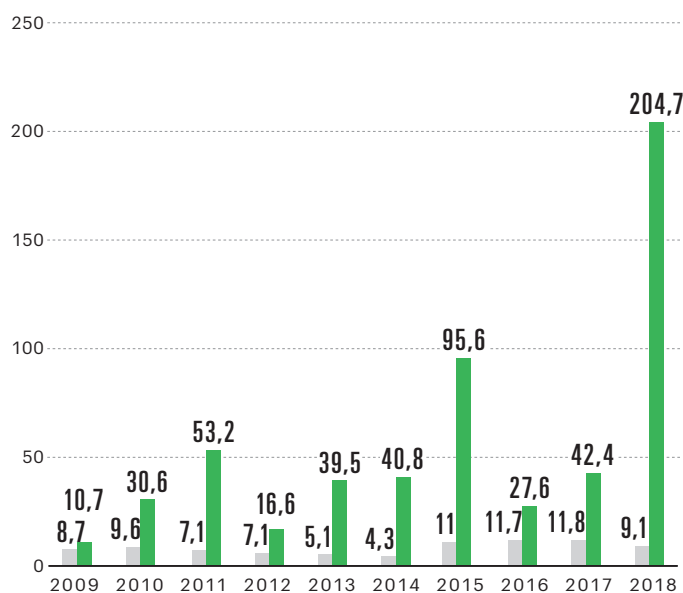
## NUMBER OF BANK RESOLUTION PROJECTS COMPLETED



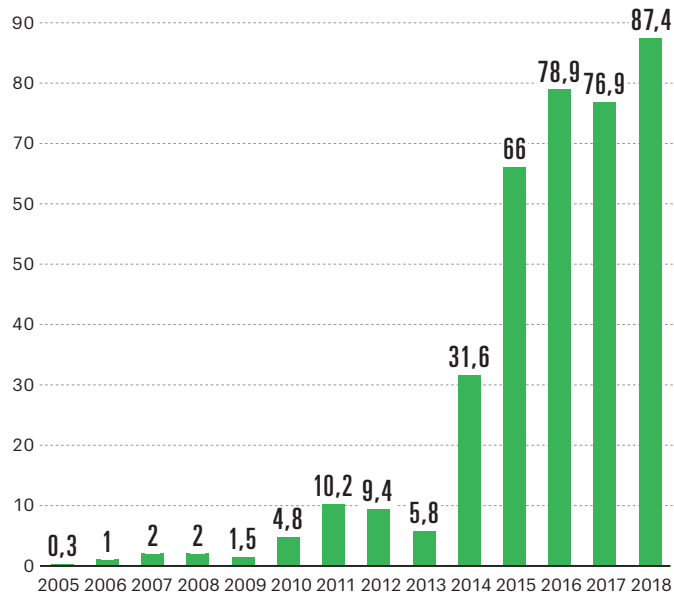


### RETURN OF FINANCING ALLOCATED FOR RESOLUTION, BILLION RUBLES

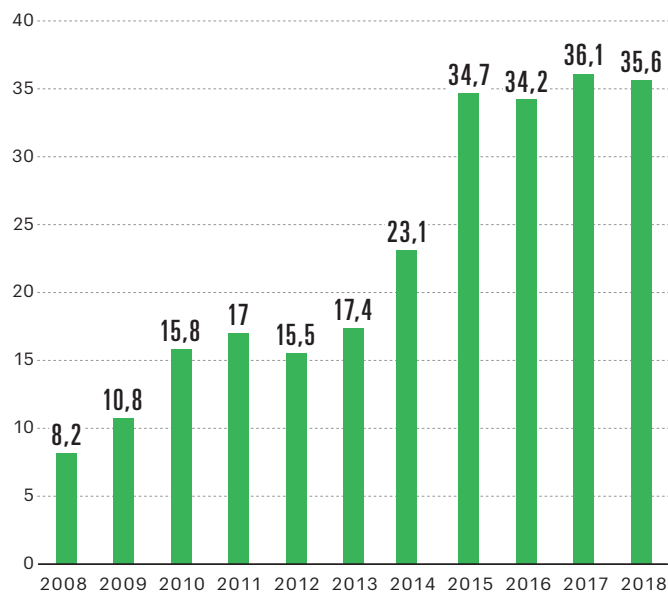
● Interest ● Principle



### DYNAMICS OF PAYOUTS TO CREDITORS OF CREDIT INSTITUTIONS THROUGHOUT THE HISTORY OF THE AGENCY, BILLION RUBLES

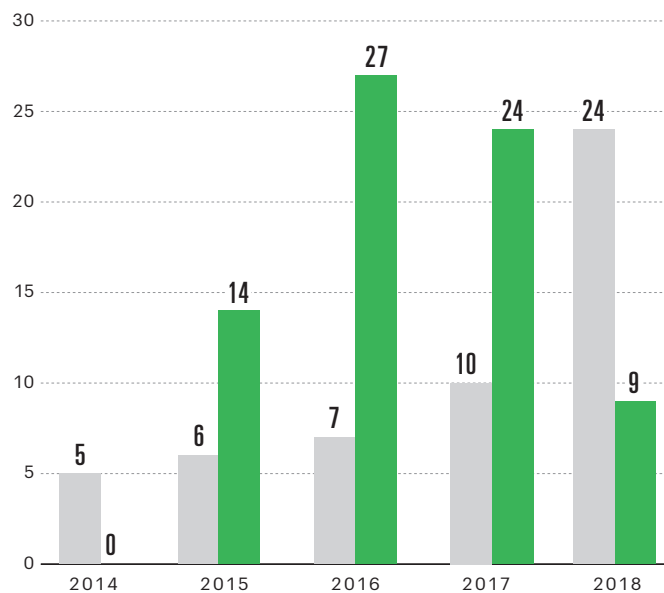


### DYNAMICS OF SATISFACTION OF CREDITORS' CLAIMS IN THE CREDIT INSTITUTIONS IN RESPECT OF WHICH RECEIVERSHIP PROCEEDINGS WERE COMPLETED, %



### NUMBER OF NPFS IN RESPECT OF WHICH THE AGENCY PERFORMED LIQUIDATION PROCEDURES

● Receivership ● Forced liquidation



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# Implementing the Agency Development Strategy until 2020

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IN 2018 THE AGENCY CONTINUED IMPLEMENTATION OF ITS DEVELOPMENT STRATEGY UNTIL 2020 APPROVED BY RESOLUTION OF THE BOARD OF DIRECTORS OF THE AGENCY DATED DECEMBER 14, 2015 (MINUTES NO. 17) (HEREINAFTER REFERRED TO AS THE STRATEGY).

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The Strategy is aimed at development of new and improvement of existing functions of the Agency, further improvement of reliability and convenience of services of the Agency to their consumers, including through provision of as many services in the electronic form as possible.

The Strategy was being implemented on the basis of 2018 Plan approved by the resolution of the Management Board of the Agency dated December 25, 2017 (Minutes No. 150) which was complied with in all respects.

## DEPOSIT INSURANCE

In the reporting year the Agency preserved high standards of quality of its services to make insurance payouts to depositors: the average term of payout start amounted to 8.8 business days (11.8 calendar days) from the date of the insured event. Payouts were made in 94 % of populated settlements out of those where the offices of closed banks were located as of the date of the insured events occurrence (in 66 constitutive entities of the Russian Federation).

To expand availability of services in the electronic form, implementation of the program for creation of the Electronic DIA continued. Service applications were commissioned on the official web-site of the Agency which allow to remotely accept claims of depositors who do not agree with the size of the insurance indemnity. The Agency implemented a set of measures necessary to launch in the federal information system "Unified

Portal for State and Municipal Services (Functions)" the service of issue of extracts from the register of liabilities of the banks to the depositors and reports on payouts made to the depositors.

In the reporting period DIS was expanded to cover new types of deposits: from July 1, 2018 — to the balance of cash of individuals on escrow accounts opened for settlements under the agreements for participation in joint construction of real estate objects — in the amount of 100 % of the amount standing on such account at the moment of occurrence of the insured event (maximal size of the insurance indemnity — 10 million rubles); from January 1, 2019 — to cash on accounts of legal entities — small businesses (maximal size of the insurance indemnity — 1.4 million rubles). During the year the Agency was preparing itself for insuring such accounts (for control over receipt of insurance premiums, formation of the register of liabilities of the bank to the depositors, organization of payouts).

Consultations with the heads of DIS of member states of the Eurasian Economic Union (EAEU) in respect of harmonization of DIS main parameters and procedures of financial recovery and bankruptcy of credit institutions continued.

#### GUARANTEEING OF THE RIGHTS OF INSURED PERSONS SUBJECT TO THE MANDATORY PENSION INSURANCE (GUARANTEEING OF THE PENSION SAVINGS)

In the absence of guarantee events in 2018, the work of the Agency in the sphere of assurance of functioning of the pension savings guarantee system (PSGS) was mainly aimed at active participation in scheduled inspections of PSGS member non-government pension funds carried out by the Bank of Russia and at further optimization of forms and procedures of interaction with the Pension Fund of the Russian Federation (PFR) and the Bank of Russia concerning PSGS operation (including in the electronic form).

#### BANKRUPTCY PREVENTION IN FINANCIAL ORGANIZATIONS

In the reporting year the Agency accepted offers of the Bank of Russia to participate in resolution of 4 banks. Procedures of bankruptcy prevention and settlement of liabilities carried out with the participation of the Agency were completed in 6 credit institutions.

Recovery of funds provided by the Agency for the implementation of bank bankruptcy prevention projects amounted to 205.17 billion rubles. In addition, 9.1 billion rubles were received as interest for the use of resources provided by the Agency.

#### RECEIVERSHIP (LIQUIDATION) OF FINANCIAL ORGANIZATIONS

In 2018 the Agency managed receivership (liquidation) proceedings in respect of 372 credit institutions, 34 non-government pension funds and 20 insurance organizations. Total volume of assets of the said financial institutions exceeds 4.5 trillion rubles.

Receivership and forced liquidation procedures were completed in 19 credit institutions (the average percentage of satisfaction of the creditors' claims in them was 48.7%) and one NPF (its creditors' claims were satisfied by 100%).

87.4 billion rubles were allocated towards payouts to the creditors of the banks, 7.9 billion rubles were allocated towards payouts to the creditors of NPFs.

In the reporting period the system of work with the assets of liquidated financial organization was improved significantly. The most advanced technologies and mechanisms of customer attraction were used to attract buyers. In particular, the Agency modernized the specialized portal on the Internet on the property of financial organizations for sale ([www.torgiasv.ru](http://www.torgiasv.ru)), opened the information center that provides consulting and information services to legal entities and individuals interested in purchase of assets of liquidated financial organizations.

For the borrowers of the banks with revoked license the Agency created payment portal [www.payasv.ru](http://www.payasv.ru) which allows to repay loans through the Internet using bank cards or e-wallets.

## COMMUNICATION STRATEGY

Within the frameworks of the public dialog of the Agency with the expert community and consumers of its services, work of the Expert Analytical Council of the Agency (EAC) continued. In 2018 EAC members approved the initiatives of the Agency aimed at unification and improvement of liquidation procedures carried out by the Agency in respect of financial organizations (credit institutions, insurance organizations and NPFs).

In addition, in the reporting period the Public Council for Interaction with Creditors of Financial Organizations of the Agency (PC) continued its operations. PC meetings discussed the issues of criminal prosecution of persons guilty of causing damage to financial organizations where the Agency is a receiver or a liquidator and the problems of detection and challenging dubious transactions and bringing persons controlling the financial organization to civil liability.

The Agency continued active participation in the programs for improvement of financial literacy of the population implemented under the aegis of the Ministry of Finance of the Russian Federation and the Bank of Russia.

In May 2018 the Agency hosted in Moscow the 55th meeting of the Executive Council of the International Association of Deposit Insurers (IADI), meetings of technical and Council committees of IADI and the international conference in which representatives of 45 countries took part. In 2018 Moscow also hosted the meeting of the Board of Directors of the European Forum of Deposit Insurers (EFDI).

In the reporting year, along with regular and systematic analysis of requests from the citizens (letters, e-mail letters and "hot line" phone

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calls), monitoring of the level of satisfaction with the Agency's services of the key consumer groups continued. More than 80% of requests received by the Agency contained the questions related to liquidation of financial organizations.

### FINANCIAL STRATEGY

Timely and full funding of all lines of operations of the Agency was assured in the reporting year.

Improvement of the procurement management system of the Agency continued (in terms of planning, preparation and performance of purchases, control over execution of concluded contracts). The Agency carried out as many purchases as possible through tender procedures, including those in the electronic form using special e-trade platforms.

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EFFECTIVE FUNCTIONING OF THE RISK MANAGEMENT SYSTEM OF THE AGENCY WAS MAINTAINED—COMPREHENSIVE MEASURES TO MANAGE VARIOUS TYPES AND KINDS OF RISK WERE TAKEN REGULARLY, CENTRALIZED CONTROL OVER THEIR IMPLEMENTATION WAS EXERCISED. UNIFICATION AND STANDARDIZATION OF RISK MANAGEMENT PROCEDURES IN SUBSIDIARIES AND AFFILIATES (AGENCY S&A) WERE COMPLETED IN THE REPORTING PERIOD TO BRING THEM IN COMPLIANCE WITH THE STANDARDS ADOPTED BY THE AGENCY.

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Regular monitoring of operations of the banks in respect of which the Agency took measures to increase their capitalization was carried out in terms of compliance of the said banks with the obligations established by the agreements concluded with the Agency, as required by the provisions of 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 liabilities and preferred shares of the banks approved by the resolution of the Board of Directors of the Agency dated January 13, 2015 (Minutes No. 1). In 2018 the Board of Directors of the Agency a number of times made decisions on the imposition of fines on the banks for violations detected in the course of monitoring.

### CORPORATE GOVERNANCE

In 2018 some milestones of implementation of the programs of reengineering of the Agency's business processes were completed. Its main objectives are improvement of the customer friendliness and effectiveness of DIA activity, introduction of process approach which provides for constant optimization of business processes

and project management when implementing changes in the Agency. The activity of the Agency was described in the form of map of interrelated measures or work, more than 100 most important processes of the Agency were analyzed on the basis of graphic models and key performance indicators, 10 projects for reengineering of the key business processes were implemented, measures to implement the target processes were commenced.

The system of anti-corruption measures existing in the Agency was further improved: the list of persons obliged to declare their income, expenses, property and property obligations was changed; there was a number of special checks of possibilities of occurrence of conflicts of interests which results were considered at the meetings of the Commission on compliance with the requirements to internal conduct and settlement of the conflict of interests, organizational and HR measures to eliminate such possibilities were taken.

### HR STRATEGY

Measures aimed at deepening and updating knowledge and skills of the Agency employees were implemented in the reporting year: More than half a thousand of DIA staff members took part in more than 100 training events which discussed the issues of theory and practice of risk management, corporate purchases, information safety, compliance with the requirements of the federal law on anti-corruption, accounting, tax legislation, etc. Training of the employees of the Agency in the principles and methods of process and project management also continued in the reporting year (60 employees of the Agency passed such training).

In 2018 the Strategy Committee of the Board of Directors of the Agency (the Committee) held a series of “strategic sessions” (8 meetings) which comprehensively discussed the main lines of the Strategy improvement.

Based on the results of work of the Committee, the Board of Directors of the Agency (resolution dated December 18, 2018, Minutes No. 9) introduced amendments into the Strategy aimed at DIS improvement (including DIS extension to new types of accounts of the subjects of insurance, modernization of the system of differentiated premiums of DIS member banks into Mandatory Deposit Insurance Fund), improvement of efficiency of liquidation procedures in respect of financial organization (including speeding up sale of assets of liquidated financial organizations at fair price), improvement of availability of services of the Agency in the electronic form (further development of the Electronic DIA).



# Report on the Agency Operations in 2018







# Ensuring Operation of the Deposit Insurance System (DIS)

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## 1/1–1/6

|   |    |  |    |
|---|----|--|----|
| 1/1   | 30 | 1/4  | 40 |
| DIS MAIN INDICATORS<br>AS OF DECEMBER 31, 2018    |    | THE MANDATORY DEPOSIT<br>INSURANCE FUND  |    |
| 1/2   | 33 | 1/5  | 42 |
| DEPOSIT INSURANCE PAYOUTS                         |    | INVESTMENT OF TEMPORARY<br>IDLE MONETARY RESOURCES<br>OF THE MANDATORY DEPOSIT<br>INSURANCE FUND |    |
| 1/3   | 39 | 1/6  | 44 |
| CONTROL MEASURES TAKEN<br>TO THE DIS MEMBER BANKS |    | DIS IMPACT ON THE BANK<br>DEPOSIT MARKET   |    |

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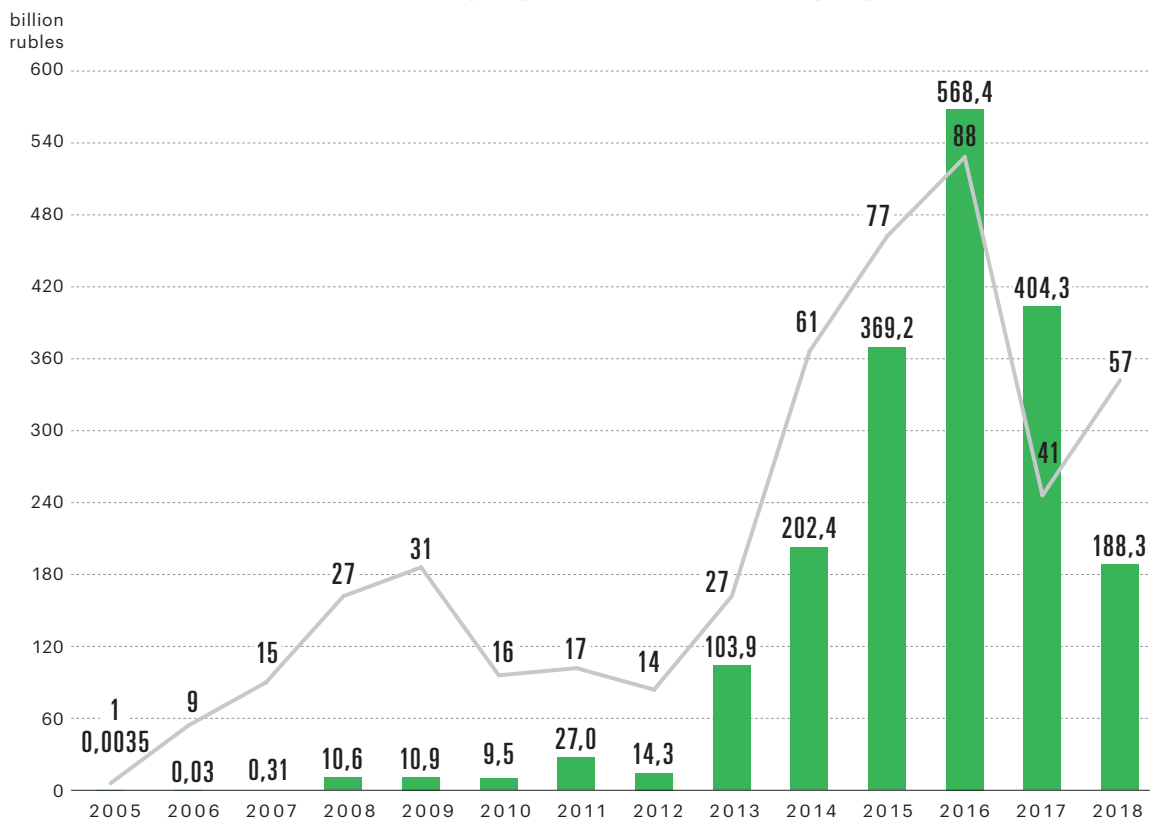
IN 2018 THE DEPOSIT INSURANCE SYSTEM FUNCTIONED IN A STABLE MANNER ASSURING PERFORMANCE OF THE MAIN TASKS UNDER THE CONDITIONS OF GRADUAL DECREASE OF HEIGHTENED FINANCIAL LOAD ON THE MANDATORY DEPOSIT INSURANCE FUND THAT IT FACED DURING THE PREVIOUS YEARS.

The payouts amount decreased twofold as compared to the previous year and amounted to 188.3 billion rubles which was the smallest indicator since 2014 (figure 1). The number of depositors that applied for insurance decreased by 44% (from 637.8 thousand people to 356.8 thousand people).

FIGURE 1. NUMBER OF INSURED EVENTS AND PAYOUTS (2005-2018)

Number of insured events

Payouts (billion rubles)



At the same time, the number of insured events in respect of DIS member banks reached 57 significantly exceeding the indicator of the previous year — 41. At that, the amount of insurance liability of the Agency to the depositors of the banks where the insured events occurred in 2018 decreased more than 2 times as compared with the previous year.

In total, for the whole term of functioning of DIS, 481 insured events have occurred; the total amount of insurance liability amounted to 1.92 trillion rubles to 9.3 million of depositors included into the registers of liabilities of the banks (figure 1). From the moment of the Agency's establishment 4.01 million depositors have received the insurance indemnity amounting to 1.91 trillion rubles.

The largest insured events of the reporting period were revocation of licenses from JSC AK Bank (the amount of insurance liability of the Agency is 22.97 billion rubles), JSC JSCB GAZBANK (17.83 billion rubles), Bank MBSP (JSC) (16.55 billion rubles) and JSC CB RUBLEV (12.23 billion rubles). The total amount of the Agency's insurance liability under 4 insured events set forth above was 69.6 billion rubles or about 40% of the total insurance liability of the Agency for the year.

About 130 offices of PJSC Sberbank were involved only in 28 towns and populated settlements of the Samara Region for the purposes of prompt reimbursement of insured depositors of one of the largest banks in the Volga Region — JSC JSCB GAZBANK (Samara) and creation of comfortable conditions for the depositors. The insurance indemnity was paid in 20 constituent entities of the Russian Federation.

In 2018 there were 7 insured events due to voluntary liquidation of credit institutions (JSC Wellton Bank, CB NOVOE VREMYA (LLC), JSC GRAND INVEST BANK, JSC CB MIKHAYLOVSKY PGSB, CB ECONOMIX-BANK (LLC), JSC CDB BANK, JSC RUNETBANK) which turned out to be the largest number of such insured events throughout the period of functioning of the deposit insurance system. The total amount of the Agency's insurance liability to the depositors of these banks was 189 million rubles.

# DIS Main Indicators as of December 31, 2018

## DIS STRUCTURAL INDICATORS

As of the beginning of 2018, 781 member banks were registered in the DIS. The following changes occurred in the DIS membership within the year.

2 banks were included into the register: JSC MSP Bank and JSC MB Bank (both registered in Moscow).

26 banks were excluded from the register, with:

- 9 banks (VTB24 (PJSC) (Moscow), Bank on Goncharnaya (JSC) (Moscow), JSC NBK-Bank (Moscow), JSC ROST BANK (Moscow), JSCB RosEuroBank (JSC) (Moscow), JSC GLOBEXBANK (Moscow), JSCB KHOVANSKY (JSC) (Moscow Region, Pushkino), PJSC CB Rus Yugbank (Volgograd), Bank SKIB LLC (Kostroma)) — excluded due to the termination of their operations because of reorganization through merger with other DIS member banks;
- 17 banks (MJSCB PREMIER CJSC (Moscow), ICB Entuziastbank LLC (Moscow), Commercial Bank Interregional Clearing Bank (Limited Liability Company (Moscow), MCB United Mining Bank (LLC) (Moscow), CB RATIBOR-BANK LLC (Moscow), JSCB Trado-Bank (CJSC) (Moscow), CB Sembank LLC (Moscow), OJSC Bank "Sootechestvenniki" (Omsk), JSCB GALABANK CJSC (Adygea Republic, Krasnogvardeyskoe Village), TRANSENERGOBANK LLC (Dagestan Republic, Makhachkala), JSC CB TETRAPOLIS (Saint Petersburg), CB VBB LLC (Vladivostok), OJSC Uralfinprombank (Yekaterinburg),

CJSC Sberinvestbank (Yekaterinburg), United National Bank (LLC) (Nizhny Novgorod), CJSC Welcomebank (Pyatigorsk, Stavropol Territory) and OJSC Municipal Commercial Bank (Kaliningrad)) — being excluded due to the completion of their liquidation.

The history of changes in DIS membership is presented in table 1.

| 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                             |
| 2016 | 2        | 36       | 808  | 88                             |
| 2017 | 3        | 30       | 781  | 41                             |
| 2018 | 2        | 26       | 757  | 57                             |

TABLE 1.  
CHANGES IN DIS MEMBER BANKS

Thus, as of December 31, 2018 757 banks were registered in DIS, including:

- 400 operating banks with the license to work with individuals (268 banks with universal license, including 11 systemically important banks and 132 banks with basic license);
- 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;
- 350 banks that are in the process of receivership (liquidation).

## DIS FINANCIAL AND ECONOMIC INDICATORS

In the reporting period the maximal size of insurance indemnity was 1.4 million rubles per one depositor with one bank and 10 million rubles for escrow accounts opened for settlements under the real estate purchase and sale transactions.

The following differentiated insurance premium rates were used to calculate the insurance premiums paid by DIS member banks in the reporting period: for settlements for Q4 2017—0.12 % of the calculation base per quarter (basic rate), additional rate — 50% of the basic rate; increased additional rate — 500 % of the basic rate.

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DURING THE CALCULATION PERIODS BEGINNING FROM Q12018 THE BASIC INSURANCE PREMIUM RATE WAS APPLIED IN THE AMOUNT OF 0,15 % OF THE CALCULATION BASE PER QUARTER WHICH IS THE MAXIMAL POSSIBLE RATE ESTABLISHED BY THE LAW ON DEPOSIT INSURANCE. ADDITIONAL AND INCREASED ADDITIONAL RATES OF INSURANCE REMIUMS REMAINED AT THE SAME LEVEL DURING THE REPORTING PERIOD.

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Additional and increased additional rates of insurance premiums were applied to the banks based on the data provided by the Bank of Russia depending on maximal interest rates on deposits attracted by them and indicators of financial position of each bank, including supervisory corrective measures introduced by the Bank of Russia.

In connection with commencement of insurance of deposits of small enterprises, new version of the Procedure for calculation of insurance premiums which provides for separate calculation of the calculation base for premiums on the deposits of individuals and legal entities was developed and approved by resolution of the Board of Directors of the Agency dated September 26, 2018 (Minutes No. 8).

By the end of the reporting period, the total amount of insured deposits came up to 28.9 trillion rubles, with increase for 2018 being 2.8 trillion rubles.

As of the end of the year, the amount of the Agency's insurance liability (total amount of covered deposits) was 19.6 trillion rubles (18.0 trillion rubles in the previous year). In relative terms (as compared to the total amount of insured deposits) it decreased and made up 68.0 % (with 69.2 % at the end of 2017).



# Deposit Insurance Payouts

## ARRANGING AND PAYING OUT INSURANCE

In 2018 there were 57 insured events in respect of DIS member banks (including 2 events in connection with imposition by the Bank of Russia of moratorium on satisfaction of creditors' claims) with the total volume of insurance liability of the Agency of 175.6 billion rubles to 853.7 thousand of depositors included into the registers of liabilities of the banks to depositors (hereinafter referred to as the register).

Payouts in all banks started not later than on the 11th business day, while the average time of payout start was 8.8 business days. In calendar days the period of preparation for payouts in all banks averaged 11.8 days due to optimization of preparation procedures (in 2017–13 days).

Information on the 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 the banks' offices.

In the reporting period 638.1 thousand mail notifications were sent to depositors of 54 banks included into the registers and not applying for payouts during the first days informing them of the place, time and procedure of payouts. 14.4 thousand notifications were sent after expiration of the reporting report (in January 2019) to depositors of 3 banks in respect of which the insured events occurred in December 2018.

TO ENSURE THE MOST CONVENIENT CONDITIONS FOR DEPOSITORS TO RECEIVE INSURANCE PAYOUTS, AGENT BANKS WERE ENGAGED ON A COMPETITIVE BASIS FOR 54 INSURED EVENTS. IN 3 CASES (JSC BANK SOVETSKY, CB NOVOE EUROSTANDARD (LLC)) VREMYA (LLC) JSC RUNETBANK) DUE TO SMALL NUMBER OF OFFICIALLY RECORDED DEPOSITORS (LESS THAN

## 25 IN EACH BANK), PAYOUTS WERE MADE DIRECTLY BY THE AGENCY.

The branch network of structural divisions of the agent banks engaged by the Agency allowed to ensure organization of payouts in 94 % of populated settlements where the main structural divisions of failed banks were located. In addition, the Agency made payouts through the agent banks with the branches in other populated settlements in connection with availability of data that significant number of depositors of the banks in respect of which the insured event occurred reside in them. Thus, for example, payouts to depositors of CB Russian Mortgage Bank (LLC) were organized not only in 5 populated settlements where its offices were located but in 52 more populated settlements where many depositors reside. Depositors residing outside the populated settlements where the divisions of the agent banks were located were able to claim insurance payments directly from the Agency in non-cash form or in cash through postal transfer.

Payouts were conducted in 66 constituent entities of the Russian Federation, including the Republic of Crimea and the city of federal significance Sevastopol.

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 for subsequent inclusion by the Agency into the creditors' claims register of the bank in the course of its liquidation. 20.1 thousand such depositors (86 %) out of 23.5 thousand of potential applicants used this possibility.

Two or more agent banks were engaged in payouts in 8 cases of insured event occurrence and the depositors were divided among them by place of residence and/or alphabetically for convenience of depositors.

Insurance indemnity was paid by the Agency through agent banks — PJSC Sberbank (53 % of total payouts), Bank VTB (PJSC) (20 %), JSC Rosselkhozbank (14 %). In 2018 PJSC Sberbank made payouts to the depositors of 54 liquidated banks, JSC Rosselkhozbank — to the depositors of 44 liquidated banks, Bank VTB (PJSC) — to the depositors of 12 liquidated banks.

As of December 31, 2018, 56 banks were accredited by the Agency to participate in tenders to select the agent banks. Structural divisions of the accredited banks are located in all constituent entities of the Russian Federation allowing the vast majority of depositors to receive payouts at the place of residence.

The major banks attracting the largest volume of households' deposits are the accredited agent bank: PJSC Sberbank, Bank VTB (PJSC), JSC ALFA-BANK, Bank GPB (JSC), JSC Rosselkhozbank, PJSC Bank FC Otkrytie.

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## IN 2018 THE AGENCY PROVIDED THE OPPORTUNITY TO RECEIVE INSURANCE PAYMENTS FOR DEPOSITORS OF 364 BANKS, INCLUDING THOSE THAT FAILED IN EARLIER YEARS.

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For the reporting period the insurance payouts totaling 188.3 billion rubles were received by 356.8 thousand depositors of 278 banks. At that, the amount of payouts on accounts of 13.5 thousand of individual entrepreneurs was about 2.2 billion rubles.

1.8 thousand depositors applied to the Agency directly to receive insurance payments for the total amount of 350 million rubles with payment by postal transfer made to 150 depositors for the total amount of 6 million rubles.

In the reporting period liquidation proceedings were completed in 13 banks in respect of which the insured events occurred earlier (JSCB AltaiBusiness-Bank (JSC), JSC JSCB TURBOBANK, CB Sembank LLC, CJSC Sberinvestbank, OJSC Municipal Commercial Bank, CJSC Welcomebank, CJSC JSCB Trado-Bank, OJSC Uralfinprombank, MCB United Mining Bank (LLC), JSC CB TETRAPOLIS, CB MKB (LLC), CB RATIBOR-BANK LLC, CB VBB LLC). The total amount of payouts in these banks equaled to 6.1 billion rubles, with 3.75 billion rubles returned to MDIF in the course of liquidation proceedings (61.06 % of the paid amount).

The required regulatory and technological base for payouts was prepared in connection with the extension of insurance coverage to the deposits (accounts) of legal entities included in compliance with the legislation of the Russian Federation into the category of small enterprises. As proposed by the Agency, the Bank of Russia established a new format of the register, the Agency developed and approved changes to the documents governing the procedure of payouts and the procedure of interaction of the Agency and agent banks when making payouts to insured depositors. Information and accounting system of insurance payouts was modernized, technology of information exchange with DIS member banks through personal accounts on the external portal of the Bank of Russia was developed in cooperation with the Bank of Russia.

## PREVENTING FRAUD IN DIS

An important area of activity of the Agency was counteracting attempts of fraud with deposit insurance and protection of rights of depositors affected by illegal actions of the banks.

Deposit transactions were analyzed by the Agency for each insured event in order to identify the evidences of artificial formation of liabilities to depositors and thus increasing the insurance liability of the Agency. As a result, in 13 banks (Bank SBRR (LLC), JSCB Master-Capital (OJSC), PJSC OFK Bank, JSC AK Bank, CB Lightbank LLC, JSC CB ELBIN, JSC Bank Voronezh, Bank Taata JSC, PIR Bank LLC, JSC VostSibtranscombank, CB SOYUZNY LLC, CB Agrosoyuz

LLC, CB Russian Mortgage Bank) more than 1 thousand of operation of artificial creation of deposits totaling 1.5 billion rubles through the so-called splitting — inclusion into the accounting records of the bank of technical records on funds credited from the accounts of legal entities and owners of large deposits from among the individuals to the accounts of specially selected individuals for illegal receipt of payouts by the latter were detected. The number of such operations decreased 4.7 times as compared to 2017 and their volume decreased 3 times.

In the course of preparation and making payouts, the Agency also detected cases of fraud through the use of so-called “off-balance accounting”, where the information on opened accounts (deposits) of citizens was not reflected in the official bank records or was not reflected in full. Thus, the cases of fraud were detected in JSC JSCB ELBIN, Taata Bank JSC and JSC JSB BTF aimed at stealing by the employees of the said banks of the funds of 753 depositors totaling 816 million rubles (as compared to 2017 the amount of funds hidden by the banks decreased 13.3 times and the number of affected depositors decreased 16 times).

In order to prevent illegal payouts from MDIF, all deposits with the signs of artificial creation (“splitting”) and not reflected in official records were not included by the temporary administration into the register which was used for payouts.

Restoration by the Agency on accounts of “off-balance-sheet” liabilities of the banks and rights of depositors violated by former management were made in absolute majority of cases out of court on the basis of supporting documents submitted by them and documents and data found in the banks. In certain cases when there was no objective possibility to restore the rights of the depositor by the Agency, they were restored on the basis of court decisions or the information received from the investigative authorities.

From the beginning of 2018 the Agency restored in accounts and included into the registers the “off-balance-sheet” liabilities under the claims of 2,098 depositors (including depositors of banks in which the insured events occurred during the previous years) exceeding 2.3 billion rubles in total.

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IN THE REPORTING PERIOD THE AGENCY RECEIVED MORE THAN 8 THOUSAND CLAIMS ON DISAGREEMENT WITH THE SIZE OF INSURANCE INDEMNITY AND ABOUT 1 THOUSAND ADDRESSES FROM THE CITIZENS INVOLVED INTO ARTIFICIAL ILLEGAL FORMATION OF DEPOSITS WITH THE APPLICATIONS ON REFUSAL FROM FICTITIOUS CREDIT AND DEBIT OPERATIONS WHICH ILLEGALLY INCREASED THE INSURANCE LIABILITY OF THE AGENCY.

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## AS COMPARED WITH 2017, BOTH INDICATORS DECREASED 6 TIMES.

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In the course of participation of the Agency's employees in temporary administrations to manage failed banks appointed by the Bank of Russia, preparing for and making payouts by the Agency, attempts to steal funds from the Mandatory Deposit Insurance Fund through formation of primary bank documents on bank deposits and/or their reflection in accounts of the bank with absence of actual crediting of cash to the accounts (deposits) of depositors were detected and prevented. In total (beginning from 2012) the Agency detected and prevented attempts of illegal receipt of payouts through formation of fictitious deposits in 16 banks for the amount of about 15 billion rubles, including the attempts of receipt of payouts in 3 banks for the amount of 762 million rubles prevented in 2018.

During 2018 the Agency was providing advice to the citizens on the issues connected with the usage of banking services by them and insurance coverage, including weekly personal visits, contacts through the "hot line" (86 thousand phone calls were processed) and written requests and electronic requests through feedback functions on the official web-site of the Agency. More than 76 thousand responses were formed through the automated information services on the official web-site of the Agency which provide for tracing by the depositors of the stage of processing of their requests and receipt of data on the agent bank appointed to make payout to the depositor.

The official web-site of the Agency has a service which allows to accept applications on disagreement with the size of the insurance indemnity in the form of electronic documents signed by the encrypted digital signature from the depositors.

# Control Measures Taken to DIS Member Banks

THE PURPOSE THAT THE AGENCY EMPLOYEES PURSUED WHILE PARTICIPATING IN INSPECTIONS CARRIED OUT BY THE BANK OF RUSSIA IS TO MITIGATE THE RISKS CONNECTED WITH POSSIBLE VIOLATIONS BY THE BANKS OF THEIR OBLIGATIONS IMPOSED BY THE LAW ON DEPOSIT INSURANCE, NAMELY: OBLIGATIONS TO RECORD THEIR LIABILITIES TO DEPOSITORS AND TO FORM THE REGISTER, AS WELL AS THE OBLIGATION TO PAY PREMIUMS TO THE MDIF IN FULL AMOUNT AND IN TIMELY MANNER.

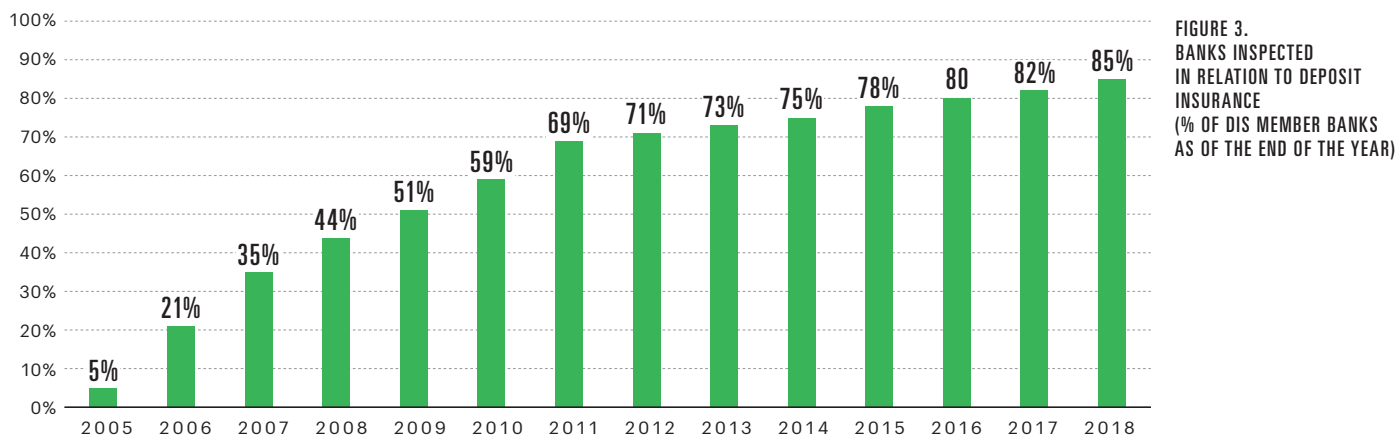
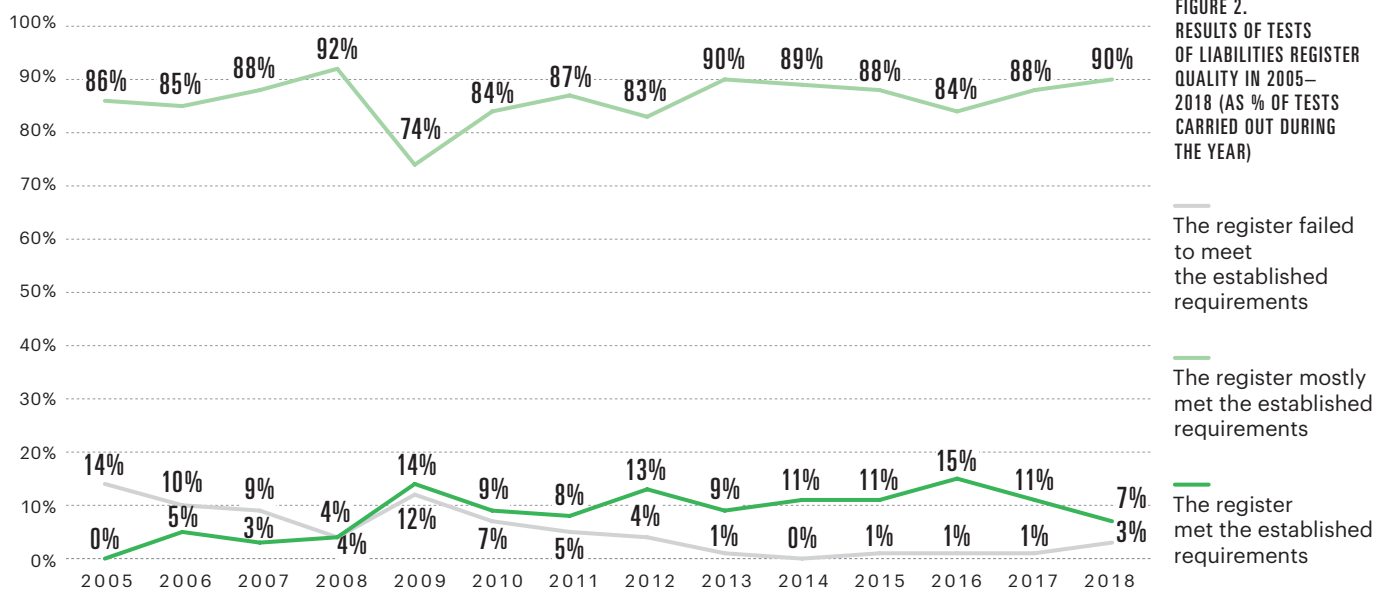
Banks were mainly inspected according to the schedule in compliance with the "Consolidated Plan of Inspections of Credit Institutions (their Branches) for H1 and 2 of 2018" as approved by the Bank of Russia. In the reporting year the Agency employees participated in inspections of 73 banks (with 13 unscheduled inspections) situated in 27 constituent entities of the Russian Federation. The total amount of deposits with the said banks equaled to 10.6% of all deposits in the banking system (not taking into account PJSC Sberbank).

In the course of inspections main attention was paid to how the banks maintain records of data related to depositors and their accounts in compliance with the register generation requirements established by the Bank of Russia. Evaluations of the register generation quality are presented in figure 2.

In 2018, 5 banks formed registers in full compliance with the established requirements, 66 banks formed registers generally complying with the established requirements but with minor deficiencies, 2 banks formed the register with material violations. Typical deficiencies identified in the course of inspections include: lack or distortion of identification information on separate depositors, liabilities and counterclaims, duplicating records on depositors.

Throughout the history of DIS, the share of DIS member banks (including liquidated), in respect of which inspections have been

conducted with participation of the Agency gradually grew up to 85 % (figure 3). As of the end of 2018 inspection measures related to deposit insurance were taken in respect of 86 % of the existing DIS member banks where 76 % of household deposits are placed (without PJSC Sberbank) with the participation of the Agency.



# The Mandatory Deposit Insurance Fund

DURING 2018 MDIF RECEIVED 224.2 BILLION RUBLES, INCLUDING 159.0 BILLION RUBLES OF DIS MEMBER BANKS' INSURANCE PREMIUMS; 65.0 BILLION RUBLES FROM THE BANKRUPTCY ESTATES OF LIQUIDATED BANKS TO REDEEM THE CLAIMS UNDER THE INSURANCE INDEMNITY PAID EARLIER; 0.2 BILLION RUBLES OF OTHER PROCEEDS (PROCEEDS FROM TRANSFER OF ASSETS AND LIABILITIES, ETC.).

To maintain financial sustainability of the MDIF, the agreement with the Bank of Russia for provision to the Agency of unsecured loans for up to 5 years is in effect since 2015. As of the end of 2018 the Agency received (less the repaid funds) 797 billion rubles while the approved limit is 1,030 billion rubles.

Funds of the loans of the Bank of Russia were not attracted for payouts in relation to the insured events in 2018.

As for the additional and increased additional insurance premium rates, during 2018 the banks transferred 9.09 billion rubles, including: for Q4 2017 — 1.87 billion rubles by 70 banks, for Q1 2018 — 4.76 billion rubles by 68 banks, for Q2 2018 — 1.50 billion rubles by 59 banks, for Q3 2018 — 0.96 billion rubles by 40 banks. Summary information on insurance premiums actually received in 2018 for each settlement period is presented in table 2.

TABLE 2.  
INSURANCE PREMIUMS  
OF THE BANKS INTO MDIF  
IN 2018 FOR SPECIFIC  
CALCULATION PERIODS

| Calculation Periods   | Q4<br>2017 | Q1<br>2018 | Q2<br>2018 | Q3<br>2018 | Total<br>(average) |
|---|------------|------------|------------|------------|--------------------|
| Insurance premiums paid for the calculation period (billion rubles) | 31,95      | 43,44      | 41,47      | 41,99      | 158,85             |
| Number of payers  | 467        | 453        | 433        | 414        | (442)              |
| Including paid at additional rates (billion rubles)                 | 1,87       | 4,76       | 1,50       | 0,96       | 9,09               |
| Number of payers at additional rates                                | 70         | 68         | 59         | 40         | (59)               |



For 3 years of full functioning of the system of differential premium system the average quarterly number of payers of additional premiums decreased 2 times in average (for settlements for 2016–113 banks, for 2017–76 banks, for 2018–59 banks).

At that, the proceeds of additional insurance premiums for the period averaged about 2.5 billion rubles per quarter (for settlements for 2016–2.27 billion rubles, for 2017–2.91 billion rubles, for 2018–2.27 billion rubles).

Most operating banks paid insurance premiums in full amount and in due time. Information on the cases of violation by the banks of the procedure and terms of premium payments is reflected in table 3.

| Calculation Periods  | Q4<br>2017 | Q1<br>2018 | Q2<br>2018 | Q3<br>2018 | Total<br>(average) |
|--|------------|------------|------------|------------|--------------------|
| Penalty for incomplete and/or untimely premium payment (thousand rubles) | 38,9       | 0,02       | 55,3       | 237,1      | 331,3              |
| Number of violating banks (units)  | 11         | 2          | 12         | 6          | 31                 |

TABLE 3.  
DYNAMICS OF INDICATORS  
CHARACTERIZING  
VIOLATION  
BY DIS MEMBER BANKS  
OF THE PROCEDURE  
AND TERMS OF INSURANCE  
PREMIUM PAYMENTS  
IN 2018

In 2018, 6 claims to repay the debt totaling 109.1 billion rubles were sent to the operating banks, of which: 4 claims were repaid by the banks in full (12.3 million rubles); 2 banks did not repay the debt (96.9 million rubles) in connection with revocation of their banking license. 52 creditor claims totaling 3.1 billion rubles were sent to the banks with licenses revoked earlier. 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, 16 liquidated banks transferred to MDIF 43.6 million rubles to partially redeem the Agency's claims related to insurance premiums.

# Investment of Temporary Idle Monetary Resources of the Mandatory Deposit Insurance Fund

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TO ENSURE PROTECTION FROM INFLATION AND REPLENISHMENT OF MDIF, THE AGENCY HAS INVESTED TEMPORARY IDLE MONETARY RESOURCES IN THE MARKET FOLLOWING THE PRINCIPLES OF REPAYMENT, PROFITABILITY AND LIQUIDITY.

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The MDIF cash was invested in compliance with the Regulations on Investing Temporary Idle Monetary Resources of the State Corporation “Deposit Insurance Agency” as approved by the decision of the Agency’s Board of Directors dated March 06, 2018 (Minutes No. 3).

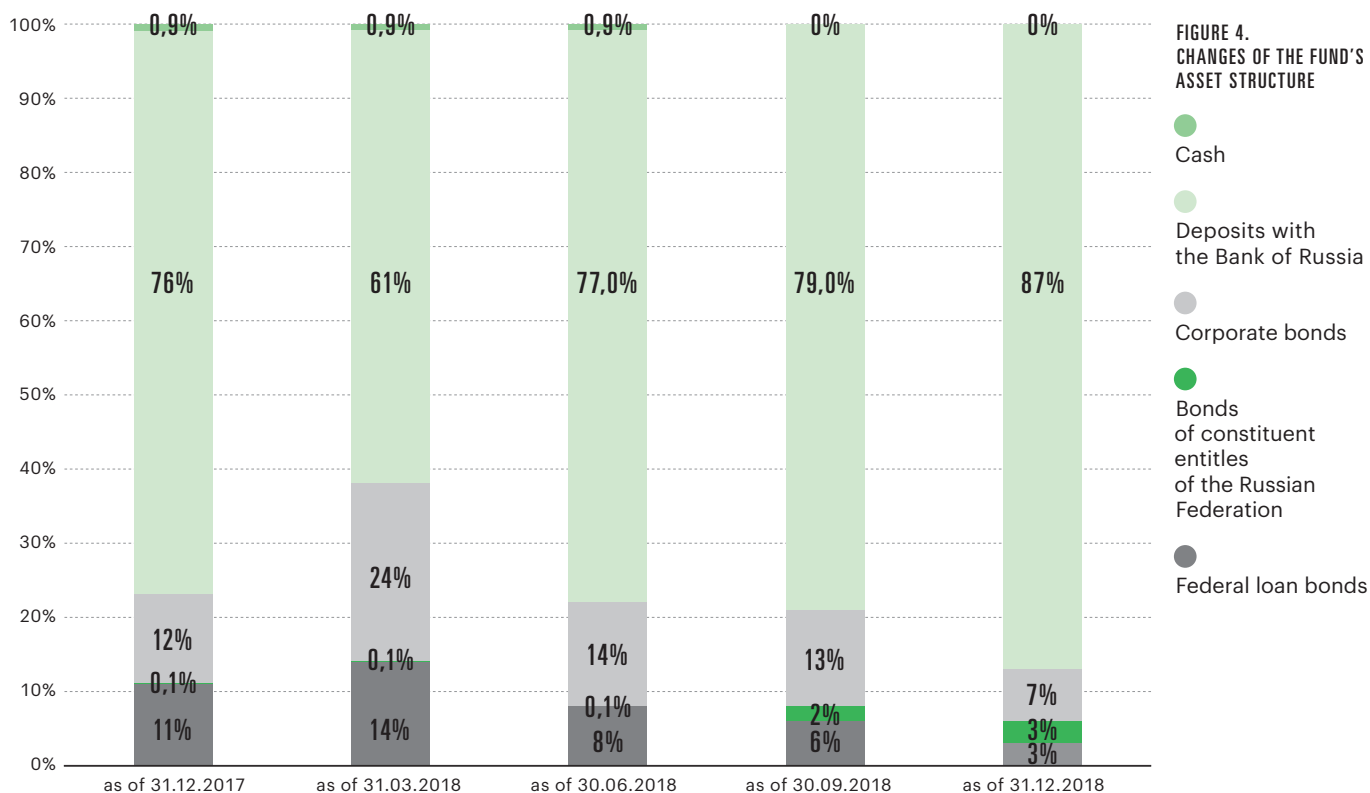
In 2018, while restructuring the MDIF investment portfolio, the Agency purchased new securities to replace the redeemed ones. Accumulation of the required liquid resources of MDIF was in the form of deposits with the Bank of Russia.

As of December 31, 2018 the MDIF investment portfolio (assets) amounted to 54.6 billion rubles.

At that, 3 % of MDIF assets were invested in federal loan bonds of the Russian Federation, 3 % were invested in bonds of constituent entities of the Russian Federation, 7 % were invested into corporate bonds, 87 % were invested in deposits with the Bank of Russia (figure 4).

The total amount of income from investing the MDIF resources for 2018 adjusted for revaluation of securities equaled to 1.8 billion rubles, with return on invested funds being 6.1% per annum.

Thus, with moderately conservative policy in 2018, the Agency received the yield comparable with the market indicators of players having similar investment restrictions.



# DIS Impact on the Bank Deposit Market

**1** According to reporting form 0409101 "Turnover balance sheet on accounts of a credit institution", without individual entrepreneurs.

**2** Formation of relative indicators of the deposit market is influenced by dynamics of ruble exchange rate and revocation and cancellation of licenses of some banks, except for the cases of cancellation of licenses in connection with reorganization. So, to better reflect the actual dynamics of indicators of the deposit market, this section presents (wherever possible) the data on increase rates of the banks which operated as of the last reporting date, without factoring in currency revaluation. Dynamics of indicators in absolute terms is given without exclusion of currency revaluation.

## IN 2018 DEPOSITS OF INDIVIDUALS WITH THE BANKS CONTINUED TO GROW.

Against this background DIS remained an important stabilizing factor of the market of households' deposits.

The total amount of bank deposits of individuals in the reporting year increased by 2,473 billion rubles, up to 28,460 billion rubles<sup>1</sup> (figure 5). In relative terms, the growth for 2018 was 6.5% (in 2017–10.7%)<sup>2</sup>.

As of December 31, 2018 deposits of individual entrepreneurs amounted to 598 billion rubles (2.1% of the total amount of deposits of individuals) with the increase from the beginning of the year by 138 billion rubles. The estimated amount of insurance liability to them is about 343 billion rubles or 57.4% of the amount of deposits of individual entrepreneurs which corresponds to the structure of deposits of individuals in general.

Investments into uninsured bearer saving certificates were decreasing from the spring of the reporting year. As the result, from the beginning of 2018 funds invested into such certificates decreased more than 2 times (by 236 billion rubles) down to 151 billion rubles. The share of bearer certificates in total deposits also decreased, making up 0.5%. Such trend is caused by the fact that in compliance with the current legislation the saving certificates issued from June 1, 2018 may be only registered securities, their bearer form was eliminated.

In general, the amount of insured deposits with banks (including deposits of individual entrepreneurs) in 2018 increased by 2,840 billion rubles. In relative terms, it showed growth of 7.9% and reached 28,873 billion rubles (in 2017 — by 11.0%).

Dynamics of daily deposit gains demonstrates that in 2018 the population savings were as follows. In January–November of 2018 the growth of deposits averaged 3.5 billion rubles per day, 1.2 billion rubles per day without currency

revaluation (2.4 billion rubles per day in January-November of 2017, 3.0 billion rubles per day without currency revaluation). Traditional Pre-New Year bonus payments and other additional remunerations resulted in large increase in the deposits. In December deposits of individuals increased by 1,304.0 billion rubles (by 42 billion rubles per day on average) which is slightly lower than the last-year December proceeds less the currency revaluation.

In the reporting year large deposits demonstrated the most active growth. Thus, deposits from 1.4 million to 3 million rubles increased by 17.8% in terms of amount and by 18.2% in terms of the number of accounts, and deposits over 3 million rubles increased by 15.1% in terms of amount and by 17.6% in terms of the number of accounts.

Deposits less than 100 thousand rubles were up by 8.5% in terms of the amount and by 2.4% in terms of the number of accounts. Deposits from 100 thousand to 1 million rubles increased by 6.2% in terms of amount and by 5.3% in terms of the number of accounts, and deposits from 1 million rubles to 1.4 million rubles increased by 11.1% in terms of amount and by 11.0% in terms of the number of accounts.

By the results of the year, the share of deposits from 1.4 million to 3 million rubles and over 3 million rubles increased from 9.7% to 10.3% and from 31.5% to 32.6%, respectively. The share of deposits up to 100 thousand rubles and from 1 million to 1.4 million rubles remained almost unchanged. The share of deposits from 100 thousand rubles to 1 million rubles decreased from 37.8% to 36.2% (figure 6).

The results of monitoring of interest rates on deposits evidence decrease in deposit profitability from January to July 2018 and slight growth from August. As the result, according to the Bank of Russia, the average value of maximal retail deposit interest rate in rubles by 10 largest banks

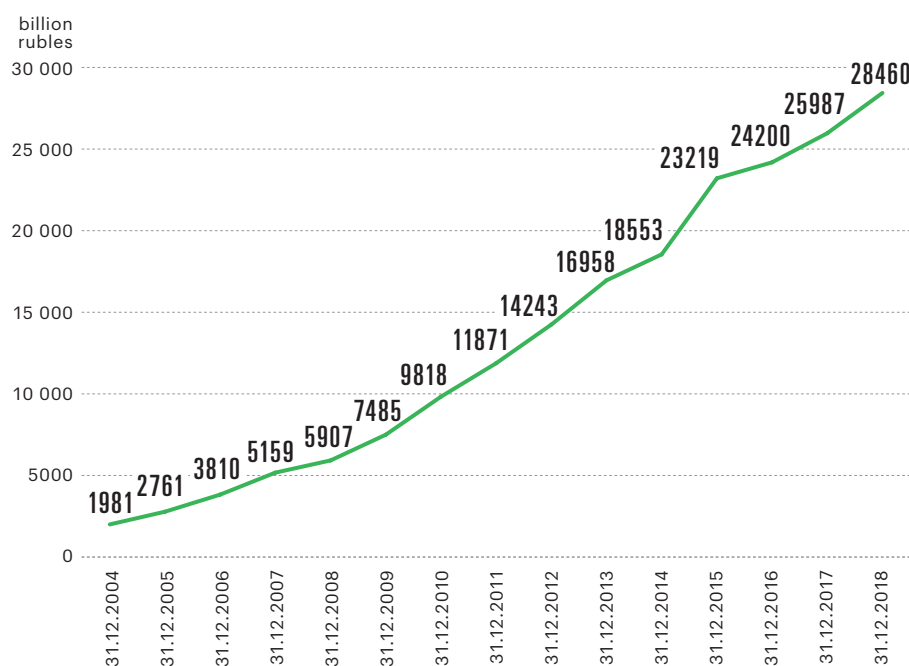


FIGURE 5.  
HOUSEHOLDS' DEPOSITS  
IN 2004–2018  
(BILLION RUBLES)

remained almost unchanged for the year, having increased by 0.1 p.p. — from 7.3% up to 7.4% (there was a decreased by 1.1 p.p. in 2017).

In the reporting period the share of short-term deposits (less than 1 year) decreased from 37.8% to 36.9%, the share of long-term deposits (for more than 1 year) decreased from 41.2% to 39.5%. The share of call deposits and those with the term up to 30 days increased (from 21.0 to 23.6%). At that, the main change in the deposit structure took place in the first half of the year.

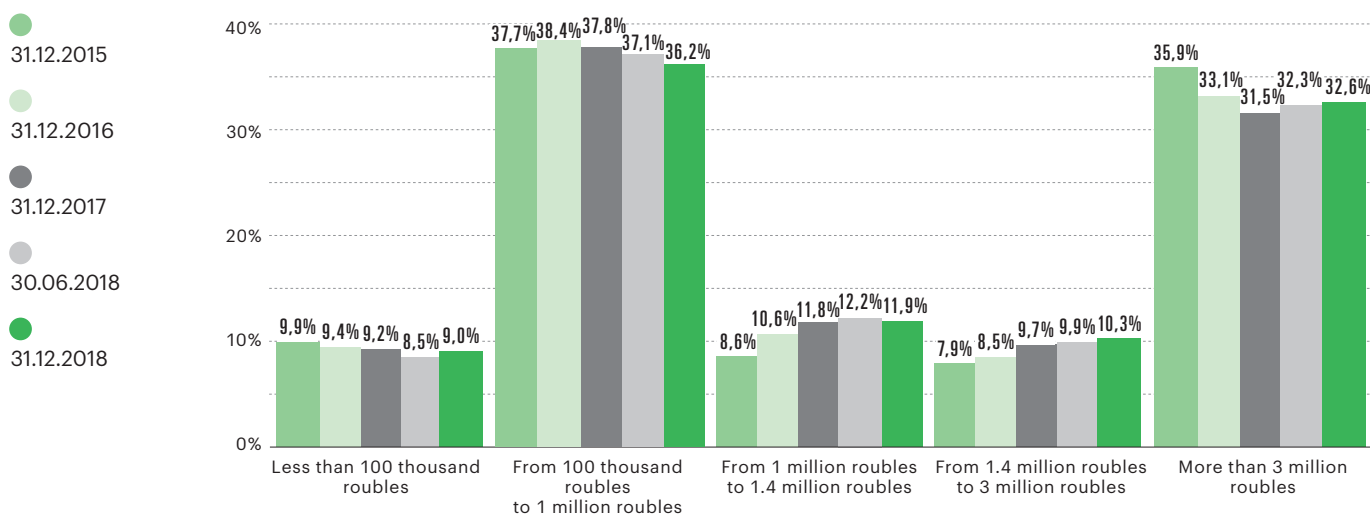
The share of foreign-currency deposits increased slightly as the result of ruble exchange rate change (from 20.6 to 21.5%).

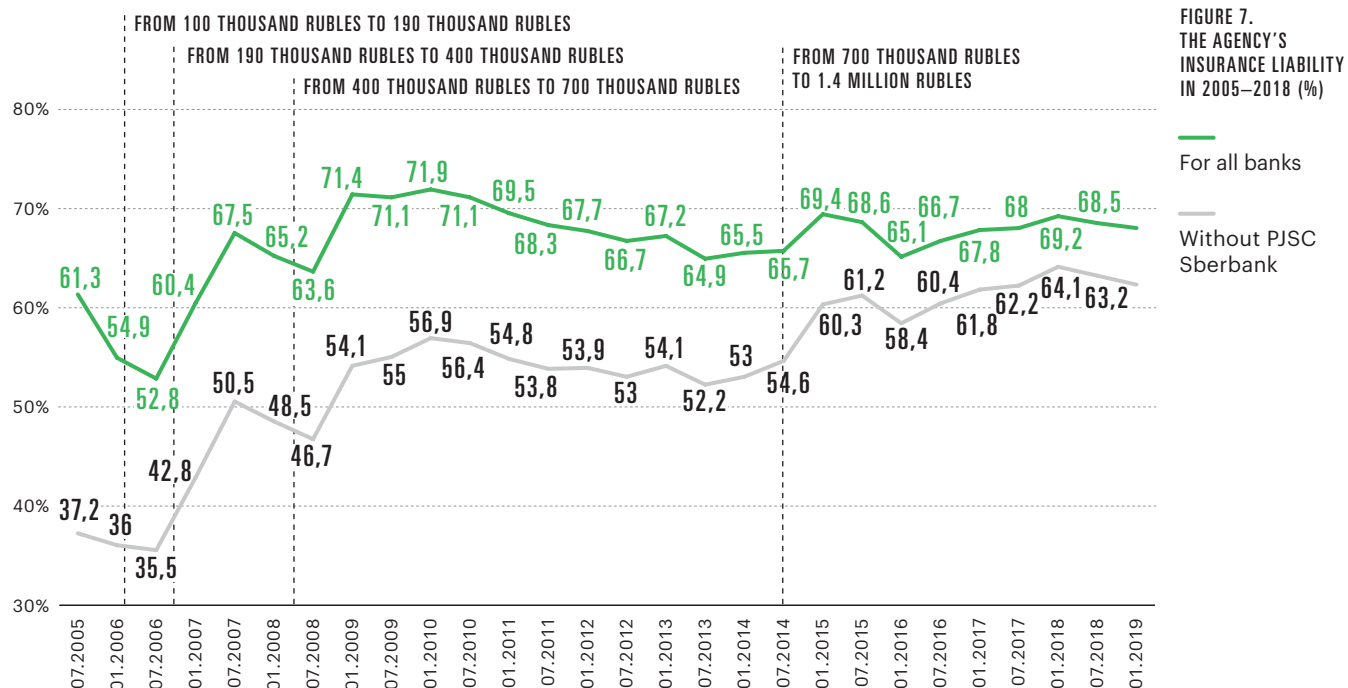
In 2018, the share of 30 largest banks in terms of deposit amount increased from 87.0 up to 89.6%, the share of PJSC Sberbank decreased from 46.1 to 45.1%. Gradual growth of share of the largest banks continues from the end of 2013 — total increase for the period is 13 p.p.

The Agency's insurance liability (covered deposits) decreased during 2018 and as of December 31, 2018 amounted to 68.0% of all insured deposits (69.2% as of December 31, 2017). Without considering PJSC Sberbank, this indicator decreased from 64.1 to 62.3% (figure 7).

The existing coverage limit of 1.4 million rubles fully covers 99.6% of all deposits in terms of the number of accounts (98.7% without accounts below 1 thousand rubles) and 57.1% of all deposits in terms of amount. Average deposit amount in the banking system (without accounts below 1 thousand rubles) amounted to 166.0 thousand rubles as of December 31, 2018.

FIGURE 6.  
STRUCTURE OF DEPOSITS  
DEPENDING ON DEPOSIT  
AMOUNT (%)





# Operation of the System for Guaranteeing Mandatory Pension Savings

---

## 2/1—2/3

|  |    |                                       |    |
|--|----|---------------------------------------|----|
| 2/1  | 50 | 2/3                                   | 54 |
| MAIN INDICATORS OF THE SYSTEM<br>FOR GUARANTEEING MANDATORY<br>PENSION SAVINGS |    | THE PENSION SAVINGS<br>GUARANTEE FUND |    |
| 2/2  | 52 |                                       |    |
| CONTROL MEASURES IN RESPECT<br>OF PSGS MEMBER FUNDS                            |    |                                       |    |

---



2

# Main Indicators of the System for Guaranteeing Mandatory Pension Savings

As of December 31, 2018 36 non-government pension funds included by the Agency into the register of member funds were members of PSGS as well as the Pension Fund of the Russian Federation which is PSGS member by law.

There were no guarantee events throughout the history of PSGS (including the reporting period).

During 2018 3 funds (JSC NPF of Electric Energy, JSC NPF RGS and JSC NPF Soglasie-OPS) were excluded from the register of member funds due to termination of their activity as a result of their merger with other member funds. Decrease in the number of member funds in the previous years was also caused by their consolidation.

Data on quantitative change in the member funds throughout the history of PSGS is presented in the table below:

TABLE 4.  
QUANTITATIVE CHANGES  
IN MEMBER FUNDS  
THROUGHOUT  
THE HISTORY OF PSGS

| Year | Included into<br>the register<br>of member funds | Excluded from<br>the register<br>of member funds | Number of member<br>funds as of the end<br>of the year |
|------|--|--|--|
| 2015 | 33   | 0  | 33   |
| 2016 | 14   | 6  | 41   |
| 2017 | 0  | 3  | 38   |
| 2018 | 0  | 3  | 35   |

In 2018 development of electronic interaction with member funds continued through accession of funds to the E-Document Exchange Agreement<sup>3</sup>. As of the end of the reporting period 28 funds out of 35 PSGS member funds interacted with the Agency through electronic channels; 4 funds took organizational and technical measures required to accede to the said E-Document Exchange Agreement; 3 funds refused to make the documents in the electronic form.

In the reporting year the Agency and the Pension Fund of the Russian Federation also concluded supplementary agreement No. 2 to the E-Document Exchange Agreement setting the form and format of information provision to the Pension Fund of the Russian Federation on the number of insured persons and amount of pension savings in the mandatory pension insurance system.

For the purpose of electronic information exchange with the Bank of Russia as stipulated by the supplementary agreement No. 1 to the E-Document Exchange Agreement<sup>4</sup>, Regulation on interaction of the Bank of Russia and the Agency on information exchange in the electronic form using the personal area related to the operations of non-government pension funds registered in the pension savings guarantee system and non-government pension funds where the functions of the liquidator (receiver) are assigned to the Agency was approved in the reporting period.

The amendments to Article 15 of the Law on Guarantee by Federal Law dated March 7, 2018 No. 49-FZ "On introduction of amendments into separate legal instruments of the Russian Federation on regulation of operations of non-government pension funds" established that the source of guarantee fees payment to PSGF for the member funds shall be only equity. To bring the Procedure of payment of guarantee fees and control over completeness and timeliness of their crediting to the pension savings guarantee fund approved by resolution of the Board of Directors of the Agency dated December 15, 2014 (Minutes No. 6) in compliance with the current law, amendments which specify the source of payment by the member funds of guarantee fees to PSGF were introduced (approved by resolution of the Board of Directors of the Agency dated June 28, 2018; Minutes No. 7).

**3** The E-Document Exchange Agreement between the State Corporation "Deposit Insurance Agency" and non-government pension fund being a member of the pension savings guarantee system.

**4** Supplementary agreement dated December 22, 2017 No. 1 to the E-Document Exchange Agreement between the Bank of Russia and the State Corporation "Deposit Insurance Agency" dated November 1, 2004 No. 2004-0139/6.

# Control Measures in Respect of PSGS Member Funds

---

IN THE REPORTING PERIOD THE AGENCY EMPLOYEES TOOK PART (AS MEMBERS OF WORKING GROUPS OF THE BANK OF RUSSIA) IN SCHEDULED INSPECTIONS OF 8 MEMBER FUNDS LOCATED IN THE CENTRAL, VOLGA AND FAR-EASTERN FEDERAL DISTRICTS.

---

During such inspections the Agency employees paid main attention to testing the ability of member funds to promptly and correctly form the registers of liabilities to the insured persons. Such registers were generated by all inspected member funds without violation of terms and they complied with the requirements of legal instruments in general, while containing some deficiencies. Typical deficiencies in the procedure of register formation detected in the course of inspections included absence or distortion of identification information on the insured persons or data on liabilities of the member fund to the insured persons.

Within the frameworks of exercise by the Agency of powers to form funds of PSGF in 2018 specific control measures in respect of all member funds were taken as to the completeness and timeliness of guarantee fees (penalty) payment to PSGF. In respect of 7 member funds such control measures were taken in the course of the above mentioned scheduled inspections carried out by the Bank of Russia

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and the Agency, 34 member fund was inspected by the Agency distantly on the basis of requests for provision of primary documents. As the result, one member fund which transferred penalty for delay in guarantee fee payment not in full was detected, 4 more member funds had debt in guarantee fees (penalty) payment to PSGF caused by violation of the procedure of making reports on the calculation base (all these 5 member funds repaid the debt detected by the Agency in the reporting period).

# The Pension Savings Guarantee Fund

**5** For comparison: return on index of state bonds of the Russian Federation calculated by Moscow Stock Exchange was 2.12% per annum in 2018.

AS OF DECEMBER 31, 2018 THE PSGF AMOUNTED TO 2.16 BILLION RUBLES. DURING THE REPORTING PERIOD PSGF RECEIVED 1.03 BILLION RUBLES.

Payment of guarantee fees to PSGF for 2017 made by the member funds in 2018 was in compliance with the Order of the Bank of Russia No. 3416-U — at the increased rate of 0.025% of the calculation base.

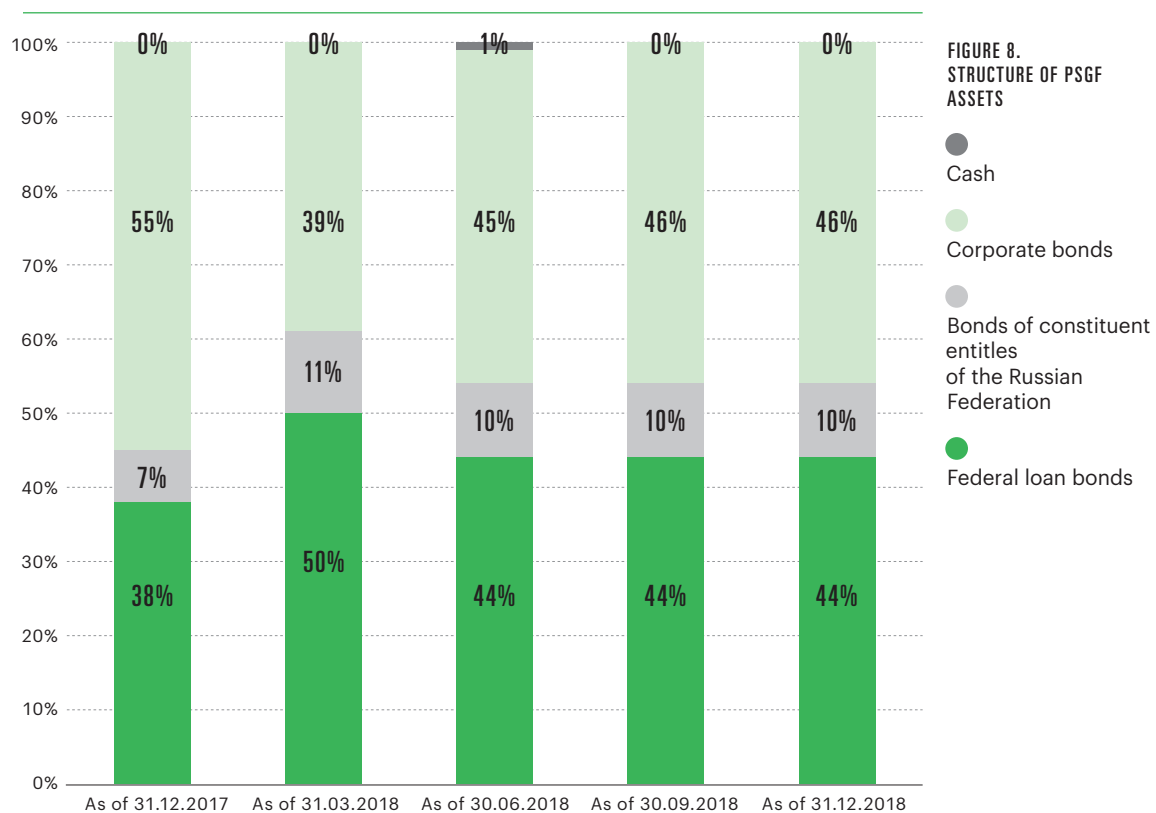
In 2018 delay in guarantee fees payment was committed by one member fund, 8 member funds overpaid the guarantee fees which is subject to set-off in compliance with the Law on Guarantee.

Due to the absence of guarantee events in 2018, guarantee compensation was not paid by the Agency.

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

As of December 31, 2018 44% of the PSGF assets were invested in the federal loan bonds of the Russian Federation. 10% were invested into the bonds of constituent entities of the Russian Federation, 46% were invested into corporate bonds (figure 8).

The total amount of income from investing the PSGF assets in 2018 adjusted for revaluation of securities equaled to 53.6 million rubles, with return on invested funds with revaluation of securities being 2.7% per annum<sup>5</sup>. PSGF investments include quality long-term bonds which will ensure return of 7.8% per annum if held to maturity.



# The Agency’s Actions to Prevent Banks’ Bankruptcy

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3/1—3/3

|   |    |  |    |
|---|----|--|----|
| 3/1                                     | 58 | 3/3  | 64 |
| ACTIONS TO PREVENT BANKS’<br>BANKRUPTCY |    | FINANCING OF ACTIONS<br>TO PREVENT BANKS’ BANKRUPTCY |    |
| <hr/>                                   |    |  |    |
| 3/2                                     | 62 |  |    |
| ASSET MANAGEMENT                        |    |  |    |

---



3

# Actions to Prevent Banks' Bankruptcy

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TO STRENGTHEN STABILITY OF THE BANKING SYSTEM, ENSURE ITS SUSTAINABLE DEVELOPMENT, PROTECT THE INTERESTS OF CREDITORS AND DEPOSITORS OF BANKS, IN 2018 THE AGENCY CONTINUED IMPLEMENTATION OF MEASURES TO PREVENT BANK FAILURES.

---

As of the beginning of 2018, resolution measures were implemented in respect of 26 banks. During the year the Agency accepted proposals of the Bank of Russia on participation in bankruptcy prevention of 2 banks and in resolution of 1 bank, while later in respect of 2 banks (PJSC OFK Bank and Bank MBSP (JSC)) the Bank of Russia made decisions on revocation of their banking licenses. This circumstance was caused by low quality of assets of the said credit institutions identified by the temporary administration of the Agency and, therefore, impossibility of implementation of further bankruptcy prevention measures.

In addition, bankruptcy prevention measures in relation to 6 banks with participation of the Agency were completed in the reporting period. For 4 completed projects (JSC Bank Sovetsky, Bank TRUST (PJSC), JSC ROST BANK and JSC Bank AVB), the bankruptcy prevention measures were proposed by the Bank of Russia.

As of December 31, 2018, the Agency participated in prevention of bankruptcy of 22 banks. Dynamics of the Agency's operations in this sphere is presented in figure 9.

One of important events of 2018 to be mentioned is application in respect of JSC Bank Sovetsky of the bank resolution mechanisms which provide for transfer of a part of liabilities and assets for the equal amount from the problem bank to the financially stable credit institution.

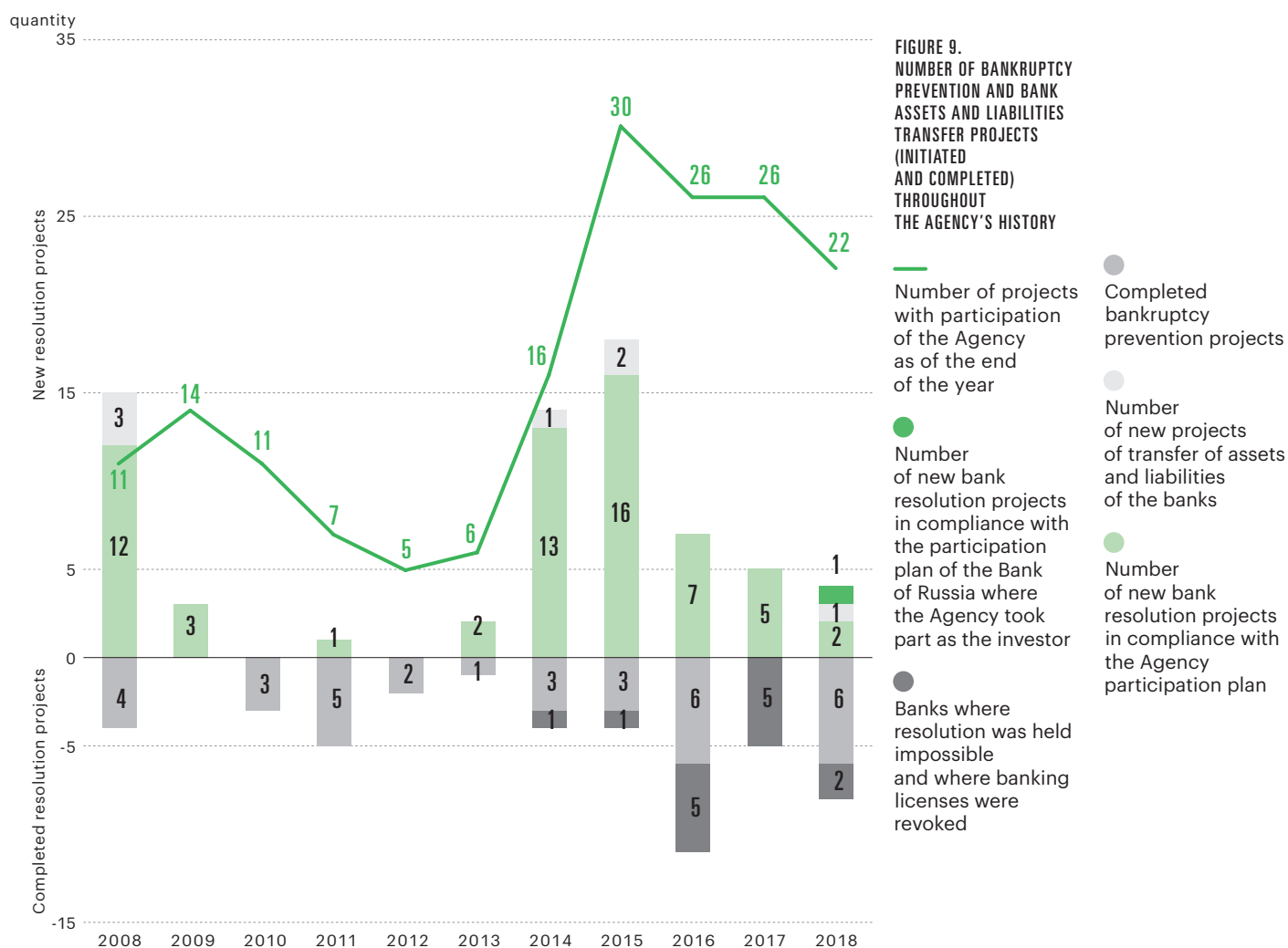
In July 2018 the banking license of JSC Bank Sovetsky was revoked by the order of the Bank of Russia. Simultaneously with the decision

made, the Bank of Russia approved the plan of the Agency's participation in bank resolution which provides for transfer of liabilities to the first priority creditors (individual depositors) and some assets of JSC Bank Sovetsky for the equal amount to a financial stable bank. The aggregate amount of transferred liabilities was 37.17 billion rubles.

The Agency held a closed tender to select the acquirer of the assets and liabilities of JSC Bank Sovetsky, the winner was PJSC MOSCOW CREDIT BANK.

Following the measures taken to settle the obligations of JSC Bank Sovetsky, full protection of rights and interests of the banks' individual depositors was assured.

The Agency carries out activity on rehabilitation of credit institutions mainly with attraction of investors (figure 10) which allows to optimize project management and gives the possibility for the market players to determine the development strategy of the resolved banks on the basis of the financial rehabilitation plan approved by the Bank of Russia and under the Agency's control, to deal with their operation management.

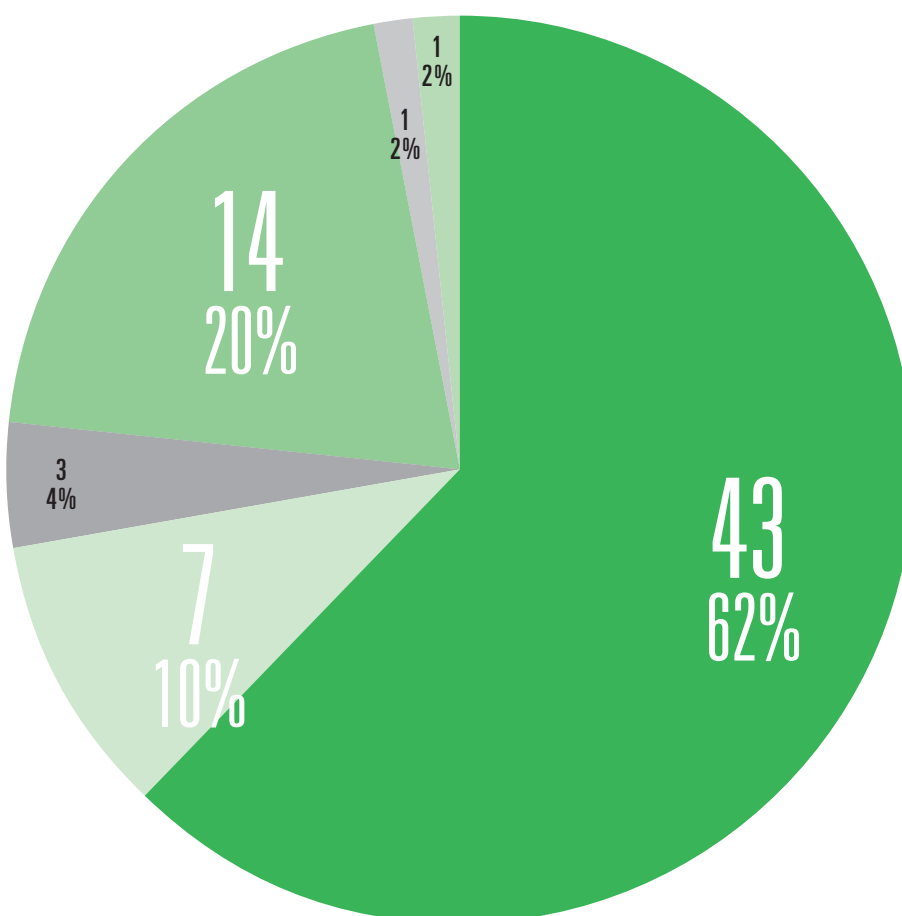


In the reporting period, in order to improve effectiveness of resolution in compliance with the amendments introduced into the plan of Agency's participation in measures to prevent bankruptcy of JSC FUNDSERVICEBANK, the investor of the said bank was changed.

The largest financial rehabilitation project throughout the history of DIA operation in the capacity of resolution authority is still JSC BM-Bank (previous name — OJSC "The Bank of Moscow"). The Agency is implementing measures to prevent this bank's bankruptcy together with the investor — Bank VTB (PJSC) — beginning from 2011. Within the framework of bankruptcy prevention of JSC BM-Bank, the Agency provided to this financial organization financial aid amounting to 294.81 billion rubles at the expense of borrowings from the Bank of Russia. As of December 31, 2018 a part of loans totaling 28.97 billion rubles was repaid.

AN IMPORTANT AREA OF THE AGENCY'S OPERATIONS IN THE SPHERE OF FINANCIAL REHABILITATION OF BANKS WAS THE WORK OF TEMPORARY ADMINISTRATIONS TO MANAGE BANKS IN RESPECT OF WHICH

FIGURE 10.  
DISTRIBUTION  
OF BANKRUPTCY  
PREVENTION AND BANK  
ASSETS AND LIABILITIES  
TRANSFER PROJECTS  
BY TYPES AND KINDS  
THROUGHOUT  
THE AGENCY'S HISTORY



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## THE BANKRUPTCY PREVENTION MEASURES WERE TAKEN AND REGULAR AND COMPREHENSIVE CONTROL OVER THE PROGRESS OF FINANCIAL REHABILITATION OF THE BANKS.

---

In 2018 the Agency acted as temporary administration of 5 banks. This measure allowed to get control over the activity of these banks, to organize their work subject to the existing financial possibilities as soon as possible, while keeping trust of creditors, including the depositors, in the banking system of the Russian Federation. As part of this activity, the Agency also carried out a comprehensive analysis of the financial position of the banks which resulted in decision making on the feasibility and expediency of their subsequent operation.

During 2018 there were 17 comprehensive scheduled and unscheduled inspections of banks in respect of which the bankruptcy prevention measures are taken and of investors participating in implementation of such bankruptcy prevention measures. They resulted in making all necessary decisions which contribute to the optimization of the resolution measures being implemented.

# Asset Management

## MANAGEMENT OF ASSETS OF BANKS IN RESPECT OF WHICH BANKRUPTCY PREVENTION MEASURES ARE IMPLEMENTED

The Agency performs supervisory and guiding functions while managing assets of the banks in which it is a shareholder (participant) or performs the functions of temporary administration.

In 2018 the Agency considered 11 applications of the banks in respect of which the bankruptcy prevention measures are taken — JSCB Investorgbank (PJSC), Timer Bank (PJSC), PJSC Baltic Bank, JSC GENBANK, Bank Tavrichesky (PJSC), on establishing credit limits for the borrowers, managing problem assets and performing separate operations.

## MANAGEMENT OF ASSETS ACQUIRED IN THE COURSE OF ACTIONS TO PREVENT BANKS' BANKRUPTCY

In the reporting year, the Agency purchased assets amounting to 2.68 billion rubles in the course of implementation of measures to prevent bankruptcy of JSC Bank DOM.RF (previous name — JSCB ROSSIYSKIY CAPITAL (JSC)).

In the previous years, assets of 10 resolved banks were purchased: KIT Finance Investment Bank (OJSC), OJSC Bank Petrovskiy, GB Nizhny Novgorod OJSC, SB GUBERNSKIY (OJSC), JSCB SOYUZ (OJSC), OJSC PotencialBank, Bank24.ru (OJSC), CJSC Nizhegorodpromstroibank, CB RBR (CJSC), JSC Bank DOM.RF for the total amount of 202.58 billion rubles.

On account of obligations under the loan provided by the Agency within the framework of bankruptcy prevention of JSC Bank Sovetsky, cash in the amount of 0.45 billion rubles was received from third parties, and the Agency accepted into ownership the securities for 0.53 billion rubles and claims for 1.75 billion rubles (in the course of foreclosure on the pledged property).

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## IN THE REPORTING YEAR THE AGENCY PERFORMED 10 SALE PROCEDURES OF NON-DEBT ASSETS PURCHASED BY THE AGENCY IN THE COURSE OF IMPLEMENTATION

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## OF BANK BANKRUPTCY PREVENTION MEASURES. PROCEEDS FROM SALE OF ASSETS AMOUNTED TO 0.42 BILLION RUBLES.

---

Due to the measures taken by the Agency aimed at recovery of funds spent on purchasing the rights of claim, the debtors repaid 2.1 billion rubles in 2018.

In 2018 the Agency received a total of 2.52 billion rubles from managing assets acquired by the Agency in the course of implementation of bank bankruptcy prevention measures.

As of December 31, 2018, the book value of assets acquired in the course of implementation of bank bankruptcy prevention measures amounted to 91.07 billion rubles.

# Financing of Actions to Prevent Banks' Bankruptcy

---

AS OF DECEMBER 31, 2018 THE AGENCY ALLOCATED TO THE IMPLEMENTATION OF BANK BANKRUPTCY PREVENTION MEASURES 2,117.68 BILLION RUBLES (RUNNING TOTAL), OF WHICH: 1,557.19 BILLION RUBLES WERE FUNDED AT THE EXPENSE OF LOANS FROM THE BANK OF RUSSIA (INCLUDING 294.81 BILLION RUBLES USED TO RESOLVE THE JSC BM-BANK), 305.97 BILLION RUBLES FINANCED FROM THE PROPERTY CONTRIBUTION OF THE RUSSIAN FEDERATION INTO THE AGENCY, 246.77 BILLION RUBLES WERE FUNDED FROM THE PROPERTY CONTRIBUTION OF THE BANK OF RUSSIA INTO THE AGENCY'S PROPERTY, AND 7.75 BILLION RUBLES WERE FUNDED FROM MDIF ASSETS.

---

In the reporting year, the Agency funded bank bankruptcy prevention measures at the expense of borrowings from the Bank of Russia totaling 33.65 billion rubles.

In compliance with the payment schedules established by loan agreements in 2018 borrowers repaid to the Agency 205.17 billion rubles of the principal debt and paid 9.10 billion rubles as the interest on the borrowed funds.

Thus, taking into account funds recovered by the Agency earlier, reduction of the property contribution of the Russian Federation into the property of the Agency and writing-off of assets impossible for collection, the amount of funds actually spent by the Agency to fund the bank bankruptcy prevention measures as of December 31, 2018 amounted to 1,162.03 billion rubles, of which the resources



of the property contribution of the Russian Federation into the property of the Agency were 76.00 billion rubles, the resources of the property contribution of the Bank of Russia into the property of the Agency were 2.59 billion rubles and income from assets acquired by the Agency in the course of bank bankruptcy prevention measures was 0.55 billion rubles.

In 2018 the Agency repaid loans to the Bank of Russia for the amount of 180.28 billion rubles from the funds repaid by borrowers. As of December 31, 2018 the debt of the Agency to the Bank of Russia amounted to 1,082.89 billion rubles.

Control over spending of funds and other actions of the Agency related to bank bankruptcy prevention was exercised by the Board of Directors of the Agency, the Bank of Russia, the Chamber of Accounts of the Russian Federation and other controlling authorities.

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

---

## 4/1—4/5

|   |    |   |    |
|---|----|---|----|
| 4/1   | 68 | 4/4   | 82 |
| LIQUIDATION MANAGEMENT  |    | MANAGEMENT OF CURRENT EXPENSES  |    |
| 4/2   | 72 | 4/5   | 84 |
| BANKRUPTCY (LIQUIDATION) ESTATE FORMATION FOR SETTLEMENTS WITH CREDITORS              |    | VERIFICATION AND SATISFACTION OF CREDITORS' CLAIMS, OPERATION OF GOVERNING BODIES OF LIQUIDATED CREDIT INSTITUTIONS |    |
| 4/3   | 78 |   |    |
| INVESTIGATING AND CONTESTING DUBIOUS TRANSACTIONS. BRINGING GUILTY PERSONS TO ACCOUNT |    |   |    |

---

4

# Liquidation Management

As of December 31, 2018, the Agency was acting as receiver (liquidator) in 353 credit institutions. Bankruptcy/receivership proceedings were conducted in respect of 330 credit institutions, compulsory liquidation in 23 (figure 11). In the reporting year the Agency was appointed as receiver (liquidator) of 49 credit institutions which is 11 % less than the same indicator of the previous year (figure 12). They included 39 bankruptcy proceedings and 10 — forced liquidations.

Credit institutions in respect of which the Agency exercises the powers of insolvency administrator (liquidator) are located in all federal districts. Most of them (68 %) are located in the Central Federal District. At that, 62 % of the total number of credit institutions liquidated by the Agency is located in Moscow and the Moscow Region.

Liquidated credit institutions broken down by federal districts are presented in figure 14.

The largest banks by the volume of assets and liabilities among those which came in 2018 are PJSC BANK YUGRA, JSC AK Bank, PJSC OFK Bank, JSC JSCB GAZBANK, CB Novopokrovsky LLC, RKB LLC, JSC CB RUBLEV, PJSC Bank VVB, Bank Solidarnost JSC, PJSC O.K. Bank, PJSC Uraltransbank, JSC Bank Sovetsky, JSC CB Northern Credit, CB RTBK (LLC). PJSC BANK YUGRA accounts for 47 % of the total amount of assets coming from the credit institutions.

Since the beginning of the Agency's operation as the corporate bankruptcy administrator (liquidator), liquidation proceedings have been completed in 311 credit institutions (figure 15).

In 2018 the Agency completed liquidation proceedings in 19 credit institutions, of which insolvency proceedings were conducted in respect of 11 banks; compulsory liquidation was applied in respect of 8 banks.

The average length of liquidation proceedings was 3 years and 2 months, including: bankruptcy proceedings — 4 years and 4 months, forced liquidation — 1 year and 6 months.

The length of bankruptcy proceedings in such failed banks as CB VBB LLC, CB RATIBOR-BANK LLC, MCB United Mining Bank

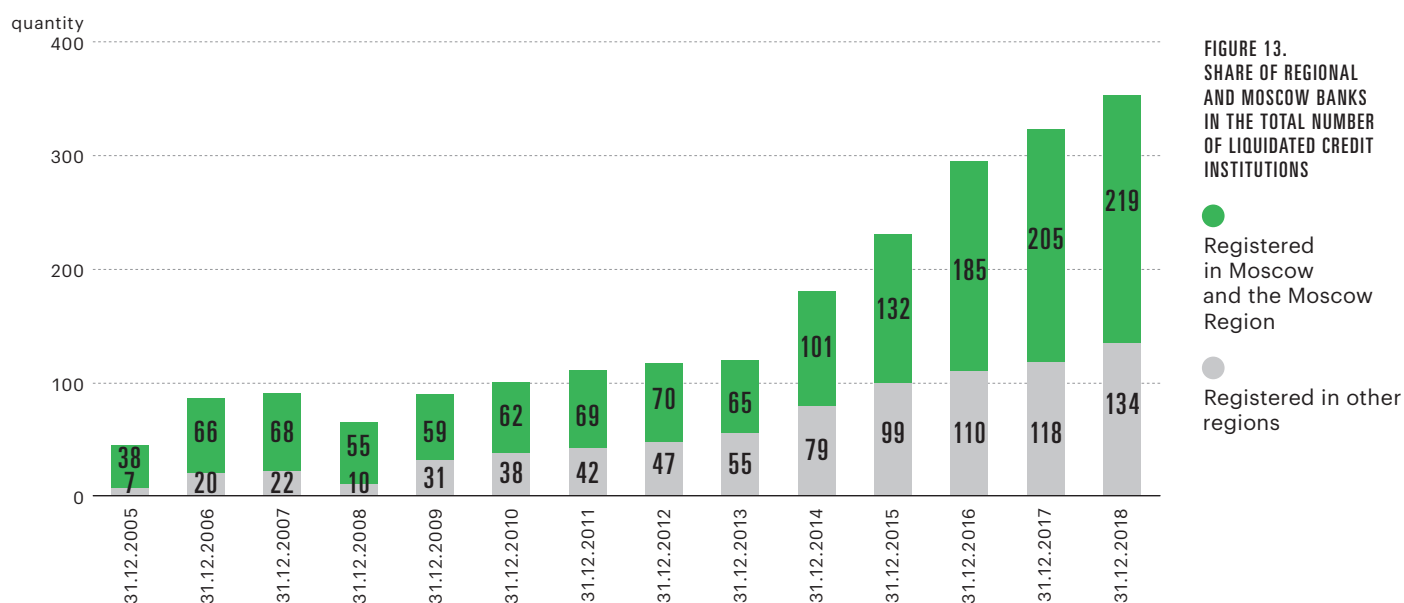
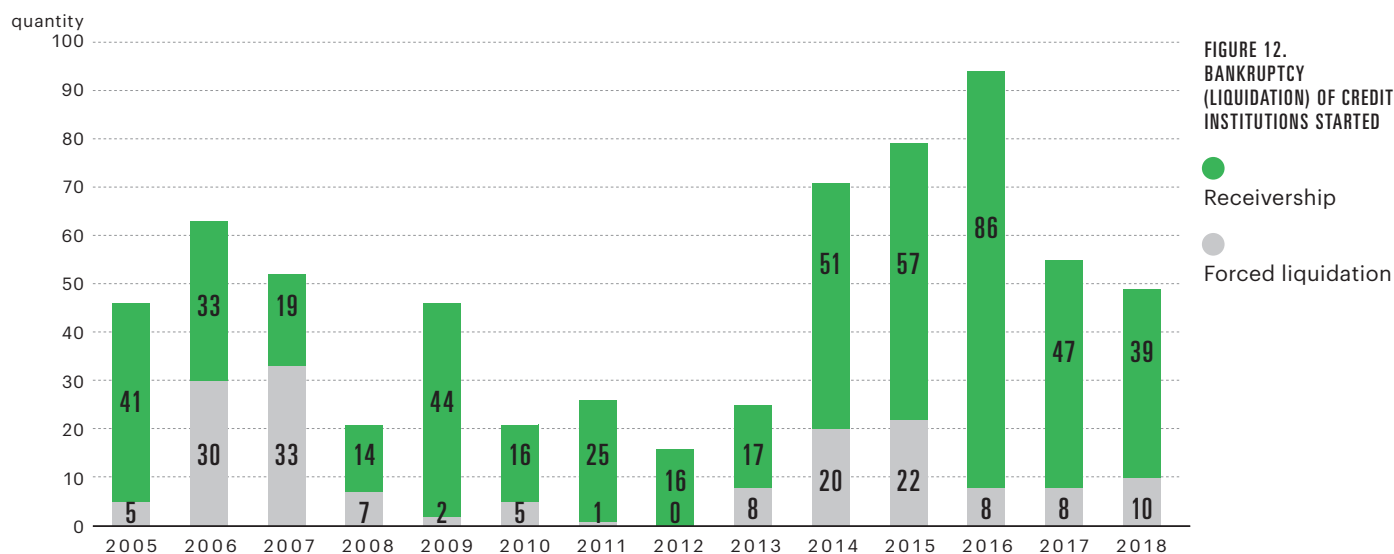
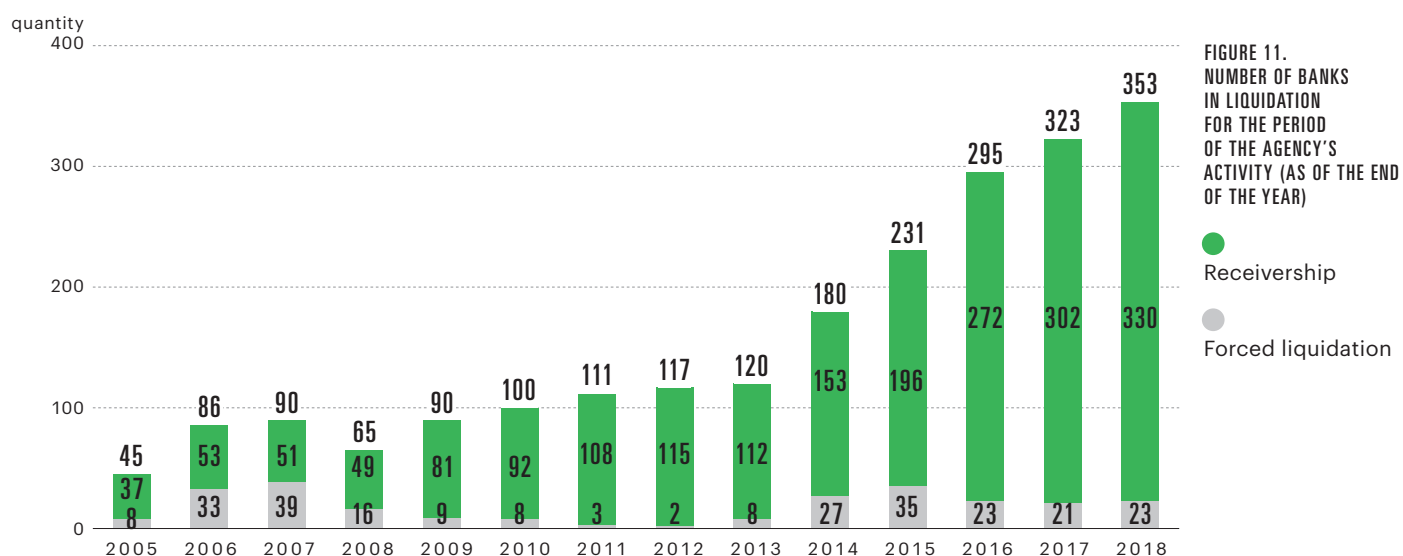
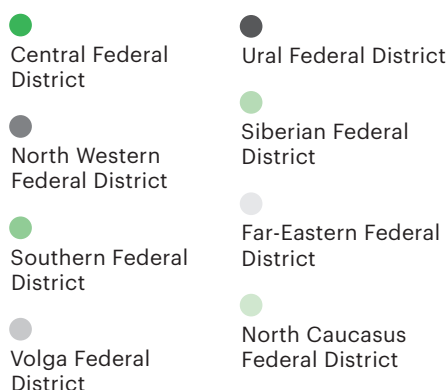


FIGURE 14.  
BANKS UNDER  
LIQUIDATION BROKEN  
DOWN BY FEDERAL  
DISTRICTS  
OF THE RUSSIAN  
FEDERATION



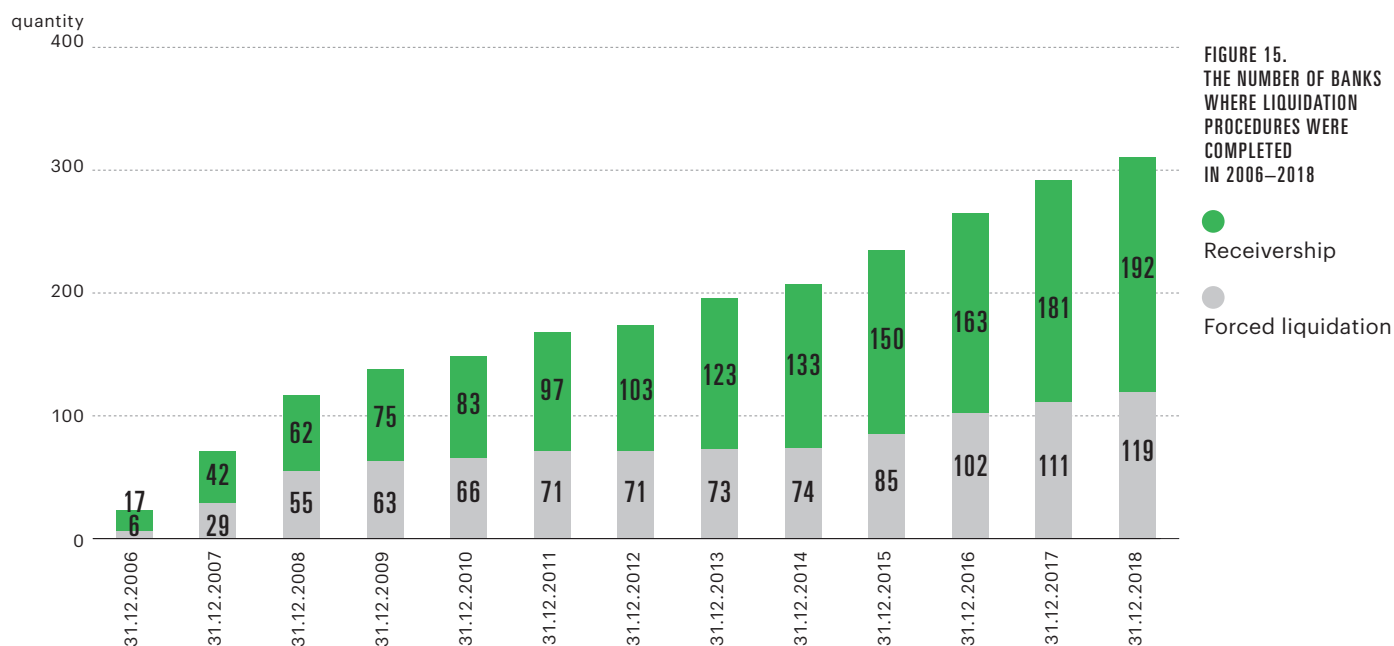
(LLC), OJSC Uralfinprombank, MB SENATOR (LLC), JSCB Trado-Bank (CJSC), OJSC Municipal Commercial Bank and CB Sembank LLC was from 6 to 9 years. This is due to the lengthy litigations to collect debts from the debtors and to bring former executives and owners of the credit institutions to civil law (subsidiary) liability.

In CB FDB LLC bankruptcy proceedings were completed in 2 years and 10 months; in JSCB AltayBusiness-Bank (JSC) as per Article 189.93 of the Law on Bankruptcy the shareholder of the bank provided cash (in the amount of 86 million rubles) sufficient to satisfy all creditor claims in full which allowed to complete the bankruptcy proceedings in less than 9 months.

The shortest forced liquidation proceedings were in CB MKB (LLC), JSC CB TETRAPOLIS and Bank ABB (JSC) — 1 year, 1 year and 1 month and 1 year and 3 months, respectively.

According to the current law and regulations of the Bank of Russia, in 2018 the Agency employees participated in 57 temporary administrations managing credit institutions as appointed by the Bank of Russia; this facilitated prompt measures that ensured recovery of assets, early identification of 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.

In the reporting period the Agency developed and approved the Procedure of attraction of payment organizations to accept payments in favor of credit institutions in respect of which the Agency perform the functions of temporary administration or the bankruptcy administrator (liquidator) which provides for constant selection of payment organizations to accept payments using electronic monetary resources in favor of liquidated credit institutions.



# Bankruptcy (Liquidation) Estate Formation for Settlements with Creditors

---

THE ACTIONS, INCLUDING SEARCH, INVENTORY, EVALUATION AND SALE OF ASSETS, DEBT RECOVERY FROM DEBTORS OF LIQUIDATED BANKS WERE PERFORMED BY THE AGENCY IN THE REPORTING PERIOD IN ORDER TO FORM THE MAXIMAL BANKRUPTCY (LIQUIDATION) ESTATE WHICH IS THE SOURCE OF SETTLEMENTS WITH CREDITORS OF LIQUIDATED BANKS.

---

The Agency paid special attention to analysis of the structure and quality of assets of the liquidated credit institutions, detection of assets that are the most important for formation of estate and require individual approach.

In 2018, within the framework of financial analysis of credit institutions, on the basis of internal regulatory documents, the Agency arranged evaluation of assets of 45 banks subject to liquidation in the reporting year and at the end of 2017. In compliance with the current legislation, at the request of creditors, independent evaluation of assets of 97 liquidated credit institutions was completed.

In the reporting year, 127.9 billion rubles were recovered from assets of the liquidated credit institutions (118.3 billion rubles



in 2017), including: cash in hand and on correspondent accounts with the Bank of Russia amounted to 27.1 billion rubles; mandatory reserves transferred by the Bank of Russia — 7.2 billion rubles; proceeds from sale and recovery of assets — 93.6 billion rubles (62 billion rubles received as the results of repayment and recovery of loans; 9.4 billion rubles were balances on banks' correspondent accounts with the clearing houses; 6.8 billion rubles — securities; 4.1 billion rubles — fixed assets, 11.3 billion rubles — other assets).

As compared to 2017 proceeds from asset recovery increased from 89.7 billion to 93.6 billion rubles (figure 16).

The main source for formation of the bankruptcy (liquidation) estates are the funds received from repayment of debt out of court — 72.5 billion rubles.

**6** 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.

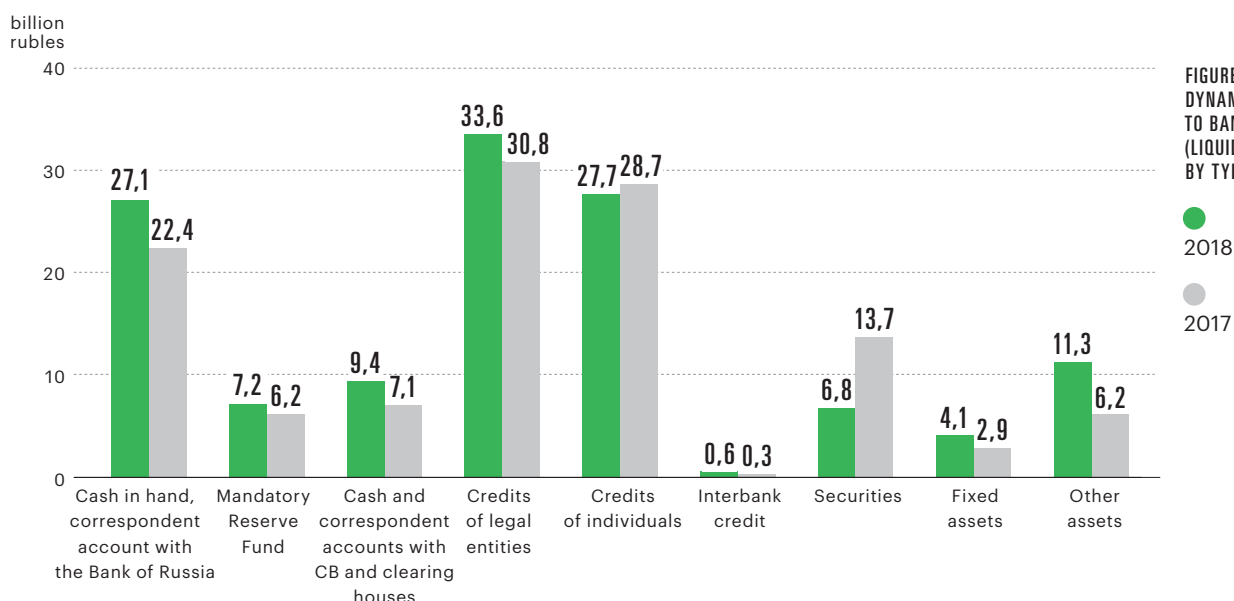


FIGURE 16.  
DYNAMICS OF PROCEEDS  
TO BANKRUPTCY  
(LIQUIDATION) ESTATE  
BY TYPES OF ASSETS

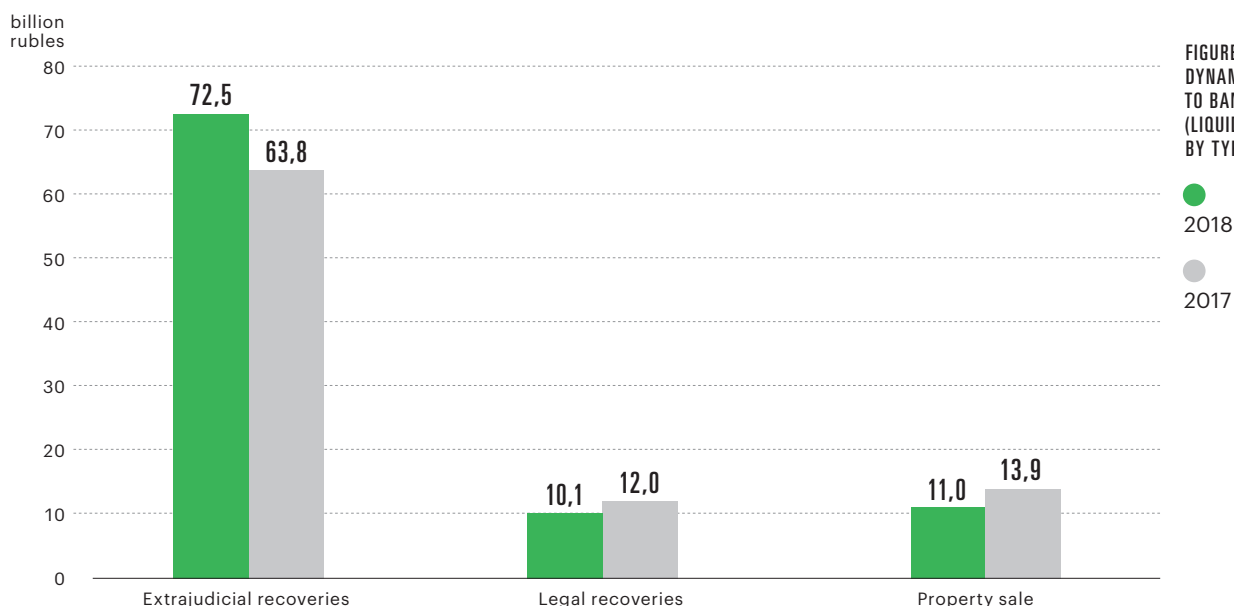


FIGURE 17.  
DYNAMICS OF PROCEEDS  
TO BANKRUPTCY  
(LIQUIDATION) ESTATE  
BY TYPES OF COLLECTION <sup>6</sup>

To recover assets of liquidated credit institutions 191 thousand claims totaling 2,339 billion rubles were filed to arbitration courts and courts of law.

94 thousand claims (totaling 1,240 billion rubles) were satisfied, 9 thousand claims (189 billion rubles) were dismissed.

FIGURE 18.  
EXTRA-JUDICIAL  
PROCEEDS  
TO BANKRUPTCY  
(LIQUIDATION) ESTATES  
BY TYPES OF ASSETS

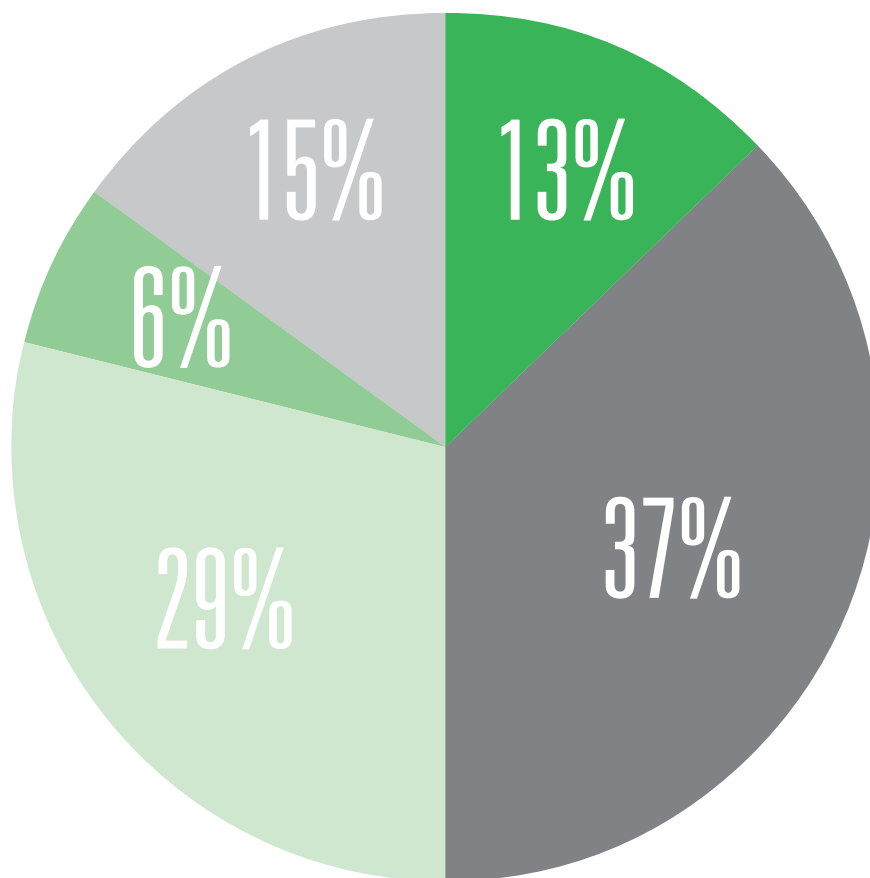
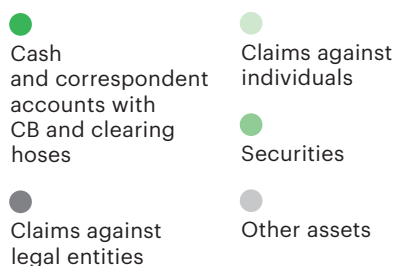
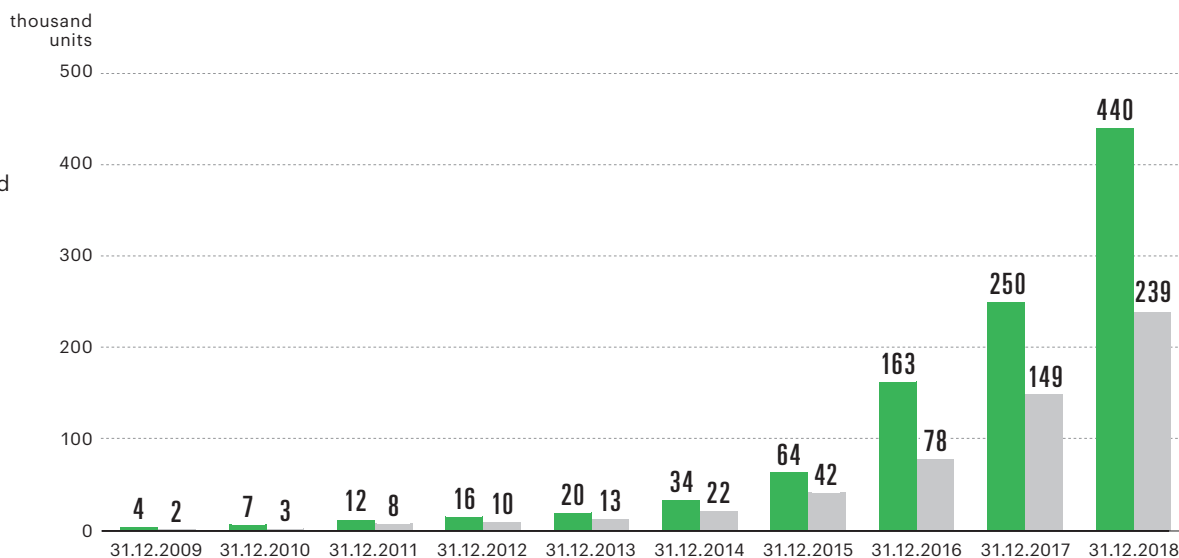
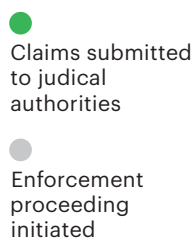
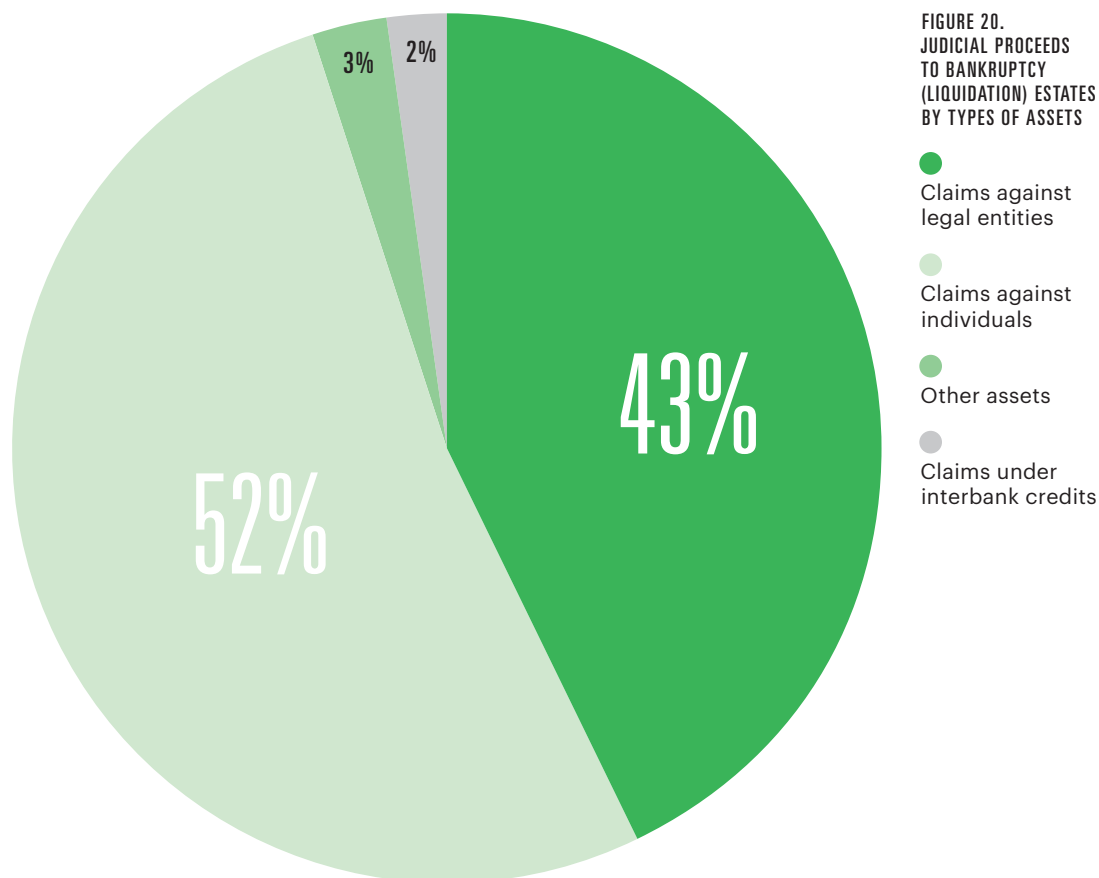


FIGURE 19.  
DYNAMICS OF CLAIM  
HANDLING





As of December 31, 2018 a total of 440 thousand claims for 6,802 billion rubles were brought. 239 thousand enforcement proceedings totaling 2,415 billion rubles were initiated, of which 90 thousand (totaling 534 billion rubles) were initiated in the reporting year.

AS THE RESULT OF JUDICIAL WORK AND DEBT COLLECTION THROUGH ENFORCEMENT PROCEEDINGS INITIATED, THE VOLUME OF PROCEEDS TO THE BANKRUPTCY (LIQUIDATION) ESTATES FROM THE DEBTORS OF CREDIT INSTITUTIONS AMOUNTED TO 10.1 BILLION RUBLES. MORE THAN 2.5 THOUSAND ENFORCEMENT PROCEEDINGS TOTALING 25.7 BILLION RUBLES WERE TERMINATED DUE TO IMPOSSIBILITY OF COLLECTION.

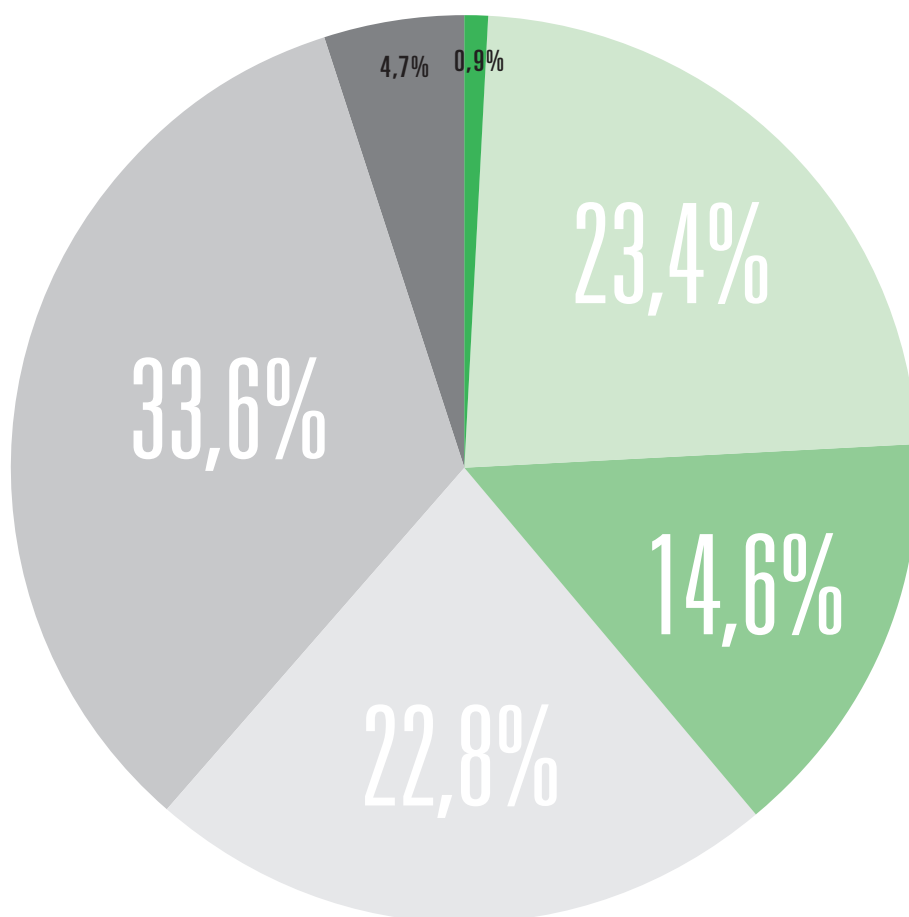
In 2018, as established by the federal law, the Agency held 1,684 sales of assets of 287 liquidated banks, including 705 auctions, 652 public offerings in electronic form, 25 sales on the organized securities market, 192 public offerings in non-electronic form for the property with the book value less than 100 thousand rubles, 110 times assets with the book value less than 100 thousand rubles

were sold through auctions not in the electronic form. 11 billion rubles were received to the bankruptcy (liquidation) estates from sale of assets with the largest volume represented by proceeds from sale of real estate (33.6% of total proceeds), securities (22.8%), claims to legal entities (23.4%).

In order to effectively sell assets of liquidated financial organizations, in the reporting period the Agency commissioned the information portal of the Agency to sell the property of liquidated organizations which functions successfully ([www.torgiasv.ru](http://www.torgiasv.ru)). At present, the portal has information about more than 14 thousand lots totaling 171 billion rubles to be sold in the course of liquidation proceedings, it presents detailed data on the methods, time and place of asset sale, etc. One can familiarize with the characteristics of lots online, trace their changes in the personal account which ensures availability and transparency of information on the progress of liquidation proceedings for the creditors.

FIGURE 21.  
PROCEEDS  
TO RECEIVERSHIP ESTATE  
FROM PROPERTY SALE  
BY TYPES OF ASSETS

- Precious metals, stones, commemorative coins, pieces of art
- Claims against legal entities
- Claims against individuals
- Corporate securities
- Real estate and land
- Other assets



---

TO ENSURE TRANSPARENCY WHEN ORGANIZING ASSET SALES, INFORMATION CENTER FOR ASSETS SALE WAS CREATED AS SUBSIDIARY OF THE AGENCY IN THE REPORTING YEAR WHERE THE POTENTIAL PURCHASERS MAY RECEIVE PROFESSIONAL ADVICE ON ASSETS TO BE SOLD, VIEW THE DOCUMENTS AND SELECT INTERESTING OFFERS.

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# Investigating and Contesting Dubious Transactions. Bringing Guilty Persons to Account

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ACTING AS THE BANKRUPTCY/INSOLVENCY ADMINISTRATOR (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 RECOVERS BANK ASSETS ILLEGALLY HELD BY THIRD PARTIES, AND ALSO ESTABLISHES REASONS TO BRING TO ACCOUNT LIABLE PERSONS AT FAULT IN BANK FAILURES.

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In the reporting year, investigations aimed at identification of dubious transactions were conducted in 42 credit institutions.

Transactions worthy of challenging were detected in 36 credit institutions, such transactions were not detected in 6 banks (CB EUROSTANDARD (LLC), NCO CJSC MIGOM, CB PREODOLENIE LLC, PartnerCapitalBank (JSC), NCO JSC LEADER, JSCB "Moskovsky Vekselny Bank" (JSC)). In the reporting period, 4,259 cases seeking to contest dubious transactions of liquidated insurance organizations were considered in the courts of law and arbitration courts, with 1,587 cases based on the claims filed in 2018. During the past year claims of the Agency under 1,329 statements of claim were satisfied. As the result of challenging of dubious

transactions by the Agency, cash proceeds to the bankruptcy estate of liquidated credit institutions in the reporting period amounted to 5.1 billion rubles which exceeds the same indicator of 2017 by more than 80 % (2.8 billion rubles).

Circumstances of bankruptcy were investigated in 75 credit institutions.

Signs of deliberate bankruptcy were detected in 61 of them. Opinions on impossibility to investigate circumstances of bankruptcy due to failure to provide the database and documents were prepared following inspections of 4 banks (PK-Bank LLC, BANK GOROD (JSC), Bank Eurocredit (LLC) and JSCB Benefit-bank (CJSC)). Signs of deliberate bankruptcy were not detected in 10 banks (JSC METROBANK, OJSC SIBNEFTEBANK, JSCB DALETBANK (JSC), CB ROSAUTOBANK LLC, Svyaznoy Bank (JSC), CB VEGA-BANK (LLC), NCO CJSC MIGOM, CB PREODOLENIE LLC, CB Financial Capital LLC and CB Confidence Bank LLC).

80 claims of the Agency seeking to impose financial liability on ex top-managers of banks for the total amount of 786.8 billion rubles, 10 million dollars and 5 million euro were sent to courts (in 2017–58 claims for the amount of 216.7 billion rubles). Thus, the total amount of claims of the Agency in cases seeking to impose financial liability on ex top-managers of banks increased more than 3.5 times.

In the reporting period claims of the Agency to recover damages in respect of executives of the following banks were satisfied in full: OJSC Lipetskoblbank — for the amount of 751 million rubles, OJSC Bank Zapadny — for the amount of 9,009 million rubles, PJSC Gelenzhik-Bank — for the amount of 189 million rubles, JSCB AZIMUT (PJSC) — for the amount of 550 million rubles, CB Vityaz (LLC) — for the amount of 50 million rubles, CB Ogni Moskvu LLC — for the amount of 9,311 million rubles (the respective judicial decision has not come into legal force as of the end of the reporting period), CB Art-Bank (LLC) — for the amount of 527 million rubles (the respective judicial decision has not come into legal force as of the end of the reporting period), CJSC M BANK — for the amount of 1,020 million rubles, OJSC BANK RUSSIAN CREDIT — for the amount of 33,295 million rubles (the respective judicial decision has not come into legal force as of the end of the reporting period). Claims of the Agency to recover damages in respect of executives of some other banks were partially satisfied: OJSC Mobilbank — for the amount of 19 million rubles, JSCB NMB OJSC — for the amount of 3,310 million rubles, OJSC JSCB Universal Credit — for the amount of 1,011 million rubles, CB UNIVERSALTRUST (LLC) — for the amount of 54 million rubles (has not come into force as of the end of the reporting period).

In addition, in 2018 civil claims for damages caused by illegal actions were satisfied in respect of executives of CB Instroybank

LLC — for the amount of 68 million rubles, BANK FININVEST LLC — for the amount of 1,404 million rubles (the respective judicial decision has not come into legal force as of the end of the reporting period) and OJSC PRB — for the amount of 580 million rubles (the respective judicial decision has not come into legal force as of the end of the reporting period).

Claims of the Agency to bring to subsidiary liability were also satisfied in respect of the executives of OJSC JSCB “Russky Zemelny Bank” for the amount of 3,107 million rubles, CB SSSB (LLC) — for the amount of 871 million rubles, OJSC INKASBANK — for the amount of 11,366 million rubles, Commercial Bank “Askania Trust” (LLC) — for the amount of 273 million rubles (the respective judicial decision has not come into legal force as of the end of the reporting period), PJSC JSCB Baltica — for the amount of 11,082 million rubles (the respective judicial decision has not come into legal force as of the end of the reporting period). Claims of the Agency to bring to subsidiary liability were partially satisfied in respect of the executives of Trust Republican Bank LLC for the amount of 283 million rubles (has not come into legal force as of the end of the reporting period), CJSC TYUMENAGROPROMBANK — for the amount of 22 million rubles (the respective judicial decision has not come into legal force as of the end of the reporting period).

Claims of the Agency to collect damages from ex top-managers of JSCB LINK-bank (OJSC) for the amount of 320 million rubles (the respective judicial decision has not come into legal force as of the end of the reporting period), CB Kutuzovsky LLC — for the amount of 284 million rubles, CB Creditimpeks Bank (LLC) — for the amount of 165 million rubles, CB Intercredit (JSC) — for the amount of 120 million rubles were dismissed (the respective judicial decision has not come into legal force as of the end of the reporting period).

Claims of the Agency to bring to subsidiary liability were also dismissed in respect of the executives of OJSC Purpe Bank for the amount of 317 million rubles, CB Bank BFT LLC — for the amount of 898 million rubles and PK-Bank LLC — for the amount of 101 million rubles (the respective judicial decision has not come into legal force as of the end of the reporting period).

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IN 2018 DECISION TO REFUSE SATISFACTION OF THE CLAIMS OF THE AGENCY TO COLLECT DAMAGES FROM OJSC INTERNATIONAL TRADE INDUSTRIAL BANK IN THE AMOUNT OF 81 MILLION RUBLES MADE EARLIER WAS PARTIALLY CANCELED. CLAIM IN THE AMOUNT OF 1.2 MILLION RUBLES WAS SENT FOR NEW TRIAL, COLLECTION OF 79.8 MILLION RUBLES WAS DENIED.

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In most banks which came under the Agency's management 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. The Bank of Russia and the Agency has sent the respective applications to the law-enforcement authorities based on these facts.

168 filings based on identified evidences of different crimes as identified in liquidated credit institutions were submitted to the law-enforcement authorities: 51 — based on evidences of deliberate bankruptcy, 89 — based on evidences of misappropriation of funds and property of credit institutions and evidences of abuse of authority exercised by top-managers and employees of the credit institutions, 22 — based on evidences of misappropriation of property of credit institutions, 1 — attempted theft from the mandatory deposit insurance fund, 1 — based on evidence of falsification of reporting by the executives of the credit institution, 1 — based on evidence of illegal acts in respect of the property subject to arrest, 1 — based on evidence of avoidance of redemption of accounts payable, 1 — based on evidence of illegal acts in bankruptcy and 1 — based on evidence of inclusion of misleading data into the Service for State Registration.

169 criminal cases were initiated (including those based on the applications sent to the law-enforcement authorities before the reporting period): 10 — based on evidences of deliberate bankruptcy, 130 — based on evidences of abuse of authority exercised by top-managers and employees of the banks or misappropriation of property of credit institutions, 1 — attempted theft from the mandatory deposit insurance fund, 22 — based on evidences of misappropriation of property of credit institutions, 3 — based on evidence of illegal receipt of credit, 2 — based on evidences of falsification of accounting and reporting documents of the credit institution and 1 — based on evidence of organization of a criminal community and participation in it. Guilty verdict was brought under 31 criminal cases<sup>7</sup>.

<sup>7</sup> In respect of employees of CB IMoneyBank LLC, BaykalBank (PJSC), PJSC Bank Ekaterininsky, Borskycombank LLC, CB VEBRR (LLC), Vitas Bank LLC; OJSC Volga-Kama bank, JSCB EIB CJSC, CB Credo Finance LLC, OJSC CCB Creditbank, CB Kuban Universal Bank (LLC), JSCB NMB OJSC, PJSC JSCB Novation, JSCIB Obrazovanie (JSC), JSCB OBPI (PJSC), CB First Express (OJSC), OJSC Payment Service Bank, CJSC Promsberbank, Plato-bank LLC, OJSC JSB PUSHKINO, RIBC Rinvestbank LLC, CB Rublevsky, PJSC Tatfundbank, TRANSENERGOBANK LLC, CJSC TYUMENAGRO-PROMBANK, OJSC JSCB ECOPROMBANK, JSC JSCB ELBIN, CB ERGOBANK LLC.

# Management of Current Expenses

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EXPENSES FOR CONDUCTING BANKRUPTCY (LIQUIDATION) PROCEEDINGS IN THE REPORTING YEAR AMOUNTED TO 24.4 BILLION RUBLES. THE STRUCTURE OF EXPENSES ON LIQUIDATION (BANKRUPTCY) OF CREDIT INSTITUTIONS IN 2018 IS PRESENTED IN FIGURE 22.

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Material changes in the structure of expenses as compared with the same period of the previous year are caused by the need to redeem liabilities to pay the profit tax arising for the period before the beginning of liquidation proceedings (their share in the structure of expenses increased from 2 to 25 %). At the same time, the share of expenses for payment of salary (with accruals) and compensations to the former employees of the liquidated credit institutions (from 32.2 to 18.4 %) and legal costs and expenses for arbitration cases (from 33.5 to 29 %) reduced significantly.

It should be noted that the share of current expenses in the total book value of assets of the liquidated credit institutions in the average does not exceed 2% and the ratio of expenses for assets collection work in courts and their book value is 0.6%.

In case of absence of funds in the liquidated credit institutions, liquidation procedure expenses were prepaid by the Agency as established by law to speed up the liquidation and to discharge the salary debt to former employees in the shortest possible time.

For the purposes of uninterruptedness and timeliness of liquidation proceedings in the reporting period the Agency prepaid expenses for the amount of 1,367.5 million rubles and recovered (subject to the funds provided earlier) 933.2 million rubles.

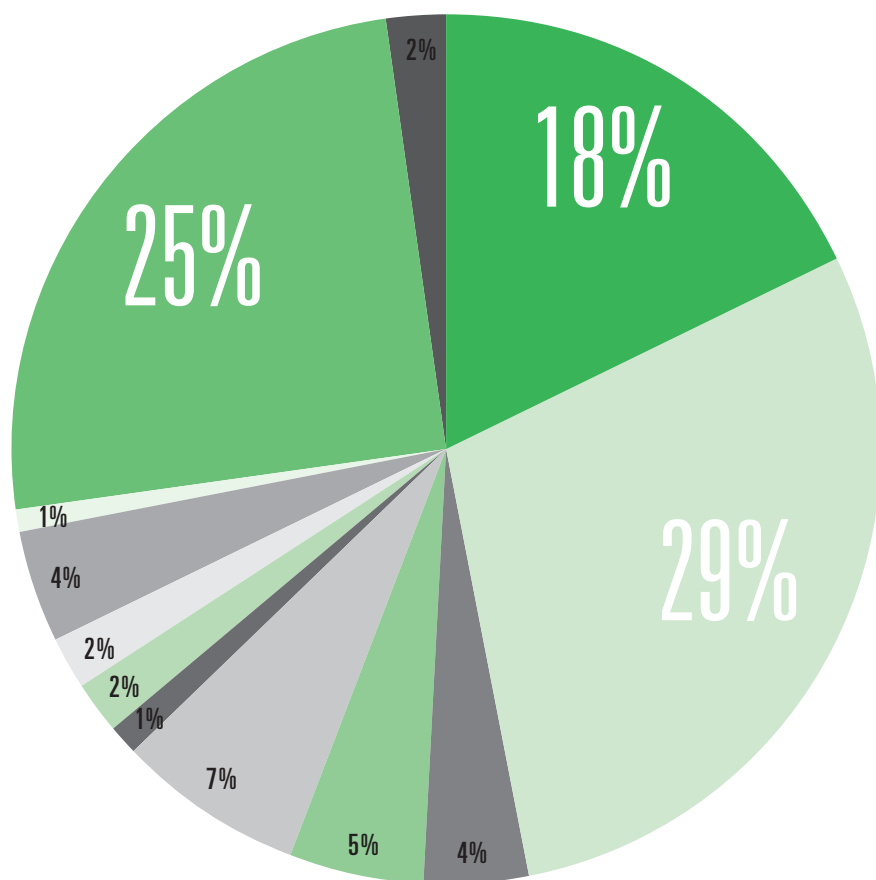


FIGURE 22.  
STRUCTURE OF CURRENT  
EXPENSES ON LIQUIDATION  
(BANKRUPTCY) OF CREDIT  
INSTITUTIONS IN 2018

- Salary (with accruals) and compensation
- Legal costs and costs for arbitration proceedings
- Expenses for expert examination of documents and placement of archives
- Rent
- Expenses of information and intermediary services
- Postal, telegraph, telephone expenses
- Maintenance of buildings and structures
- Security expenses
- State duty paid
- Transport expenses
- Profit tax payable
- Other expenses

# Verification and Satisfaction of Creditors' Claims, Operation of Governing Bodies of Liquidated Credit Institutions

**8** The total amount of established first priority claims of the Agency for all credit institutions under receivership (liquidation) as of December 31, 2018, without factoring in satisfaction of the said claims.

---

AS OF DECEMBER 31, 2018 CLAIMS OF 463.6 THOUSAND CREDITORS OF LIQUIDATED CREDIT INSTITUTIONS TOTALING 3,100.5 BILLION RUBLES WERE ESTABLISHED, OF WHICH 1,982.7 BILLION RUBLES WERE CLAIMS OF GOVERNMENTAL AUTHORITIES, ORGANIZATIONS AND OTHER LEGAL ENTITIES WITH STATE PARTICIPATION, INCLUDING CLAIMS OF THE FEDERAL TAX SERVICE OF RUSSIA AND THE AGENCY. FOR THE REPORTING YEAR THE NUMBER OF CREDITORS AND THE AMOUNT OF ESTABLISHED CLAIMS INCREASED BY 16 % AND 18 %, RESPECTIVELY.

---

The structure of established creditor claims and the number of creditors of the credit institutions where the liquidation procedures were not completed are presented on figures 23 and 24.

Claims of the Agency as the first priority creditor to 328 liquidated DIS member credit institutions in respect of executed insurance payouts and other obligations amounted to 1,799.3 billion rubles<sup>8</sup>.

In the reporting year claims of 69.5 thousand creditors totaling 479.1 billion rubles were considered and included into the registers of creditors' claims of the liquidated credit

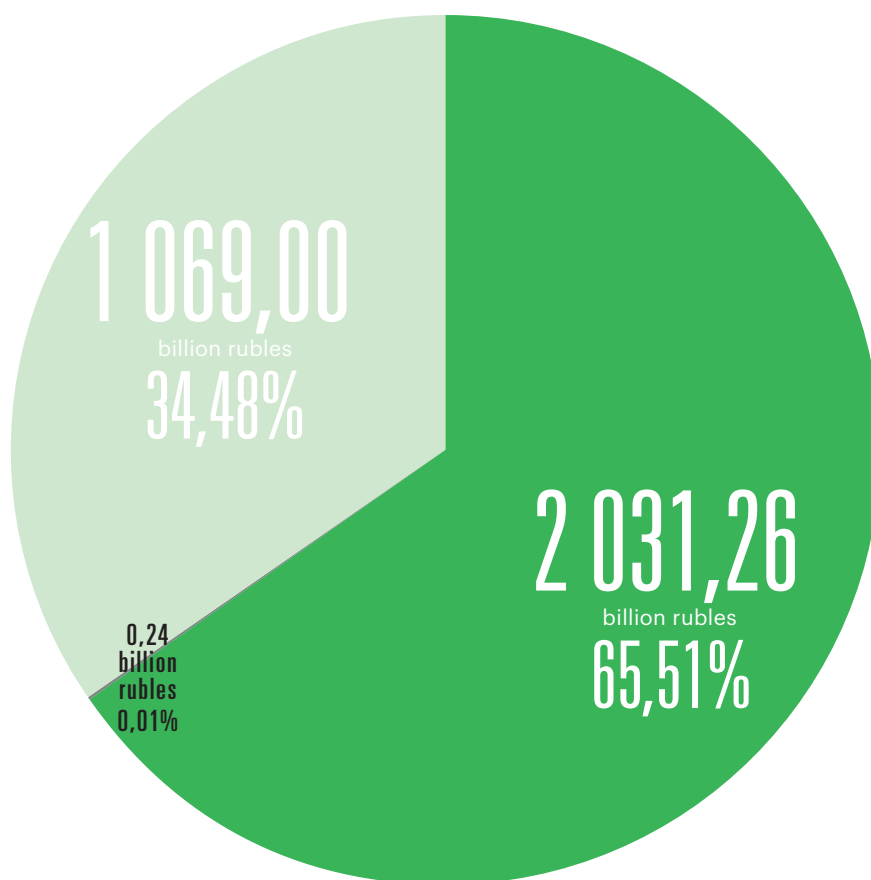


FIGURE 23.  
STRUCTURE  
OF ESTABLISHED CLAIMS  
IN THE CREDIT  
INSTITUTIONS WHERE  
LIQUIDATION PROCEDURES  
CONTINUE  
AS OF DECEMBER 31,  
2018 (BILLION RUBLES; %)

● 1st priority  
● 2nd priority  
● 3rd priority

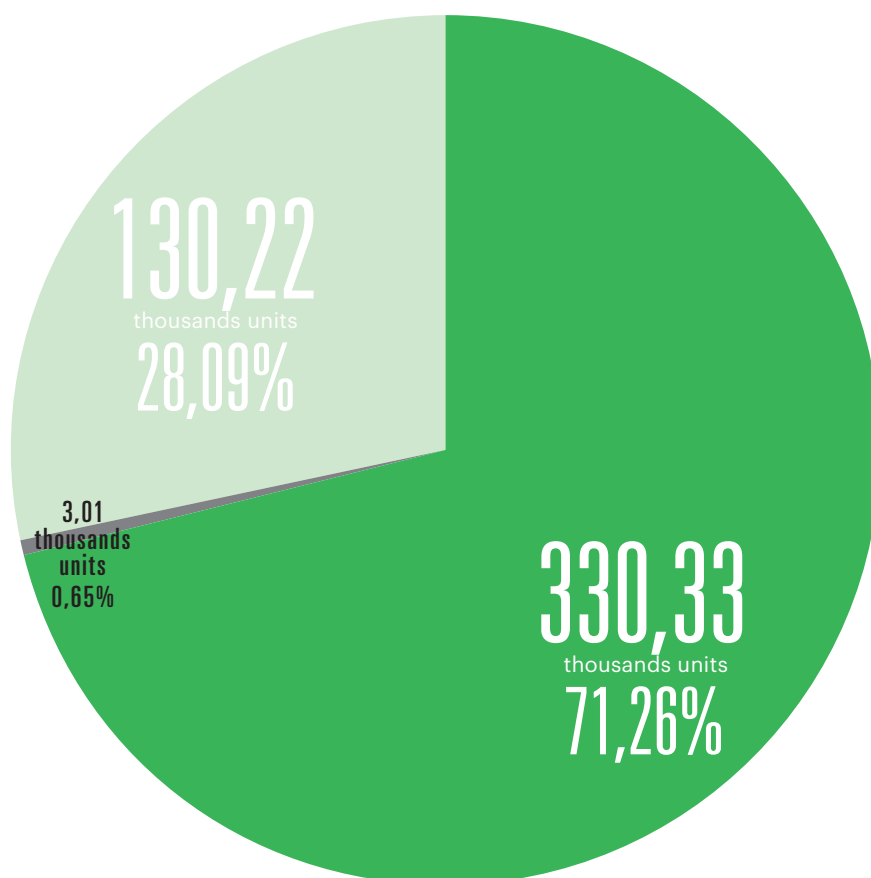


FIGURE 24.  
STRUCTURE OF NUMBER  
OF CREDITORS  
OF THE CREDIT  
INSTITUTIONS WHERE  
LIQUIDATION PROCEDURES  
CONTINUE  
AS OF DECEMBER 31,  
2018 (THOUSANDS; %)

● 1st priority  
● 2nd priority  
● 3rd priority

**9** Subject to transfer of assets and liabilities of CB Moscow Capital (LLC) — credit institution

**10** Subject to transfer of assets and liabilities of CB Moscow Capital (LLC) — credit institution.

institutions. The largest number of creditors (36.6 thousand persons) and the maximal amount of established creditor claims (192.8 billion rubles) in 2018 was fixed in PJSC BANK YUGRA.

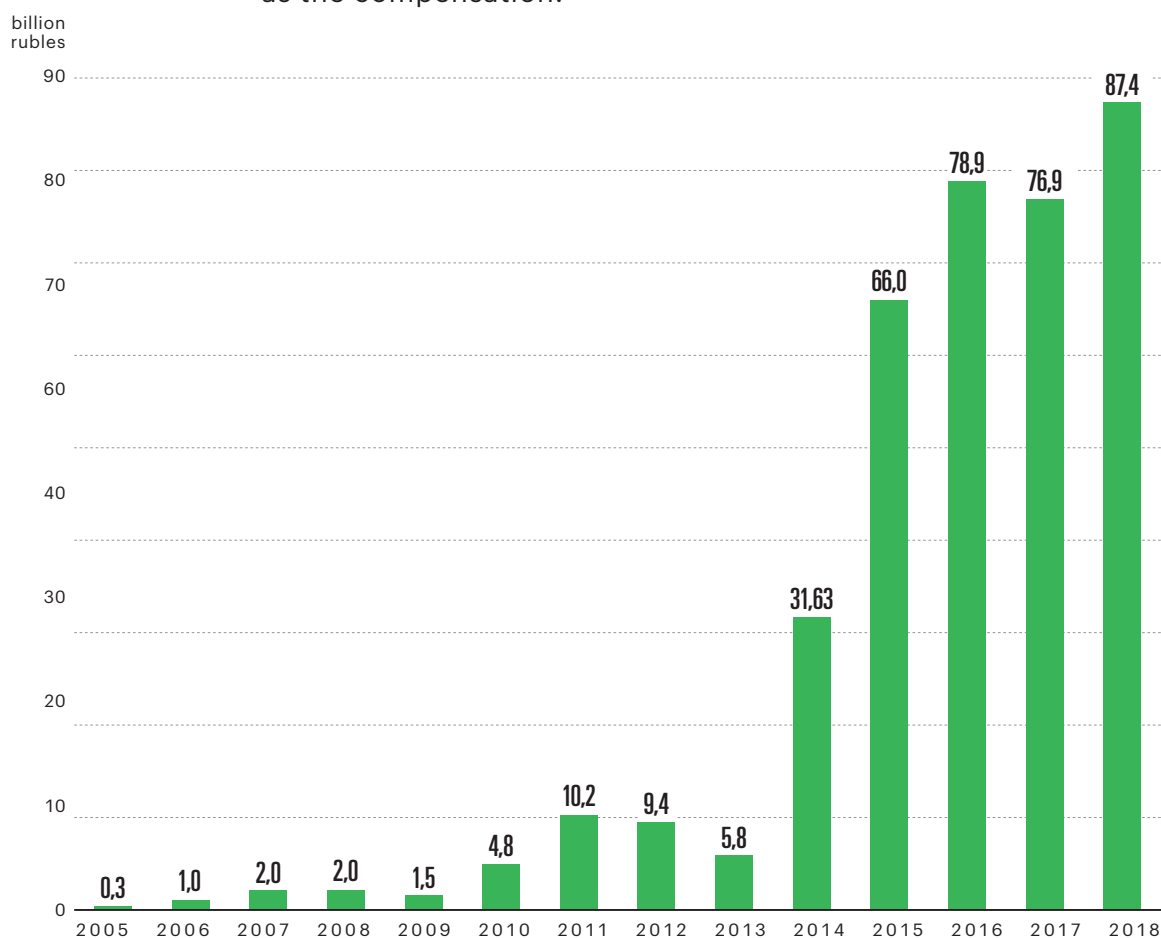
Settlements for 87.4 billion rubles were made with creditors in the reporting year (figure 25).

The average percentage of satisfaction of creditors' claims in the banks where the liquidation proceedings have been completed throughout the Agency's history amounted to 41.5%<sup>9</sup> (running total) (figure 26).

In terms of the priority of claims, throughout the Agency's history claims of first priority creditors were satisfied by 64.6%<sup>10</sup> (on the average), second priority — by 36.3%, third priority — by 22.4%.

In the reporting period measures to meet creditor claims through distribution of bankruptcy (liquidation) estates were initiated in 11 credit institutions (PV Bank (CJSC), JSCB MZB (CJSC), Monetny Dom Bank OJSC, JSC EUROAXIS BANK, MGMB LLC, OJSC JSB Southern Trade Bank, CB VEBRR (LLC), CIIB SOCHI LLC, CB Transinvestbank (LLC), M plus LLC, Bank Imperia LLC). Such measures were completed in PV Bank (CJSC), JSCB MZB (CJSC), Monetny Dom Bank OJSC, MGMB LLC and CB VEBRR (LLC), the creditors were granted with the rights of claim against former heads of the said credit institutions and their debtors, real estate, vehicles and bank equipment totaling 2,089.4 million rubles as the compensation.

FIGURE 25.  
DYNAMICS OF PAYMENTS  
MADE TO CREDITORS  
IN THE COURSE  
OF LIQUIDATION  
PROCEEDINGS  
(BILLION RUBLES)



In the reporting year, assets remaining after settlements with creditors totaling 5,318.6 million rubles were distributed among shareholders (participants) of JSCB Inbankproduct (OJSC), CB FDB LLC, ICB MESED LLC, Turbobank JSCB (OJSC), JSCB North-Western 1 Alliance Bank JSC, CB MNIB LLC, Stal Bank (LLC) and CB FPK LLC (cash, rights of claim, real estate and other assets).

In the reporting period 118 meetings of creditors of liquidated credit institutions were convened, with 47 of them being the first meetings; one of their main tasks is to form the creditors committees which exercise control over organization and progress of bankruptcy proceedings on behalf of all creditors and in their best interests.

A total of 2,400 creditors took part in 110 meetings of creditors held in the reporting year. On the average, creditors holding 82.84% of the total number of votes of the creditors included in the list of meeting participants took part in these meetings.

As of December 31, 2018 338 creditor committees exist, of which 336 committees 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. In the reporting period, 3,889 meeting of creditor committees were held in which 6,589 issues were considered. Decisions proposed by the bankruptcy administrator (liquidator) were supported on most issues (63.06%).

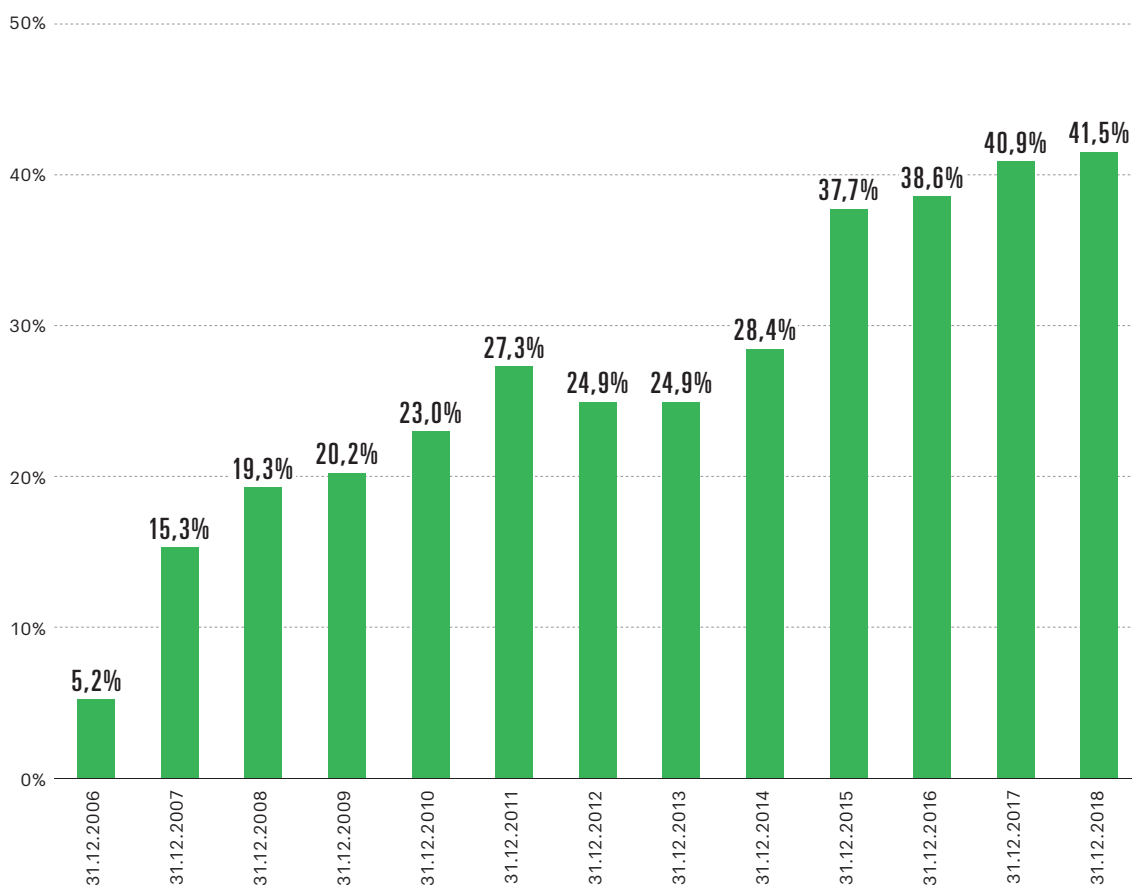


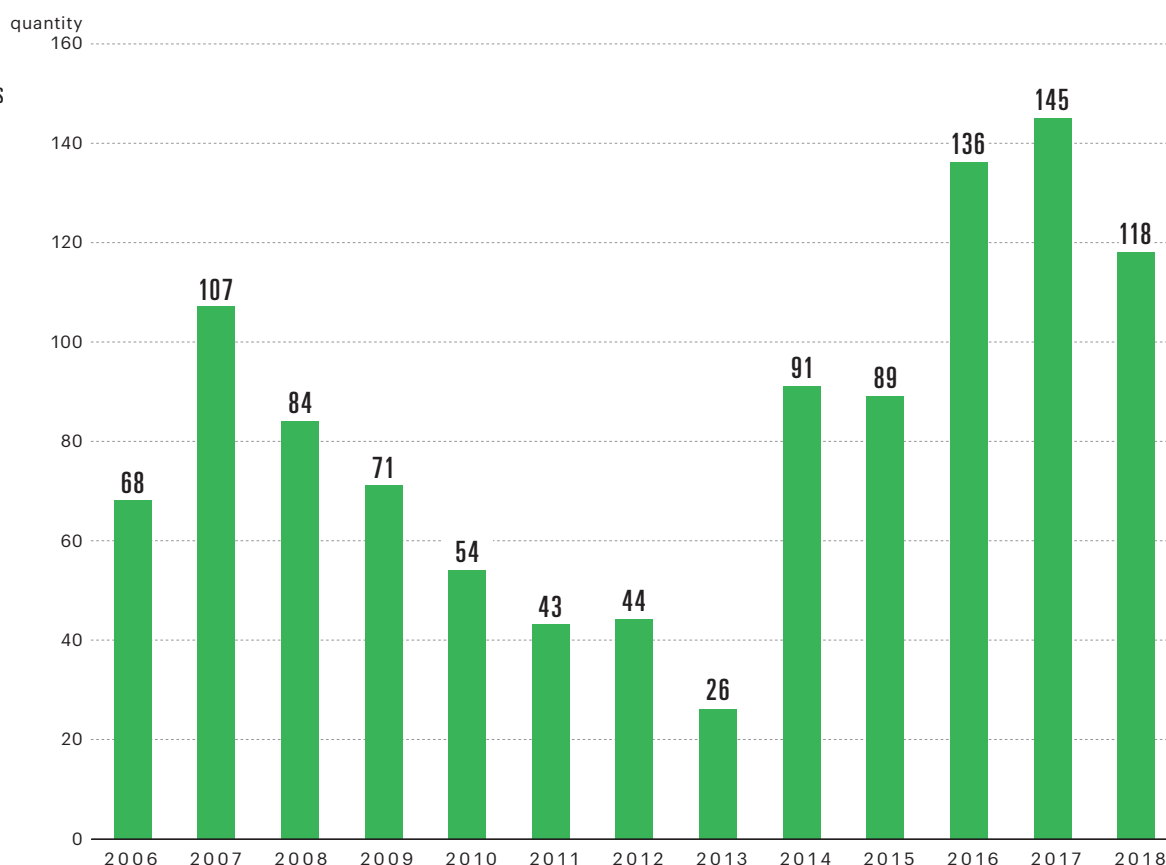
FIGURE 26.  
DYNAMICS OF SATISFYING  
CREDITOR CLAIMS  
IN THE BANKS WHERE  
LIQUIDATION PROCEEDINGS  
WERE COMPLETED  
THROUGHOUT  
THE AGENCY'S HISTORY

In 2018 50.3 thousand of requests of citizens and organizations on the issued connected with liquidation of credit institutions were considered and responded to.

THE AGENCY TRANSFERRED TO STATE ARCHIVES (FEDERAL AND MUNICIPAL LEVELS) 2,624 DOCUMENTARY STORAGE UNITS (IN RESPECT OF PERSONNEL OF 20 LIQUIDATED CREDIT INSTITUTIONS).

To optimize archive work with documents of the liquidated credit institutions and cut costs, the Agency started the pilot project to transfer them into digital (electronic) form and create the respective electronic archive of documents.

FIGURE 27.  
DYNAMICS  
OF THE NUMBER  
OF CONVENED MEETINGS  
OF CREDITORS  
OF LIQUIDATED CREDIT  
INSTITUTIONS







# The Agency’s Operations to Manage Bankruptcy (Forced Liquidation) Proceedings in Non-government Pension Funds

---

5/1—5/4

|  |    |   |     |
|--|----|---|-----|
| 5/1  | 92 | 5/3   | 98  |
| LIQUIDATION MANAGEMENT                               |    | INVESTIGATING AND CONTESTING<br>DUBIOUS TRANSACTIONS,<br>BRINGING GUILTY PERSONS<br>TO ACCOUNT                |     |
| 5/2  | 94 | 5/4   | 100 |
| FORMATION OF FUNDS<br>FOR SETTLEMENTS WITH CREDITORS |    | VERIFICATION AND SATISFACTION<br>OF CREDITORS’ CLAIMS,<br>OPERATION OF GOVERNING<br>BODIES OF LIQUIDATED NPFS |     |

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5

# Liquidation Management

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AS OF DECEMBER 31, 2018 THE AGENCY CARRIED OUT LIQUIDATION PROCEEDINGS IN 33 NPFs INVOLVED EARLIER IN THE MANDATORY PENSION INSURANCE AND NOT INCLUDED INTO THE PENSION SAVINGS GUARANTEE SYSTEM. THERE WERE BANKRUPTCY PROCEEDINGS IN 24 NPFs AND FORCED LIQUIDATIONS IN 9 NPFs.

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In the reporting period the Bank of Russia did not cancel licenses for pension support and pension insurance of NPFs which perform activity on mandatory pension insurance. Due to the establishment of the facts of insufficiency of assets to satisfy creditors' claims, on the basis of applications of the Agency arbitration courts held insolvent (bankrupt) 15 funds in respect of which the Agency had performed the functions of the liquidator earlier.

Bankruptcy proceedings were completed in respect of one NPF — Non-commercial Organization "Podolsk Non-Government Pension Fund".

To improve effectiveness and unification of liquidation proceedings of financial organizations of different types (including NPFs that) and to strengthen protection of rights and legal interests of their creditors, in 2018 the Agency presented some legislative initiatives together with the Bank of Russia. The proposed amendments to the legislation of the Russian Federation, in particular, relate to granting to the temporary administration manages non-banking financial institutions some additional functions (in respect of NPF financial analysis, inventory taking and pre-sale preparation of property (assets)); reduction of the terms and improvement of procedure of establishment of claims of the creditors of non-credit financial institutions (abandonment of formation of the register of declared claims of the creditors and vesting the temporary administration with the powers to consider and establish the creditors'

claims; possibility for the temporary administration to convene the first meeting of creditors).

In the reporting period the Agency continued to pay much attention to timely and comprehensive informing creditors and other interested persons on their rights and on the progress of liquidation proceedings. The respective information was posted on the official web-site of the Agency (more than 830 publications related to NPF liquidation), in the Unified Federal Register of Data on Bankruptcy, Unified Federal Register of Data on the Facts of Business of Legal Entities and in printed and electronic mass media on various subjects, including the Journal of the Bank of Russia and the official edition — Kommersant Newspaper. In addition, in 2018 the Agency provided more than 2.8 thousand targeted responses to requests of creditors related to liquidation proceedings in respect of NPFs.

# Formation of Funds for Settlements with Creditors

---

THE AGGREGATE BOOK VALUE OF ASSETS OF LIQUIDATED FUNDS AS OF THE DATE OF COMMENCEMENT OF LIQUIDATION PROCEEDINGS AMOUNTED TO 112.6 BILLION RUBLES WITH THE MAIN SHARE (78 %) FALLING ON PENSION SAVINGS.

---

Cash proceeds from measures taken by the Agency to sell (claim) assets of the funds in the course of bankruptcy (liquidation) through the period of liquidation proceedings amounted to 33 billion rubles, including receipt of 4.1 billion rubles to NPFs' accounts opened with the Agency assured in the reporting period.

The main volume of cash proceeds to the accounts of the funds with the Agency (3.1 billion rubles or 75.5 %) was assured at the expense of sale of securities forming the assets of the liquidated NPFs. At that, 1.7 billion rubles were received from sale of NPF securities on the organized market, of which 1.5 billion rubles — from sale of securities which made part of the pension savings, 0.2 billion rubles — from sale of securities which made part of the pension reserves. Proceeds from participation in the offers of third parties to purchase homogeneous (one type and issue) securities amounted to 1.4 billion rubles. Income from investments into securities amounted to 0.7 billion rubles, proceeds from voluntary return of property from trust amounted to 0.24 billion rubles, from claim handling work — 0.02 billion rubles. Other proceeds amounted to 0.04 billion rubles.

In the reporting period the Agency finished sale of the main volume of liquid assets (securities). The process of voluntary return of NPF property from trust was also completed.

Funds for settlements with creditors were accumulated through sale of property at electronic trades in the form of auctions (28)

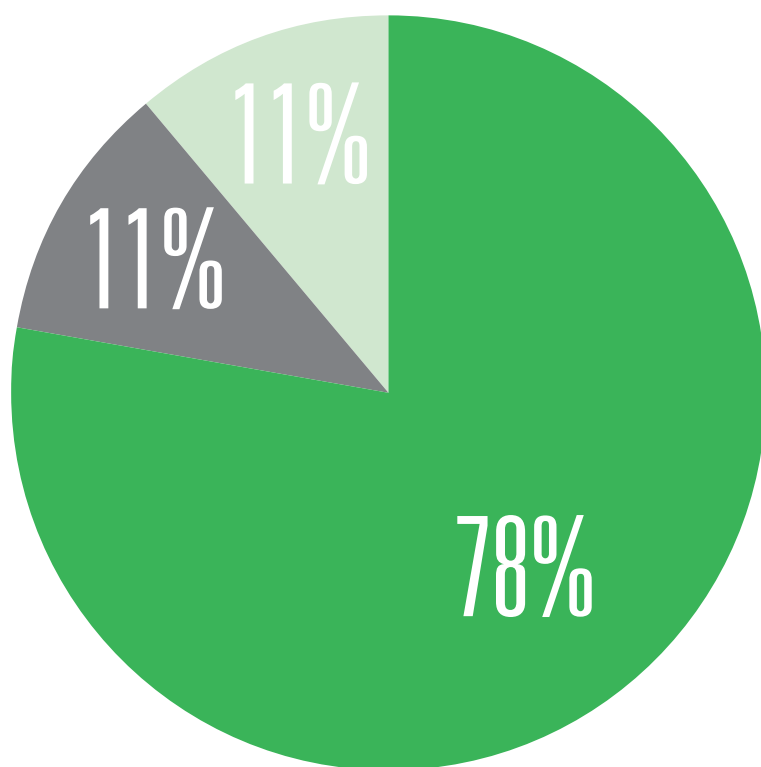


FIGURE 28.  
STRUCTURE OF BOOK  
VALUE OF ASSETS  
OF LIQUIDATED NPFs

● Pension savings  
● Pension reserves  
● Receivership estate



FIGURE 29.  
CASH PROCEEDS  
TO THE ACCOUNTS  
OF LIQUIDATED NPFs  
IN THE REPORTING PERIOD,  
BILLION RUBLES

and through public offering (43) and with application of other tender procedures. As the result of measures taken by the Agency cash in the amount of 47 million rubles was credited to accounts of NPFs opened with the Agency.

The Management Board of the Agency approved the Procedure for selecting special organizations for the right to provide the services of trades organizer and operator of the e-platform when selling the property of liquidated financial organizations. As per the regulatory document of the Agency, assets of liquidated financial organizations, including NPFs, is to be sold using the services of the trades organizer — JSC RAD.

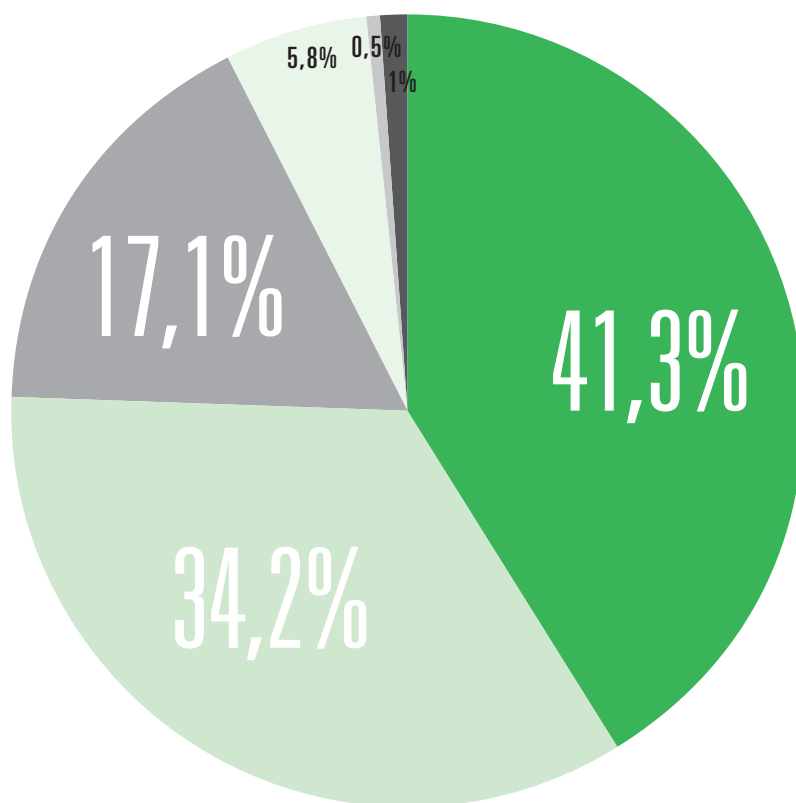
For the purposes of enforced collection of NPF assets, the Agency has sent to the arbitration courts and the courts of law throughout the period of liquidation proceedings the statements of claim totaling 37.3 billion rubles.

The judicial authorities satisfied claims of the Agency totaling 35 billion rubles, dismissed claims of the Agency totaling 1 billion rubles; claims to collect the debt in the amount of 1.3 billion rubles are being considered by the arbitration courts and the courts of law.

In the reporting period the Agency continued work to collect debt from management companies in court. In 2018 the arbitration courts satisfied 5 claims on disputes with participation of NPFs where the Agency is a bankruptcy administrator (liquidator) for the amount of 4.1 billion rubles. Two judicial decisions made in favor of the Agency were challenged in the reporting period in the courts of appeal and errors (the decisions remained unchanged). In addition, 4 claims filed by the Agency in 2018 to collect debt from management companies totaling 0.9 billion rubles are still considered by courts.

In 2018 the Agency continued work to collect in favor of NPFs the cash from their debtors in respect of which the liquidation proceedings are being taken. This work resulted in inclusion into the registers of claims of creditors of failed debtors of claims of liquidated NPFs totaling 49.6 billion rubles, including 26.2 billion rubles included into the registers of claims of creditors of the debtors — bond issuers which failed to perform their obligations, 13 billion rubles included into the registers of claims of the guarantor of bonds and management companies, 9.8 billion rubles included into the registers of claims of the credit institutions.

FIGURE 30.  
STRUCTURE OF CASH  
RECOVERED BY SOURCES  
FOR THE REPORTING  
PERIOD





In 2018 expenses for liquidation proceedings in NPFs amounted to 48.3 million rubles, of which the main volume (24.4 million rubles or about 50 %) falling on payment of salary and compensations to former employees of NPFs, 10 % were tax payments/payments to the budget and extra-budgetary funds, 9 % were expenses for independent property appraisal, 7 % were legal costs.

In addition, due to insufficiency of funds of liquidated NPFs to pay the current expenses, the Agency also prepaid them from own resources of the Agency. For the reporting period the Agency prepaid expenses for the amount of 50.2 million rubles and recovered 15 million rubles.

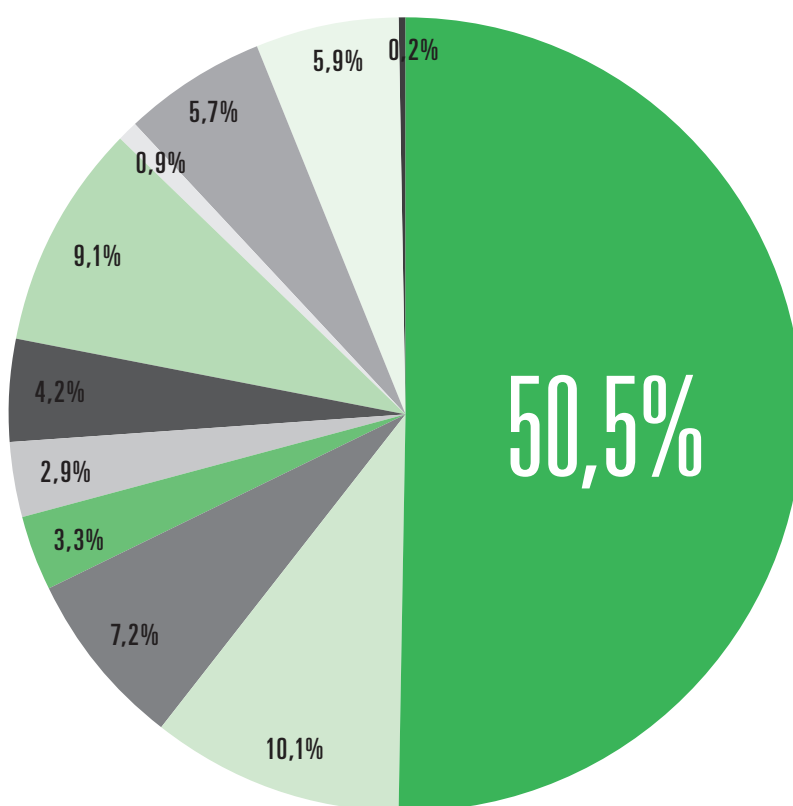


FIGURE 31.  
STRUCTURE OF CURRENT  
EXPENSES OF LIQUIDATED  
NPFs FOR THE REPORTING  
PERIOD

- Salary and compensations to employees
- Salary accruals
- Legal costs and costs for arbitration proceedings
- Expenses for expert examination of documents and placement of archives
- Expenses for services of engaged organizations (accounting, actuarial valuation)
- Operational expenses
- Expenses for property valuation
- Expenses for property sale
- Expenses for information publication
- Postal, telegraph, telephone, stationery expenses
- Other expenses

# Investigating and Contesting Dubious Transactions, Bringing Guilty Persons to Account

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AS OF DECEMBER 31, 2018, 21 CASES SEEKING TO CONTEST DUBIOUS TRANSACTIONS OF LIQUIDATED NPFs WERE CONSIDERED IN ARBITRATION COURTS, WITH ONE CASE BASED ON THE CLAIMS FILED IN 2018. IN 2018 THE CLAIMS OF THE AGENCY UNDER 4 STATEMENTS WERE SATISFIED, 3 STATEMENTS WERE DISMISSED.

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In the reporting period there were inspections to detect the circumstances of deterioration of financial position/circumstances of bankruptcy of non-government pension funds: JSC NPF TPP fund, OJSC NPF "Blagodenstvie", 1st NPF JSC, JSC NPF "Erel", NPF "Tikhy Don", JSC NPF Ural FD, NPF "PNPF Garant-Prof", NPF "Pravo", JSC NPF "Blagovest", JSC NPF "Uchastie", NPF "Vremya". Signs of deliberate bankruptcy were detected in 9 NPFs. Opinions on absence of signs of deliberate bankruptcy were prepared in respect of NPF "Tikhy Don" and NPF "PNPF Garant-Prof".

Work to detect the circumstances of deterioration of financial position/circumstances of bankruptcy of non-government pension funds continued in respect of JSC NPF MECHHEL-FUND, JSC NPF "Metallurgov", JSC NPF ZERICH, JSC NPF "Novy Vek OPS".

Claim to bring the former executives of NPF "Rodnik" to subsidiary liability (in the amount of 30.5 million rubles) and claim to collect damages from former executives of NPF "Vremya" (in the amount of 81.6 million rubles) were filed to the court.

Claims to collect damages from the executives of NPF "Povolzhsky" and NPF "General Pension Fund" were dismissed (in the amount of 12.3 million and 129.4 million rubles, respectively).

10 applications to the law-enforcement authorities were sent, including: 6 — based on the evidences of deliberate bankruptcy (JSC NPF "Mosenergo OPS"; OJSC NPF "First Russian Pension Fund"; JSC NPF TPP fund; NPF "Pravo"; JSC NPF "Blagovest"; JSC NPF "Mosenergo OPS" together with OJSC NPF "Blagodenstvie", JSC NPF "Uchastie", JSC NPF "Erel"), 4 — based on the evidences of misappropriation of assets (JSC NPF TPP fund; JSC NPF "Novy Vek OPS"; NPF "Vremya"; JSC NPF MECHEL-FUND together with JSC NPF Ural FD, First NPF JSC, JSC NPF "Metallurgov", JSC NPF TPP fund, JSC NPF ZERICH).

One criminal case based on the fact of property misappropriation was initiated in the reporting period (NPF "Rodnik"). The guilty verdict was made under one criminal case (JSC NPF "Strategy").

# Verification and Satisfaction of Creditors' Claims, Operation of Governing Bodies of Liquidated NPFs

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IN 2018 BE DETERMINATION OF THE ARBITRATION COURT BANKRUPTCY PROCEEDINGS WERE COMPLETED IN NON-COMMERCIAL ORGANIZATION "PODOLSK NON-GOVERNMENT PENSION FUND" WHOSE CREDITORS' CLAIMS IN THE AMOUNT OF 51.8 MILLION RUBLES WERE SATISFIED IN FULL.

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As of December 31, 2018 (running total throughout the history of the Agency) 2,235.5 thousand claims of creditors for the total amount of 86.22 billion rubles were established, including those subject to satisfaction at the expense of pension savings — 74.39 billion rubles; at the expense of pension reserves — 11.46 billion rubles, at the expense of bankruptcy estate — 0.37 billion rubles.

As of the end of the reporting period, on the basis of arbitration awards, 45 claims of creditors totaling about 23 million rubles were also held justified and subject to satisfaction after satisfaction of claims of creditors included into the register of creditors' claims.

In 2018 claims of the Bank of Russia acquired as the result of transfer<sup>11</sup> by it to the Pension Fund of Russia of funds in the amount of 3.6 million rubles were established and included into the registers of creditors' claims of 19 liquidated NPFs.

As of December 31, 2018 the total claims of the Bank of Russia to NPFs liquidated by the Agency amounted to 66.9 billion rubles. A total of 26 billion rubles were allocated towards settlements with the Bank of Russia making about 39% of its total claims. The claims of the Bank of Russia in respect of 7 NPFs were satisfied in full.

As of December 31, 2018 settlements with creditors in the amount of more than 29.2 billion rubles were completed (running total throughout the history of the Agency), including at the expense of pension savings — 27.1 billion rubles, at the expense of pension reserves — 2.1 billion rubles, at the expense of bankruptcy estate — 0.006 billion rubles.

7.9 billion rubles were allocated for settlements with creditors in the reporting year. 7.18 billion rubles out of them were at the expense of pension savings (including settlements with the first priority creditors — 7.16 billion rubles<sup>12</sup>, second priority creditors — 0,017 billion rubles).

As of December 31, 2018 in 6 funds (NPF "Semeyny", Non-commercial Organization "Podolsk Non-Government Pension Fund", NPF "Tikhy Don", NPF "PNPF Garant-Prof", JSC NPF "Uchastie", OJSC NPF "Blagodenstvie") claims of creditors subject to satisfaction at the expense of pension savings were satisfied in full.

In the reporting period pension savings of 114 thousand insured persons and successors of the deceased insured persons of 6 funds (NPF "Tikhy Don", JSC NPF "Uchastie", OJSC NPF "Blagodenstvie", PJSC NPF "Siberian Capital", JSC NPF "Erel", JSC NPF TPP fund) were transferred to the Pension Fund of the Russian Federation.

Claims of the creditors in the amount of 0.7 billion rubles were satisfied in 2018 at the expense of pension reserves (including 0.2 billion rubles transferred to financially stable NPFs to satisfy claims of first priority creditors, 0.4 billion rubles allocated to satisfy claims of second priority creditors, 0.1 billion rubles — for the third, fourth and fifth priority creditors (aggregate).

**11** In compliance with Part 6 of Article 23 of Federal Law dated December 28, 2013 No. 422-FZ "On Guaranteeing the Rights of Insured in the Mandatory Pension Insurance System of the Russian Federation when Forming and Investing Pension Savings, Setting and Making Payments at the Expenses of Pension Savings", in case the arbitration court makes decision under the request of the Bank of Russian on forced liquidation of NPF in connection with cancellation of the license of the non-government pension fund which is not a member funds of the pension savings guarantee system, the Bank of Russia shall transfer to the Pension Fund of the Russian Federation the funds required for the Pension Fund

of the Russian Federation to perform the transferred obligations of the non-government pension fund under the contracts for mandatory pension insurance.

**12** The first priority creditors received: Bank of Russia — 6.21 billion rubles, Pension Fund of the Russian Federation — 0.095 billion rubles.

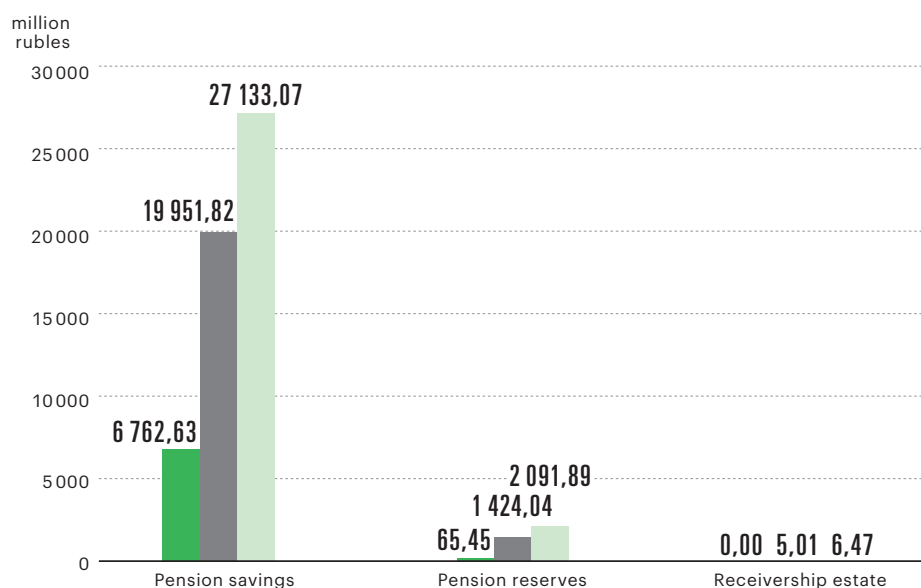


FIGURE 32.  
DYNAMICS  
OF SATISFACTION  
OF CREDITORS CLAIMS  
(RUNNING TOTAL)  
(MILLION RUBLES)

● As of 01.01.2017  
● As of 01.01.2018  
● As of 01.01.2019

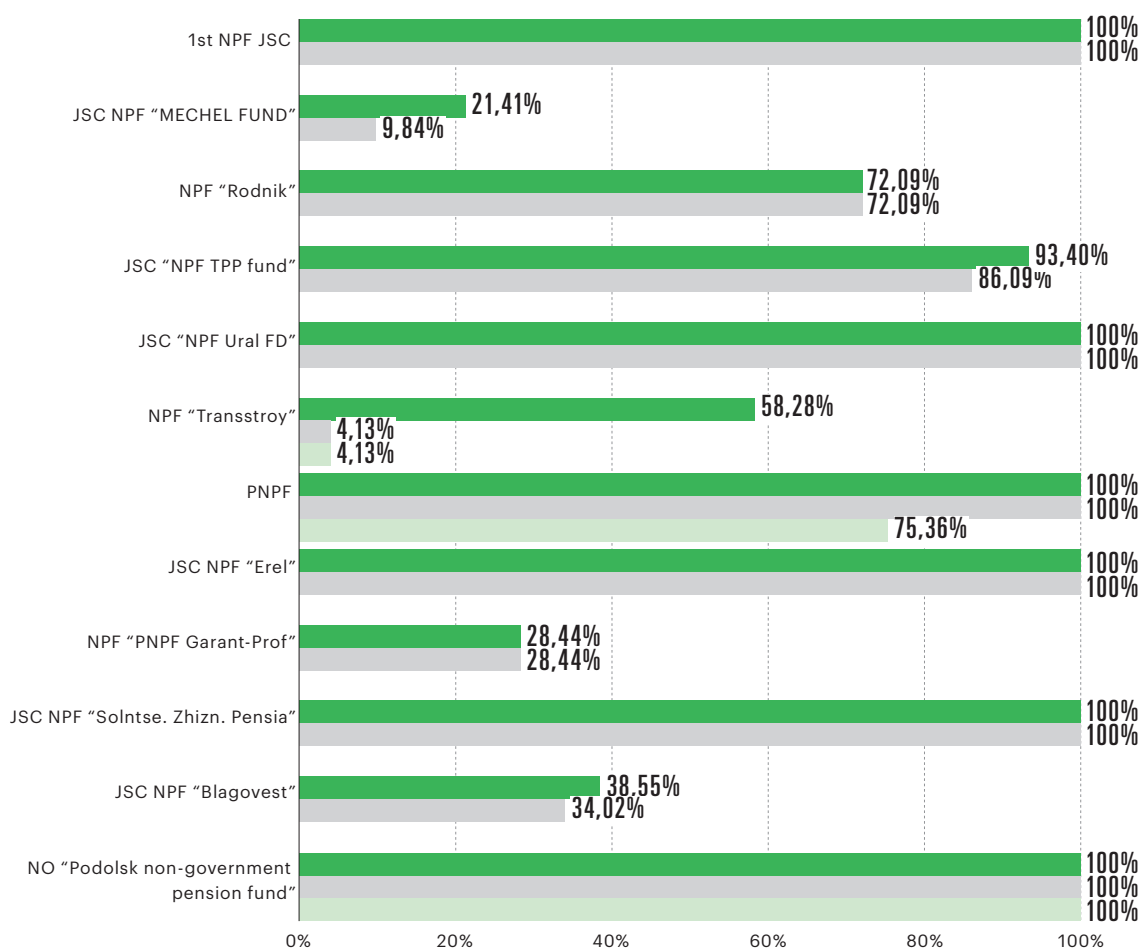
As of December 31, 2018 pension reserves in the amount exceeding 1.5 billion rubles together with the said liabilities for the equal amount were transferred to financially stable NPFs to satisfy claims of creditors for payment of life non-government pensions.

In 6 funds such creditors' claims (in respect of life non-government pensions) were satisfied in full — about 216 million rubles were transferred to 3.4 thousand of their participants. In respect of 6 more NPFs the Agency takes measures for gradual transfer of liabilities to pay life non-government pensions and property to perform them in the course of formation of the payment fund. As of December 31 of the reporting period, more than 1.3 billion rubles were transferred to 10.9 thousand of their participants within the frameworks of gradual transfer of assets and liabilities to pay life non-government pensions.

IN THE REPORTING PERIOD SETTLEMENTS WERE MADE WITH CREDITORS OF 21 NPF WHOSE CLAIMS WERE SUBJECT TO SATISFACTION AT THE EXPENSE OF PENSION RESERVES — CLAIMS OF MORE THAN 30 THOUSAND

FIGURE 33.  
DYNAMICS  
OF SATISFACTION  
OF CREDITORS' CLAIMS  
FOR LIFE PENSIONS

● 12.31.2018  
● 12.31.2017  
● 12.31.2016



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CREDITORS WERE SATISFIED, INCLUDING BY TRANSFER INTO DEPOSITS OF THE NOTARIES OF CASH UNDER THE CLAIMS OF 11,328 CREDITORS DUE TO IMPOSSIBILITY TO TRANSFER SUCH CASH TO THE ACCOUNTS (DEPOSITS) OF SUCH CREDITORS.

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Settlements with creditors of Non-government Pension Fund "Professional Independent Pension Fund" in the amount of 1 million ruble were made at the expense of bankruptcy estate.

In 2018, 15 meetings of creditors were convened, 13 of which were held (one first meeting, 11 ordinary meetings, one repeated ordinary meeting), 2 ordinary meetings of creditors were held invalid due to absence of quorum (NPF "Povolzhsky").

Creditors were present at the meetings holding 95.56 % of the total number of votes.

As of December 31, 2018, 33 creditor committees were operational, which had full powers in compliance with the legislation of the Russian Federation.

In 2018, 331 meeting of creditor committees were held in which 549 issues were considered. Decisions proposed by the bankruptcy administrator (liquidator) were supported on most issues (98.18%).

# The Agency’s Operations to Manage Liquidation Proceedings in Insurance Organizations

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## 6/1—6/4

|  |     |   |     |
|--|-----|---|-----|
| 6/1  | 106 | 6/3   | 111 |
| LIQUIDATION MANAGEMENT                               |     | INVESTIGATING AND CONTESTING<br>DUBIOUS TRANSACTIONS,<br>BRINGING GUILTY PERSONS<br>TO ACCOUNT                                      |     |
| 6/2  | 108 | 6/4   | 113 |
| FORMATION OF FUNDS<br>FOR SETTLEMENTS WITH CREDITORS |     | VERIFICATION AND SATISFACTION<br>OF CREDITORS’ CLAIMS,<br>OPERATION OF GOVERNING<br>BODIES OF LIQUIDATED<br>INSURANCE ORGANIZATIONS |     |

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6

# Liquidation Management

**13** The Order of the Thirteenth Arbitration Court of Appeal dated January 22, 2018 released the Agency from the obligations of the receiver of Insurance Company Invest-Alliance LLC.

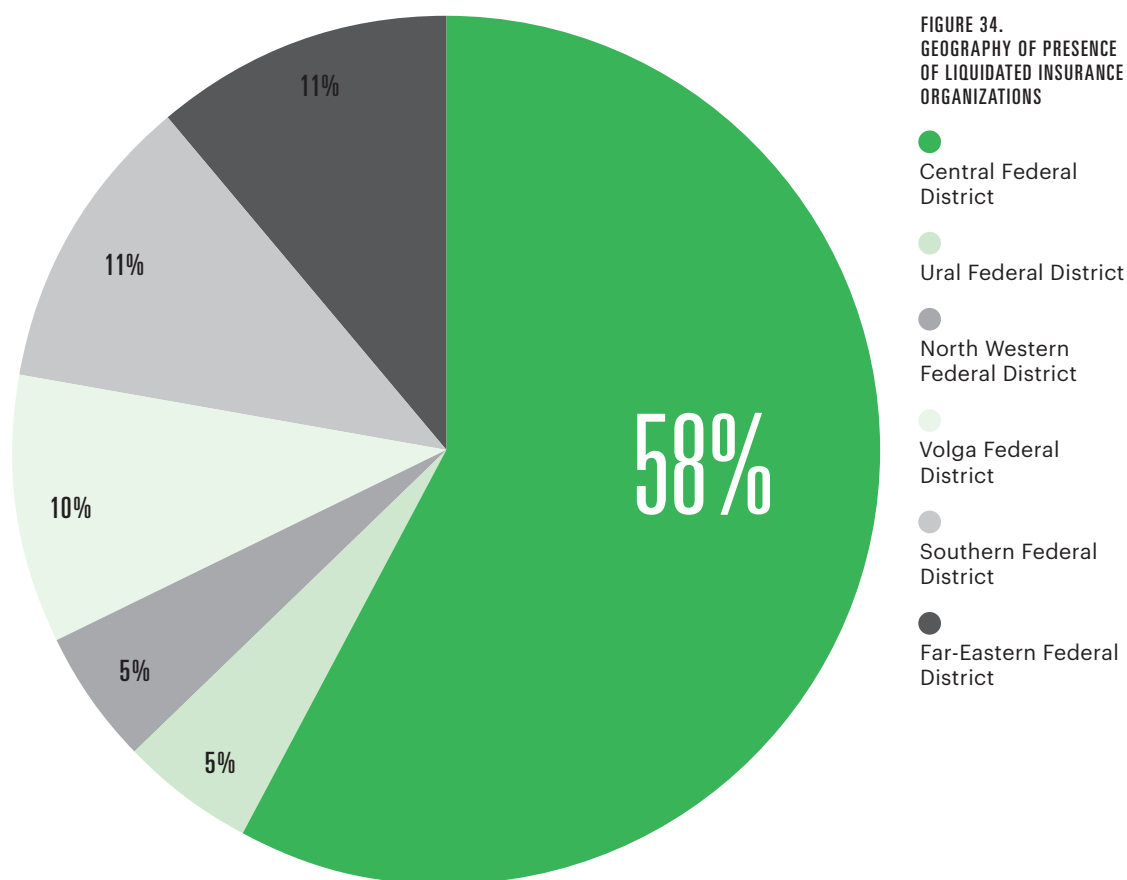
AS OF DECEMBER 31, 2018 THE AGENCY ACTED AS BANKRUPTCY ADMINISTRATOR IN 19 INSURANCE ORGANIZATION<sup>13</sup>, LOCATED IN 6 FEDERAL DISTRICTS. AT THAT, 58 % OF INSURANCE ORGANIZATIONS ARE LOCATED IN THE CENTRAL FEDERAL DISTRICT, INCLUDING 53 % — IN THE MOSCOW REGION.

In 2018 the Agency employees participated in work of 16 temporary administrations managing failed insurance organizations (IG ASCO LLC, JSC JSIC Investstrakh, JSC JSIC ROSMED, MIC STRAZH LLC, Selekt LLC, JSC YUZHURALZHASO, PJSC IC KHOSKA, IC DALAKFES LLC, JSC IC Opora, CSO LLC, IC Diamant LLC, Regional Insurance Center LLC, JSC KSA-Kluwer, Rosmedstrakh-K LLC, IC Accept LLC, JSC Insurance Company YAKOR); in 9 insurance organizations the Agency was later appointed as the bankruptcy administrator.

Within the framework of bankruptcy proceedings the Agency accepted documentation and assets from temporary administrations managing the insurance organizations, the Bank of Russia and official insolvency administrators; assured formation of the registers of declared claims of creditors (registers of creditors' claims); took inventory; search and collection of assets of insurance organizations, held meetings of creditors and creditor committees; organized judicial and claim handling work; assured interaction with the law-enforcement authorities.

To speed-up consideration and establishment of claims of creditors and improve transparency of the bankruptcy procedure of insurance organizations, the Agency and the Russian Union of Car Insurers (RSA) being the largest creditor of the liquidated insurance organizations concluded the Agreement on Information Interaction which implemented the electronic workflow between the organizations.

In 2018 the Agency promptly and fully informed creditors and other interested persons on their rights and progress of the main liquidation measures — 200 publications were posted on the official web-site of the Agency, in the Unified Federal Register of Data on Bankruptcy, in the Unified Federal Register of Data on the Facts of Business of Legal Entities and mass media.



# Formation of Funds for Settlements with Creditors

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IN 2018 INVENTORY TAKING WAS COMPLETED IN 9 INSURANCE ORGANIZATIONS (IC MOSKOVIA LLC, MIC STRAZH LLC, IG ASCO LLC, IC VEKTOR LLC, JSC JSIC ROSMED, JSC YUZHURALZHASO, JSC JSIC INVESTSTRAKH, IC DALAKFES LLC, PJSC IC KHOSKA).

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Inventory taking showed that the market value of available property of the liquidated insurance organizations amount to 20% (3.1 billion rubles) of the aggregate book value of their assets. In addition, the facts of absence of actual accounting data as of the date of bankruptcy proceedings initiation were fixed in 9 insurance organization which significantly impeded work of the Agency with their assets (including detection and evaluation of shortages).

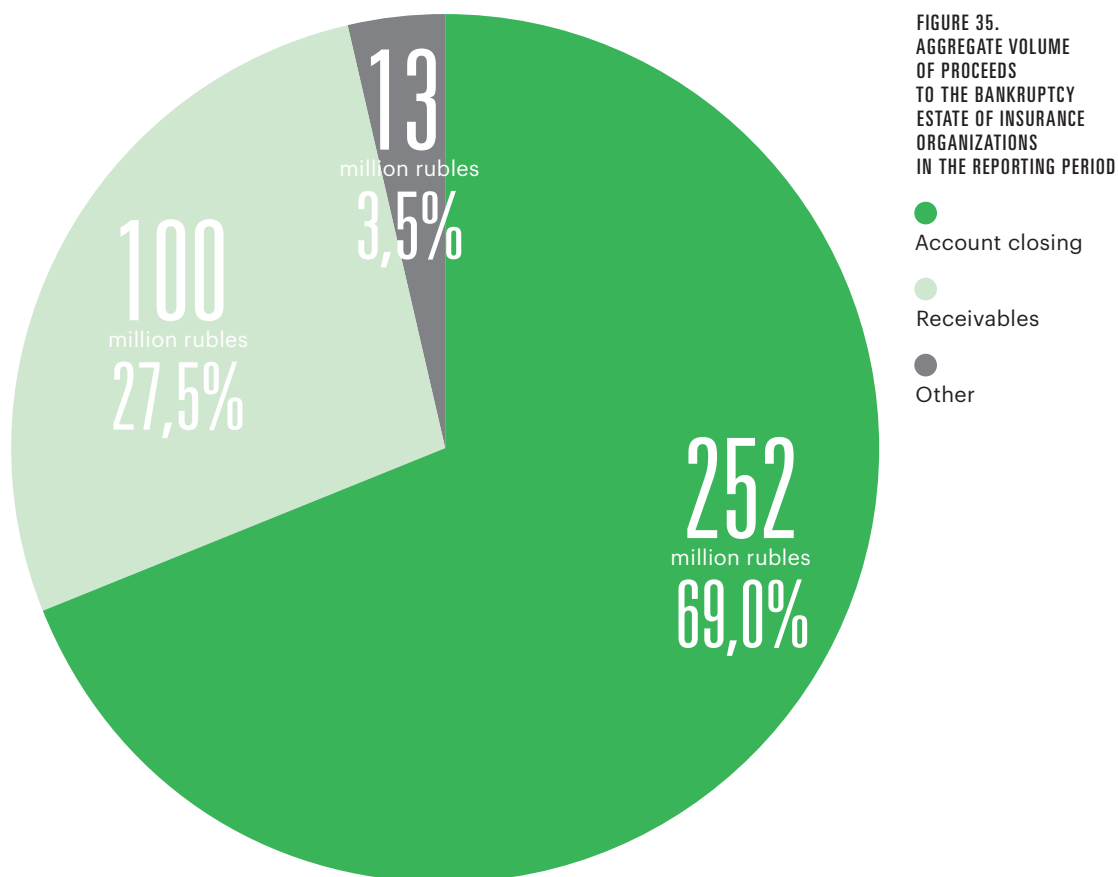
In the reporting period the aggregate volume of proceeds to the bankruptcy estates of insurance organizations amounted to 365 million rubles, including: from settlement accounts of insurance organizations (in connection with their closure) — 252 million rubles; from repayment of receivables — 100 million rubles; other proceeds — 13 million rubles.

In 2018 the Agency carried out active claim-related work to collect debts to the liquidated insurance organizations. As of December 31, 2018 244 claims totaling 814 million rubles were sent to arbitration courts and courts of law. Claims totaling 381 million rubles were satisfied, claims totaling 177 million rubles were dismissed, claims totaling 256 million rubles are being considered. 556 execution writs totaling 42 million rubles were submitted for enforcement.

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CLAIMS OF LIQUIDATED INSURANCE ORGANIZATIONS TOTALING ABOUT 1 MILLION RUBLES WERE INCLUDED

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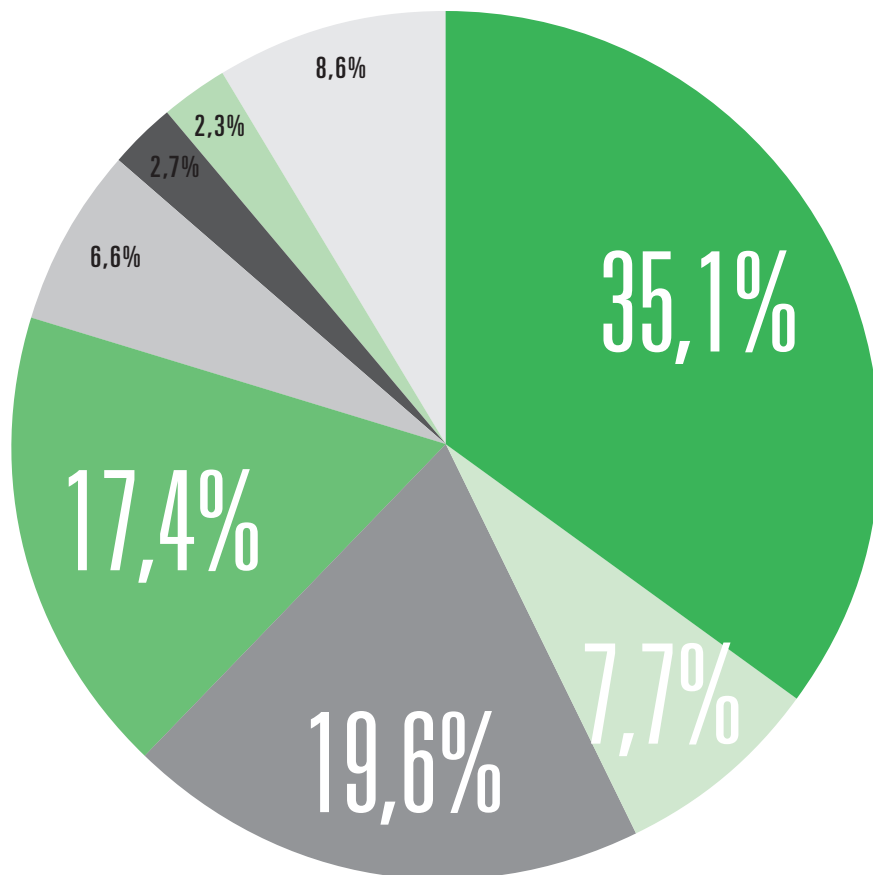
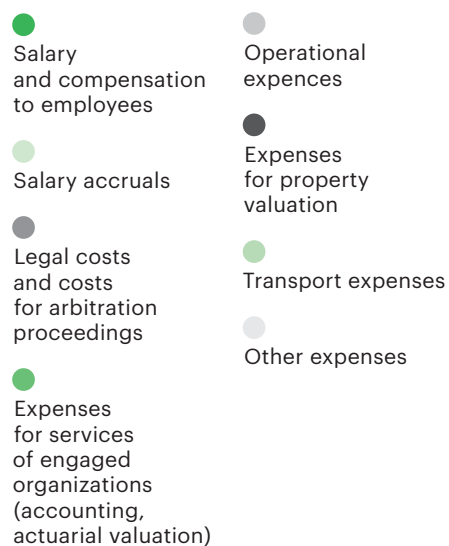


## INTO THE REGISTERS OF CLAIMS OF CREDITORS OF DEBTORS OF LIQUIDATED INSURANCE ORGANIZATIONS.

In the reporting year expenses for liquidation measures in insurance organizations amounted to 198 million rubles, of which 35% (69 million rubles) fall on payment of salary and compensations to former employees of insurance organizations, 20% (39 million rubles) fall on legal costs and expenses for arbitration cases, 17% (34 million rubles) are expenses for services of organizations engaged for accounting support of bankruptcy proceedings and other services.

In addition, due to insufficiency of funds of liquidated insurance organization to pay the current expenses, the Agency also prepaid them from its own resources in 2018. The Agency prepaid expenses for the amount of 114 million rubles and recovered 58 million rubles.

FIGURE 36.  
CURRENT EXPENSES  
FOR LIQUIDATION  
PROCEEDINGS IN RESPECT  
OF INSURANCE  
ORGANIZATIONS



# Investigating and Contesting Dubious Transactions, Bringing Guilty Persons to Account

IN THE REPORTING YEAR, INSPECTIONS TO IDENTIFY DUBIOUS TRANSACTIONS WERE PERFORMED IN 11 INSURANCE ORGANIZATIONS: MIC STRAZH LLC, ESTER LLC, JSC IC PODMOSKOVIE, IC MOSKOVIA LLC, IC VYSOTA LLC, IC UNIVERS-GARANT LLC, IC VEKTOR LLC, JSC JSIC ROSMED, IG ASCO LLC, JSC YUZHURALZHASO AND JSC JSIC INVESTSTRAKH.

Dubious transactions to be contested were identified in 7 insurance organizations (MIC STRAZH LLC, JSC IC Podmoskovie, IC Moskovia LLC, IC VEKTOR LLC, JSC JSIC ROSMED, IG ASCO LLC and JSC JSIC Investstrakh).

In 2018, 120 cases seeking to contest dubious transactions of liquidated insurance organizations were considered in arbitration courts, with 116 cases based on the claims filed in 2018.

In the reporting year claims of the Agency under 6 statements were satisfied (totaling 0.45 billion rubles), 10 statements were dismissed (totaling 0.01 billion rubles).

Work to detect the circumstances of deterioration of financial position (circumstances of bankruptcy) of some insurance organizations (IC Vysota LLC, IC Gala LLC and IC Univers-Garant LLC) was also carried out in the reporting period.

Claim to bring the former executives of Antal-Insurance LLC to subsidiary liability in the amount of 136.7 million rubles was sent to court.

Claims of the Agency under the statement to recover damages from the former head of Antal-Insurance LLC filed earlier (in 2017) were partially satisfied in the amount of 0.5 million rubles.

In the reporting period 11 applications to the law-enforcement authorities were sent, including:

- 1 — based on the evidence of deliberate bankruptcy (Antal-Insurance LLC),
- 1 — based on the evidence of illegal actions in case of bankruptcy (IC Univers-Garant LLC),
- 7 — based on the evidences of misappropriation of assets (JSC IC Med-Garant (2 applications), MIC STRAZH LLC, JSC IC Podmoskovie, ESTER LLC, IC Moskovia LLC, IG ASCO LLC),
- 1 — based on evidence of falsification of accounting and reporting documents of the financial organization (IC Univers-Garant LLC),
- 1 — based on evidence of theft of insurance policies (IG ASCO LLC).

6 criminal cases were initiated, including:

- 5 — based on evidences of abuse of powers and misappropriation of assets of insurance organizations (IC VEKTOR LLC, Antal-Insurance LLC, JSC IC Med-Garant, MIC STRAZH, PJSC IC KHOSKA),
- 1 — based on evidence of arbitrariness (IC DALAKFES LLC).

The courts made no verdicts in the reporting period.



# Verification and Satisfaction of Creditors' Claims, Operation of Governing Bodies of Liquidated Insurance Organizations

AS OF DECEMBER 31, 2018 IN THE COURSE OF BANKRUPTCY PROCEEDINGS 8,402 CLAIMS TO INSURANCE ORGANIZATIONS TOTALING 7.4 BILLION RUBLES WERE RECEIVED, INCLUDING 1,470 CLAIMS AMOUNTING TO 0.4 BILLION RUBLES RECEIVED AFTER THE DATE OF CLOSING OF REGISTERS OF CREDITORS' CLAIMS. 4,033 CLAIMS OF CREDITORS TOTALING 2.5 BILLION RUBLES WERE ESTABLISHED, INCLUDING 41 CLAIMS OF PROFESSIONAL UNIONS TOTALING ABOUT 1 BILLION RUBLES. ON THE BASIS OF ARBITRATION AWARDS, 723 CLAIMS TOTALING 0.11 MILLION RUBLES WERE HELD JUSTIFIED AND SUBJECT TO SATISFACTION AFTER SATISFACTION OF CLAIMS OF THE CREDITORS INCLUDED INTO THE REGISTER OF CREDITORS' CLAIMS.

As of December 31, 2018 objections of the bankruptcy administrator in respect of 3,341 claims of creditors of insurance organizations exceeding 5 billion rubles are subject to consideration by the arbitration courts.

Claims of the professional unions, including the Russian Union of Car Insurers, National Union of Liability Insurers, Union "Unified Association of Insurers of Agricultural Industry — National Union of Agricultural Insurers" have been filed in respect of 12 insurance organizations for the total amount of 3.9 billion rubles.

As of December 31, 2018 955 creditors of insurance organizations were notified on completed enforcement proceedings for the purpose of subsequent submission of claims of the said persons within the framework of the bankruptcy proceedings. As the result, 130 creditors filed their claims to the insurance organizations when due, 478 claims of creditors totaling 47 million rubles were included into the registers of creditors' claims.

In the reporting period no cash was allocated towards settlements with the creditors of insurance organizations.

In 2018 10 meetings of creditors of liquidated insurance organizations were held, with 6 of them being the first meetings. Creditors were present at them holding 90.47% of the total number of votes.

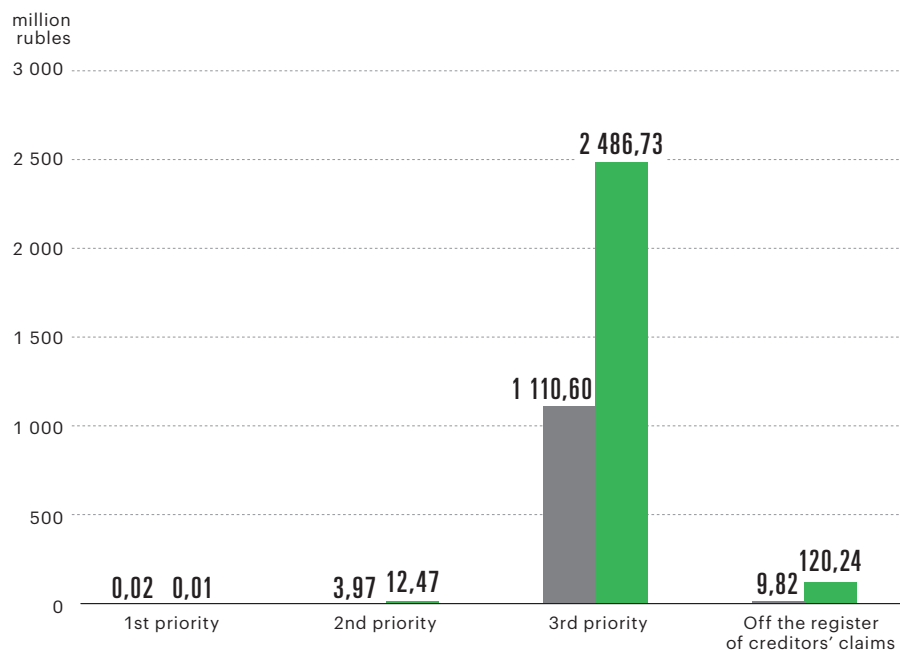
As of December 31, 2018, 8 creditor committees were operational, which had full powers in compliance with the legislation of the Russian Federation. In the reporting period, 38 meeting of creditor committees were held in which 99 issues were considered. Decisions proposed by the bankruptcy administrator were made on most issues (90.91%).

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Based on the practice of liquidation proceedings and practice of participation in temporary administrations to manage failed credit institutions appointed by the Bank of Russia after revocation of banking licenses from credit institution, in the reporting year the Agency,

FIGURE 37.  
DYNAMICS  
OF ESTABLISHMENT  
OF CREDITORS' CLAIMS  
TO INSURANCE  
ORGANIZATIONS  
(MILLION RUBLES)

● 31.12.2017  
● 31.12.2018



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together with the Bank of Russia, prepared a number of proposals to improve the legislation governing the relations connected with bankruptcy of credit and other financial institutions.

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IN PARTICULAR, THE PROPOSED CHANGES TO THE LEGISLATION OF THE RUSSIAN FEDERATION PROVIDE FOR ASSIGNMENT TO THE AGENCY OF THE FUNCTION OF TEMPORARY ADMINISTRATION TO MANAGE THE FINANCIAL ORGANIZATION AT THE MOMENT OF REVOCATION (CANCELLATION) OF THE LICENSE OF A FINANCIAL ORGANIZATION; IMPROVEMENT OF EFFECTIVENESS OF ASSET SALE; EXPANSION OF PRACTICE OF TRANSFER OF ASSETS AND LIABILITIES OF DEBTORS TO FINANCIALLY STABLE MARKET PLAYERS; UNIFICATION AND STANDARDIZATION OF LIQUIDATION PROCEEDINGS OF CREDIT AND INSURANCE ORGANIZATIONS AND NON-GOVERNMENT PENSION FUNDS.

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# Measures to Increase Bank Capitalization

7

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MEASURES AIMED AT THE INCREASE OF BANK CAPITALIZATION WERE TAKEN IN COMPLIANCE WITH THE LAW ON BANK CAPITALIZATION THROUGH PLACEMENT OF FEDERAL LOAN BONDS (OFZS) CONTRIBUTED BY THE RUSSIAN FEDERATION INTO THE PROPERTY OF THE AGENCY INTO SUBORDINATED LIABILITIES AND PREFERRED SHARES OF BANKS.

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From the beginning of implementation of measures to increase bank capitalization the Agency concluded subordinated loan agreements and contracts for purchase of preferred shares with 34 banks for the total amount of 838,000 million rubles. For the period, 9 banks stopped to participate in the program of capitalization increase in connection with transfer to the treasury of the Russian Federation of preferred shares of the banks purchased by the Agency through payment for these shares by received federal loan bonds, due to reorganization of banks through merger with other banks in respect of which the Agency took measure to increase capitalization, and termination of claims of the Agency under the subordinated loan agreements with such banks on the grounds stipulated by Article 25.1 of Federal Law dated December 2, 1990 No. 395-1 "On Bank and Banking" and in connection with exchange of claims of the Agency under the subordinated loan agreements for ordinary shares of the banks and subsequent repurchase of these shares by investors.

As of December 31, 2018 funds of the property contribution of the Russian Federation into the property of the Agency were allocated to measures to increase bank capitalization under the subordinated loan agreements and contracts for purchase of preferred shares with 25 banks in the amount of 634,900 million rubles.

The banks participating in taking measures on capitalization increase assumed the obligations to increase the volumes of loans provided to priority industries by at least 1% a month in the average

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during 3 years from the moment of receipt of the federal loan bonds from the Agency and other obligations.

The total amount of loans and investments into the bonds of enterprises from the priority sectors of economy provided by the banks in respect of which the measures to increase capitalization are taken during the period after FLB receipt increased by 45 % (or 3,039 billion rubles).

In respect of the banks that have violated obligations, the Board of Directors of the Agency made decisions on imposition of fines. From the beginning of measures to increase bank capitalization, claims for the amount of 1,225.5 million rubles were submitted, of which 402.6 million rubles in 2018. Fines received from the banks were transferred by the Agency to the federal budget of the Russian Federation.

# Facilitation of the Agency's Main Functions

## 8/1–8/10

|   |     |  |     |
|---|-----|--|-----|
| 8/1                                     | 122 | 8/6  | 133 |
| CORPORATE GOVERNANCE                    |     | OPERATIONS<br>OF THE AGENCY REPRESENTATIVE<br>OFFICES IN FEDERAL DISTRICTS |     |
| 8/2                                     | 125 | 8/7  | 134 |
| THE AGENCY'S RISK MANAGEMENT<br>SYSTEM  |     | INFORMATION TECHNOLOGIES   |     |
| 8/3                                     | 127 | 8/8  | 135 |
| INTERNAL AND EXTERNAL AUDIT             |     | INFORMATION POLICY<br>AND INTERNATIONAL<br>COOPERATION                     |     |
| 8/4                                     | 128 | 8/9  | 138 |
| HUMAN RELATIONS                         |     | PROCUREMENT OPERATIONS<br>OF THE AGENCY                                    |     |
| 8/5                                     | 131 | 8/10   | 140 |
| ANTI-CORRUPTION POLICY<br>OF THE AGENCY |     | FINANCING OF THE AGENCY<br>OPERATIONS                                      |     |



08

# Corporate Governance

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IN COMPLIANCE WITH THE LAW ON DEPOSIT INSURANCE, THE AGENCY'S GOVERNING BODIES ARE THE BOARD OF DIRECTORS, MANAGEMENT BOARD AND DIRECTOR GENERAL.

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In 2018, 9 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 on introduction of amendments into the Strategy, on change of the organizational structure of the Agency and personal composition of the Management Board of the Agency, on adequacy of resources of MDIF, investment of temporary idle funds of the Agency, borrowings from the Bank of Russia (including their repayment), measures aimed at prevention of bank bankruptcy and using funds of the property contribution of the Russian Federation provided to the Agency to implement bank bankruptcy prevention measures, transfer by the Agency of power of the founder of ANO FZV to the supreme executive governmental authorities of the Republic of Crimea and the city of federal significance Sevastopol, key performance indicators of the Agency and issues connected with participation of the Agency in measures to increase capitalization of banks.

A significant part of the above issues was preliminary considered at the meetings of the Strategy Committee of the Board of Directors of the Agency and the Personnel and Remunerations Committee of the Board of Directors of the Agency (which include both the representatives of the Bank of Russia and the Government of the Russian Federation being the members of the Board of Directors of the Agency and the representatives of the Agency and the Bank of Russia, including those who are not members of the Board of Directors) which contributed to their comprehensive and careful consideration and, therefore, effective work of the supreme governing body of the Agency.

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IN 2018 A NUMBER OF IMPORTANT STAGES OF IMPLEMENTATION OF THE PROGRAM OF REENGINEERING OF THE AGENCY'S BUSINESS PROCESSES WAS COMPLETED, INTERIM RESULTS WERE SUMMARIZED. IN PARTICULAR, IT BECAME POSSIBLE TO REDUCE THE TERMS OF IMPLEMENTATION OF SOME BUSINESS PROCESSES AND CUT THE RESPECTIVE OPERATING COSTS; ELIMINATE DUPLICATION OF FUNCTIONS OF STRUCTURAL DIVISIONS OF THE AGENCY; IMPROVE THE QUALITY OF INTERNAL ANALYTICAL INFORMATION AS THE RESULT OF BUSINESS PROCESS AUTOMATION AND CUT THE RELATED COSTS.

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Decisions of the Board of Directors were implemented by the Management Board of the Agency according to the schedule. 148 meetings of the Management Board were held which considered 941 issues related to core and operational activities of the Agency.

In 2018 the Management Board of the Agency approved 44 internal regulations (including new versions) and amended 48 regulatory documents.

The workflow of the Agency in 2018 was 133,673 units. The aggregate workflow of the Agency and liquidated credit institutions was 583,770 units.

#### SOCIAL RESPONSIBILITY OF THE AGENCY

In its operations the Agency pays much attention to the social responsibility and facilitating social sustainable development.

Ensuring ongoing operation of the DIS and PSGS, efficient management of liquidation procedures in insolvent banks, NPFs and insurance organizations, implementing measures aimed at prevention of bankruptcy of socially and economically significant banks and participation of the Agency in measures to increase capitalization of 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, enterprises and organizations that faced problems resulting from failures of banks, NPFs and insurance organizations, the Agency helped retain workplaces and increase tax receipts to the budgets of all levels.

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DUE TO FAST REIMBURSEMENT OF INSURED DEPOSITORS IN FAILED BANKS, PROMPT TRANSFER OF LIABILITIES AND ASSETS OF LIQUIDATED NPFs TO THE OPERATING

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PENSION FUNDS, 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 AND INDIVIDUAL ENTREPRENEURS TO FURTHER PLACE THEIR SAVINGS IN BANKS ON A REASONABLE BASIS, THUS PROMOTING ECONOMIC GROWTH.

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Enhancing people's financial literacy also remained one of the priority lines of the Agency's work. A number of information and educational programs broadcasted on central TV was prepared in the reporting year, functioning of a special web-site created with active participation of the Agency was supported.

The Agency paid much attention to further strengthening of cooperation with higher educational institutions. Thus, the reporting period saw awarding of winners of "The Best Student Project" competition held by the Agency among the students of the Voronezh State University.

# The Agency's Risk Management System

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THE RISK MANAGEMENT SYSTEM IS AIMED AT ASSURANCE OF REASONABLE GUARANTEE OF ACHIEVEMENT OF OBJECTIVES AND TASKS APPROVED UNDER THE STRATEGY.

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In order to detect the key risks of the Agency, the procedure of identification and assessment of risks is carried out on the annual basis in compliance with the Risk Assessment Methodology approved by the Agency.

Given the mission and non-commercial objectives of activity of the Agency and maturity of the risk management system of the Agency, the level of preferred risk (risk appetite) or the level of risk which the Agency is ready to take to achieve its objectives and tasks is limited to the risks of low and medium levels.

The Agency has determined the risk owners to fix responsibility for identified risk management. Management strategies were developed for all identified risks as well as the measures to prevent risks, and implementation status monitoring procedures were introduced.

In 2018 work on updating the internal regulations of the Agency in compliance with the changes in laws governing the activity of the Agency and updated risk management standards continued. In compliance with ISO 31000:2018 standard, the Agency improves effectiveness of risk management through integration of the risk management system into the governance and decision-making system.

In 2018 the continuous process of collection of information on occurred events which impede achievement of objectives of the Agency was implemented. The list of key risks of the Agency was updated, cross functional risks of structural divisions were identified (risks managed within the framework of several business processes), measures to prevent them were developed. In 2018 the risk management system was implemented in S&A of the Agency, the respective regulatory documents and risk registers were developed.

As part of development of the risk management culture, the Agency held information and training events with the risk controllers, developed the training basic course on risk management designed for all employees of the Agency and posted it on the internal site of the Agency.

The result of independent appraisal of effectiveness of the risk management system showed that the risk management system applied by the Agency meets the nature and scale of functions and operations performed by the Agency.

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# Internal and External Audit

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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 OPERATION. GENERAL MANAGEMENT OF THE SERVICE IS PERFORMED BY THE AGENCY'S BOARD OF DIRECTORS, DAY-TO-DAY MANAGEMENT — BY THE AGENCY'S DIRECTOR GENERAL. THE CURRENT TERMS OF REFERENCE OF THE SERVICE WERE APPROVED BY THE BOARD OF DIRECTORS OF THE AGENCY.

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To provide to the Board of Directors of the Agency and Director General of the Agency the independent and objective information on performance by the structural divisions of the Agency of their functions, in the reporting period the Service carried out scheduled inspections based on risk-focused approach. Such measures covered all core lines of the Agency's operations.

The management bodies of the Agency were promptly informed on violations, defects and negative events detected by the Service. It was determined that requirements of the legislation, internal regulations and orders and decisions of the Agency's governing bodies were generally executed. The internal control and risk management systems corresponded to the nature and scale of the functions and operations performed by the Agency.

The Service ensured interaction with Financial and Accounting Advisors LLC, the auditor of financial statements of the Agency for 2018 (Section II hereof).

# Human Relations

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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. ORGANIZATIONAL AND HR SYSTEM OF THE AGENCY INCLUDES RECRUITMENT, PERSONNEL ADAPTATION, TRAINING, PROFESSIONAL DEVELOPMENT AND CHANGE OF CORE ACTIVITY IN SEPARATE CASES, HR RECORDS KEEPING, SALARY AND SOCIAL BENEFITS MANAGEMENT AND INCENTIVE PROGRAMS OF PROFESSIONAL AND PERSONAL DEVELOPMENT.

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As of the end of the reporting period the Agency's structure included 19 departments, 2 divisions within the Administrative and Economic Department, the Service and 4 representative offices in the federal districts.

The Agency's staff as of December 31, 2018 was 1,148 persons.

From the beginning of the reporting period the new version of the Regulations on remuneration of the employees of the Agency prepared in compliance with the amendments introduced by the Board of Directors of the Agency into the Principles and Approached to remuneration of employees of the Agency at the end of 2017 came into force. In particular, the ratio between the fixed and variable parts of the salary was changed in compliance with the best Russian and foreign practices of effective system of material incentives for employees. Periodicity of payment of the short-term variable part of salary was also changed — from quarterly to monthly — which allowed to reduce the time difference between the labor achievements of the employees and incentive payments. The rules and procedures of preparation, approval and evaluation of achievement of key performance indicators



(KPI) of the Agency which became more "intense" and hard to achieve were improved. The amendments introduced allowed to encourage initiative of employees, increase dependence of labor payment from the set of competences, knowledge and skills, level of professionalism and personal performance.

In the reporting period there was the next (third) survey of personnel involvement into effective achievement of objectives of the Agency. 584 employees of the Agency participated in the survey. General level of personnel involvement was 69% which exceeds both the industry average indicator and the indicator obtained during the previous survey.

While engaging and recruiting personnel, the focus was made on banking specialists, economists and various lawyers. Vacancies were filled from internal candidate pool and by engaging specialists from large banks and other financial institutions. In 2018, 166 employees were hired. The average age of employees of the Agency as of the end of the reporting period was 40.5 years.

As of the end of the reporting period, 94.6% of the Agency's employees had higher education, including higher economic education (49.8%) and higher legal education (24%) (figures 38 and 39). 3.6% of the Agency's employees had academic degrees (41 PhDs). 15.7% of the employees had two higher educations.

4 employees of the Agency were in the federal reserve of executive personnel in 2018.

An integral part of the Agency's HR policy is professional development of employees. In 2018 516 employees of the Agency participated in 114 training events, of which 22 were corporate training workshops and business trainings and 12 were conferences and forums.

IN THE REPORTING YEAR, THE AGENCY STARTED TO APPLY INTERNAL CORPORATE TRAINING PROGRAMS WITH DIFFERENT LEVEL OF COMPLEXITY DEVELOPED BY THE AGENCY ITSELF (IN PARTICULAR, REMOTE TRAINING COURSE IN RISK MANAGEMENT) WHICH

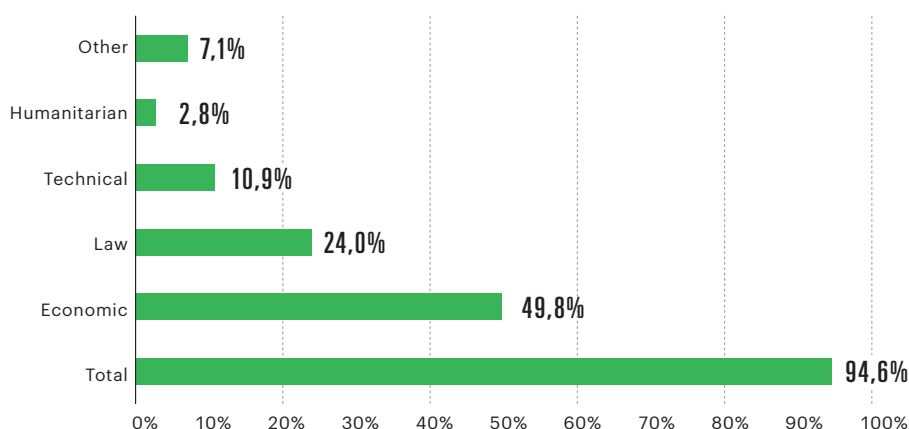
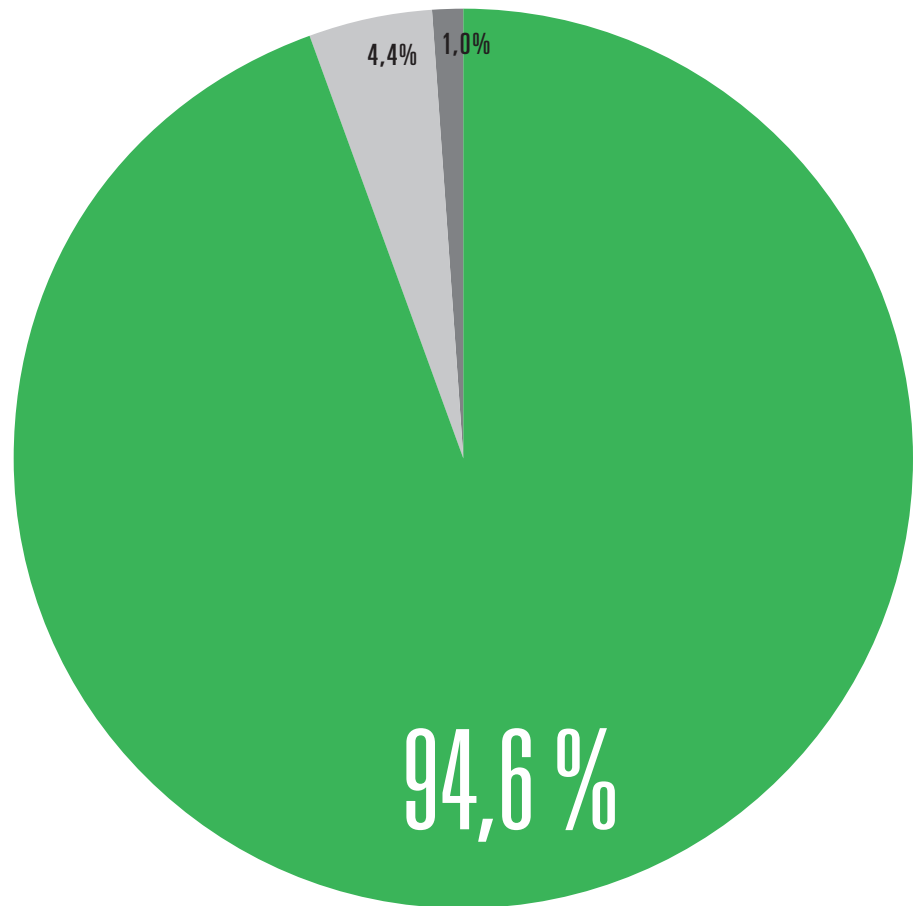


FIGURE 38.  
EDUCATIONAL STATUS  
OF THE AGENCY'S  
EMPLOYEES

FIGURE 39.  
EMPLOYEES WITH HIGHER  
EDUCATION

- Employees with higher education
- Employees with incomplete higher or secondary education
- Employees attending higher educational institutions



#### ALLOWS TO IMPROVE QUALIFICATION OF PERSONNEL, INCLUDING AT THE EXPENSE OF INTERNAL RESOURCES.

The Agency paid much attention to implementation of health and fitness and sports programs within the framework of which the 5th Spartakiad of the Agency was held and the teams of the Agency in different sports took part in the 4th Spartakiad of financial authorities taking the second place in the team rating.

# Anti-corruption Policy of the Agency

TO COMPLY WITH THE REQUIREMENTS OF THE LEGISLATION OF THE RUSSIAN FEDERATION AND THE NATIONAL ANTI-CORRUPTION PLAN FOR 2018–2020, THE AGENCY HAS CREATED AND OPERATES THE CORRUPTION PREVENTION AND COUNTERACTION SYSTEM. THE POWERS OF THE DIVISION RESPONSIBLE FOR PREVENTION CORRUPTION AND OTHER OFFENSES ARE VESTED ON THE SERVICE.

In the reporting period the Agency took a set of measures to counteract corruption, including:

- in connection with improvement of the anti-corruption legislation of the Russian Federation, work was performed to update the respective internal regulations of the Agency;
- declaration campaign of 2018 was held (for 2017 reporting year), in the course of which the Service analyzed the data on income, expenses, assets and property liabilities of 498 employees of the Agency;
- measures were taken in respect of prevention (settlement) of the conflict of interests, compliance with the prohibition for the employees of the Agency to receive gifts in connection with performance of job functions;
- anti-bribery section of the official web-site of the Agency was kept updated, "trust line" operated.
- effective interaction of the Agency with public authorities of the Russian Federation in respect of anti-corruption was ensured;
- the employees of the Agency received required consulting support on a wide range of anti-corruption issues when due;
- the Service held workshops on compliance with anti-corruption prohibitions, restrictions and requirements for the representatives of the receiver.

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In 2018 there were 3 meetings of the Commission on compliance with the requirements to internal conduct and settlement of the conflict of interests created by the Agency.

The Management Board of the Agency considered twice the issue on anti-corruption work status in the Agency and measures to improve it and approved the action plan of the Agency on anti-corruption for 2019.

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# Operations of the Agency Representative Offices in Federal Districts

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IN THE REPORTING PERIOD THE AGENCY REPRESENTATIVE OFFICES IN SOUTHERN, VOLGA, URAL AND SIBERIAN FEDERAL DISTRICTS CONTINUED OPERATION.

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The Agency Representative Offices undertook public awareness efforts enhancing awareness about the deposit insurance and pension savings guarantees, resolution and liquidation of financial organizations; assisted in arranging payouts to insured depositors of banks and managing liquidation proceedings in financial organizations; interacted with DIS member banks, local offices of the Bank of Russia, public and municipal authorities at the territory of federal districts.

In 2018 the Agency Representative Offices accepted more than 13 thousand requests from citizens and organizations. Responses to all requests were provided in time.

# Information Technologies

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## MEASURES TO PROVIDE FOR CONTINUITY OF FUNCTIONING OF THE AGENCY INFRASTRUCTURE AND EFFECTIVE AUTOMATION OF KEY BUSINESS PROCESSES WERE TAKEN WITHIN THE FRAMEWORK OF THE STRATEGY IMPLEMENTATION.

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In the reporting period modernization of software complexes which ensure technological readiness of the Agency to perform from January 1, 2019 the function of insurance of funds of small enterprises was completed.

The system of electronic circulation of documents of the Agency was optimized allowing to speed-up preparation and approval of documents.

Commercial operation of multi-channel network of data transmission with the speed of up to 10 Gb per second between the main data processing centers (DPC) of the Agency commenced. Ring topology of the new autonomous network allows to exclude consequences of failure in any of its segments. Such network virtualization system was deployed at the same time which implements the principle of network distribution between DPCs allowing to transfer workloads between them promptly, thus, ensuring fault tolerance of loads placed. Network virtualization also improves its safety, allowing to set the rule of “zero trust” when integrating new applications.

The reporting period saw information and technical maintenance of activity of temporary administrations, placement of automated banking systems of 45 liquidated credit institutions in the infrastructure of the Agency and support of liquidation proceeding in NPFs and insurance organizations being liquidated by the Agency.

# Information Policy and International Cooperation

THE BASIC PRINCIPLES OF INFORMATION POLICY OF THE AGENCY ARE TRANSPARENCY, OPENNESS AND OPERATIONAL EFFICIENCY. ITS KEY OBJECTIVES INCLUDE IMPROVEMENT OF CONFIDENCE OF THE CITIZENS IN THE FINANCIAL SYSTEM, MINIMIZATION OF SOCIAL TENSION, INCLUDING THROUGH SYSTEMIC WORK ON IMPROVEMENT OF THE LEVEL OF FINANCIAL LITERACY OF THE POPULATION, AWARENESS OF MECHANISM OF PROTECTION OF INTERESTS OF FINANCIAL SERVICE CONSUMERS CREATED BY THE STATE.

In 2018 the information policy of the Agency focused on DIS functioning and development, improvement of liquidation (bankruptcy) proceedings in financial organizations, optimization of the system of sale of assets of liquidated financial organizations and implementation of the Electronic DIA creation program. 262 press releases and information messages were prepared and sent to mass media. The representatives of the Agency gave 597 comments and interviews for electronic and printed mass media. There were 68,174 publications covering the activity of the Agency, including 3,285 mandatory publications.

In the reporting period the Agency continued to improve financial literacy of the population.

The Agency participated in the federal-scale action initiated by the public authorities — "All-Russia Citizens Reception Day" which traditionally takes place on the Constitution Day of the Russian Federation.

DIA management regularly spoke on radio and TV covering the most urgent issues of activity of the Agency, including those

connected with search, return and sale of foreign assets of liquidated financial organizations and with bringing to liability their former owners and executives, repayment of loans by the borrowers of liquidated banks, progress and summary results of liquidation and resolution projects, etc.

Finoteka Project implemented by DIA to improve financial literacy of the population won Digital Communications AWARD — 2018 awarded by the Association of Directors for Communications and Corporate Media of Russia (ACMR) (in several nominations).

On the 22nd awarding ceremony of the top legal Femida award (Moscow), the Agency won “Citizens Rights Protection” award.

Along with public informing, the Agency took active part in the events important for professional financial market players. During the reporting period the executives of the Agency took part and presented reports at largest conferences and forums on the subject.

In 2018 the Agency for the first time acted as the partner of Saint Petersburg International Economic Forum where it presented new approaches to sale of property of liquidated financial organizations.

There were 3 meetings of the Public Council for Interaction with Creditors of Financial Organizations of the Agency which discussed the issues of detection and challenging dubious transactions, criminal prosecution of persons guilty of causing damage to financial organizations and their creditors, bringing persons controlling the financial organization to property liability.

To expand public access to information on the Agency’s operations, much attention was paid to improvement of the official web-site of the Agency. In the reporting period there were 25,531 updates of the official web-site of the Agency. Implementation of a set of measures connected with improvement of user friendliness of the official web-site of the Agency for the visitors from different categories continued. “Information on Loan Repayment for Borrowers” section was created (and additional subsection “Loan Repayment. Details”).

In 2018 the number of requests from depositors (creditors) through the “hot line” of the Agency remained at a high level — in the reporting period the hot line received about half a million calls (more than 37.2 thousand calls a month). High indicators of subscriber service quality were preserved (including additional shortening of waiting time, increase in share of processed calls, extension of provided information).

## INTERNATIONAL COOPERATION

The Agency continued to actively cooperate with foreign deposit insurers — both bilaterally and within the framework of participation in international professional associations.

Since 2004 the Agency is a member of the International Association of Deposit Insurers (IADI) which at present includes 110 organizations, including 86 deposit insurers from all regions



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of the world. The representatives of the Agency are members of the supreme governing body of IADI — Executive Council and various IADI committees and working groups.

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RECOGNITION OF HIGH INTERNATIONAL AUTHORITY OF THE AGENCY IN THE SPHERE OF DEPOSIT INSURANCE, BANK RESOLUTION AND LIQUIDATION WAS THE FACT THAT IT WAS ENTRUSTED WITH ORGANIZATION IN MOSCOW IN MAY 2018 OF THE 55TH MEETING OF IADI EXECUTIVE COUNCIL AND THE INTERNATIONAL CONFERENCE IN WHICH MORE THAN 150 REPRESENTATIVES OF ORGANIZATIONS — DEPOSIT INSURERS, INTERNATIONAL FINANCIAL ORGANIZATIONS AND CENTRAL BANKS FROM 45 COUNTRIES OF THE WORLD TOOK PART. WITHIN THE FRAMEWORK OF THIS EVENT, THE AGENCY SIGNED THE MEMORANDUMS ON UNDERSTANDINGS AND COOPERATION WITH THE INSTITUTO PARA LA PROTECCION AL AHORRO BANCARIO (INSTITUTE FOR PROTECTION OF BANK DEPOSITS OF MEXICO, IPAB) AND THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).

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Another professional international organization of deposit insurers in which the Agency actively participates is the European Forum of Deposit Insurers (EFDI). Its members are 72 organizations managing the deposit guarantee systems from 47 countries of Europe. A representative of the Agency is a member of EFDI Board of Directors. In May 2019 The Agency hosted in Moscow a meeting of EFDI Board of Directors.

In the reporting period, work of determination of key lines and parameters of harmonization of deposit insurance systems in member states of the Eurasian Economic Union (EAEU) was in active phase. In May 2018 Moscow hosted the meeting of the heads of deposit insurers from Armenia, Belarus, Kazakhstan, Kirghizia and Russia. Agreement to create the working group to analyze the main parameters of national deposit insurance systems of EAEU member states and assess the areas of their harmonization was reached. In September 2018 this working group started its operation.

# Procurement Operations of the Agency

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PROCUREMENT OPERATIONS OF THE AGENCY ARE PERFORMED IN COMPLIANCE WITH THE FEDERAL LAW DATED JULY 18, 2011 NO. 223-FZ "ON PURCHASE OF GOODS, WORK, SERVICES BY SEPARATE TYPES OF LEGAL ENTITIES" AND THE REGULATIONS ON PURCHASE 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 THURSDAY, JUNE 28, 2018 (MINUTES NO. 7).

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Specifics of operations of the Agency materially affect the nomenclature of purchased goods, work and services necessary to perform its main functions.

In 2018 purchases through the tenders also held in the electronic form using the electronic trading platforms were widely used. 10 tenders, 24 auctions, 12 request for quotations and 12 requests for bids were carried out.

9 tenders resulted in conclusion of 9 contracts for 267.75 million rubles, 8 auctions (including 2 multi-lot auction) resulted in conclusion of 12 contracts totaling 10,770.06 thousand US dollars (ruble equivalent as of the date of conclusion of the contracts — 689.41 million rubles), 15 auctions (including 3 with multiple lots) — 26 contracts for the total amount of 88.59 million rubles, 2 requests for quotations — 2 contracts for the total amount of 588.64 thousand US dollars (ruble equivalent as of the date of conclusion of the contracts — 39.48 million rubles), 9 requests for quotations resulted in conclusion of 9 contracts totaling 13.14 million rubles, 11 requests for bids resulted in conclusion of 11 contracts totaling 793.11 million rubles.

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Savings from the purchases through competitive procedures are estimated to be 281.06 million rubles (13 % of initial (maximal) contract value).

A total of 3,371 purchases were made which resulted in conclusion of contracts for the amount of 3,039.93 million rubles.

In the reporting period in the course of purchases the Agency actively cooperated with SMEs. Purchases from SMEs amounted to 1,893.10 million rubles making 62 % of the aggregate cost of all purchases during the year. Following the purchases in which only SMEs participated, contracts were concluded for the amount of 482,76 million rubles and the scope of such purchases made up 16 % of the aggregate cost of all purchases during the year.

# Financing of the Agency Operations

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IN 2018 CURRENT EXPENSES OF THE AGENCY WERE IN LINE WITH THE COST ESTIMATE APPROVED BY THE RESOLUTION OF THE AGENCY'S BOARD OF DIRECTORS DATED DECEMBER 18, 2017 (MINUTES NO. 8).

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The total amount of the Agency's actual costs was equal to 4,770.6 million rubles which corresponds to 83.7% of planned costs (5,700.2 million rubles), including administrative and economic expenses of 4,470.7 million rubles (85.5% of the plan) and capital investment of 299.9 million rubles (63.9% 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 resolution of the Board of Directors dated September 15, 2005 (Minutes No. 3), from income received from investment of the temporary idle funds and income from other operations. In the reporting year, the total amount of such income was equal to 6,9 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's Board of Directors dated March 06, 2018 (Minutes No. 3). 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 Service and 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. The structure of investments to support the Agency's operations as of December 31, 2018 is presented in figure 40.

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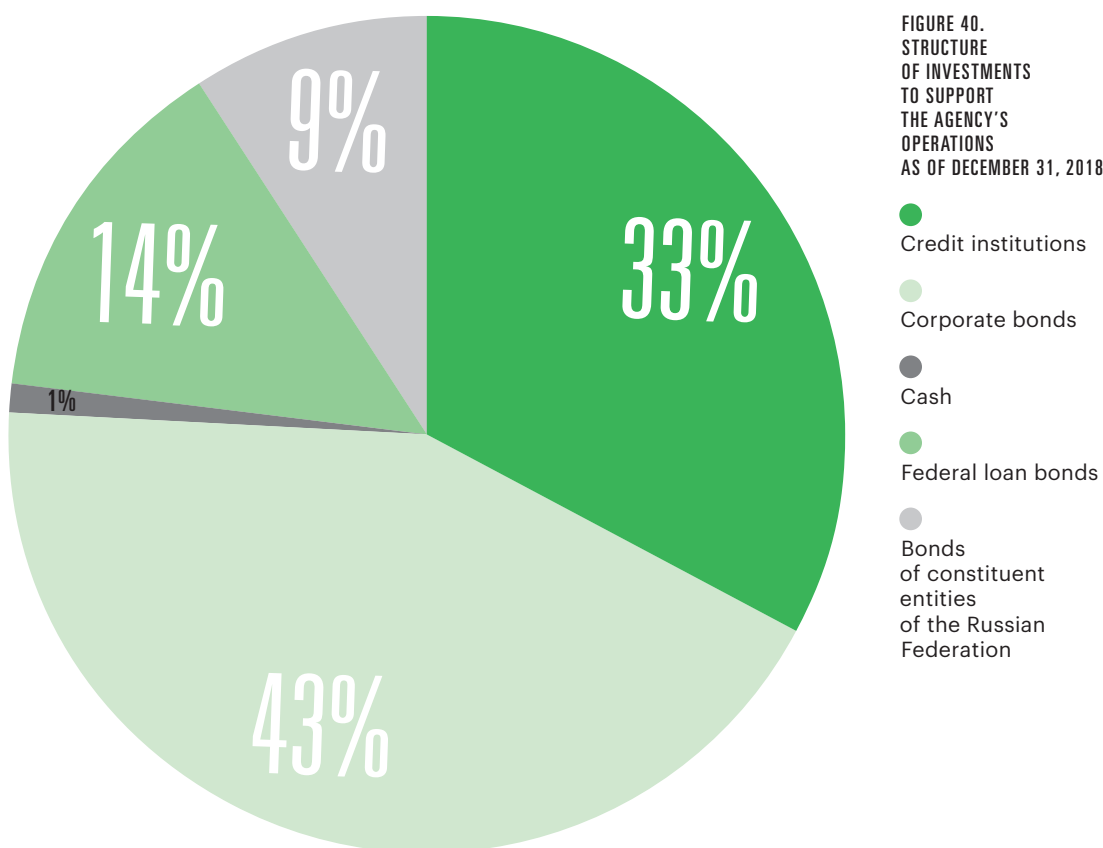
AS OF DECEMBER 31, 2018 THE FUNDS OF THE PROPERTY CONTRIBUTION OF THE RUSSIAN FEDERATION RECEIVED

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BY THE AGENCY FOR THE PURPOSES OF BANK BANKRUPTCY PREVENTION AND SETTLEMENT OF OBLIGATIONS OF THE BANKS IN COMPLIANCE WITH THE THAN VALID FEDERAL LAW DATED OCTOBER 27, 2008 NO. 175-FZ "ON ADDITIONAL MEASURES TO STRENGTHEN STABILITY OF THE BANKING SYSTEM TILL DECEMBER 31, 2014", AMOUNTED TO 90.3 BILLION RUBLES. THEIR DISTRIBUTION STRUCTURE IS PRESENTED IN FIGURE 41.

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 5.1 billion rubles.

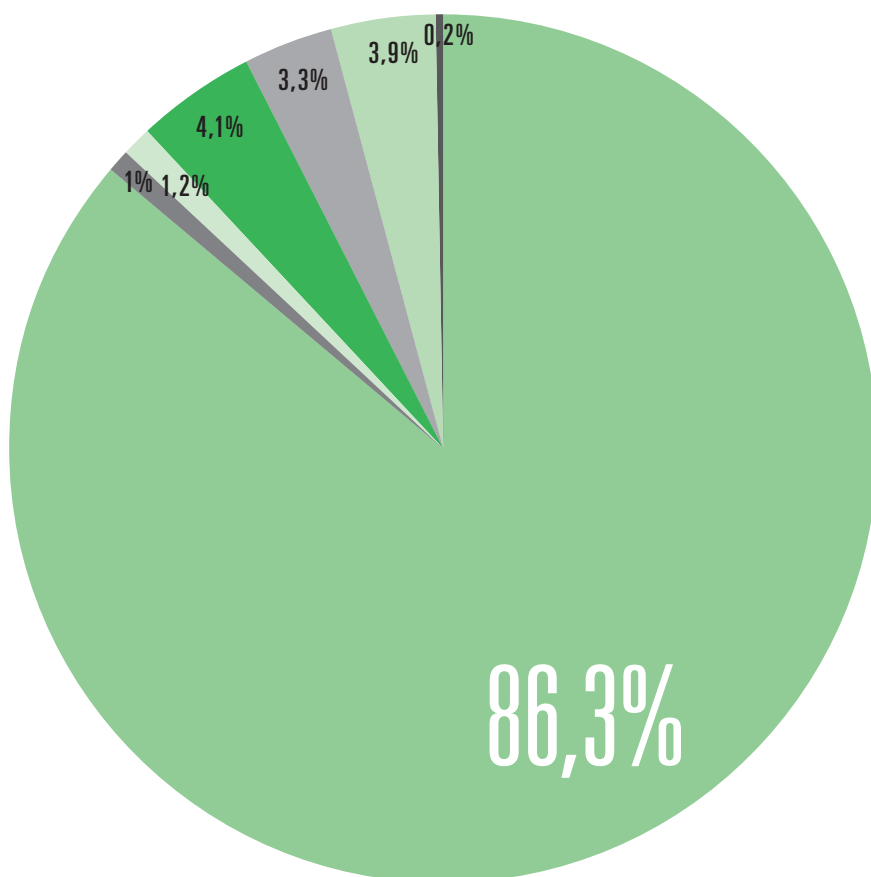
Based on the performance for 2018 the Agency received profit before tax in the amount of 2.5 billion rubles, while profit tax adjusted for deferred tax assets amounted to 0.1 billion rubles, and the Agency's net profit was equal to 2.4 billion rubles. In compliance with the profit distribution procedure approved by the Agency's Board of Directors, 0.5 billion rubles were allocated to the Mandatory Deposit Insurance Fund, 1.9 billion rubles were provided to increase the property contribution of the Russian Federation into the property of the Agency that is not included in the Mandatory Deposit Insurance Fund and the Pension Savings Guarantee Fund.



**14** Book value (total amount of the property contribution — 90.3 billion rubles).

FIGURE 41.  
STRUCTURE  
OF INVESTMENTS  
TO PREVENT BANK  
BANKRUPTCY  
AS OF DECEMBER 31,  
2018

- Used for restructuring
- Federal loan bonds
- Bonds of constituent entities of the Russian Federation
- Corporate bonds
- Deposits with Russian credit institution
- Deposits with the Bank of Russia
- Cash

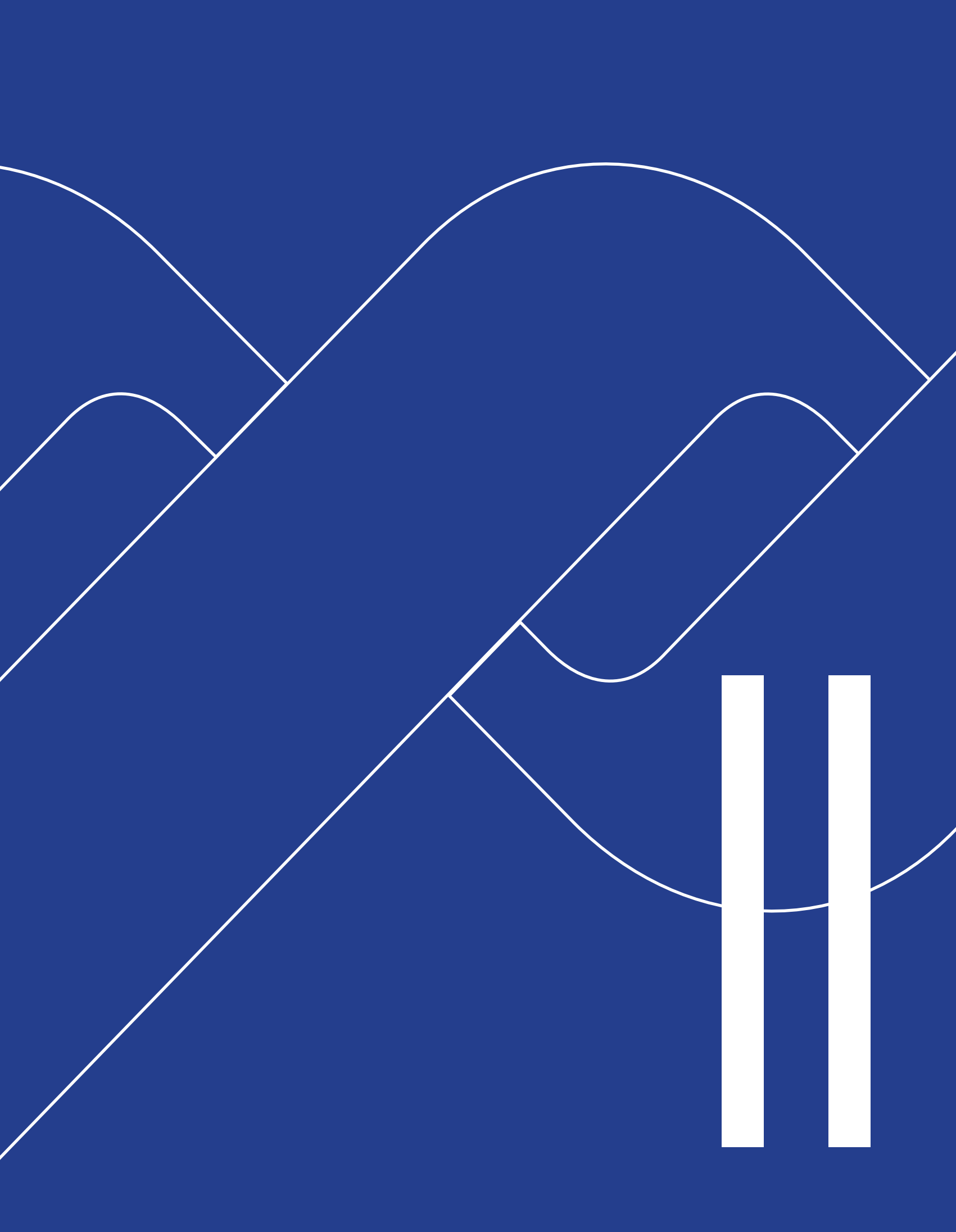




# Financial Statements







# Balance Sheet of the State Corporation "Deposit Insurance Agency" for 2018

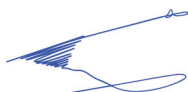
| Assets  | million rubles   |                  |                  |
|---|------------------|------------------|------------------|
|   | As of 31.12.2018 | As of 31.12.2017 | As of 31.12.2016 |
| <b>I. ASSETS</b>  |                  |                  |                  |
| 1. Investment of the Mandatory Deposit Insurance Fund's resources   | 54 568           | 31 644           | 15 015           |
| 1.1 Long-term   | 7 218            | 5 296            | 5 979            |
| 1.2 Short-term  | 47 350           | 26 348           | 9 036            |
| 2. Investment of the Pension Savings Guarantee Fund's resources   | 2 048            | 1 114            | 556              |
| 2.1 Long-term   | 2 048            | 1 087            | 256              |
| 2.2 Short-term  | 0                | 27               | 300              |
| 3. Investment of the Agency's resources that are not included into the funds  | 82 303           | 69 175           | 86 860           |
| 3.1 Long-term   | 39 509           | 42 282           | 27 050           |
| 3.2 Short-term  | 42 794           | 26 893           | 59 810           |
| 4. Funding of measures aimed at prevention of bankruptcies of financial institutions and settlement of obligations of the banks | 1 162 033        | 1 314 695        | 1 179 082        |
| 5. Funding of measures aimed at the increase of bank capitalization   | 634 900          | 749 837          | 838 000          |
| 6. Fixed assets   | 2 027            | 1 741            | 6 978            |
| 7. Cash including:  | 1 958            | 6 931            | 10 242           |
| 7.1 Cash of the Mandatory Deposit Insurance Fund  | 78               | 411              | 247              |
| 7.2 Cash of the Pension Savings Guarantee Fund  | 4                | 1                | 6                |
| 8. Other assets   | 1 652 412        | 1 531 675        | 1 201 078        |
| <b>TOTAL FOR SECTION I</b>  | <b>3 592 249</b> | <b>3 706 812</b> | <b>3 337 811</b> |
| <b>BALANCE</b>  | <b>3 592 249</b> | <b>3 706 812</b> | <b>3 337 811</b> |

| Liabilities   | million rubles   |                  |                  |
|---|------------------|------------------|------------------|
|   | As of 31.12.2018 | As of 31.12.2017 | As of 31.12.2016 |
| <b>II. EQUITY</b>   |                  |                  |                  |
| 9. Resources of the Mandatory Deposit Insurance Fund  | 40 252           | 44 440           | 41 839           |
| 10. Resources of the Pension Savings Guarantee Fund   | 2 158            | 1 129            | 575              |
| 11. Property contribution of the Russian Federation and the Bank of Russia including:                       | 735 261          | 848 785          | 991 715          |
| 11.1 Funds for measures aimed at prevention of bank bankruptcies and settlement of obligations of the banks | 92 878           | 91 806           | 146 836          |
| 11.2 Funds for measures aimed at the increase of bank capitalization  | 634 900          | 749 791          | 838 000          |
| 12. Funds and reserves  | 0                | 0                | 0                |
| 13. Retained earnings (uncovered loss)  | 0                | 41               | 0                |
| <b>TOTAL FOR SECTION II</b>   | <b>777 671</b>   | <b>894 395</b>   | <b>1 034 129</b> |
| <b>III. LIABILITIES</b>   |                  |                  |                  |
| 14. Loans and credits received, including:  | 1 879 889        | 2 050 519        | 1 616 834        |
| 14.1 Long-term  | 1 694 599        | 2 021 539        | 1 588 334        |
| 14.2 Short-term   | 185 290          | 28 980           | 28 500           |
| 15. Funds of financial institutions placed in bankruptcy and liquidation                                    | 68 998           | 66 492           | 53 794           |
| 16. Other liabilities   | 865 691          | 695 406          | 633 054          |
| <b>TOTAL FOR SECTION III</b>  | <b>2 814 578</b> | <b>2 812 417</b> | <b>2 303 682</b> |
| <b>BALANCE</b>  | <b>3 592 249</b> | <b>3 706 812</b> | <b>3 337 811</b> |

For information: off-balance sheet assets and liabilities

|   |           |           |           |
|---|-----------|-----------|-----------|
| 17. Received collaterals for obligations and payments | 1 168 993 | 1 259 715 | 1 114 488 |
| 18. Given collaterals for obligations and payments    | 0         | 0         | 5 000     |
| 19. Depreciation of fixed assets                      | 966       | 710       | 531       |

General Director



u. O. Isaev

CFO — Chief Accountant



N.D. Molodtsova

February 12, 2019

The trustworthiness of the Balance Sheet is certified by FBC LLC audit firm, a member of self-regulatory organization of auditors Sodruzhestvo Association, membership certificate N 7198, ORNZ — 11506030481.

President



S.M. Shapiguzov

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

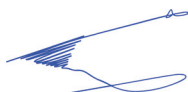
# Statement of Income (Losses) of the State Corporation "Deposit Insurance Agency",

Including Income/Loss from Investment  
of Temporary Idle Funds, for 2018

| Item  | million rubles           |   |
|---|--------------------------|---|
|   | For the reporting period | For the same period<br>of the previous year |
| <b>INCOME</b>   |                          |   |
| 1. Revenue from placement (investment) of the Mandatory Deposit Insurance Fund's resources, total including:            | 1 988                    | 2 085                                       |
| 1.1 Income from operations with securities  | 0                        | 5   |
| 1.2 Interest income   | 1 988                    | 1 854                                       |
| 1.3 Other income  | 0                        | 226   |
| 2. Revenue from placement (investment) of the Pension Savings Guarantee Fund's resources, total including:              | 153                      | 117   |
| 2.1 Income from operations with securities  | 0                        | 0   |
| 2.2 Interest income   | 153                      | 90  |
| 2.3 Other income  | 0                        | 27  |
| 3. Revenue from placement (investment) of the Agency's resources that are not included into the funds, total including: | 15 907                   | 20 916                                      |
| 3.1 Income from operations with securities  | 0                        | 0   |
| 3.2 Interest income   | 15 907                   | 20 369                                      |
| 3.3 Other income  | 0                        | 547   |
| 4. Revenue from use of the funds received to take measures to increase bank capitalization                              | 44 576                   | 55 441                                      |
| 5. Other income   | 1 846                    | 1 433                                       |
| <b>TOTAL INCOME</b>   | <b>64 470</b>            | <b>79 992</b>                               |

| million rubles  |                          |  |
|---|--------------------------|--|
| Item  | For the reporting period | For the same period of the previous year |
| <b>EXPENSES</b>   |                          |  |
| 6. Expenses related to the operations with securities purchased at the expense of the Mandatory Deposit Insurance Fund                        | (206)                    | (3)                                      |
| 7. Expenses related to the operations with securities purchased at the expense of the Pension Savings Guarantee Fund                          | (99)                     | 0  |
| 8. Expenses related to the operations with securities purchased at the expense of the Agency's resources that are not included into the funds | (1 267)                  | (33)                                     |
| 9. Interests expenses   | (10 181)                 | (12 462)                                 |
| 10. Expenses incurred in the course of the measures to increase bank capitalization   | (44 576)                 | (55 399)                                 |
| 11. Administrative expenses of the Agency   | (4 471)                  | (4 139)                                  |
| 12. Other expenses  | (1 234)                  | (747)                                    |
| <b>TOTAL EXPENSES</b>   | <b>(62 034)</b>          | <b>(72 783)</b>                          |
| <b>PROFIT (LOSS) BEFORE TAX</b>   | <b>2 436</b>             | <b>7 209</b>                             |
| 13. Profit tax  | (135)                    | (2 442)                                  |
| 14. Deferred tax assets (+), liabilities (-)  | 85                       | (249)                                    |
| <b>NET PROFIT (LOSS) OF THE REPORTING PERIOD</b>  | <b>2 386</b>             | <b>4 518</b>                             |

General Director



u. O. Isaev

CFO — Chief Accountant



N.D. Molodtsova

February 12, 2019

The trustworthiness of the Statement of Income (Loss) is certified by FBC LLC audit firm, a member of self-regulatory organization of auditors Sodruzhestvo Association, membership certificate N 7198, ORNZ — 11506030481.

President



S.M. Shapiguzov

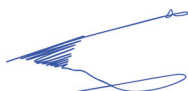
(auditor's qualification certificate 01-001230, ORNZ — 29501041926)

# Cash Flow Statement of the Mandatory Deposit Insurance Fund (DIF) of the State Corporation "Deposit Insurance Agency" for 2018

million rubles

| Item  | For the reporting period | For the previous year |
|---|--------------------------|-----------------------|
| <b>I. DIF CASH FLOW</b>                                   |                          |                       |
| Cash balance as of the beginning of the reporting period  | 411                      | 247                   |
| 1 Inflows – total   | 224 201                  | 483 403               |
| including:  |                          |                       |
| 1.1 Insurance premiums of DIS member banks                | 158 963                  | 127 684               |
| 1.2 Property contribution                                 | 0                        | 0                     |
| 1.3 Funds received on a repayable basis                   | 0                        | 293 000               |
| 1.4 Inflows connected with investments                    | 0                        | 0                     |
| 1.5 Other inflows   | 65 238                   | 62 719                |
| 2 Outflows — total  | (224 534)                | (483 239)             |
| including:  |                          |                       |
| 2.1 Payouts to depositors                                 | (177 528)                | (447 058)             |
| 2.2 Repayment of borrowed funds                           | (24 000)                 | (17 060)              |
| 2.3 Outflows connected with investments                   | (22 581)                 | (16 964)              |
| 2.4 Other outflows  | (425)                    | (2 157)               |
| <b>CASH BALANCE AS OF THE END OF THE REPORTING PERIOD</b> | <b>78</b>                | <b>411</b>            |
| <b>II. DIF CAPITAL CHANGE</b>                             |                          |                       |
| DIF balance as of the beginning of the reporting period   | 44 440                   | 41 839                |
| 3 Inflows   | 210 677                  | 169 968               |
| 4 Outflows  | (214 865)                | (167 367)             |
| <b>DIF BALANCE AS OF THE END OF THE REPORTING PERIOD</b>  | <b>40 252</b>            | <b>44 440</b>         |

General Director



u. O. Isaev

CFO — Chief Accountant



N.D. Molodtsova

February 12, 2019

The trustworthiness of DIF Cash Flow Statement is certified by FBC LLC audit firm,  
a member of self-regulatory organization of auditors Sodruzhestvo Association,  
membership certificate N 7198, ORNZ — 11506030481.

President



S.M. Shapiguzov

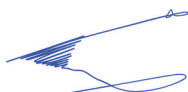
(auditor's qualification certificate 01-001230, ORNZ — 29501041926)

# Cash Flow Statement of the Pension Savings Guarantee Fund (PSGF) of State Corporation "Deposit Insurance Agency" for 2018



| Item  | million rubles           |                       |
|---|--------------------------|-----------------------|
|   | For the reporting period | For the previous year |
| <b>I. PSGF CASH FLOW</b>                                  |                          |                       |
| Cash balance as of the beginning of the reporting period  | 1                        | 6                     |
| 1 Inflows – total including:                              | 1 029                    | 489                   |
| 1.1 Guarantee and accession fees                          | 1 029                    | 489                   |
| 1.2 Funds received on a repayable basis                   | 0                        | 0                     |
| 1.3 Inflows connected with investments                    | 0                        | 0                     |
| 1.4 Other inflows   | 0                        | 0                     |
| 2 Outflows – total including:                             | (1 026)                  | (494)                 |
| 2.1 Payouts to depositors                                 | 0                        | 0                     |
| 2.2 Repayment of borrowed funds                           | 0                        | 0                     |
| 2.3 Outflows connected with investments                   | (1 026)                  | (494)                 |
| 2.4 Other outflows  | 0                        | 0                     |
| <b>CASH BALANCE AS OF THE END OF THE REPORTING PERIOD</b> | <b>4</b>                 | <b>1</b>              |
| <b>II. PSGF CAPITAL CHANGE</b>                            |                          |                       |
| PSGF balance as of the beginning of the reporting period  | 1 129                    | 575                   |
| 3 Inflows   | 1 029                    | 554                   |
| 4 Outflows  | 0                        | 0                     |
| <b>PSGF BALANCE AS OF THE END OF THE REPORTING PERIOD</b> | <b>2 158</b>             | <b>1 129</b>          |

General Director



u. O. Isaev

CFO — Chief Accountant



N.D. Molodtsova

February 12, 2019

The trustworthiness of PSGF Cash Flow is certified by FBC LLC audit firm, a member of self-regulatory organization of auditors Sodruzhestvo Association, membership certificate N 7198, ORNZ — 11506030481.

President



S.M. Shapiguzov

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

