

# ANNUAL REPORT 2019



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# ADDRESS

from Elvira Nabiullina,  
Governor of the Bank of Russia and Chairman of the Board of Directors  
of the Deposit Insurance Agency



## DEAR READERS!

Last year was relatively successful for banks, thanks in large part to the complex and lengthy process of removal from the market of weak and rogue players, which made it possible to improve the stability of the banking system. The significant slowdown in the rate at which licences were revoked during the last year is a clear evidence of this.

However, protection of the rights of depositors and other creditors remains one of the government's most important financial service functions: the Deposit Insurance Agency's performance directly affects public confidence in the banking system.

Since 2019, the deposit insurance system's coverage was expanded to include accounts of small businesses, while at the start of this year the long-awaited decision was made to increase the amount of insurance compensation in cases where individuals have been unable to administer their funds and have had a significant amount in an account with a collapsed bank. These temporary high balances resulting from an inheritance, residential real estate sale, receipt of insurance payouts, and various other complicated situations. Just as importantly, the deposit insurance system's coverage was expanded to include accounts of not-for-profit organisations performing important social functions.

Despite the decrease in the number of revoked licences DIA's workload has not become less intensive. At the end of last year, the Agency was winding up 363 banks, 29 private pension funds and 28 insurance organisations at once. Over the year, the average percentage of claims from creditors of failed banks that were satisfied reached a record 45.3%. This is higher than a few years ago, but it is important to make efforts to improve this figure.

The Agency is paying particular attention to the effectiveness of the winding-up procedures as well as to its work on tracing and recovering assets transferred abroad by rogue owners. Last year, DIA transformed its internal procedures with the aim of improving this work.

In addition to reliability, convenience for the public is also a priority for the Agency. For example, last year DIA launched services through the Government Services Portal and is developing other online channels for its interaction with the public.

Technology development will remain one of DIA's key objectives in the immediate future as well, as will improving the quality of its services.

The development of the banking system depends on depositors being confident that their funds are reliably protected, and that managers and owners who have misappropriated their funds will not be able to use the siphoned off money unpunished. Through constantly consolidating and improving its performance, DIA is making an important contribution to the future of the banking sector of Russia.

# BOARD OF DIRECTORS



**MS. ELVIRA NABIULLINA**  
Governor of the Bank of Russia  
and Chairman of the Board  
of Directors of the Deposit  
Insurance Agency



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



**MR. VASILY POZDYSHEV**  
Chairman of the Board  
of Directors of the LLC Fund  
of Banking Sector Consolidation  
Asset Management Company



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



# DIA EXECUTIVE BOARD



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



**MR. ANDREY MELNIKOV**  
First Deputy General Director



**MR. RUBEN AMIRIANTS**  
Deputy General Director



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



**MR. SERGEY SAVCHENKO**  
Deputy General Director



**MS. MARIA FILATOVA**  
Deputy General Director



**MS. OLGA DOLGOLEVA**  
Deputy General Director



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



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

# MILESTONES OF 2019

## JANUARY

- Deposit insurance system coverage was expanded to the deposits of small businesses.

## FEBRUARY

- Heads of the deposit insurance organizations of the member states of the Eurasian Economic Union (EAEU) signed the Memorandum on Cooperation to harmonize the deposit insurance systems of EAEU member states.

## MARCH

- The banking license was revoked from ROSCOMNABBANK (PJSC), 47 thousand depositors became entitled to payouts in the amount of 17.3 billion rubles.
- The High Court of Justice of England and Wales made the judicial order in respect of G.I. Bedzhamov being the beneficiary of liquidated Vneshprombank Ltd on arrest of its assets for the amount up to GBP 1.34 billion. This judicial decision was the result of active work of the Agency to bring to property liability the owners and top managers of the bank at fault in its failure.

## MAY

- Within the framework of implementation of the program of reengineering of its business processes the Agency connected to the State Post System of JSC Russian Post which allowed to do mailings in the electronic form.

## JUNE

- Saint Petersburg hosted the annual general meeting and technical workshop of the Asia-Pacific Regional Committee of the International Association of Deposit Insurers (IADI) and the international conference “Deposit Insurance and Bank Liquidation: Standards, Best Practices and Innovations.”
- The memorandums on understandings and cooperation were signed with Deposit Insurance of Vietnam and Indonesia Deposit Insurance Corporation.
- There was a meeting of the Board of heads of deposit insurance organizations of EAEU member states.
- First payment of the guaranteed indemnity was made to the member fund of the insured rights guaranteeing system covered by the mandatory pension insurance in connection with the occurrence of the insured event.
- There were first payments to the creditors of insurance organizations.
- The Board of Directors of the Agency approved changes to the policies regulating the legal support of liquidation proceedings in failed financial institutions – instead of hiring specialized organizations (outsourcing) DIA will be doing the required legal work in the liquidated financial organizations by its own staff.

## JULY

- Within the framework of the International Financial Congress a special session “Development of Deposit Insurance Systems” was organized with the participation of the heads of deposit insurance organizations from Russia, Republic of Belarus, Serbia, France and Uruguay.

## AUGUST

- There was a meeting of the Agency’s Expert Analytical Council to discuss the prospects of harmonization of deposit insurance systems of EAEU member states.

## OCTOBER

- The Expert Group on harmonization of legislation in the sphere of insurance (guaranteeing) of bank deposits, resolution and liquidation of credit institutions at the territory of EAEU was created at the Consulting Committee on Financial Markets of the Eurasian Economic Commission (EEC) which includes the representatives of the Agency.

## NOVEMBER

- The 500-th insured event occurred – banking license was revoked from JSCB CHUVASHCREDITPROMBANK PJSC.
- Measures to prevent bankruptcy of JSC Bank DOM.RF were completed ahead of schedule.

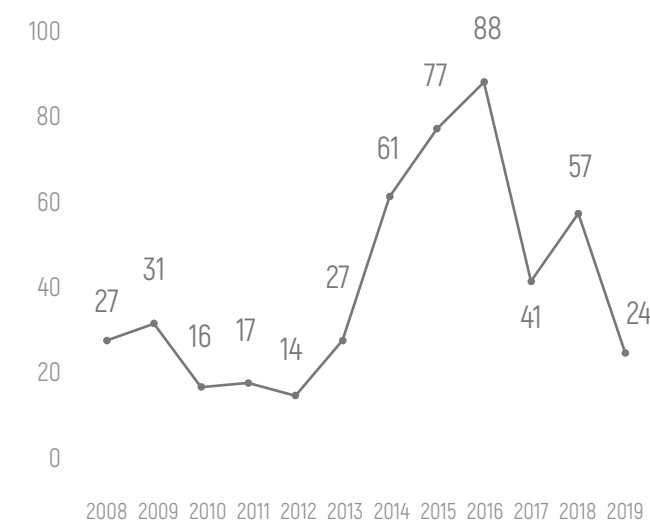
## DECEMBER

- The Agency launched the modernized portal for creditors of the liquidated credit institutions <https://creditors.asv.org.ru/banks>.
- The first services of the Agency became accessible through the Unified Portal of State and Municipal Services (UPSS).

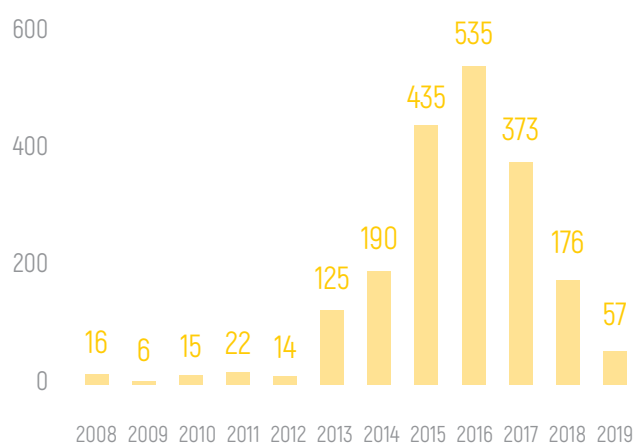


# DYNAMICS OF MAIN INDICATORS

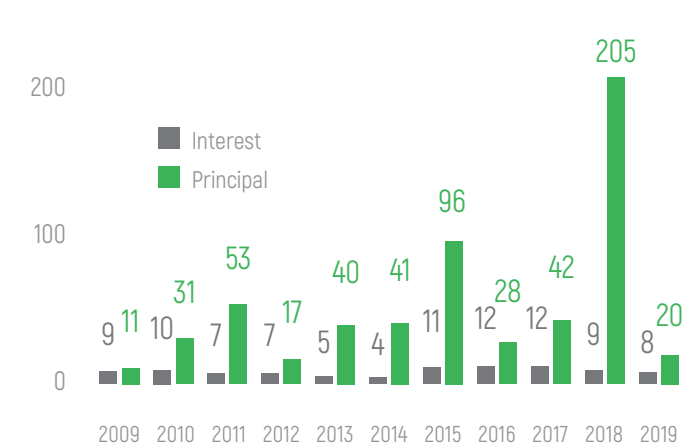
Number of insured events



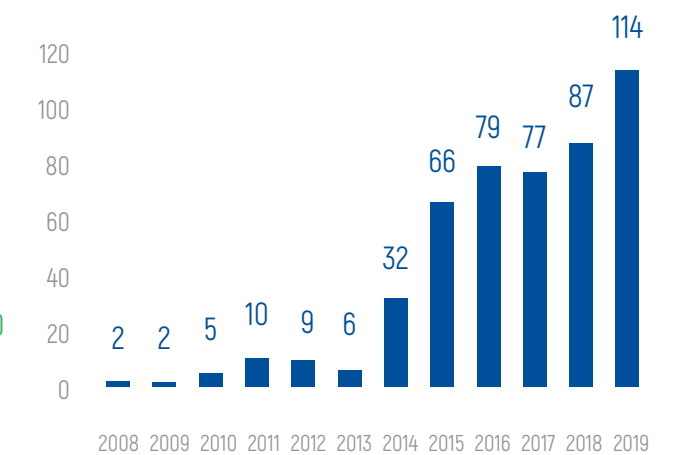
Liability of the Agency on the insured events which occurred during the year (billion rubles)



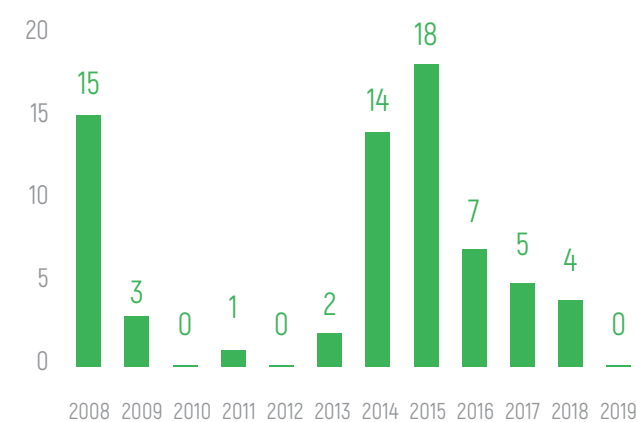
Return of financing allocated for resolution (billion rubles)



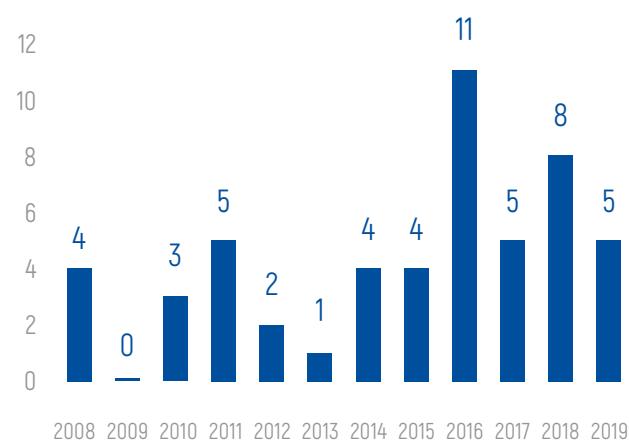
Dynamics of payouts to creditors of credit institutions (billion rubles)



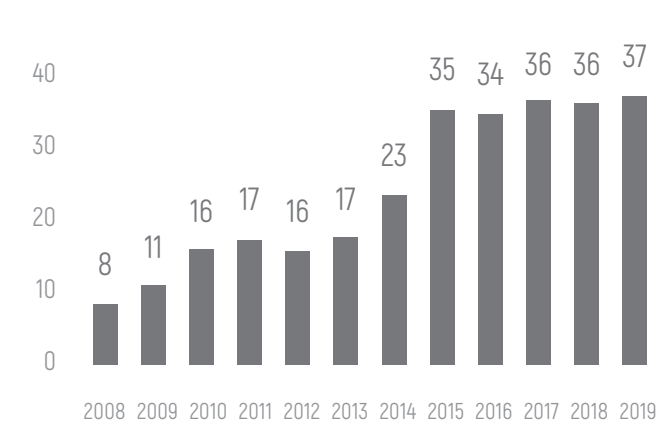
Number of bank resolution projects started



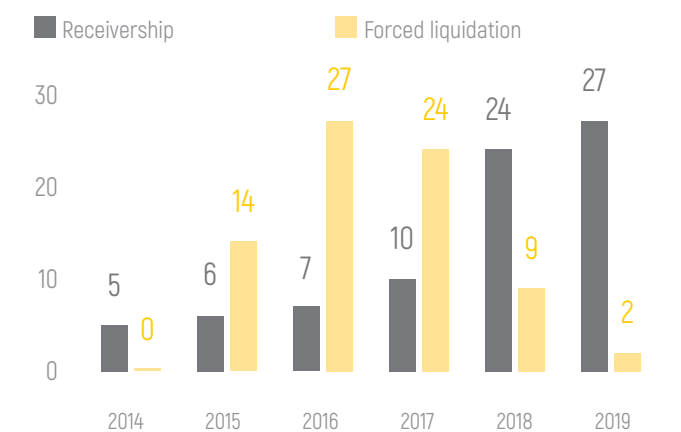
Number of bank resolution projects completed



Average percentage 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



# IMPLEMENTATION OF DEVELOPMENT STRATEGY OF THE AGENCY THROUGH 2020

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In 2019 the Agency continued implementation of the Development Strategy of the State Corporation "Deposit Insurance Agency" through 2020 approved by the 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 for consumers, including through provision of as many services in the electronic form as possible.

The Strategy was implemented in the reporting year on the basis of 2019 Plan approved by the resolution of the Management Board of the Agency dated December 27, 2018 (Minutes No. 148) which was complied with in all respects.

## Deposit Insurance

From the beginning of 2019 DIS coverage was expanded to accounts of small businesses. By the end of the reporting period the aggregate volume of funds placed with the Russian banks by small businesses reached 3.5 trillion rubles with 6% increase in 2019.

In 2019 insurance indemnity for the total amount of 59.5 billion rubles was paid to 129.6 thousand depositors of 270 banks (including 1.8 billion rubles on the deposits of 5.3 thousand of small businesses which claimed the payouts).

In the reporting year the Agency maintained high standards of quality of its services to make payouts to insured depositors. Thus, the average term of payout start was 6.7 business days after the date of the insured event. Payouts were made in 98.5% of localities out of those where the offices of failed banks were located as of the date of the insured event occurrence

(in 31 constitutive entities of the Russian Federation). In 99.98% of payout cases payouts were made the same day when an insured depositor applied (The Federal law № 177-FZ dated 23 December 2003 On Insurance of Deposits in Banks of the Russian Federation (hereinafter – the Law on Deposit Insurance) gives 3 business days to make the payouts). Availability and high capacity of the payment infrastructure allowed the Agency to redeem 68% of the aggregate volume of its insurance liability in average in 2019 for a bank during the first 7 business days after the beginning of payouts (the International Association of Deposit Insurers considers repayment of the main amount of insured deposits within 7 business days as one of the key indicators of DIS functioning effectiveness).

To expand availability of services of the Agency in the electronic form, implementation of the program for creation of Digital DIA continued. Among the services of the Agency that are available on UPSS: provision to a depositor of an extract from the register of bank liabilities to depositors specifying the amount of payouts on his/her deposits, and provision to a depositor of a certificate on the paid amounts and deposits that have been reimbursed.

In the reporting year the official website of the Agency launched an electronic service for depositors that allows them to submit applications on disagreement with the amount to be paid out in the form of electronic documents signed with the encrypted digital signature.

Reduction of the number of payout cases and decrease in the amount of insurance payouts allowed the Agency to partially repay during the year to the Bank of Russia the loan – in the amount of 213 billion rubles.

The Agency actively participated in preparation of draft law proposals to expand DIS coverage to accounts of non-commercial organizations in social sphere and non-commercial associations of citizens and to increase the indemnity limit up to 10 million rubles for accounts with temporarily high balances resulting from specific events in life of citizens (sale of property, inheritance, payments under judicial decision, social payments, etc.). The respective bill has passed its first reading in the State Duma of the Federal Assembly of the Russian Federation.

In the reporting period work continued to harmonize the legislation in the sphere of deposit insurance, resolution and liquidation of credit institutions at the territory of EAEU.

## Guaranteeing the Rights of Insured Persons subject to the Mandatory Pension Insurance (Guaranteeing of the Pension Savings)

In 2019 the Agency made first guaranteed payouts. Occurrence of insured events was caused by insufficiency of funds recorded in the pension account of the funded pension (individual personal account) of the insured person on the day of establishment of payment for him from pension savings funds, compared to the funds of the insured person guaranteed by the Agency (Clause 1 of Part 4 of Article 6 of the Federal law № 422-FZ dated 28 December 2013 On Guaranteeing the Rights of Insured Persons in the Mandatory Pension Insurance System of the Russian Federation when Forming and Investing Pension Savings, Establishing and Paying Compensation at the Expense of Pension Savings (hereinafter – the Law on Guaranteeing)). The insufficiency of funds occurred as the result of the fact that insured

persons exercised their right to early transfer their funds from one NPF to another NPF or to the Pension Fund of the Russian Federation (PFR).

In the reporting year the Agency also participated in regular inspections of the Bank of Russia of non-governmental pension funds – members of the Insured Rights Guarantee System covered by the mandatory pension insurance (hereinafter – Pension Savings Guarantee System or PSGS), on the areas within its competence.

Within the framework of exercising its powers to control calculation, completeness and timeliness of receipt of guarantee fees the Agency carried out off-site inspections in respect of PSGS member funds. The total number of control measures taken in 2019 was 29.

#### Bankruptcy Prevention in Financial Organizations

In 2019 the Agency completed implementation of bank bankruptcy prevention measures in relation to 5 banks, including JSC Bank DOM.RF where implementation of such measures started in 2009.

Thus, as of December 31, 2019 the Agency continued to participate in resolution of 17 banks.

Funds recovery under the bankruptcy prevention projects funded by the Agency in the reporting period amounted to 19.5 billion rubles. In addition, 7.7 billion rubles were received as interest for the use of resources provided by the Agency.

#### Receivership (Liquidation) of Financial Organizations

In 2019 the Agency performed receivership (liquidation) proceedings in respect of 384 credit institutions, 33 non-government pension funds and 28 insurance organizations. Total volume of assets of the said financial institutions exceeds 4.5 trillion rubles.

Receivership and forced liquidation procedures were completed in 21 credit institutions (the average percentage of satisfaction of their creditors' claims was 64%) and 4 NPFs (creditors' claims subject to satisfaction at the expense of pension savings were satisfied by 3.7% on the average, at the expense of pension reserves – by 9.1%).

First payments to the creditors of failed insurance organizations commenced.

100.35 billion rubles were allocated for meeting claims of creditors of liquidated banks, 0.8 billion rubles were allocated for meeting claims of creditors of NPFs, 0.02 billion rubles were allocated for settlements with creditors of failed insurance organizations.

In the reporting period the Agency continued to improve work with assets of liquidated financial organizations. In order to provide to the market the maximally complete, updated and structured information on the property sold, Standards of information disclosure on assets which reflect to the maximal extent the main characteristics of assets of all types were developed and introduced. The special portal on the Internet on marketed property of liquidated financial organizations ([www.torgiasv.ru](http://www.torgiasv.ru)) which gives the possibility to familiarize oneself with the property planned for sale at the stage of pre-sale preparation was modernized. Initial stage

of the project for posting on this portal in compliance with new standards of all assets of the liquidated financial organizations planned for sale was implemented.

In 2019 in order to optimize the expenses for receivership (liquidation) the Board of Directors of the Agency approved changes to the approaches to legal support of liquidation proceedings. In compliance with the new approaches, gradual transfer from using specialized organizations (outsourcing) to the in-house performance by the DIA staff of legal work in liquidated financial organizations is envisaged.

#### Communication Strategy

During the reporting period Expert Analytical Council of the Agency (EAC) continued its operation. In 2019 EAC meetings considered such items as improvement of the deposit insurance system and optimization of work with the assets of liquidated financial organizations. In addition, a special EAC meeting was devoted to consideration of the progress and prospects of harmonization of deposit insurance systems in EAEU member states.

In the reporting period the Public Council for Interaction with Creditors of Financial Organizations of the Agency also continued its operation. Its meetings discussed the items of improvement of liquidation proceedings in failed banks and work with assets of liquidated financial organizations, improvement of transparency of liquidation proceedings, etc.

In 2019 the Agency continued 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.

Along with regular and systematic analysis of requests of citizens (letters, e-mail messages and "hot line" phone calls), monitoring of the level of satisfaction with the Agency's services of the key consumer groups continued. About 90% of requests received by the Agency contained questions related to the liquidation of financial organizations.

#### Financial Strategy

Timely and full funding of all lines of operations of the Agency was assured in 2019.

To further improve the procurement management system of the Agency, amendments were introduced into the internal regulatory documents governing such activity. The Agency carried out as many purchases as possible through tender procedures (tender, auction, etc.), including those in the electronic form using special e-trade platforms.

Effective functioning of the risk management system of the Agency was maintained. In the reporting year in compliance with the practice of the Bank of Russia and the best world standards of risk management, the key indicators of risks of activity of structural divisions which perform the core functions of the Agency were set.

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 performance by the said banks of the obligations established by the agreements concluded with the Agency, in compliance

with 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).

#### Corporate Governance

In 2019 implementation of the program of reengineering of the Agency's business processes which priority objectives are further improvement of customer-focus of the Agency and reduction of operational costs of its activity continued.

To improve efficiency of performance of the Board of Directors of the Agency in executing control and audit functions, the Audit Committee was set up.

The Strategy Committee and the Personnel and Remunerations Committee formed earlier by the Board of Directors of the Agency continued their activity assuring comprehensive consideration and maximal depth of preliminary study of the issues considered by the superior governing body of the Agency.

The system of anti-corruption measures existing in the Agency was optimized: the list of persons obliged to declare their income, expenses, property and property obligations was specified; 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 employees of the Agency were continued in the reporting year: More than 600 employees took part in more than 200 training events which included analysis of credit portfolios of financial and non-financial organizations, theory and practice of management, corporate communications and formation of project teams, preparation of presentation materials and compliance (execution) of anti-corruption restrictions, prohibitions and obligations.

# **I. REPORT ON THE AGENCY OPERATIONS IN 2019**

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# 1. Ensuring Operation of the Deposit Insurance System (DIS)

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**In 2019 the Deposit Insurance System functioned stably assuring performance of the main tasks under the conditions of decrease of financial load on the MDIF as compared to the previous years.**

The number of payout cases in 2019 decreased more than 2 times as compared with the previous year: 24 vs. 57. At that, the amount of insurance liability of the Agency to the depositors of newly failed banks decreased 3 times as compared with the previous year – from 175.7 billion rubles to 59.5 billion rubles, of which 17.3 billion rubles (30.5%) fell on the insured event in respect of ROSCOMNABBANK (PJSC) (Ufa).

The payouts amount decreased more than 3 times as compared to the previous year and amounted to 59.5 billion rubles which is the smallest indicator since 2013 (payment is referred to the reporting period if the depositor received the payout during this reporting period). The number of depositors that applied for payouts decreased by 64% (from 356.8 thousand to 129.6 thousand people).

In total, for the whole term of functioning of DIS 505 payout cases have occurred with the total amount of insurance liability of the Agency about 1.98 trillion rubles. 4.1 million depositors have claimed indemnity from the Agency, and 1.97 trillion rubles have been paid to them (99.5% of insurance liability).

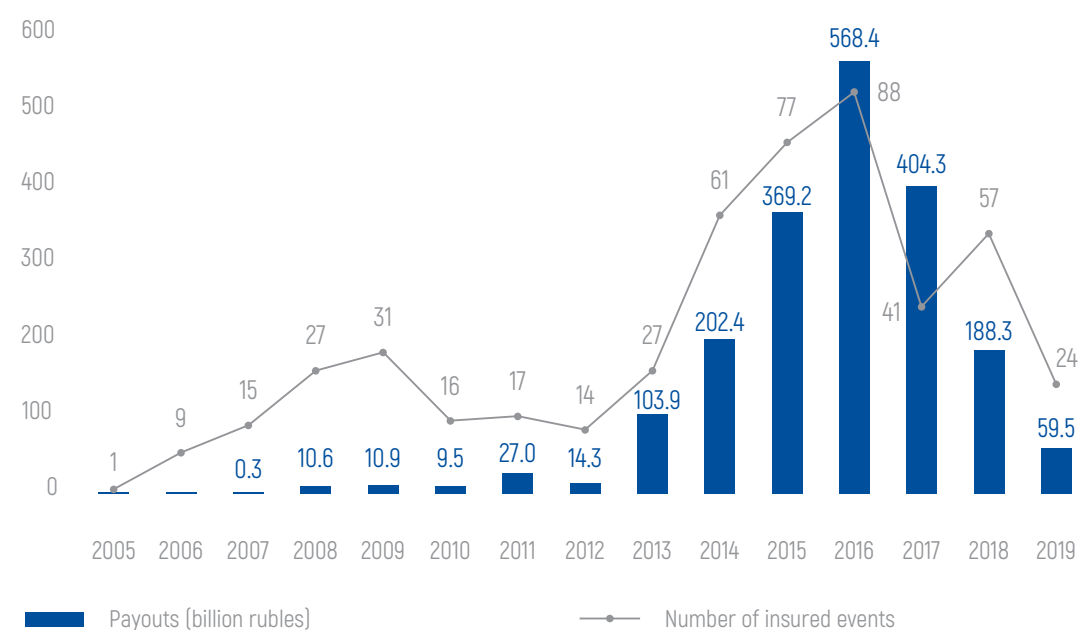
From January 1, 2019 amendments to Law on Deposit Insurance came into effect which expand DIS to the cash of small enterprises placed under the bank deposit or account agreement in rubles and foreign currency with DIS member bank entitled to attract funds of individuals into deposits.

The coverage limit for accounts of small businesses for insured events occurring after January 1, 2019 is set in rubles according to the same rules as for the individuals: 100% of the amount of all insured liabilities of the bank to such a depositor (less the amount of counterclaims of the bank to the depositor) but not exceeding 1.4 million rubles in aggregate.

To provide for insurance of deposits of small businesses the Agency took some preparatory measures. In particular, as proposed by the Agency, the Bank of Russia established an enlarged format of the register of liabilities of the bank to depositors. Amendments were introduced into the regulations of the Agency governing the procedure of payouts and interaction with the agent banks during the payouts. In addition, information and accounting system of payouts was modernized.

These actions allowed to start payouts on deposits of small businesses from the very beginning of 2019.

**Figure 1. Number of insured events and payouts  
[2005-2019]**



# 1.1. DIS Key Indicators

## DIS Structural Indicators

As of January 1, 2019 757 banks were registered in the register of DIS member banks (banks' register). The following changes occurred in the membership of the Deposit Insurance System within the year.

34 DIS members were excluded from the banks' register, of which:

- 11 banks (PJSC BINBANK (Moscow), JSC BINBANK Digital (Moscow), JSC Bank AVB (Tolyatti), JSC Sotsinvestbank (Ufa), PJSC Baltiyskiy Bank (Saint Petersburg), JSC CB DeltaCredit (Moscow), Bankhaus Erbe (JSC) (Moscow), PJSC Interregional Industrial and Construction Bank (Saransk), Devon-Credit (PJSC) (Almetievsk), PJSC Lipetskcombank (Lipetsk), JSC VOCBANK (Nizhny Novgorod) – excluded due to the termination of their operations because of reorganization through merger with other DIS member bank;
- 22 banks (JSC Turbobank JSCB (Saint Petersburg), CB NEW TIME (LLC) (Moscow), Moscow National Investment Bank LTD (Moscow), Stal Bank (LLC) (Moscow), JSC Welton Bank (Belgorod), JSCB AltayBusiness-Bank (JSC) (Barnaul), CB Capital Credit LLC (Moscow), JSC Grand Invest Bank (Moscow), RCB LLC (Moscow), JSC CB MIKHAYLOVSKY PZHSB (Mikhaylovka), Bank Monetary House OJSC (Chelyabinsk), PartnerCapitalBank (JSC) (Moscow), Economics-Bank LTD (Moscow), CB FPC LLC (Moscow), ICB LOGOS LLC (Moscow), JSC CDBBANK (Krasnodar), National Industrial Bank CB JSC (Moscow), Bank Sochi LTD (Sochi), Bank Imperia LLC (Moscow), JSCB New Credit Union (Moscow), CB Anelik RU Co.Ltd (Moscow), JSC Gazinvestbank (Moscow) – excluded due to the completion of their liquidation;
- 1 bank (RNKO ISB LLC (Moscow) – due to the termination of the right to attract funds of individuals into deposits in connection with license replacement and repayment of all obligations to insured depositors.

Changes in the DIS membership throughout the history of the deposit insurance system are presented in table 1.

Thus, as of December 31, 2019 723 banks were registered in DIS, including:

- 365 operating banks with the license to work with individuals;
- 6 credit institutions without the right to open new accounts and accept funds into deposits from individuals and without insurance coverage

Table 1. Changes in DIS membership

Year	Included into the banks' register	Excluded from the banks' register	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
2019	0	34	723	24

of deposits of small enterprises;

- 352 banks that are in the process of liquidation (receivership).

## DIS Financial and Economic Indicators

During the reporting period the deposit insurance coverage limit for ordinary deposits (accounts) was 1.4 million rubles per depositor per bank, and 10 million rubles per depositor per bank for two separate categories of insured deposits: (1) escrow accounts opened by individuals for settlements under real estate sale and purchase transactions and deposit (2) escrow accounts for settlements under agreements for participation in joint construction.

The following rates were used to calculate the insurance premiums due in the reporting period (calculated for Q4 2018, Q1 2019, Q2 2019 and Q3 2019): (1) basic rate in the amount of 0.15% of the calculation base per quarter; (2) additional rate in the amount of 50% of the basic rate; and (3) increased additional rate in the amount of 500% of the basic rate.

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 (riskiness) of the banks, including supervisory enforcement measures introduced by the Bank of Russia.

By the end of the reporting period, the total amount of insured (eligible) deposits reached 34.7 trillion rubles. The amount of the Agency's insurance liability (estimated covered deposits)<sup>1</sup> was 19.1 trillion rubles (55.0% of eligible deposits), including deposits of individuals (including accounts of individual entrepreneurs) – 18.4 trillion rubles (59.0% of insured deposits of the respective category), deposits of legal entities (small businesses) – 0.7 trillion rubles (19.0%).

<sup>1</sup> Subject to consolidation for each depositor of all his/her accounts of liabilities and counterclaims of the bank.

## 1.2. Deposit Insurance Payouts

### Arranging and Paying out Insurance

In 2019 there were 24 insured events in respect of DIS member banks with the total insurance liability of the Agency of 56.7 billion rubles to 215.9 thousand depositors (including 2.0 billion rubles to 11.5 thousand small businesses).

Payouts started within 4-9 business days from the date of occurrence of the insured event; the average length of the preparation period for payouts was 6.7 business days (in 2018 – 7.8 business days, in 2017 – 9.1 business days).

Information on the occurrence of an insured event and payouts to insured depositors was published on the Agency's official website, on the official website of the Bank of Russia, in printed media at the location of the failed bank, at the place of residence of the considerable number of its depositors, and was also displayed directly in the bank offices.

In the reporting period 130 thousand mail notifications were sent to depositors of 22 banks included into the liabilities registers and not applying for payouts during the first days informing them on the place, time, form and procedure of payouts. 10.5 thousand notifications were sent in January 2020 to depositors of two banks in respect of which the insured events occurred in December 2019.

To ensure the most convenient conditions for depositors to receive their insured funds, agent banks were engaged on a competitive basis for 23 out of 24 insured events. In JSC Danske Bank payouts were made directly by the Agency due to the small number of insured depositors.

The branch networks of the agent banks engaged allowed to ensure organization of payouts in 98.5% of localities where the main branches and offices of failed banks were located. In addition, the Agency made payouts in other localities where significant number of depositors reside. Thus, for example, payouts to the depositors of ROSCOMNABBANK (PJSC) were organized not only in 5 localities where its offices were located but in 38 more localities where many of its depositors reside.

Depositors residing outside of the localities 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 in respect of the insured events of the reporting period were made in 31 constituent entities of the Russian Federation. Depositors' claims to liquidated banks in excess of amounts they were paid as insurance

were accepted by agent banks according to the "one-window" principle for subsequent inclusion into the bank creditors' claims register. 7.4 thousand of such depositors (96.1%) out of 7.7 thousand of potential applicants used this possibility.

Two or more agent banks were engaged in payouts in 5 cases, and the depositors were divided among the agent banks by place of residence and/or alphabetically for convenience of depositors. To find their agent bank the depositors were provided with electronic "Find your agent bank" service on the official website of the Agency. In 2019 17.9 thousand of depositors used this service.

PJSC Sberbank and JSC Rosselkhozbank as the agent banks participated in payouts on 10 insured events in 2019, PJSC BANK URALSIB and PJSC Bank Otkritie Financial Corporation – on 2 insured events, Bank VTB (PJSC), PJSC Post Bank and PJSC Moscow Industrial bank – on one insured event each.

In general, PJSC Sberbank accounted for 54% of aggregate payouts of 2019, JSC Rosselkhozbank – 27%, PJSC BANK URALSIB – 15%, Bank VTB (PJSC), PJSC Post Bank, PJSC Bank Otkritie Financial Corporation and PJSC Moscow Industrial bank in aggregate – about 4%.

As of December 31, 2019, 55 banks were accredited by the Agency as potential agent banks for payouts. Structural divisions of these banks are located in all constituent entities of the Russian Federation allowing the vast majority of depositors to receive payouts at the place of their residence. The major banks attracting the largest volumes of households' deposits are the accredited agent banks such as PJSC Sberbank, Bank VTB (PJSC), JSC Rosselkhozbank, Bank GPB (JSC) and PJSC Bank Otkritie Financial Corporation.

In the reporting period the insurance payouts totaling 59.5 billion rubles were received by 129.6 thousand depositors of 270 banks.

Payouts to 5.3 thousand insured small businesses amounted to about 1.8 billion rubles.

About 500 depositors applied to the Agency directly to receive insurance payments for the total amount of 289 million rubles with payment by postal transfer made to 79 depositors for the amount of 6.6 million rubles.

In the reporting period liquidation proceedings were completed in 24 banks (Stal Bank (LLC), Moscow National Investment Bank LTD, CB FPC LLC, CB NEW TIME (LLC), CB Capital Credit (LLC), RCB LLC, JSC Wellton Bank, Bank Monetary House OJSC, PartnerCapitalBank (JSC), Bank Sochi LTD, JSC Grand Invest Bank, JSC CB MIKHAYLOVSKY PZHSB, ICB LOGOS LLC, National Industrial Bank CB JSC, Bank Imperia LLC, JSC CDBBANK, Economics-Bank LTD, CB Anelik RU Co.Ltd, JSCB New Credit Union (JSC), CB Evrokapital-Alliance LLC, JSC Gazinvestbank, Mejprombank plus, CB Informprogress (LTD), BUSINESSBANK LLC in respect of which the insured events occurred earlier. The total amount of payouts in these banks equaled to 11.7 billion rubles, with 4.2 billion rubles recovered to MDIF in the course of liquidation proceedings (36% of the paid amount) in the course of settlements with the first priority creditors.

In the reporting period measures were implemented that allowed the Agency to start provision of some information services through UPSS.

Among the first such services: provision to the depositor of an extract from the register of bank liabilities to depositors; and provision to the depositor of a certificate on paid amounts and deposits that have been reimbursed.

Through UPSS the depositor of the bank in respect of which the insured event occurred can remotely get information from the register of bank's liabilities to the depositors containing data on his/her deposits and counterclaims and the payouts due to him/her. The depositor who has already received the payouts can remotely get a certificate on amounts paid to him/her and deposits which were paid out with the indication of the date of payment.

For the first 2 weeks after introduction of the service (from December 16 to 31, 2019) UPSS registered more than 650 requests for these electronic services.

During 2019 there were consultations with consumers on the issues related to the usage of banking services and insurance coverage, including contacts through the "hot line" (39.4 thousand phone calls were processed), written requests and electronic requests through feedback functions on the official web-site of the Agency and weekly personal visits.

In the reporting period 1.4 thousand of electronic requests of citizens received through the official website of the Agency were considered.

In 2019 the Agency considered a total of 2 thousand claims on disagreement with the amount of insurance indemnity or on refusal from fictitious credit and debit operations which illegally increased the insurance liability of the Agency.

About 23 thousand responses to the requests 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 making payouts.

### Preventing Fraud in Insurance

In 2019 the Agency continued implementing the policy of counteracting attempts of insurance fraud and protection of rights of depositors affected by illegal actions of the banks.

The number of cases of insurance fraud decreased significantly as compared to the previous years. 105 cases of fraudulent (artificial) formation of deposits were detected in the reporting period in 2 banks totaling 110 million rubles through the so-called splitting – inclusion into the accounting documents of the bank of technical records on crediting of funds from the accounts of legal entities and individuals to the accounts of specially selected depositors for the purpose of illegal receipt of payouts by the latter. The number of such illegal operations decreased 9.5 times as compared to 2018 and their volume decreased 13.6 times.

Signs of falsification of deposits were identified in PJSC Nevsky Bank whose license was revoked on December 13, 2019, so applications were sent to the law-enforcement authorities to carry out the investigation in respect of presence in the actions of the employees of the bank and other persons of evidences of acts subject to penal punishment connected with attempt to steal funds from the MDIF.

In the course of preparation and executing payouts in 2019, the Agency did not detect 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 records.

From the beginning of 2019 the Agency restored in accounts and included into the registers of banks’ liabilities the “off-balance-sheet” liabilities under the claims of 142 depositors of the banks in which the insured events occurred during the previous years exceeding 157 million rubles in total.

## 1.3. Control Measures Taken to the DIS Member Banks

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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 make record of liabilities to depositors and to form the register of such liabilities when due, as well as the obligation to pay premiums to the MDIF in full amount and in timely manner.

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Banks were mainly inspected according to the schedule in compliance with the “Consolidated Plan of Inspections of Credit Institutions (their Branches) for H1 and H2 of 2019” as approved by the Bank of Russia. In the reporting year the Agency employees participated in inspections of 69 banks (with 5 as the result of supplementing scheduled inspections with respective thematic issues) situated in 32 constituent entities of the Russian Federation. The aggregate amount of deposits with 63 of the said banks operating as of the end of the reporting period amounted to 7.2% of the amount of all deposits in the banking system as of the end of 2019 (without PJSC Sberbank).

In the course of inspections main attention was paid to how the banks maintain records on data of depositors and their accounts in compliance with the requirements to formation of the register of liabilities of the bank to the depositors established by the Bank of Russia.

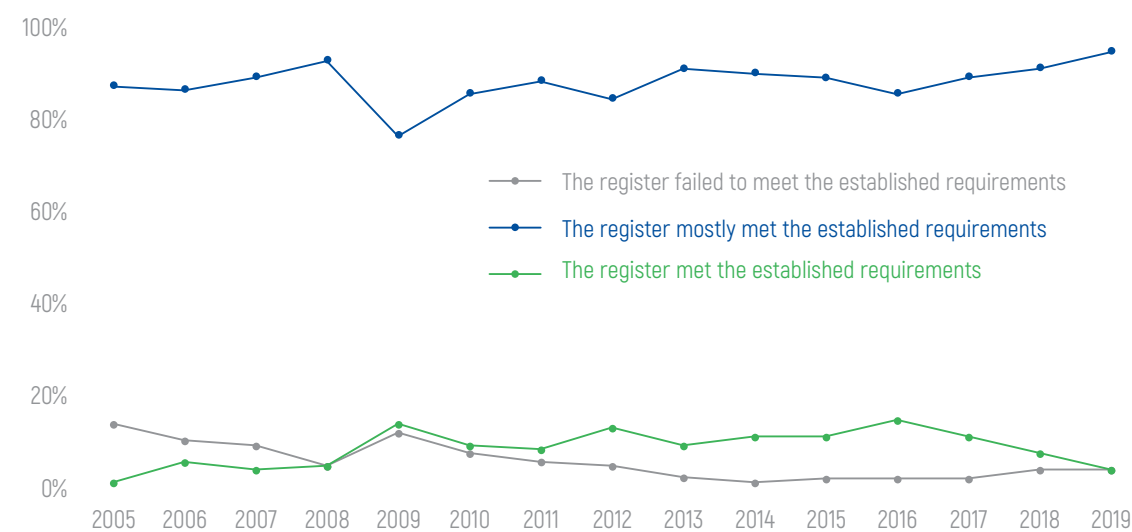
In connection with the expansion of the deposit insurance system’s coverage to the deposits of small businesses, the principal difference of inspections of the banks in the reporting period was determination of availability in the banks of accounting technologies for collection of data on depositors and deposits subject to insurance which provide for formation of the register of banks liabilities to the depositors corresponding to the requirements of Order of the Bank of Russia dated November 28, 2018 N 4990-U. Another peculiarity of inspections held in 2019 was the need to reconcile the accounting data available in the bank on small businesses with external data – the Unified State Register of Legal Entities and the Unified Register of Subjects of Small and Medium Entrepreneurship.

The main drawback of checked registers of bank liabilities to the depositors formed by the banks in compliance with the new requirements was the difference between the data on authorized representatives of the depositors and the Unified State Register of Legal Entities which in most cases was explained by untimely provision by the customers – legal entities to the banks of data on changes of the sole executive body.

In 2019 two banks formed registers of bank liabilities in full compliance with the established requirements, 65 banks formed registers generally complying with the established requirements but with minor deficiencies, two banks formed the register with material violations.

Historic data on quality of formation of registers of bank liabilities to the depositors are presented in figure 2.

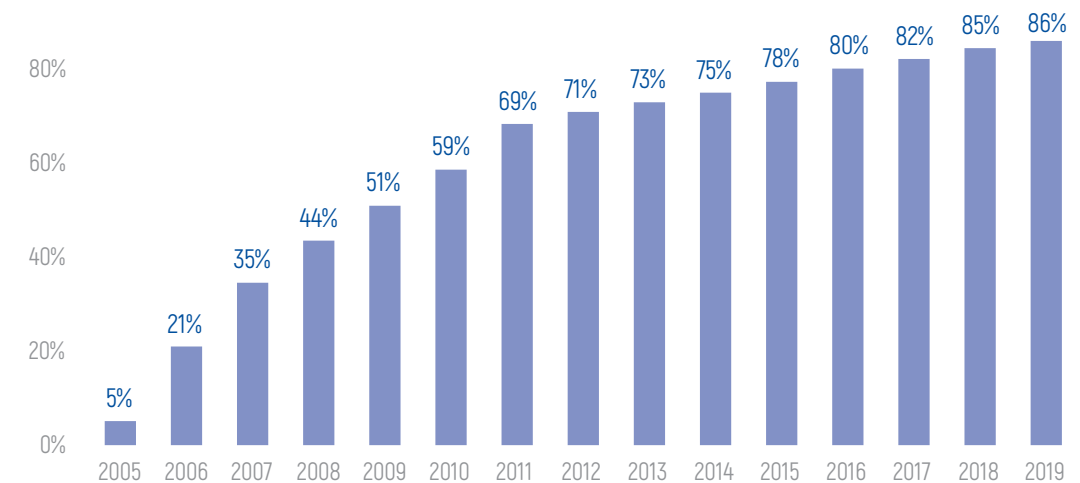
**Figure 2. Results of tests of liabilities register quality in 2005– 2019**  
(as % of tests carried out during the year)



Throughout the history of DIS, the share of DIS member banks (including liquidated) which passed inspection with participation of the Agency reached 86% (figure 3).

As of the end of 2019, out of 365 operating DIS member banks inspection checks concerning insurance of deposits with participation of the Agency have been carried out in respect of 315 banks (86%) where 75% of the aggregate amount of household deposits are placed (without the deposits with PJSC Sberbank).

**Figure 3. Banks inspected in relation to deposit insurance**  
(% of DIS member banks as of the end of the year)





## 1.4. The Mandatory Deposit Insurance Fund

During 2019 MDIF received 300.2 billion rubles, including: 192.2 billion rubles of DIS member banks' insurance premiums (including advance payments towards future periods); 76.8 billion rubles from the bankruptcy estate of liquidated banks to redeem the claims under the insurance indemnity paid earlier; 30.9 billion rubles return of investment of temporarily idle funds of MDIF.

The MDIF expenses in the reporting period equaled to 300.3 billion rubles, including: 86.2 billion rubles for payouts to insured depositors; 0.9 billion rubles – agency fee paid to agent banks; 213 billion rubles – repayment of borrowings received from the Bank of Russia.

The balance of cash in the MDIF as of December 31, 2019 amounted to 49.9 billion rubles.

To maintain financial sustainability of the MDIF, the agreement with the Bank of Russia for provision to the Agency of unsecured credit line for up to 5 years is in effect since 2015. As of December 31, 2019 the balance of the Agency's borrowings from the Bank of Russia was 584 billion rubles.

In 2019 the Agency did not borrow funds from the Bank of Russia for payouts.

As part of 192.14 billion rubles of insurance premiums for the reporting period the banks transferred 5.77 billion rubles at the increased additional rate, including: for Q4 2018 – 1.17 billion rubles by 35 banks, for Q1 2019 – 0.77 billion rubles by 22 banks, for Q2 2019 – 2.07 billion rubles by 27 banks; for Q3 2019 – 1.76 billion rubles by 21 bank. No premiums at the additional rate were received in 2019. Summary information on insurance premiums actually received in 2019 for each settlement period is presented in table 2.

The average quarterly number of banks that paid premiums at additional rates for the last 3 years decreased (in 2017 – 86 banks, in 2018 – 61 banks, in 2019 – 27 banks) and their average quarterly volume also decreases (in 2017 – 3.19 billion rubles, in 2018 – 2.28 billion rubles, in 2019 – 1.44 billion rubles).

Table 2. Insurance premiums of the banks into MDIF in 2019 for specific calculation periods\*

Calculation Periods	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Total	Average per quarter
Insurance premiums paid for the calculation period (billion rubles)	42.55	48.28	50.33	50.98	192.14	48.04
Number of payers	411	393	385	375	–	391
Including paid at additional rates (billion rubles)	1.17	0.77	2.07	1.76	5.77	1.44
Number of payers at additional rates	35	22	27	21	–	26

\* Data are presented subject to redemption in 2019 by the banks in the course of bankruptcy proceedings of debt for insurance premiums related to the respective calculation periods.

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

Table 3. Dynamics of indicators characterizing violation by the banks of terms of insurance premium payments in 2019

Calculation Periods	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Total	Average per quarter
Penalty for incomplete and/or untimely premium payment (thousand rubles)	51.2	8.2	3.3	55.3	118.0	29.5
Number of violating banks (units)	3	6	3	4	–	4

In 2019, 2 claims to repay the debt totaling 1.9 million rubles were sent to 2 banks, of which one claim was repaid and the second was not repaid due to the revocation of the bank's license. 32 claims of the Agency to repay the debt for payment of insurance premiums totaling 0.9 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. As part of settlements with 3rd priority creditors, 30 liquidated banks transferred to MDIF 42.7 million rubles to partially meet the Agency's claims related to insurance premiums.

To ensure protection from inflation and replenishment of MDIF, the Agency has invested temporary idle monetary resources in the market following the principles of reliability, profitability and liquidity.

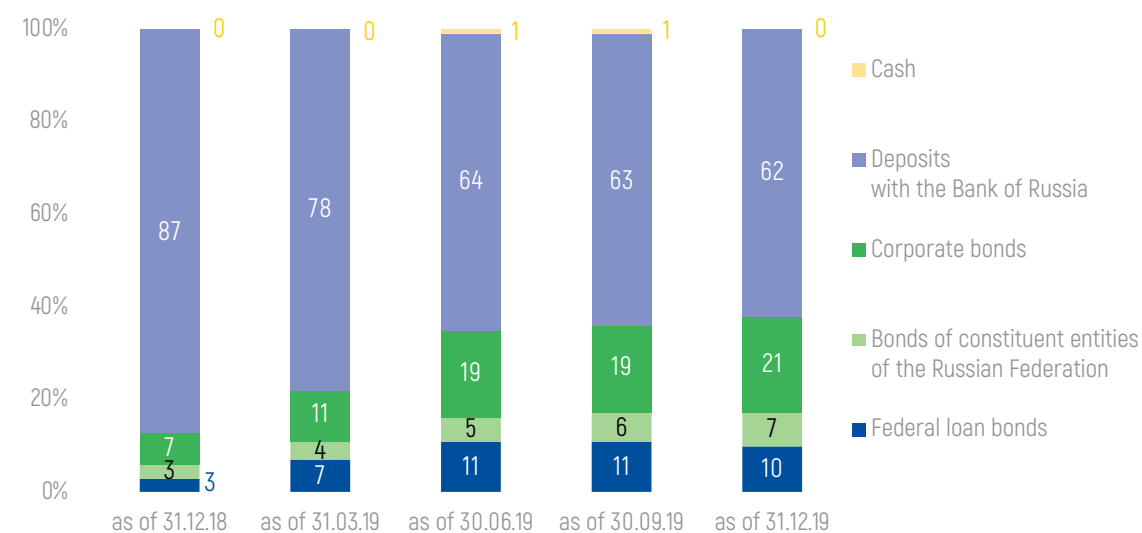
The MDIF funds were invested in compliance with the Regulations on Investing Temporary Idle Monetary Resources of State Corporation "Deposit Insurance Agency" as approved by the decision of the Agency's Board of Directors dated March 06, 2018 (Minutes No. 3).

In 2019, to effectively manage the MDIF investment portfolio, the Agency purchased new securities to replace the redeemed ones. Interim accumulation of liquid resources of MDIF was in the form of deposits with the Bank of Russia.

As of December 31, 2019 the MDIF investment portfolio (assets) amounted to 25.2 billion rubles.

At that, 10% of MDIF assets were invested in federal loan bonds of the Russian Federation; 7% were invested in bonds of constituent entities of the Russian Federation, 21% were invested into corporate bond, 62% were invested in deposits with the Bank of Russia (figure 4).

Figure 4. Structure of MDIF assets (%)



The total amount of income from investing the MDIF resources for 2019 adjusted for revaluation of securities equaled to 3 billion rubles, with return on invested funds being 7.6% per annum.

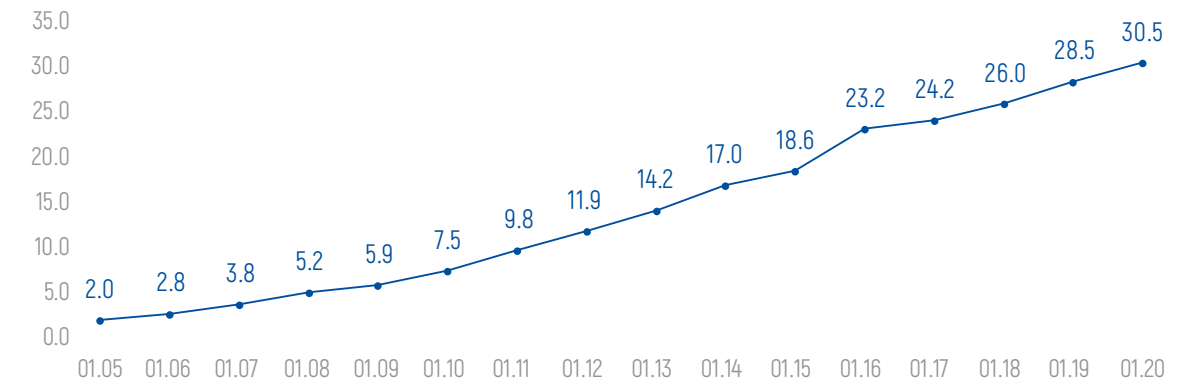
Thus, with moderately conservative policy in 2019, the Agency received the yield comparable with the results of market players having similar investment restrictions.

## 1.5. DIS Impact on the Bank Deposit Market

In 2019 the deposits with the banks continued to grow. Against this background DIS remained an important stabilizing factor for the market of deposits.

The balance of households' deposits with the banks as of December 31, 2019 amounted to 30,549 billion rubles. In relative terms, the growth of household deposits for 2019 was 10.1% (in 2018 – 6.5%)<sup>2</sup>.

Figure 5. Households' deposits in 2005–2019 (trillion rubles)



The total amount of insured (eligible) deposits with the banks as of December 31, 2019 amounted to 34,700 billion rubles. The growth for 2019 was 10.4% (in 2018 – 7.9%). Including:

- the amount of households' insured deposits amounted to 30,454 billion rubles (87.8% of the total amount of eligible deposits) with 10.5% increase as compared with the beginning of the year;
- the amount of insured deposits of individual entrepreneurs amounted to 783 billion rubles (2.2% of the total amount of eligible deposits) with 34.4% increase from the beginning of the year;

<sup>2</sup> Growth indicators are given to the exclusion of impact of currency revaluation for the banks operating as of the last reporting date (including the banks reorganized earlier). At that, the growth rate of household deposits depending on their size and dynamics of indicators in absolute terms are presented without excluding the impact of currency revaluation.

- the amount of insured deposits of legal entities being the small businesses amounted to 3,463 billion rubles (10.0% of the total amount of eligible deposits) with 5.6% increase from the beginning of the year.

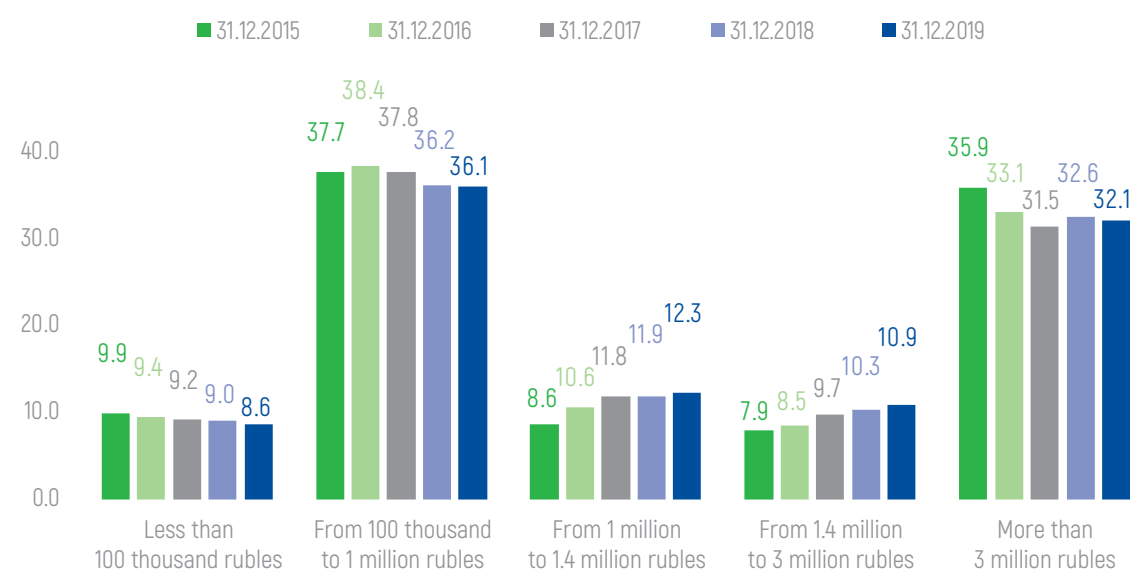
Deposits with the insurance indemnity limit up to 10 million rubles per one depositor (escrow accounts opened by individuals for settlements under real estate sale and purchase transactions and for settlements under agreements for participation in joint construction) increased more than 60 times – from 2.2 billion to 138.5 billion rubles.

In 2019 large deposits of individuals demonstrated the most active growth (including individual entrepreneurs). Thus, deposits from 1.4 million to 3 million rubles and from 1 million to 1.4 million rubles increased by 15.1 and 12.2% in terms of amount and by 14.7 and 12.2% in terms of the number of accounts, respectively.

Deposits from 100 thousand to 1 million rubles increased by 7.9% in terms of amount and by 7.0% in terms of the number of accounts. Savings amounting to over 3 million rubles increased by 6.3% in terms of the amount and by 14.0% in terms of the number of accounts. Deposits less than 100 thousand rubles were up by 3.1% in terms of the amount and by 2.4% in terms of the number of accounts.

As the result, the share of deposits from 1.4 million rubles to 3 million rubles increased from 10.3% to 10.9%. The share of deposits from 1 million rubles to 1.4 million rubles increased from 11.9% to 12.3%. The share of deposits from 100 thousand to 1 million rubles decreased insignificantly and amounted to 36.1%. The share of deposits over 3 million rubles fell from 32.6% to 32.1%. The share of deposits amounting to less than 100 thousand rubles fell from 9.0% to 8.6% (figure 6).

Figure 6. Structure of deposits by deposit amount (%)



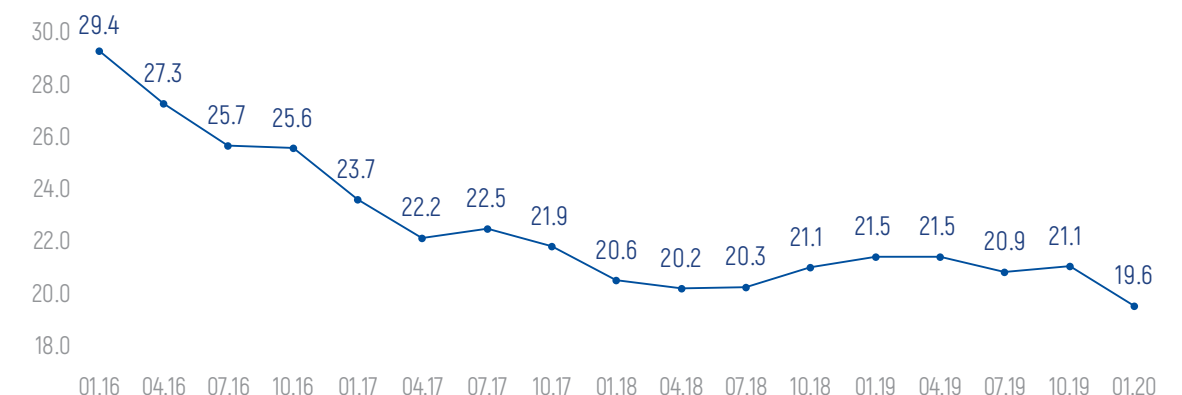
The results of monitoring of interest rates on deposits evidence slight growth in deposit profitability from January to April 2019 and decrease from April to December 2019. As the result, according to the Bank of Russia, the average maximal retail deposit interest rate in rubles by 10 largest banks for the year decreased by 1.4 p.p. – from 7.4 to 6.0% (there was increase by 0.1 p.p. in 2018).

In the reporting period the share of deposits over 1 year increased from 39.5 to 40.5%; the share of deposits placed for the term from 31 day to 1 year decreased from 36.9 to 33.2%; the share of call deposits and deposits up to 30 days increased from 23.6 to 26.3%.

The share of household deposits in foreign currency as the result of ruble strengthening decreased by 1.9 p.p. – from 21.5 to 19.6% (figure 7).

The share of 30 largest banks in terms of deposit volume increased from 89.6 up to 90.7%. On the opposite, the share of PJSC Sberbank in the reporting period decreased – from 45.1 to 43.8%.

Figure 7. Share of household deposits in foreign currency (%)



Gradual growth of share of the largest banks continues from the end of 2013 – total increase for the period is 14 p.p.

The share of deposits with the balances not exceeding 1.4 million rubles amounts to 99.5% in terms of quantity, including the share of household deposits being 99.6%, deposits of individual entrepreneurs being 97.1%, deposits of small businesses being 88.5%.

The number of insured depositors of all categories is 234.2 million, including 231.9 million of individuals (including 2.7 million of individual entrepreneurs) and 2.2 million of legal entities (small businesses)<sup>3</sup>.

<sup>3</sup> The depositor who simultaneously has accounts with 2 banks is recorded twice.

## 2. Assurance of Functioning of Insured Rights Guarantee System Subject to Mandatory Pension Insurance (PSGS)

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## 2.1. PSGS Key Indicators

As of December 31, 2019 33 non-government pension funds included by the Agency into the register of member funds and the Pension Fund of Russian which is PSGS member by law were members of PSGS. The Agency guaranteed the rights of 76.3 million persons forming the prefunded pension in the mandatory pension insurance system. The amount of pension savings covered by PSGS was 4.8 trillion rubles.

During 2019 two funds (JSC NPF Doverie, JSC NPF Vladimir) were excluded from the register of member funds due to termination of their activity resulting from their merger with other member funds.

Data on quantitative change in the membership throughout the history of PSGS are presented in table 4.

of the funded pension (individual personal account) of the insured person on the day of establishment of payment for him from pension savings funds, compared to the funds of the insured person guaranteed by the Agency. Insufficiency of funds occurred as the result of the fact that the insured person before he had the pension grounds exercised the right to early transfer from NPF which reflected losses following the year on the accounts of its customers to another NPF or PFR.

Based on the applications received from 4 member NPFs and PFR payouts were made for the amount of 148 thousand rubles in respect of 21 insured persons.

Table 4. Data on quantitative change in the membership throughout the history of PSGS

Year	Included into the register of member NPFs	Excluded from the register of member NPFs	Number of member NPFs as of the end of the year
2015	33	0	33
2016	14	6	41
2017	0	3	38
2018	0	3	35
2019	0	2	33

In the reporting period there were the first insured events in respect of the NPFs guaranteed by the Agency that occurred in the course of preparing for payouts at the expense of pension savings – as stipulated by Clause 1 of Part 4 of Article 6 of the Law on Guaranteeing. The insured events occurred due to the insufficiency of funds recorded in the pension account

## 2.2. Control Measures Taken to the PSGS Member Funds

In the reporting period the Agency employees took part (as members of working groups of the Bank of Russia) in scheduled on-site inspections of 9 member NPFs located in the Central and Urals Federal Districts.

When participating in such inspections main attention was paid to assessment of ability of the member NPFs to form the register of liabilities to the insured persons and correctness of accounting by the member NPFs of the data necessary to form the said register.

The results of inspections revealed the need for the member NPFs to improve the methods of internal control of completeness and relevance of information on the insured persons and their pension savings and to strengthen control over the activity for setting and making payments at the expense of pension savings.

In the course of inspections of correctness of calculation and completeness of payment by the member funds of guarantee fees it was identified that two of them committed incomplete payment of fees to the PSGF. The said violations were eliminated (with payment of penalty).

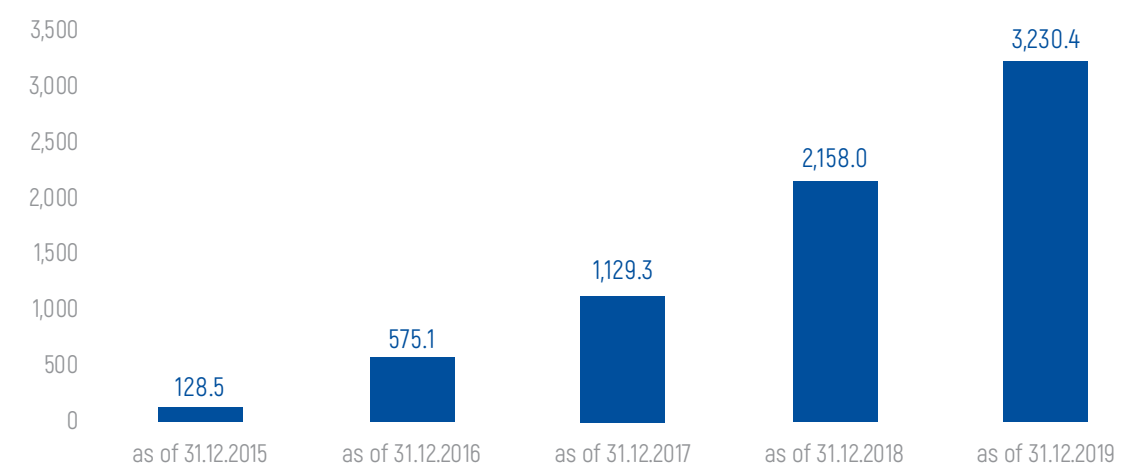
Within the framework of exercising its powers to form PSGF in 2019 the Agency carried out control measures in respect of calculation and completeness of payment of guarantee fees to PSGF in respect of PFR being the largest payer of the guarantee fees. Based on the primary documents provided by PFR containing information for determining the calculation base for 2017 and 2018 reporting years, it was confirmed that the guarantee fees for the periods under review were paid by PFR in full.

In addition, in 2019 based on the requests of the Agency to provide information in compliance with part 2 of Article 11 of the Law on Guaranteeing the Agency carried out off-site examination of 29 NPFs in respect of calculation, timeliness and completeness of payment of guarantee fees to PSGF for the reporting year of 2018. These examinations showed that there is not debt in respect of fee payments to the PSGF.

## 2.3. The Pension Savings Guarantee Fund

As of December 31, 2019 the PSGF amounted to 3.23 billion rubles. In the reporting period proceeds to PSGF amounted to 1.07 billion rubles, including the funds paid on the basis of claims of the Agency to repay the debt for payment of guarantee fees (penalties) – 15 thousand rubles.

Figure 8. Dynamics of PSGF formation (million rubles)



In compliance with the Order of the Bank of Russia dated October 7, 2014 N 3416-U the rate for payment of the guarantee fees for the reporting year of 2018 paid in 2019 was 0.025% of the calculation base.

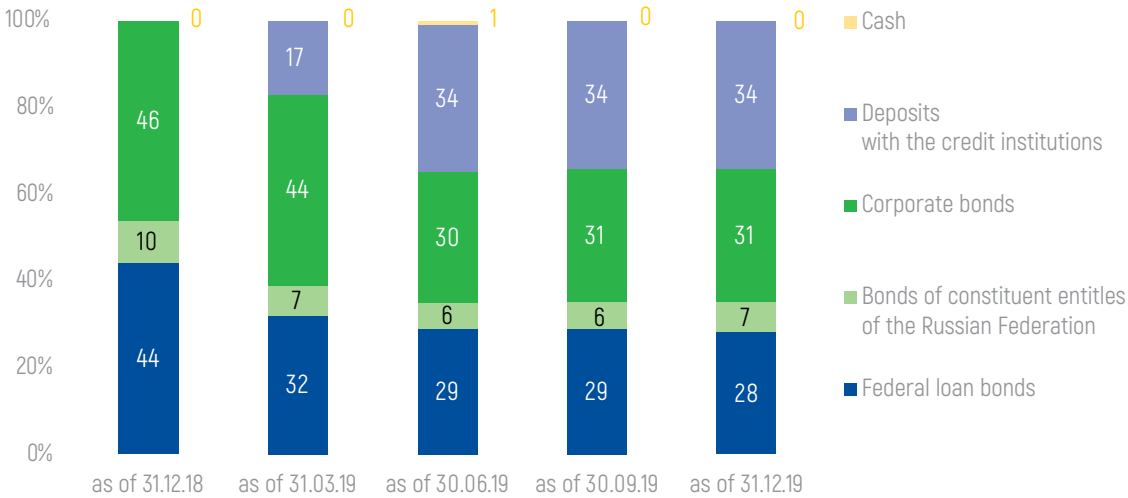
Payments from PSGF accounts in the reporting period equaled to 148 thousand rubles (guarantee payouts).

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



As of December 31, 2019 28% of the PSGF assets were invested in the federal loan bonds of the Russian Federation. 7% were invested into the bonds of the constituent entities of the Russian Federation, 31% – into corporate bonds, 34% – into deposits with credit institutions (figure 9).

Figure 9. Structure of PSGF assets (%)



The total amount of income from investing the PSGF idle resources in 2019 (adjusted for revaluation of securities) equaled to 359.8 million rubles, with return on invested funds with revaluation of being 12.2% per annum which is comparable with market return on portfolios with similar investment restrictions.

### 3. The Agency's Actions to Prevent Banks' Bankruptcy

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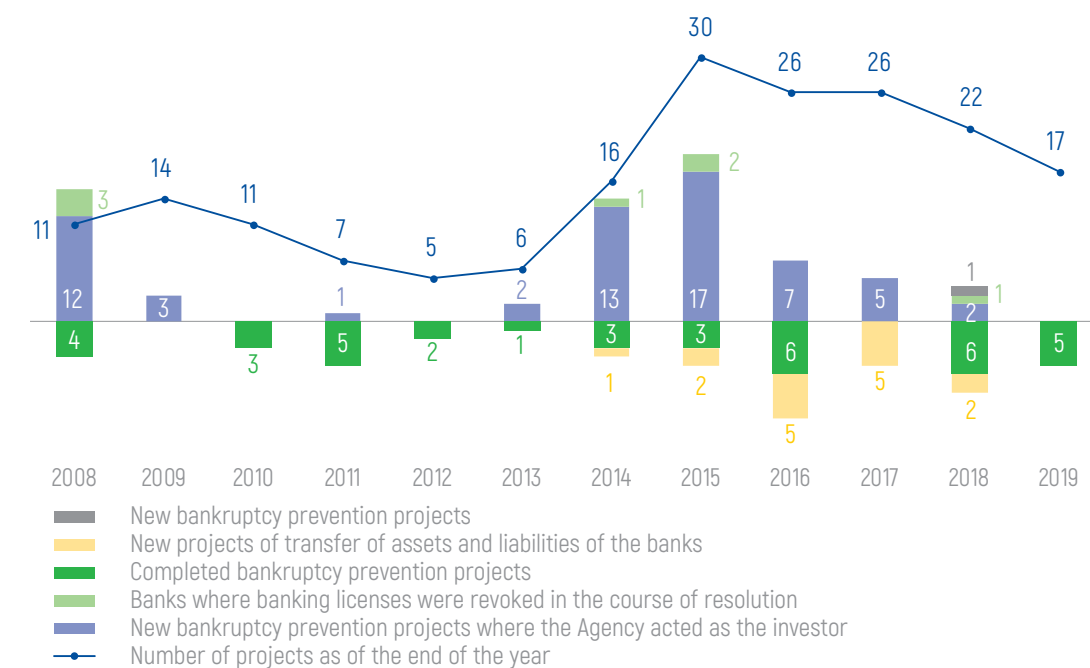
## 3.1. Actions to Prevent Banks' Bankruptcy

To strengthen stability of the banking system, ensure its sustainable development, protect the interests of creditors and depositors of banks, in 2019 the Agency continued implementation of measures to prevent failures of socially important banks.

As of the beginning of 2019, the said measures were implemented in relation to 22 banks. Bankruptcy prevention measures in relation of 5 banks were completed during the year. As concerning one of the completed projects (JSC VOCBANK) the bank bankruptcy prevention measures were continued by the Bank of Russia, the plan of participation of the Bank of Russia in bank bankruptcy prevention measures was developed.

As of December 31, 2019, the Agency participated in prevention of bankruptcy of 17 banks<sup>4</sup>. Dynamics of the Agency's operations in this sphere is presented in figure 10.

Figure 10. Number of bankruptcy prevention and bank assets and liabilities transfer projects (initiated and completed) throughout the Agency's history



<sup>4</sup> On January 1, 2020 PJSC KRI BANK was reorganized in the form of consolidation with RNCB Bank (PJSC) (investor).

An important event of 2019 was early completion of bank bankruptcy prevention measures of JSC Bank DOM.RF<sup>5</sup> in respect of which the bankruptcy prevention measures had been taken by the Agency since 2009.

Till October 2017 the Agency was the majority shareholder of the bank. Later on, on the basis of Federal Law dated December 19, 2016 N 415-FZ "On the Federal Budget for 2017 and the Planned Period of 2018 and 2019" and the respective directive of the Government of the Russian Federation, the Agency transferred all shares of JSC Bank DOM.RF which belonged to the Agency into the property of the Russian Federation represented by the Russian State Property Commission which thereafter transferred these shares into the ownership of JSC DOM.RF (former name – JSC "Housing Mortgage Lending Agency"). JSC DOM.RF got the status of the investor of JSC Bank DOM.RF and continued to perform together with the Agency further measures to restore and strengthen the JSC Bank DOM.RF.

In 2019 the Agency completed all measures stipulated by the plan of its participation in measures to prevent bankruptcy of JSC Bank DOM.RF. As the result, stable financial position of the bank was restored, the quality of its assets was improved, reserves for problem assets were formed. As of the end of the reporting period JSC Bank DOM.RF meet the mandatory regulatory requirements established by the Bank of Russia and carried out its activity in the standard regime of bank supervision. At present, JSC Bank DOM.RF is the authorized bank of the construction industry and is one of 20 largest Russian banks in respect of capital and 30 largest Russian banks in respect of the aggregate size of assets and credit portfolio.

In the reporting period the Agency also completed measures to prevent bankruptcy of 3 more banks (JSC BINBANK Digital, JSC Sotsinvestbank, PJSC Baltiyskiy Bank) through reorganization of these banks in the form of their consolidation with PJSC Bank Otkritie Financial Corporation, JSC Bank DOM.RF (investor) and AO ALFA-BANK (investor), respectively. The Agency has timely and fully performed all measures stipulated by the plans of its participation in measures to prevent bankruptcy of the above banks.

The largest project of the Agency is still JSC BM-Bank (former 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. As part of measures for 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, 2019 a part of these borrowings totaling 28.98 billion rubles was repaid.

During 2019 there were 13 comprehensive scheduled and unscheduled inspections of banks (in respect of which the bankruptcy prevention measures are taken) and investors participating in such bankruptcy prevention measures. They resulted in making all necessary decisions which contribute to the optimization of the bankruptcy prevention measures of the said credit institutions.

<sup>5</sup> Former name – JSCB RUSSIAN CAPITAL (JSC).

## 3.2. Asset Management

In the previous years, assets of 11 banks subject to resolution were purchased by the Agency: KIT Finance Investment Bank (OJSC), OJSC Bank Petrovski, Nizhny Novgorod JSC, JSC SVERDLOVSKY GUBERNSKY BANK, SOYUZ Bank (JSC), OJSC CB PotencialBank, Bank24.ru Joint-stock bank, CJSC Nizhegorodpromstroibank, CB RBR (LLC), JSC Bank DOM.RF, AO Bank Sovetsky for the total amount of 209.78 billion rubles.

In the reporting period as the result of levy of execution on the pledged property under the loans provided within the frameworks of measures to prevent bankruptcy to former investor of JSC CB Solidarnost – ALIVIKT LLC and JSC VOCBANK, the Agency received assets totaling 500.78 million rubles and 232 million rubles, respectively.

The Agency sold property acquired earlier in the course of taking measures to prevent banks' bankruptcy totaling 3.32 billion rubles. As a part of assets was sold with deferred payment, proceeds from sale of these assets in 2019 made up 1.28 billion rubles.

In the reporting period funds were transferred to the Agency as the holder of investment units of CUIF Rent Agrocapital in the amount of 0.38 billion rubles.

0.59 billion rubles were received from assets sold earlier on deferred terms.

In addition, the Agency received cash in the amount of 0.06 billion rubles, including 0.04 billion rubles of dividends for 2018 on the shares of the subsidiary of the Agency – JSC MOSMEK – and 0.02 billion rubles from redemption of 3 bills of exchange of JSC Gazprombank.

Due to the measures taken by the Agency aimed at recovery of funds spent on purchasing the rights of claim, the debtors repaid 1.86 billion rubles in 2019.

At the expense of property contribution of the Russian Federation into the property of the Agency and profit which replenished the property contribution of the Russian Federation, unrecoverable debt within the project for prevention of bankruptcy of OJSC Bank Petrovski totaling 8.54 billion rubles was written off and loss from sale of assets of the Agency totaling 1.69 billion rubles was also written off.

As of December 31, 2019, the book value of assets acquired in the course of bank bankruptcy prevention operations amounted to 78.86 billion rubles.

## 3.3. Financing of Actions to Prevent Banks' Bankruptcy

As of December 31, 2019 the Agency actually allocated to the implementation of bank bankruptcy prevention measures 2,139.18 billion rubles (running total), of which: 1,575.59 billion rubles were funded at the expense of loans from the Bank of Russia, 309.07 billion rubles were 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 in the amount of 7.60 billion rubles.

In compliance with the concluded contracts the borrowers repaid to the Agency 19.52 billion rubles of the principal debt and paid 7.67 billion rubles as the interest on the borrowed funds in 2019.

Thus, subject to recovery of funds provided 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, 2019 amounted to 1,154.08 billion rubles<sup>6</sup>, of which the resources of the property contribution of the Russian Federation into the property of the Agency were 67.19 billion rubles, the resources of the property contribution of the Bank of Russia into the property of the Agency were 2.59 billion rubles.

In 2019, the Agency repaid loans to the Bank of Russia for the amount of 5.99 billion rubles. As of December 31, 2019 the debt of the Agency to the Bank of Russia amounted to 1,084.50 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.

<sup>6</sup> The size of financing is calculated by the Agency based on the value of assets acquired during the period of taking measures for bank bankruptcy prevention, including those expressed in foreign currency subject to their negative revaluation in the amount of 0.2 billion rubles.

## 4. The Agency's Operations as the Insolvency Administrator (Liquidator) of Credit Institutions

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## 4.1. Liquidation Management

As of December 31, 2019, the Agency was acting as the insolvency administrator (liquidator) of 363 credit institutions. Bankruptcy (insolvency) proceedings were performed in respect of 340 credit institutions, forced liquidation in respect of 23 credit institutions (figure 11).

In the reporting year the Agency was appointed as the insolvency administrator (liquidator) in 31 credit institutions (49 credit institutions in the previous year). They included 18 insolvency proceedings and 13 – forced liquidations (figure 12).

Credit institutions in respect of which the Agency exercised the powers of the insolvency administrator (liquidator) are located in all federal districts. Most of them (65%) are located in the Central Federal District. At that, 60% of the total number of credit institutions liquidated by the Agency are located in Moscow and the Moscow Region.

Figure 11. Number of credit institutions in receivership (liquidation) (as of the end of the year)

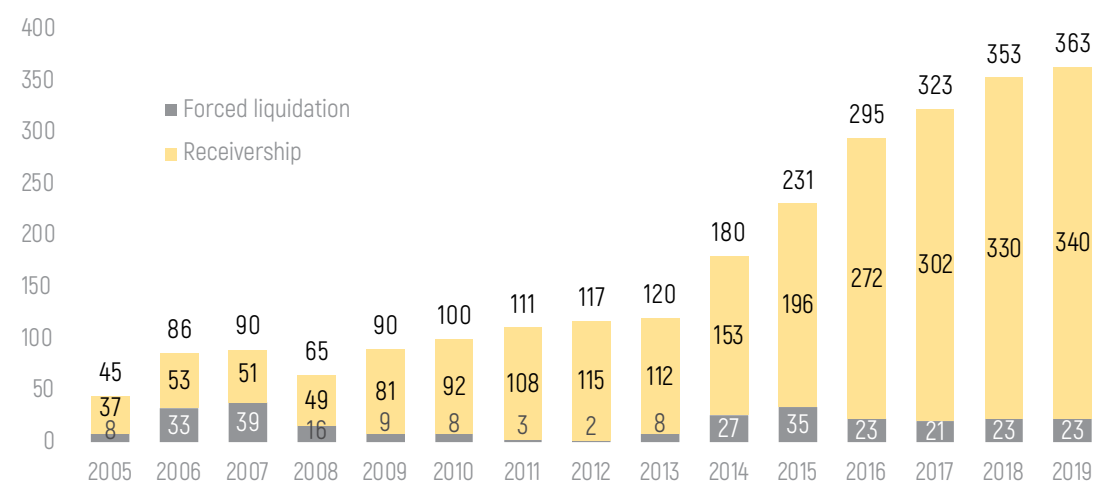
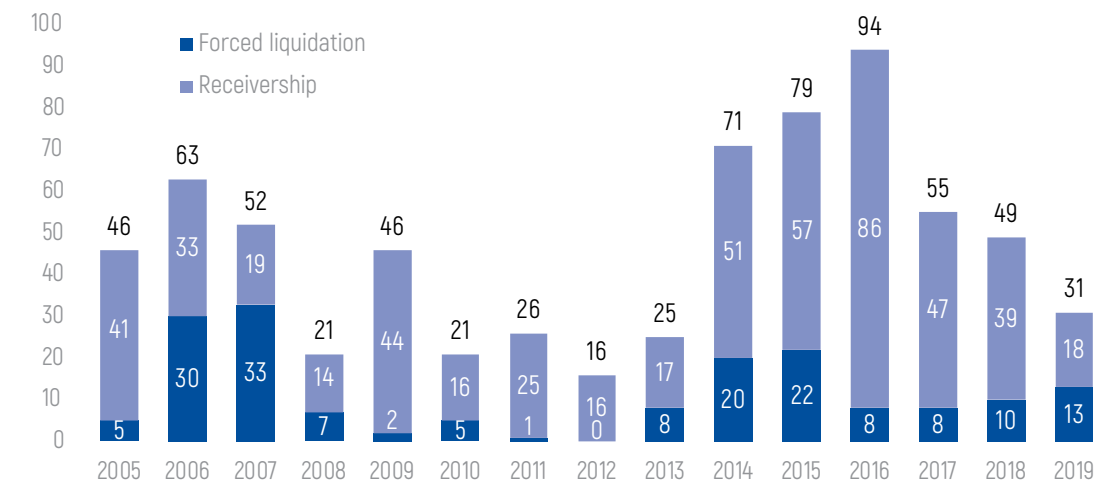


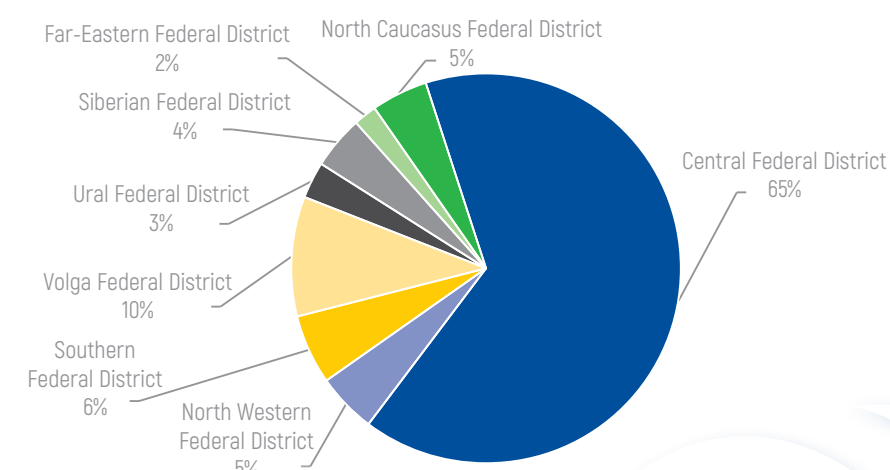
Figure 12. Receivership (liquidation) of credit institutions started



Liquidated credit institutions broken down by federal districts are presented in figure 13.

The largest banks by the volume of assets and liabilities among those where liquidation proceedings started in 2019 were Bank IBSP (JSC), CB Agrosoyuz LLC, JSC CB Assotsiatsiya, CB Russian Mortgage Bank (LLC), JSC TROIKA-D BANK and BANK PERVOMAISKY (PJSC).

Figure 13. Banks under liquidation broken down by federal districts of the Russian Federation



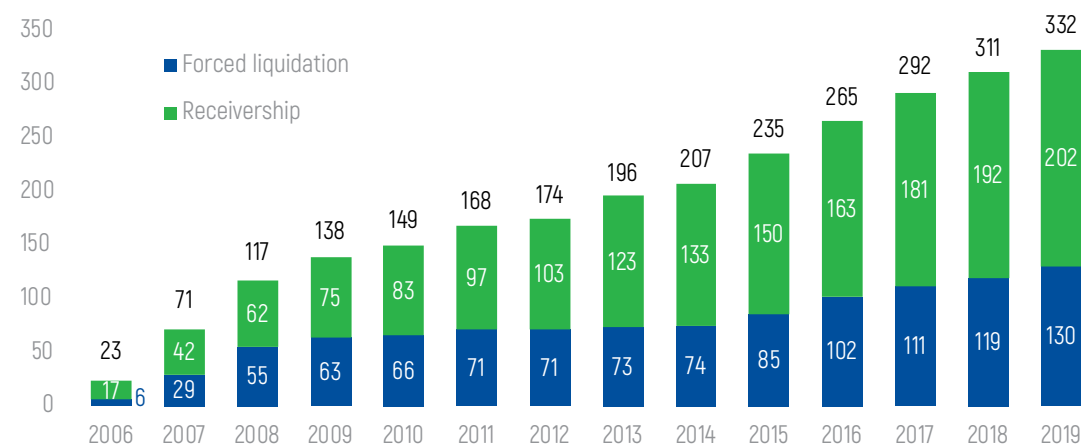


In 15 banks in which the Agency was appointed as the insolvency administrator (liquidator) in the reporting year one of the reasons of license revocation was noncompliance with the provisions of Federal Law dated August 7, 2001 N 115-FZ "On counteracting legalization (laundering) of criminal proceeds and financing of terrorism".

In 13 banks in which the Agency commenced liquidation proceedings in 2019 the evidences of misappropriation of property disguised as provision of loans and commitment of other illegal operations with the assets with the evidences of acts subject to penal punishment were identified. The provisional administrations managing the banks, the Bank of Russia and the Agency have sent the respective application to the law-enforcement authorities based on these facts.

Since the beginning of the Agency's operation as the corporate insolvency administrator (liquidator), liquidation proceedings have been completed in 332 credit institutions (figure 14).

**Figure 14. The number of credit institutions where liquidation procedures were completed (running total)**



In 2019 the Agency completed liquidation proceedings in 21 credit institution, of which insolvency proceedings in 10 banks; forced liquidation in 11 banks. The ratio between the actual value of assets of these credit institutions and their aggregate book value was 40%.

In other 18 credit institutions work was completed on collection and sale of property, final settlements with the creditors; liquidation balance sheets were prepared and submitted to the Bank of Russia.

The average length of liquidation proceedings was 3 years and 3 months, including insolvency – 4 years and 6 months, forced liquidation – 1 year and 6 months.

The length of insolvency proceedings in such failed banks as JSC Gazinvestbank, Bank Sochi LTD, CB Capital Credit LLC, Mejprombank plus,

Bank Imperia LLC, Bank Monetary House OJSC, National Industrial Bank CB JSC, BUSINESSBANK LLC was from six to ten years. The reason for this was the length of litigations to collect debts from the debtors of credit institutions, sale of property not sold earlier (due to absence of demand) and performance in some banks of work to represent the interests of the credit institutions in the bankruptcy proceedings of the debtors.

In CB Informprogress (LTD) and CB Evrokapital-Alliance LLC as per Article 189.93 of the Law on Bankruptcy, third parties provided cash sufficient to meet their liabilities in full which allowed to complete insolvency proceedings in CB Informprogress (LTD) in 2 years and 2 months and forced liquidation of CB Evrokapital-Alliance LLC in 6 months.

In respect of 3 credit institutions (CB FPC LLC, ICB LOGOS LLC and RCB LLC) the length of forced liquidation proceedings was less than one year.

The length of forced liquidation of Inbankproduct (LTD) was 12 years and 4 months which is due to the lengthy legal dispute between the shareholders of the bank.

According to the current law and legal instruments of the Bank of Russia, in 2019 the Agency employees participated in 38 provisional administrations managing failed banks as appointed by the Bank of Russia; this facilitated prompt measures that facilitated 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.

## 4.2. Bankruptcy Estate Formation for Settlements with Creditors

The actions, including search, inventory, evaluation and sale of property, debt recovery from debtors of liquidated banks were performed by the Agency in the reporting period in order to form the maximal bankruptcy (property) estate which is the source for settlements with creditors of liquidated banks.

The Agency paid special attention to analyzing the structure and quality of assets of the liquidated credit institutions, identification of assets the most important for formation of bankruptcy (property) estate and requiring individual approach.

In 2019, as part of financial analysis of failed credit institutions, on the basis of internal regulatory documents, the Agency arranged evaluation of assets of 37 banks with liquidation proceedings commenced in the reporting year and at the end of 2018. 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, 109.5 billion rubles were received into the bankruptcy estates of the liquidated credit institutions, including: cash at hand and on correspondent accounts with the Bank of Russia, mandatory reserves and voluntary debt repayment – 61.1 billion rubles; enforced collection – 32.4 billion rubles; property sale – 16 billion rubles.

According to the Law on Bankruptcy, the Agency as the insolvency administrator (liquidator) has to bring against third parties which have debt to the credit institution a claim to collect it and take measures aimed at search, identification and return of property of the credit institution in the possession of third parties.

In 2019 77 thousand claims totaling 1,774 billion rubles were sent to arbitration courts and courts of law by the Agency.

122 thousand claims (including those filed earlier) totaling 1.1 trillion rubles were satisfied, 6 thousand claims totaling 192 billion rubles were denied, 7 thousand claims totaling 278 billion rubles were dismissed, left without consideration and on cases with proceedings terminated.

As of December 31, 2019 a total of 517 thousand claims for 8,576 billion rubles were brought (running total). 367 thousand enforcement proceedings totaling 3,445 billion rubles were initiated, of which 129 thousand totaling 1,030 billion rubles were initiated in the reporting year.

Figure 15. Proceeds to bankruptcy (liquidation) estate by types of collection

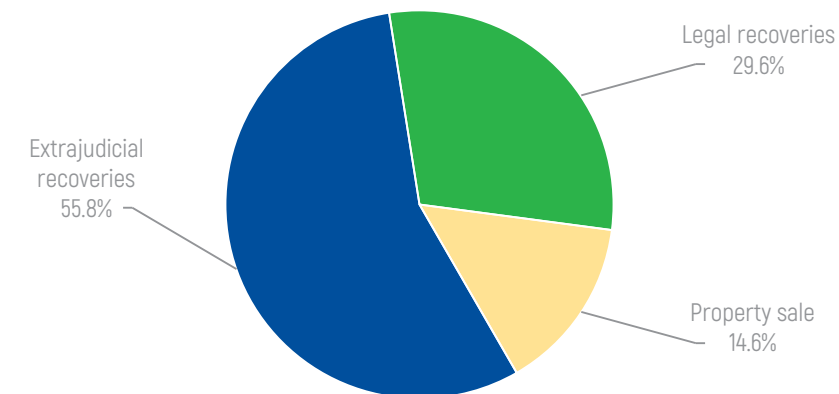
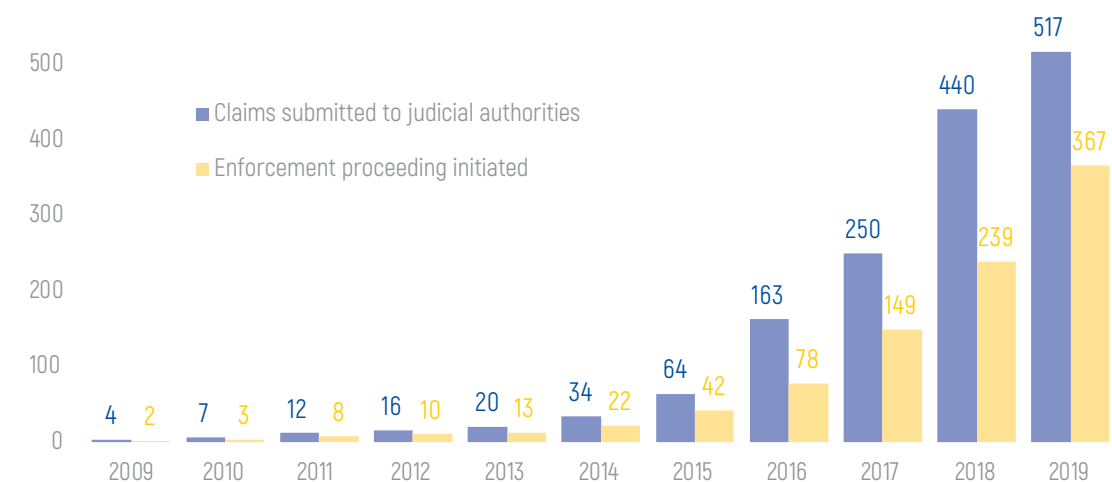


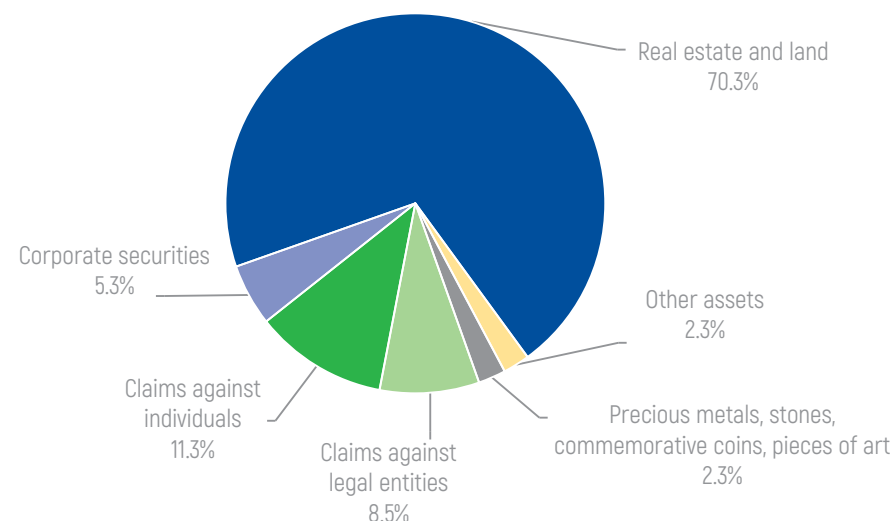
Figure 16. Dynamics of claim handling (thousand units)



In 2019, as established by federal law, the Agency held 1,802 sales of the assets of 325 liquidated credit institutions, including 810 auctions, 668 public offerings in electronic form, 15 sales on the organized securities market, 204 public offerings in non-electronic form for the assets with the book value less than 100 thousand rubles, 104 times assets with the book value less than 100 thousand rubles were sold through auctions held in the electronic form and once – through auction in presence.

In the proceeds into the bankruptcy estates resulting from sale of assets the largest volume falls on proceeds from sale of real estate

Figure 17. Proceeds to receivership estate from property sale by types of assets



(11.2 billion rubles), claims to legal entities and individuals (3.2 billion rubles) and from sale of securities (0.8 billion rubles).

In order to expand the range of potential buyers, work goes on to provide to the market the maximally full, updated and structured information on the assets of liquidated financial institutions subject to sale. In 2019 standards of disclosure of information on assets were introduced, the length of assets exposition was extended by the creation of the new section "Coming soon" on the information portal on the assets of liquidated financial institutions to be sold ([www.torgiasv.ru](http://www.torgiasv.ru)). In addition, the scope of published information on assets was expanded, their visual presentation was improved.

At present, the portal allows potential buyers to select the property they are interested by using any characteristics important for them. In respect of the property which is being prepared for sale, the possibility to subscribe to notification on commencement of trades is envisaged.

On the average, the portal is monthly visited by more than 150 thousand persons, and the number of visits increased almost by 20% after its modernization (November 1, 2019). As of the end of 2019, the total number of portal visitors was 1.4 million.

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

Acting as the 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 that are guilty of causing credit institution failure

In the reporting year, inspections aimed at identification of dubious transactions were performed in 32 credit institutions. Transactions worthy of challenging were identified in 29 credit institutions.

As of December 31, 2019, 1,185 cases seeking to contest dubious transactions of liquidated credit institutions were tried in courts of law and arbitration courts, with 729 of them based on the claims filed in the reporting period. The claims of the Agency under 859 lawsuits were satisfied, 809 actions were dismissed. Litigations were terminated (including in connection with abandonment of claims) on 29 lawsuits.

5,857 million rubles were received in 2019 to be included in the bankruptcy estates of liquidated credit institutions as the result of contesting dubious transactions by the Agency.

Circumstances of bankruptcies were investigated in 84 credit institutions.

81 claims of the Agency seeking to impose financial liability on persons who controlled the banks for the amount of 707.6 billion rubles were filed to courts.

Claims of the Agency to collect losses were satisfied in respect of executives of CB First deposit LLC – for the amount of 47 million rubles, JSC Comsotsbank Boomerang – for the amount of 1,181 million rubles, OJSC Bank Zapadny – for the amount of 10,119 million rubles (has not come into legal force), CB EDINSTVENNY (LLC) – for the amount of 1,155 million rubles, JSCB Mostransbank (OJSC) – for the amount of 4,204 million rubles, CB ROSAUTOBANK LLC – for the amount of 1,034 million rubles (did not come into legal force), AO Bank Sovetsky for the amount of 1,706 million rubles, in respect of selected claims (has not come into legal force), JSC Constans-Bank – for the amount of 2,917 million rubles (has not come into legal force), JSC CB MBR-bank – for the amount of 373 million rubles (has not come into legal force), CB B2B (LLC) – for the amount of 163 million rubles (has not come into legal force), PJSC RBD – for the amount of 4,817 million rubles (has not come into legal force).

Claims of the Agency to collect losses were partially satisfied in respect of executives of OJSC National Business Development Bank – for the amount of 7,560 million rubles, Joint Stock Intrnational commercial and industrial bank – for the amount of 1.3 million rubles, CB Admiralteisky LTD – for the amount of 1,889 million rubles, JSC Siboilbank – for the amount of 247 million rubles, JSCB NMB OJSC – for the amount of 906 million rubles (has not come into legal force), AO Bank Sovetsky – for the amount of 1,631 million rubles, in respect of selected claims (has not come into legal force), OJSC BANK PRIORITET – for the amount of 545 million rubles (has not come into legal force), JSB Aldanzolotobank JSC – for the amount of 203 million rubles (has not come into legal force), JSC Miraf-Bank – for the amount of 2,304 million rubles (has not come into legal force).

The decision made earlier on refusal to collect damages against executives of OJSC JSCB ECOPROMBANK (in respect of certain claims) was canceled, the claim was submitted to a new trial which resulted in collection of 56 million rubles, claim for collection of the remaining amount of 206 million rubles was submitted for consideration again.

Claims of the Agency to collect damages against executives of AO Bank Sovetsky in respect of certain claims for the amount of 363.9 million rubles were dismissed (has not come into legal force for the amount of 341.6 million rubles); AMB BANK (PJSC) – for the amount of 287 million rubles (has not come into legal force).

In addition, the decision made earlier to collect damages against executives of AO Bank Sovetsky for the amount of 157 million rubles was canceled, the claims were dismissed.

The decision made earlier to collect damages against executives of JSCB LINKBANK (OJSC), CB Intercredit (JSC), CB Kutuzovsky Ltd, JSC Comsotbank Boomerang were canceled, the lawsuits were submitted for consideration again.

Civil claims for collection of damages caused by the crimes were satisfied in respect of executives of CB European trust bank for the amount of 2,690 million rubles (has not come into legal force), Vneshprombank Ltd – for the amount of 113,526 million rubles, CJSC Promsberbank – for the amount of 3,261 million rubles (has not come into legal force), OJSC CCB CREDITBANK – for the amount of 625 million rubles (has not come into legal force), JSCB UBII (PJSC) – for the amount of 17 million rubles, JSCB Investbank (OJSC) – for the amount of 1,314 million rubles (has not come into legal force).

Claims of the Agency to bring to subsidiary liability the executives of Borskycombank LLC for the amount of 893 million rubles, JSCB European Bank of development of metallurgy industry (PJSC) – for the amount of 5,225 million rubles, CB Antalbank (LLC) – for the amount of 8,946 million rubles, JSC TUSARBANK – for the amount of 14,217 million rubles, CJSC CB LADA-CREDIT – for the amount of 2,516 million rubles, JSC Greenfieldbank – for the amount of 6,007 million rubles, CB KRK (OJSC) – for the amount of 1,440 million rubles, CJSC TYUMENAGROPROMBANK – for the amount of 1,156 million rubles, Joint-stock Commercial Bank ANDJIBANK – for the amount of 68 million rubles, CBD bank Ltd. (LLC) – for the amount of 343 million rubles (has not come into legal force) were satisfied; the claim of the Agency to bring to subsidiary liability the executives of OJSC Udmurtinvestbuildbank for the amount of 174 million rubles were partially satisfied.

Claims of the Agency to bring to subsidiary liability were dismissed in respect of the executives of OJSC Tikhookeanskiy Vneshtorgbank for the amount of 2,568 million rubles, PJSC AGROINKOMBANK – for the amount of 738 million rubles (has not come into legal force), JSC Miraf-Bank – for the amount of 3,715 million rubles (in respect of specific claims), VLBANK (JSC) – for the amount of 1,621 million rubles (has not come into legal force).

The judicial acts adopted earlier on refusal to satisfy the claims to bring to subsidiary liability the executives of Bank RB LLC (for the amount of 49 million rubles), PC-Bank Ltd (for the amount of 101 million rubles) and the decision made earlier on satisfaction of claims of the Agency to bring to subsidiary liability the executives of Bank Navigator (OJSC) (for the amount of 4,853 million rubles) and PJSC JSCB Baltika (for the amount of 11,082 million rubles) (in respect of determining the amount of damages) were canceled, the claims were submitted for consideration again.

186 filings based on identified evidences of different crimes as identified in liquidated credit institutions were submitted to the law-enforcement authorities: 65 – based on evidences of theft of cash and property of credit institutions and based on evidences of abuse of authority exercised by top-managers and employees of credit institutions; 64 – based on evidences of deliberate bankruptcy; 43 – based on evidences of misappropriation of property of credit institutions; 8 – based on evidences of property damage through false pretense or abuse of trust; 4 – based on evidences of falsification of court evidence and attempted theft of property of the banks; and 2 – attempted theft from the mandatory deposit insurance fund.

190 criminal cases were initiated (including those based on the lawsuits submitted to the law-enforcement authorities before the reporting period): 108 – evidences of theft of property of financial organizations; 58 – based on evidences of abuse of authority exercised by top-managers and employees of banks or theft of property of financial organizations; 14 – based on evidences of legalization (laundering) of proceeds and other property acquired by the person as the result of crime committed by him; 4 – based on evidences of deliberate bankruptcy; 1 – based on evidences of currency operations for transfer of cash in foreign currency or currency of the Russian Federation to the accounts of non-residents using false documents; 1 – based on evidences of illegal turnover of payment means; 1 – based on evidences of deliberate destruction or damage to the property; 1 – based on evidences of property damage through false pretense or abuse of trust; 1 – based on evidences of falsification of accounting and reporting financial documents of the financial organization; 1 – based on evidences of organization of criminal community (criminal association) or participation in it.

Guilty verdicts were brought under 53 criminal cases in respect of former executives, shareholders and employees<sup>7</sup>.

In addition, judicial fines were imposed when considering 3 criminal cases in respect of the executives and employees Joint-Stock commercial Bank Bankirsky Dom, CB AcademRusBank LLC, JSC Tagilbank.

Two criminal cases against executives of PJSC IntechBank and OJSC GB Simbirsk were terminated due to the expiration of the periods of limitation.

The criminal case in respect of the executives of JSC Zernobank was terminated due to the absence of evidence of crimes in actions.

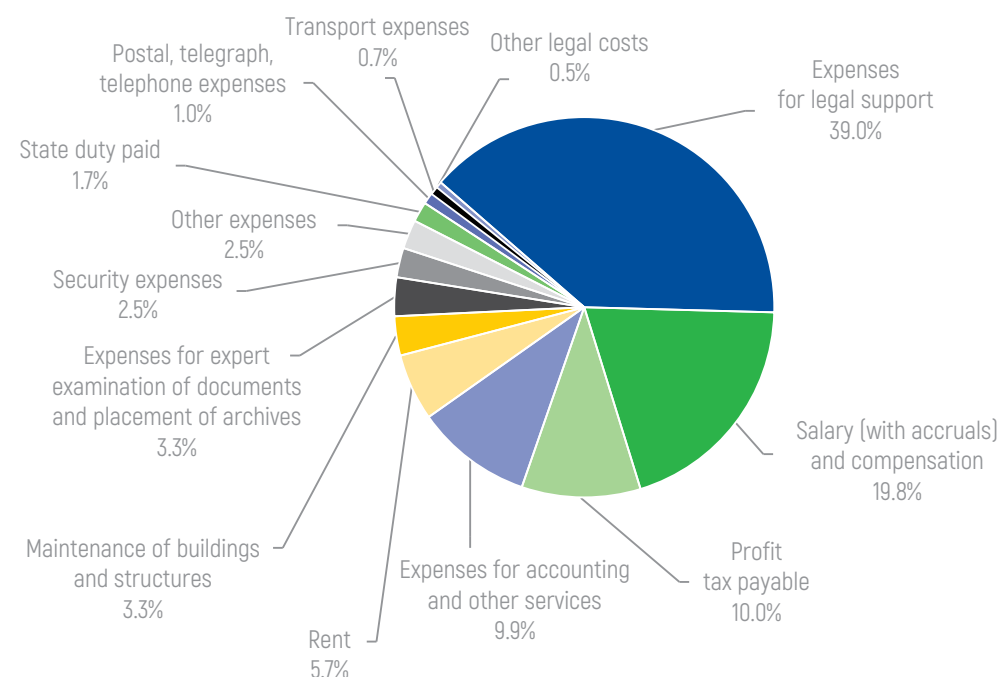
<sup>7</sup> A total of 56 verdicts were brought during 2019, however, 3 of the said verdicts were canceled for various reasons.

## 4.4. Management of Current Expenses

Expenses for insolvency (liquidation) proceedings in the reporting year amounted to 21.7 billion rubles which is 11% less than the same indicator of the previous year. The structure of expenses in 2019 is presented in figure 18.

As compared to the previous reporting year the share of expenses on profit tax reduced significantly in the structure of expenses – by 2.5 times (from 25 to 10%). This is caused by the amendments introduced into the Tax Code of the Russian Federation which led to reduction of tax burden on the bankruptcy (property) estates of liquidated credit institutions.

**Figure 18. Structure of current expenses on liquidation (bankruptcy) of credit institutions in 2019**



As the share of tax expenses in the general structure decreased, there was a change in shares of all other expenses.

Thus, as compared to the previous year the impact of expenses on legal support increased (28% in 2018, 39% in the reporting period). In addition, this growth is the consequence of performed judicial work which led to the increase in proceeds into the bankruptcy (property) estates of credit institutions (in 2018 – 10.1 billion rubles, in 2019 – 3 times more – 32.4 billion rubles).

To reduce expenses on legal support in 2019 the Board of Directors of the Agency changed approaches to the legal support of liquidation proceedings which provide for migration from engagement of specialized organizations to independent performance by the Agency of legal work in the liquidated financial organizations (including in the liquidated credit institutions). Subject to the need to maintain the proper quality of claim handling work to collect the debts, the expected length of the transition period is till the end of 2020.

In general, other expenses in 2019 are comparable with the level of expenses of the previous reporting year and are caused by the need to take mandatory measures for liquidation (bankruptcy) of credit institutions stipulated by the legislation.

In the cases of shortage 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 of liquidation proceedings and timeliness of work, in the reporting period the Agency prepaid expenses for the amount of 1,535.1 million rubles and recovered (including the funds provided earlier) 1,893.9 million rubles.



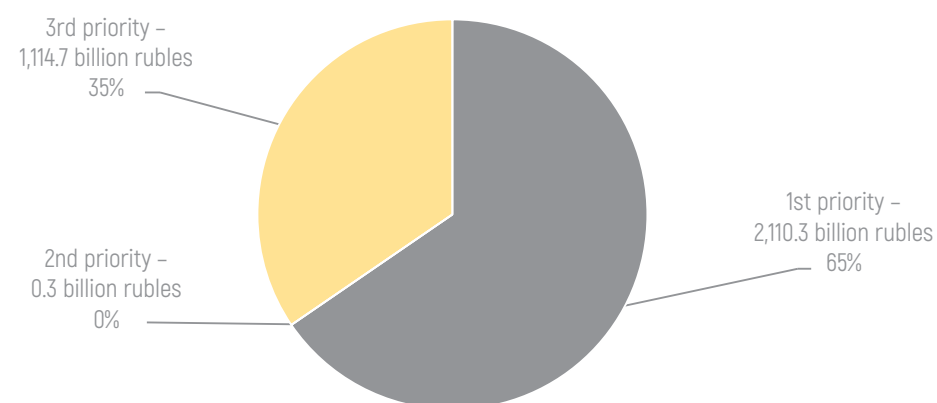
## 4.5. Verification and Satisfaction of Creditors' Claims, Operation of Governing Bodies of Liquidated Credit Institutions

As of December 31, 2019 claims of 476.3 thousand creditors of liquidated credit institutions totaling 3,225.25 billion rubles were established. In the reporting year the number of creditors and the amount of established claims increased by 3 and 4%, respectively.

The structure of established creditor claims and the number of creditors of the credit institutions where the liquidation procedures were ongoing are presented on figures 19 and 20.

As of December 31, 2019 the total amount of satisfied claims of the creditors of the banks under insolvency (liquidation) amounted to 414.11 billion rubles.

Figure 19. Structure of established claims in the credit institutions where liquidation procedures continue as of December 31, 2019



Settlements for 113.7 billion rubles were made with creditors in the reporting year (of which 13.30 billion rubles – through compensation granting) (figure 21).

Figure 20. Structure of creditors of the credit institutions where liquidation procedures continue as of December 31, 2019

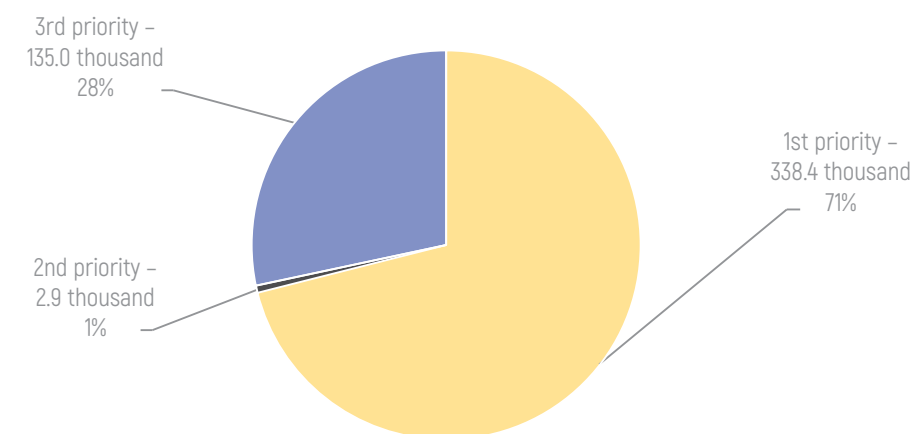
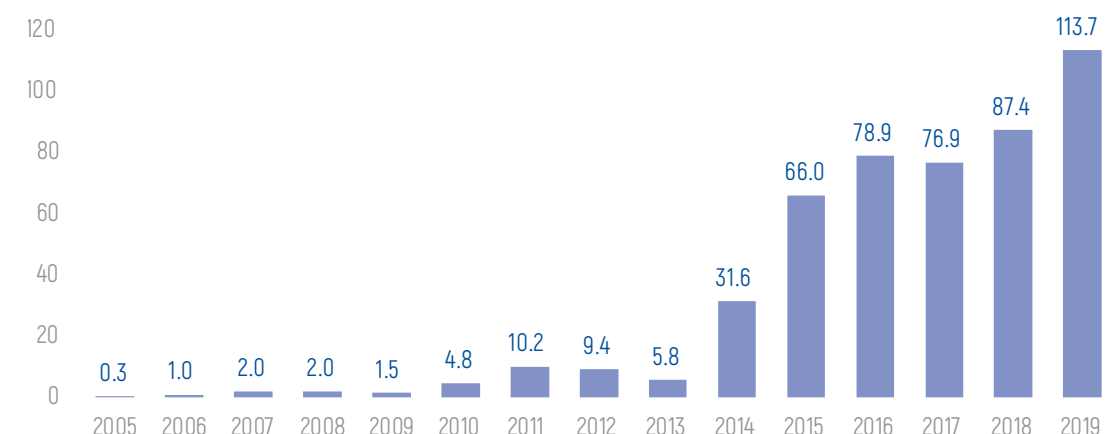


Figure 21. Dynamics of payments made to creditors in the course of liquidation proceedings (billion rubles)





The average percentage of satisfaction of creditors' claims in the banks where the liquidation proceedings were completed throughout the Agency's history amounted to 45.3%<sup>8</sup> (figure 22).

In terms of priority of claims, throughout the Agency's history the claims of first priority creditors were satisfied by 67.1%<sup>8</sup> (on average), second priority – by 36.4%, third priority – by 26.7%.

In the reporting period measures were taken to distribute and transfer the property remaining after completion of settlements with creditors in full to shareholders of 17 credit institutions for the total amount of 18.99 billion rubles.

During 2019 123 meetings of creditors of liquidated banks were convened, including 38 first meetings of creditors one of the main tasks of which was to form the creditors' committees. Early commencement of operations of such committees allows to speed-up the liquidation proceedings.

7,620 creditors participated in the meetings of creditors held. On the average, the creditors holding 76.72% of the total number of votes of the creditors included in the list of meeting participants took part in these meetings.

The most large-scale meetings of creditors were the meetings of creditors of PJSC BANK JUGRA which used to be one of 50 largest banks of the Russian Federation. To ensure quorum at the said meetings of creditors, simultaneous registration of their participants in 10 constituent entities of the Russian Federation was carried out.

As of December 31, 2019 357 creditor committees existed with powers 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, 4,297 meetings of creditor committees were held in which 7,649 issues were considered. Decisions proposed by the insolvency administrator (liquidator) were supported on most issues (62.75%).

In 2019 61.3 thousand of requests of citizens and organizations on the issues related to the liquidation of credit institutions were considered and responded to.

The Agency organized transfer to state archives (federal and municipal levels) of 305.6 thousand of storage units – documents of 36 liquidated credit institutions.

Figure 22. Average percentage of satisfying creditor claims in the credit institutions where liquidation proceedings were completed (running total, %)

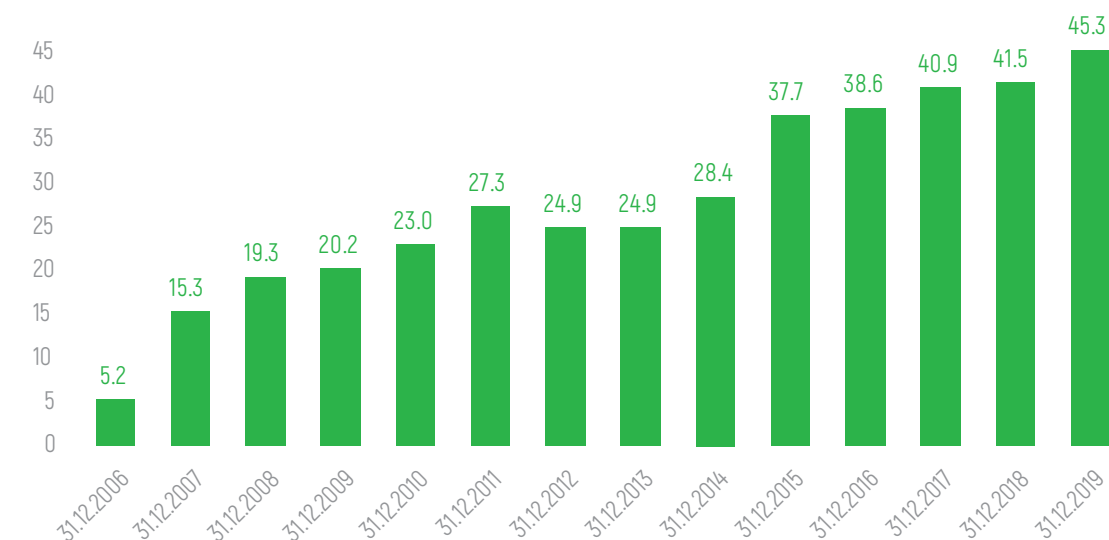
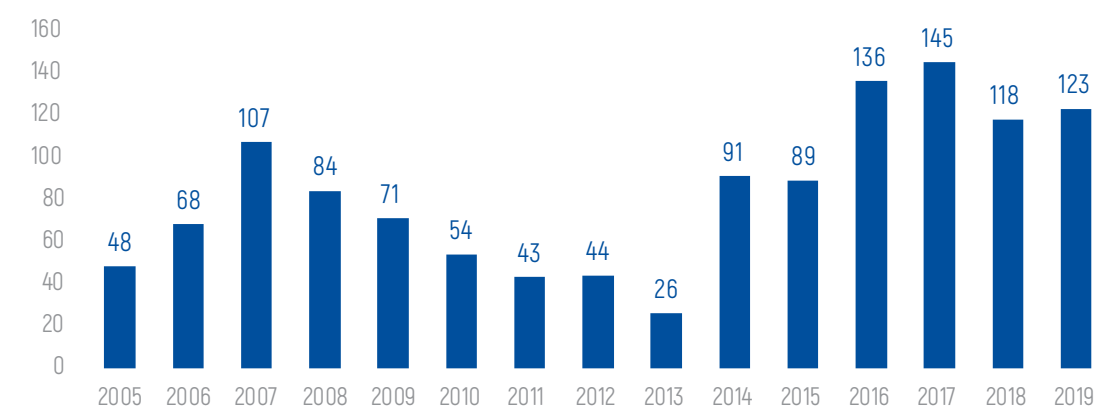


Figure 23. Dynamics of the number of convened meetings of creditors of liquidated credit institutions



<sup>8</sup> Subject to transfer of assets and liabilities of CB Moscow Capital (LLC) – credit institution.

## 5. The Agency's Operations to Manage Insolvency (Liquidation) Proceedings in Non-government Pension Funds (NPFs)

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## 5.1. Liquidation Management

As of December 31, 2019 the Agency carried out liquidation proceedings in 29 NPFs involved earlier in the mandatory pension insurance and not included into the pension savings guarantee system. There were insolvency proceedings in 27 NPFs and forced liquidations in 2 NPFs.

The geography of presence of the liquidated NPFs covers 6 federal districts of the Russian Federation.

In the reporting period the Bank of Russia did not cancel any licenses for pension support and pension insurance of NPFs which perform activity on mandatory pension insurance.

For the time of exercise by the Agency of powers of the insolvency administrator (liquidator) of NPFs, the liquidation proceedings were completed in 5 funds, including 4 – in 2019 (in NPF "General Pension Fund", PNPF, NPF Semeyny, NPF Transstroy).

The average length of liquidation proceedings was 5 years and 3 months which is explained by length of measures to bring the former executives of NPFs to civil law liability.

Due to the confirmed insufficiency of property to satisfy claims of the creditors, on the basis of applications of the Agency approved by the Bank of Russia arbitration courts declared insolvent (bankrupt) 7 funds in respect of which the Agency earlier performed the functions of liquidator (OJSC NPF "Blagodenstvie", JSC NPF "Erel", JSC NPF MECHHEL-FUND, JSC NPF TPP fund, JSC NPF "Mosenergo OPS", First NPF (JSC), JSC NPF "Uchastie"). In respect of NPF "Tikhy Don" the application of the Agency to declare the NPF insolvent (bankrupt) was accepted by the arbitration court and appointed for consideration in January 2020.

Thus, throughout the history of the Agency the signs of insolvency (bankruptcy) were identified in 26 NPFs in which the forced liquidation procedures were initiated initially.

In respect of 11 NPFs arbitration courts satisfied the petitions of the Agency to terminate the forced liquidation procedure due to insolvency (bankruptcy) proceedings opened.

Figure 24. NPF under liquidation broken down by federal districts of the Russian Federation

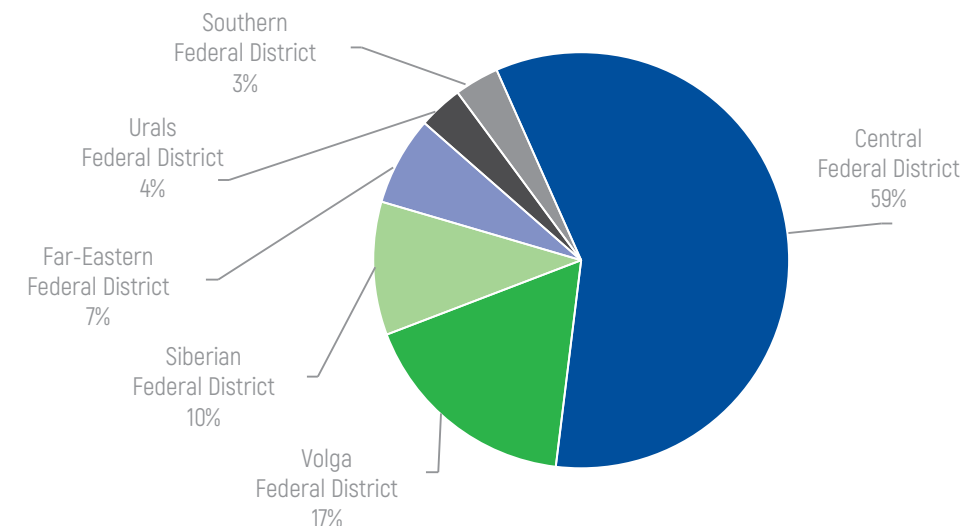
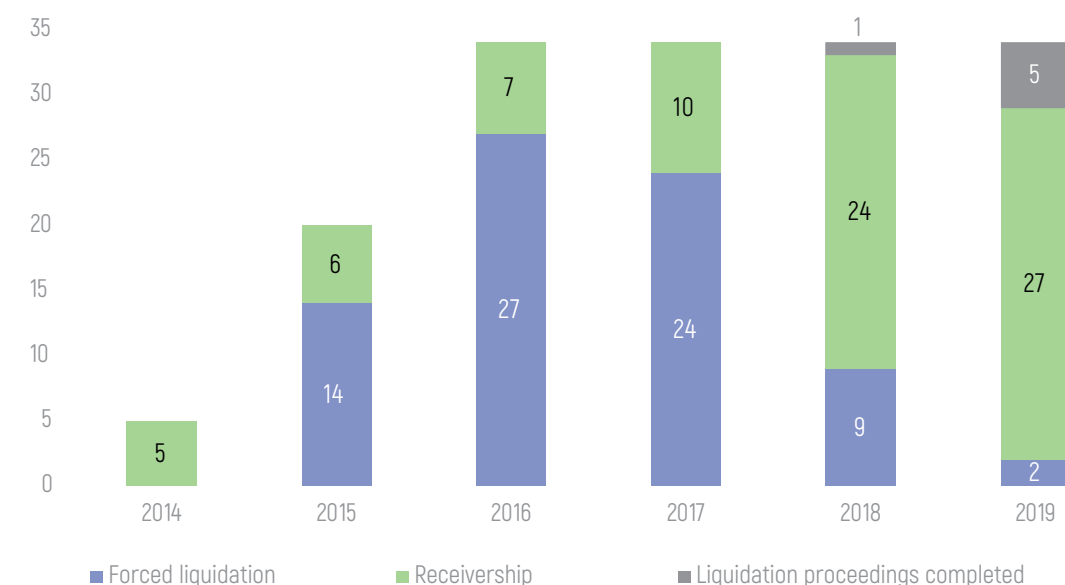


Figure 25. Dynamics of start and completion of receivership (liquidation) of NPFs (running total)



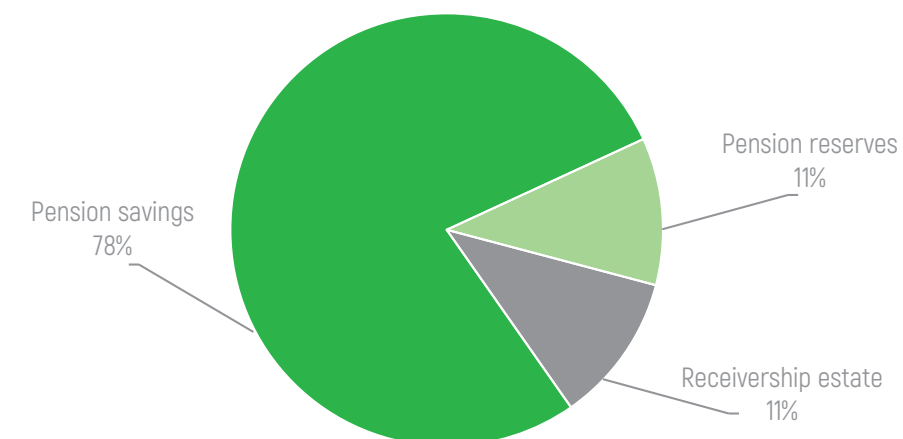
In 2019 the Agency together with the Bank of Russia and the interested ministries (departments) continued work on preparation of amendments to the legislation of the Russian Federation on bankruptcy in order to improve efficiency of liquidation proceedings in respect of NPFs and to optimize and unify the bankruptcy (liquidation) proceedings of all types of financial institutions where the Agency performs the functions of insolvency administrator (liquidator).

In the reporting period the Agency continued to pay due attention to the timely and comprehensive informing of creditors and other interested parties 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 940 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 2019 the Agency provided more than 2.7 thousand targeted responses to requests of creditors related to liquidation proceedings in respect of NPFs.

## 5.2. Formation of Funds for Settlements with Creditors

The aggregate book value of assets of the 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.

Figure 26. Structure of book value of assets of liquidated NPFs



As of the end of 2019, subject to completion of liquidation proceedings in respect of 5 NPFs and measures taken to sell the property of NPFs and write off the assets impossible for sale and collection, the value of NPFs' assets according to the accounting data amounted to 59 billion rubles (pension savings – 66.4%, pension reserves – 18.4%, bankruptcy estate – 15.2%).

As in the course of performance by the Agency of liquidation proceedings in respect of NPFs the measures to recover their property from custody and sale of liquid assets were mainly completed; as of the end of the reporting period the structure of investment portfolios of liquidated

NPFs was dominated by long-term low-liquidity financial instruments (including partially or fully depreciated mortgage participation certificates, bonds, investment units of closed unit investment funds and cash on accounts with failed banks).

As of December 31, 2019 (running total) as the result of a set of measures taken by the Agency in respect of assets of NPFs, receipt of funds to the accounts of NPFs opened with the Agency was assured in the amount of 32 billion rubles (including: pension savings – 28.1 billion rubles, pension reserves – 3.5 billion rubles, to bankruptcy estates – 0.4 billion rubles), of which 0.71 billion rubles received in 2019.

In the reporting period the measures to form the funds for settlements with the creditors included sale of assets which proceeds amounted to 0.51 billion rubles or 71.8% of the total proceeds in 2019. In addition, the funds for settlements with the creditors were formed at the expense of receipt of cash from termination/redemption of securities and at the expense of income from securities and rent totaling 0.16 billion rubles (22.6%). As the result of recovery of NPFs' assets from third parties (including from trustees) the proceeds made up 0.04 billion rubles (5.6%).

The book value of NPFs' assets put on trades in 2019 amounted to 4.3 billion rubles; there were 129 trades (sale of corporate bonds of Russian issuers, units of closed unit investment funds and fixed assets and low-value property belonging to liquidated NPFs). The number of trades as compared to 2018 increased more than 1.5 times.

As of December 31, 2019 (running total) to prevent causing harm to the interests of NPFs and their creditors, the Agency filed the lawsuits totaling 43.5 billion rubles (of which in 2019 – 6.5 billion rubles), claims satisfied – totaling 36.2 billion rubles. As of the end of the reporting period

Figure 27. Dynamics of cash proceeds (billion rubles)

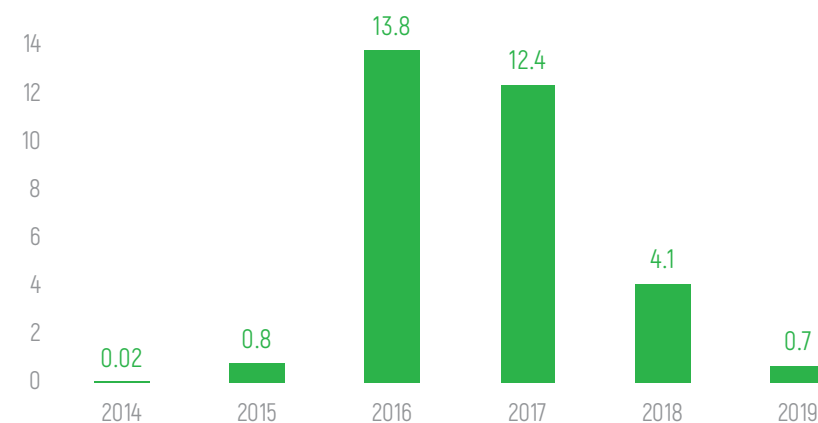


Figure 28. Structure of cash proceeds in 2019

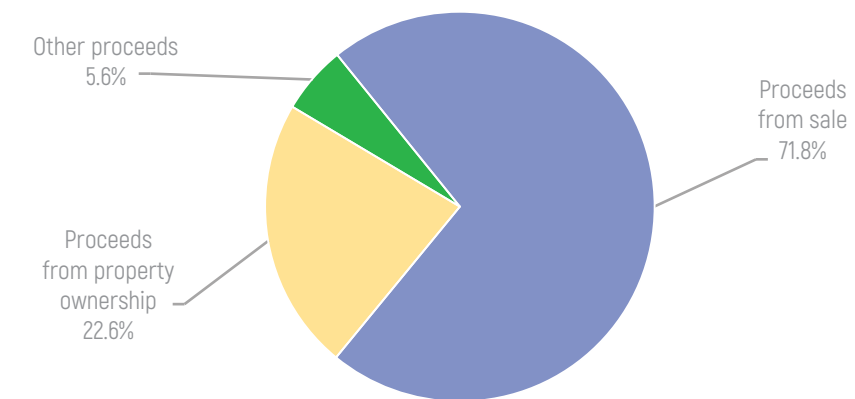
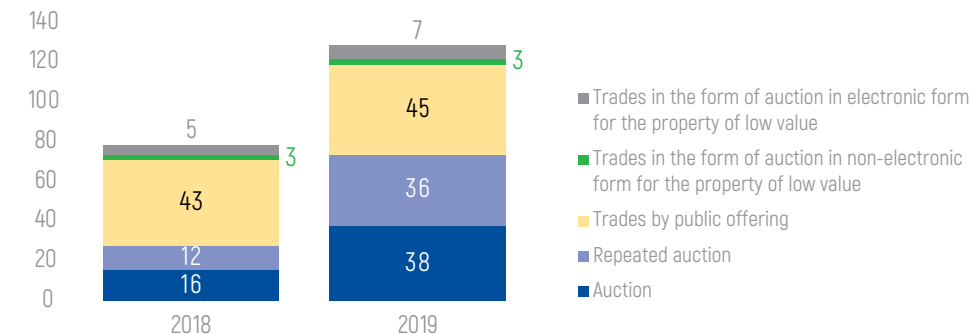


Figure 29. Number of trades in NPF property



the arbitrations courts and the courts of law considered the lawsuits of the Agency to collect the debt for the amount of 2.9 billion rubles; claims not satisfied, dismissed, and under the cases with proceedings terminated, – for the amount of 4.3 billion rubles.

A separate line of activity of the Agency to meet the legal interests of NPFs' creditors is the work with management companies which had more than 90% of NPFs' property in trust management. As of December 31, 2019 the Agency mostly completed the measures aimed at the return by the management companies of the property on voluntary basis. There was active work for collecting in a compulsory manner of debt from the management companies which acted with violation of principles of integrity in respect of the NPFs being liquidated.

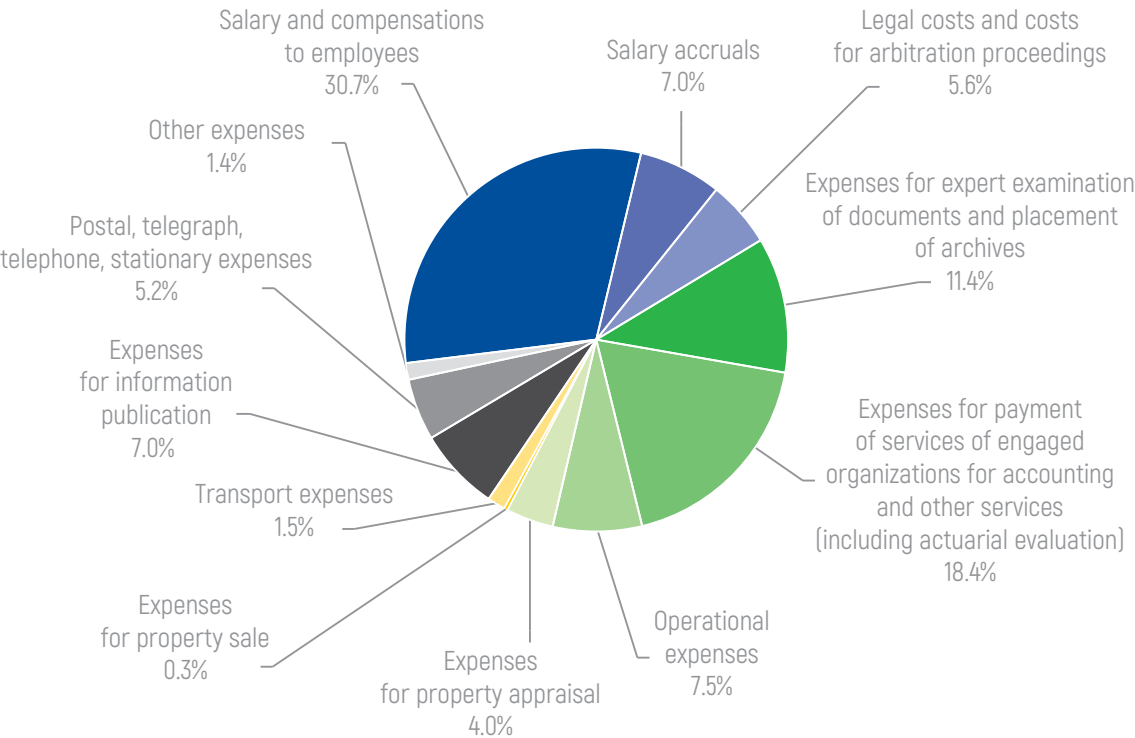
During the period of liquidation proceedings the arbitration courts satisfied the lawsuits of the Agency to collect debt from the management companies under which trust management the assets of the liquidated NPFs were totaling 5.8 billion rubles, of which in 2019 – 5 lawsuits for the amount of 1.1 billion rubles. 6 enforcement proceedings were initiated, of which 5 were terminated due to impossibility of collection.

The Agency brought lawsuits totaling 13.1 billion rubles against the failed management companies (CJSC MC Pallada Asset Management and CJSC MC Investment Standard). The said lawsuits against the management companies were included into the property of 11 liquidated NPFs.

Expenses for liquidation proceedings in relation to the NPFs in the reporting period amounted to 37.5 million rubles, of which the main volume (30.7% or 11.5 million rubles) fell on payment of salary and compensations to former employees, 18.4% were the expenses for payment for the services of engaged organizations responsible for accounting support of insolvency (liquidation) proceedings and other services (including actuarial appraisal), 11.4% – expenses for expert examination of documents and archives, 7.5% – operational expenses.

In addition, due to insufficiency of funds of liquidated NPFs to pay the current expenses, the Agency also prepaid them at the expenses of own resources of the Agency. In the reporting period the Agency prepaid expenses for the amount of 54.9 million rubles and recovered 13.6 million rubles.

Figure 30. Structure of current expenses for liquidation of NPF in 2019



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

As of December 31, 2019, 26 cases seeking to contest dubious transactions of liquidated NPFs were considered in arbitration courts, with 5 cases based on the lawsuits filed in 2019. 5 lawsuits were dismissed.

In the reporting period there were inspections to investigate the circumstances of bankruptcy of 4 NPFs (JSC NPF ZERICH, JSC NPF "Metallurgov", JSC NPF MECHEL-FUND, JSC NPF "Novy Vek OPS").

3.9 million rubles were recovered to the bankruptcy estates of liquidated NPFs as the result of contesting dubious transactions by the Agency in the reporting period.

Lawsuits to bring the former executives of NPF "PNPF Garant-Prof" (in the amount of 32.6 million rubles), NPF "Pravo" (in the amount of 199.9 million rubles), JSC NPF "Novy Vek OPS" (in the amount of 479.29 million rubles) to subsidiary liability were sent to the courts.

Lawsuit of the Agency to bring to subsidiary liability were satisfied in respect of the executives of NPF "PNPF Garant-Prof" for the amount of 32.6 million rubles.

The claims to bring the executives of NPF "Semeyny" to subsidiary liability in the amount of 157.9 million rubles were dismissed.

7 applications were sent to the law-enforcement authorities including: 5 – based on the evidences of deliberate bankruptcy; 2 – based on the evidences of theft of property of the funds.

One criminal case based on the fact of property misappropriation was initiated in the reporting period (NPF "Pravo").

The courts have made no verdicts.

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

In the reporting period the arbitration courts declared bankruptcy of 7 NPFs that passed forced liquidation proceedings earlier – insolvency proceedings were commenced in respect of them. 81 creditor's claims totaling 3.4 million rubles were brought against the said NPFs, including 6 claims for 0.01 million rubles brought after the date of closing the registers of filed creditors' claims.

As of December 31, 2019 a total of 2,160,350 creditors' claims for the total amount of 69.12 billion rubles were included into the registers of creditors' claims. (including creditors' claims subject to satisfaction at the expense of pension savings, – for the amount of 60.14 billion rubles, at the expense of pension reserves – for the amount of 8.68 billion rubles, at the expense of bankruptcy estate – for the amount of 292.88 million rubles).

As of the reporting date, on the basis of arbitration awards, 24 creditor claims totaling 3.68 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, 2019 the total amount of established claims of the Bank of Russia being the largest creditors of the liquidated NPFs amounted to 66.86 billion rubles.<sup>9</sup>

As a result of insufficiency of pension savings and pension reserves and due to the absence of additional sources of their formation, decisions were made in respect of 2 NPFs to transfer the unsatisfied claims of creditors from the claims subject to satisfaction at the expense of pension savings and pension reserves to the creditors' claims subject to satisfaction at the expense of the NPFs' bankruptcy estates.

In the reporting period claims of 11 legal entities totaling 0.4 million rubles were excluded from the registers of creditors' claims under determinations of arbitrations courts in connection with their exclusion from the Unified State Register of Legal Entities.

<sup>9</sup> Including claims for the amount of 22.97 billion rubles satisfied in the course of terminated NPF forced liquidation proceedings.



As of December 31, 2019 settlements on creditors' claims in the amount of 30.4 billion rubles were completed (running total). In the reporting period 778.76 million rubles were allocated towards settlements with 123.7 thousand creditors of 30 NPFs.<sup>10</sup>

As of December 31, 2019 27.57 billion rubles were allocated towards settlements with creditors at the expense of pension savings, in 5 NPFs (NPF "Tikhy Don", NPF "PNPF Garant-Prof", PJSC Siberian Capital, OJSC NPF "Blagodenstvie", JSC NPF "Uchastie") the creditors' claims subject to satisfaction at the expense of pension savings were satisfied in full.

As of December 31, 2019 (running total) 26,352.15 million rubles were allocated towards settlements with the Bank of Russia making 39.4% of the aggregate amount of its established claims. Claims of the Bank of Russia in respect of 8 NPFs (NPF "Tikhy Don", NPF "PNPF Garant-Prof", PJSC Siberian Capital, OJSC NPF "Blagodenstvie", JSC NPF "Uchastie", JSC NPF TPP-fund, JSC NPF "Mosenergo OPS", JSC NPF "Erel") were satisfied in full, in respect of other 11 NPFs claims of the Bank of Russia were satisfied by more than 50%.

In the reporting period 441.64 million rubles were allocated towards settlements with creditors at the expense of pension savings, including 429.07 million rubles – for settlements with the first priority creditors (including the Bank of Russia – 305.06 million rubles), 12.57 million rubles – for settlements with the second priority creditors.

In the reporting period in 3 liquidated NPFs (PJSC Siberian Capital, JSC NPF "Mosenergo OPS", JSC NPF "Erel") claims of insured persons and successors of the deceased insured persons were satisfied by transfer of cash in the amount of 124.01 million rubles to PFR in respect of 63,322 insured persons.

In order to satisfy creditors' claims for payment of life non-government pensions in 2019 the pension reserves and bankruptcy estate were transferred to financially stable NPFs in the amount exceeding 54.8 million rubles in respect of 10,920 participants of 6 NPFs (NPF "Rodnik", NPF "PNPF Garant-Prof", JSC NPF "Blagovest", JSC NPF MECHHEL-FUND, JSC NPF TPP-fund, NPF Transstroy).

The fourth stage of transfer was completed in 2019 in respect of NPF Transstroy at the expense of its bankruptcy estate funds which became the final one before completion of the insolvency proceedings. In respect of the other 5 NPFs the Agency will continue to take 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, 2019 (running total) settlements in the amount of 2.82 billion rubles were completed at the expense of pension reserves. As at the reporting date, in all commenced payouts to creditors 3.06 billion rubles have been allocated at the expense of pension reserves.

Following settlements completed in 2019, creditors' claims in the amount of 730.63 million rubles were satisfied at the expense of pension reserves, including 54.88 million rubles transferred to other NPFs to satisfy claims of first priority creditors, 671.2 million rubles allocated towards satisfaction

<sup>10</sup> Taking into account return of accumulated pension savings from PFR in the current period for the previous period in the amount of 0.06 million rubles.

Figure 31. Satisfaction of creditors claims from person reserves under completed settlements (running total) (million rubles)

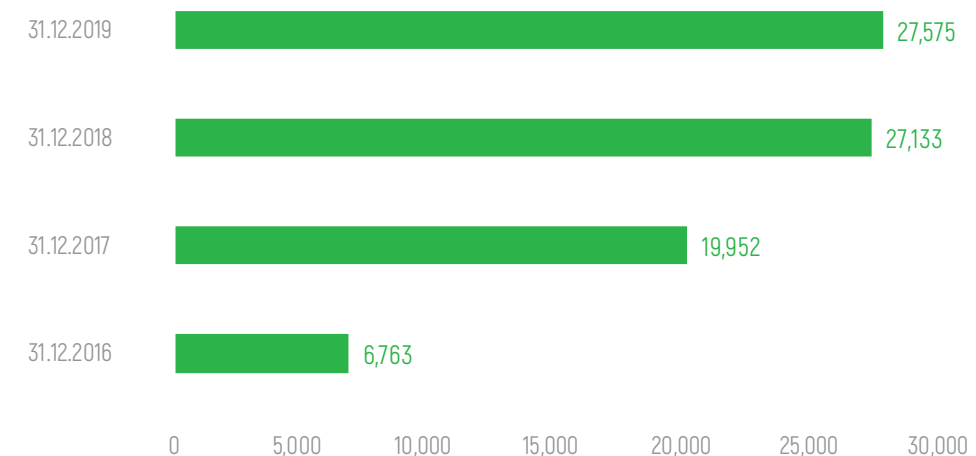
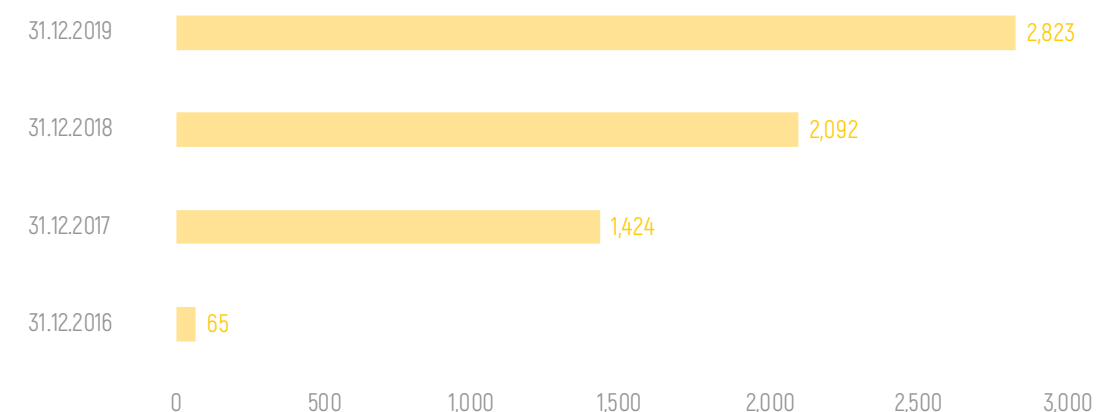


Figure 32. Satisfaction of creditors claims from person savings (running total) (million rubles)



of claims of second priority creditors, 4.51 million rubles – for third priority creditors, 0.01 million rubles – for fourth priority creditors, 0.03 million rubles – for fifth priority creditors. Repurchase amounts of 3.6 thousand creditors were transferred to other NPFs as pension contributions under new non-government pension support contracts.

In the reporting period 336.95 million rubles from pension reserves were allocated towards settlements with creditors.

As of the reporting date claims of creditors subject to satisfaction at the expense of pension reserves were satisfied in full in 5 NPFs (NPF Industrial, NPF Zerich, JSC NPF Adekta-Pensia, OJSC NPF "First Russian Pension Fund", NPF "Tikhy Don"). In other NPFs creditors' claims at the expense of pension reserves were satisfied by 24.25% in the average.

In the reporting period settlements were made with more than 60 thousand creditors of 21 NPFs whose claims are subject to satisfaction at the expense of pension reserves, of which settlements were extended to 2020 in respect of 9 NPFs. The claims of 9,082 creditors were satisfied by transfer of unclaimed amounts of claims into the notaries' deposits.

In the reporting period settlements were made with creditors at the expense of bankruptcy estates under the claims not satisfied at the expense of pension savings and pension reserves in the amount of 0.24 million rubles. As of December 31, 2019 (running total) the amount of satisfaction of claims at the expense of the NPFs bankruptcy estates amounted to 6.71 million rubles.

The total amount of established claims of creditors of 4 NPFs where the liquidation proceedings were completed in 2019 was 724.35 million rubles, the amount of satisfied claims was 51.65 million rubles.

Claims of the creditors subject to satisfaction at the expense of pension savings were in the average satisfied by 3.7%, at the expense of pension reserves – by 9.1%.

Throughout the history of the Agency insolvency proceedings were completed in respect of 5 NPFs. The total amount of established creditors' claims was 776.14 million rubles, satisfied claims of the creditors – 103.44 million rubles, creditors' claims subject to satisfaction at the expense of pension savings were in the average satisfied by 4%, at the expense of pension reserves – by 17.3%.

Creditors' claims were satisfied in full in NPF "Podolsk Non-Government Pension Fund". In NPF "Semeyny" creditors' claims subject to satisfaction at the expense of pension savings were also met in full.

In the reporting period 7 meetings of creditors of liquidated NPFs were convened, 5 of them were held invalid due to the absence of quorum (including 4 invalid meetings of creditors of JSC NPF "TPP fund").

Creditors were present at the meetings holding 58.9% of the total number of votes.

In addition, one meeting of employees and former employees of a liquidated NPF was convened where a representative of the NPF's employees was elected.

As of December 31, 2019, 28 creditor committees were operational, which had full powers in compliance with the legislation of the Russian Federation.

In the reporting period, 287 meeting of creditor committees were held in which 489 issues were considered. Decisions proposed by the insolvency administrator (liquidator) were supported on most issues (91.82%).

Figure 33. Satisfaction of creditors claims from bankruptcy estate  
(running total) (million rubles)

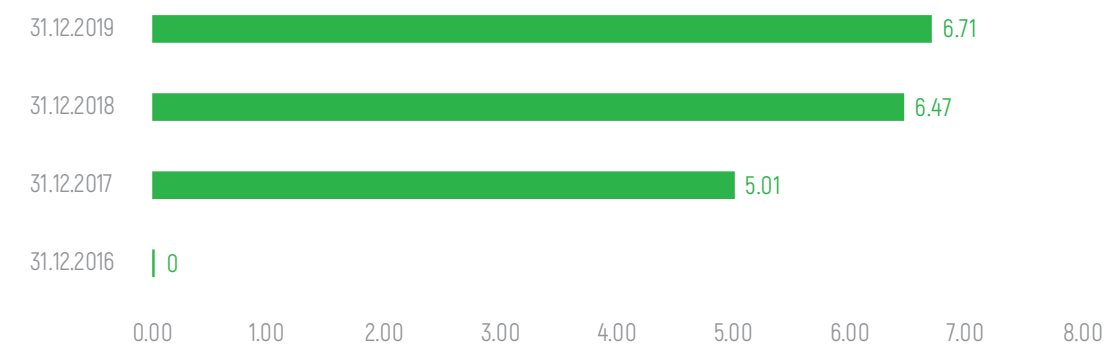
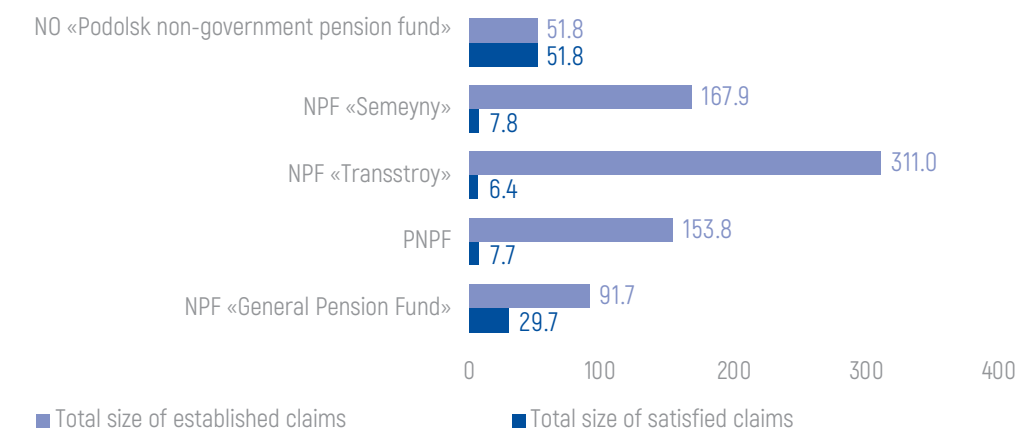


Figure 34. Satisfaction of creditors claims of NPF where receivership procedures were completed  
(running total) (million rubles)



## 6. The Agency's Operations to Manage Insolvency Proceedings in Insurance Organizations

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## 6.1. Liquidation Management

As of December 31, 2019, the Agency was acting as the insolvency administrator in 28 insurance organizations. In the reporting year the Agency was appointed as the insolvency administrator of 9 insurance organizations which corresponds to the similar indicators of past years (figure 35).

Insurance organizations in respect of which the Agency exercised the powers of the insolvency administrator are located in 7 federal districts. Most of them (54%) are located in the Central Federal District.

In 2019 the Agency employees participated in the work of 16 temporary administrations managing failed insurance organizations (IC Accept LLC, IC Angara LLC, IJSC Kristall, JSC IC Opora, Regional Insurance Center LLC, JSC IC Sibirsky Spas, IC Trudstrakh LLC, Central Insurance Company LLC, JSC Insurance Company YAKOR, IC RESPECT LLC, JSC NASCO, PSA LLC, KRK-Insurance LLC, IC SERVICERESERVE LLC, JSC IC Sterkh, IC Orbita LLC).

Within the framework of insolvency proceedings the Agency accepted documentation and property from temporary administrations managing the insurance organizations, the Bank of Russia and official insolvency practitioners; assured formation of the registers of filed 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.

In 2019 the Agency promptly and fully informed the creditors and other stakeholders on their rights and on the progress in the liquidation proceedings: 668 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.

Figure 35. Number of insurance organizations liquidated by the Agency (running total)

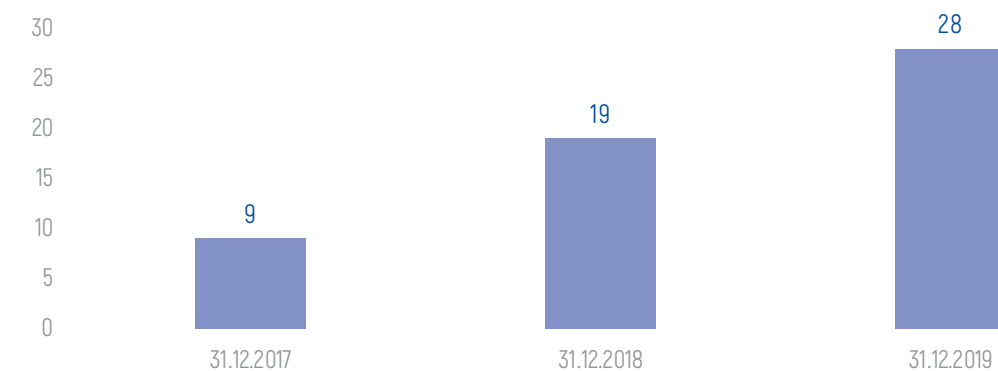
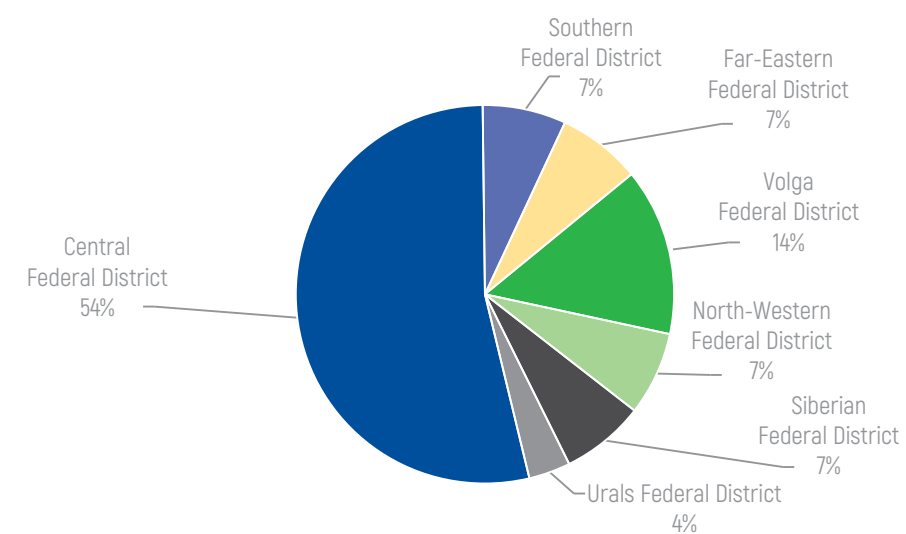


Figure 36. Insurance organizations under receivership broken down by federal districts of the Russian Federation



## 6.2. Formation of Funds for Settlements with Creditors

As of the date of commencement of liquidation proceedings the aggregate book value of assets of liquidated insurance organizations was 35.5 billion rubles with the main share (57%) falling on receivables.

The main characteristics of the property position of liquidated insurance organizations throughout the history of the Agency as a corporate insolvency administrator of the insurance organizations is poor quality of their assets: inventory resulted in including 78% into shortage, while shortage under "receivables" balance sheet item exceeds 90% and under "stock" item – 80%.

In 2019 the Agency completed inventory taking in 11 insurance organizations (IC DIAMANT LLC, JSC KSA-KLUWER, KLUWER LLC, Regional Insurance Center LLC, IC Accept LLC, JSC Insurance Company YAKOR, JSC IC Opora, IC Angara LLC, IC Trudstrakh LLC, JSC NASCO, JSC IC Sibirsky Spas).

The fair value of assets of the said liquidated insurance organization amounts to 26% (4.57 billion rubles) of the aggregate book value of their assets. The main share of available assets is the investments into fixed assets (37%), receivables of legal entities and individuals (24%). Cash on accounts with credit institutions and financial investments accounts for 39%.

The aggregate proceeds to the bankruptcy estate of liquidated insurance organizations throughout the history of the Agency amounted to 966.75 million rubles.

In the reporting period the proceeds amounted to 580.34 million rubles, including: cash transferred from the settlement accounts of insurance organizations due to their closure – 355.60 million rubles; proceeds from property sale – 117.19 million rubles; cash received from redemption of receivables – 84.85 million rubles; other proceeds – 22.70 million rubles.

In 2019 the Agency sold the property of 12 insurance organizations: Antal-Insurance LLC, IG ASCO LLC, ESTER LLC, IC DALAKFES LLC, IC Diamant LLC, JSC JSIC Investstrakh, IC Moskovia LLC, JSC IC Podmoskovie, JSC IC Med-Garant, MIC STRAZH LLC, PJSC IC KHOSKA, JSC Yuzhuralzhaso.

Figure 37. Comparison of book value of assets of insurance organizations and assets proven by inventory taking in 2019 (billion rubles)

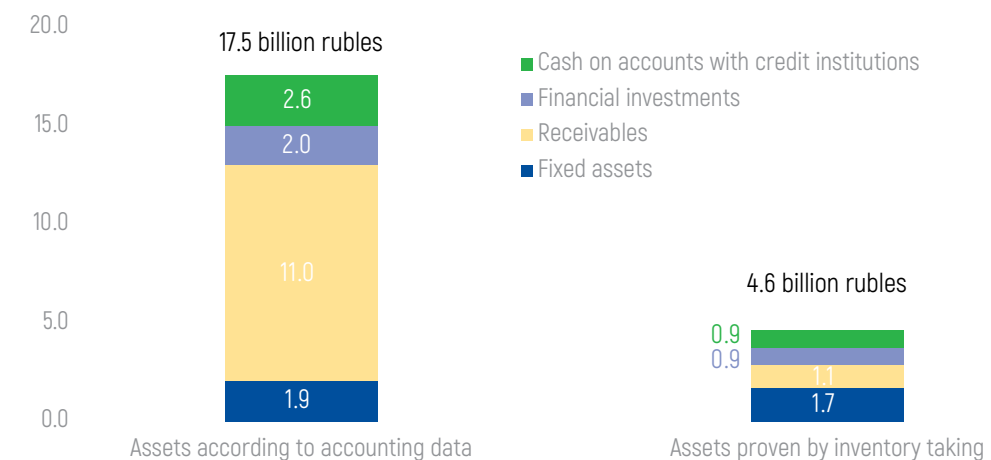


Figure 38. Cash proceeds to the bankruptcy estate of insurance organizations (running total) (million rubles)

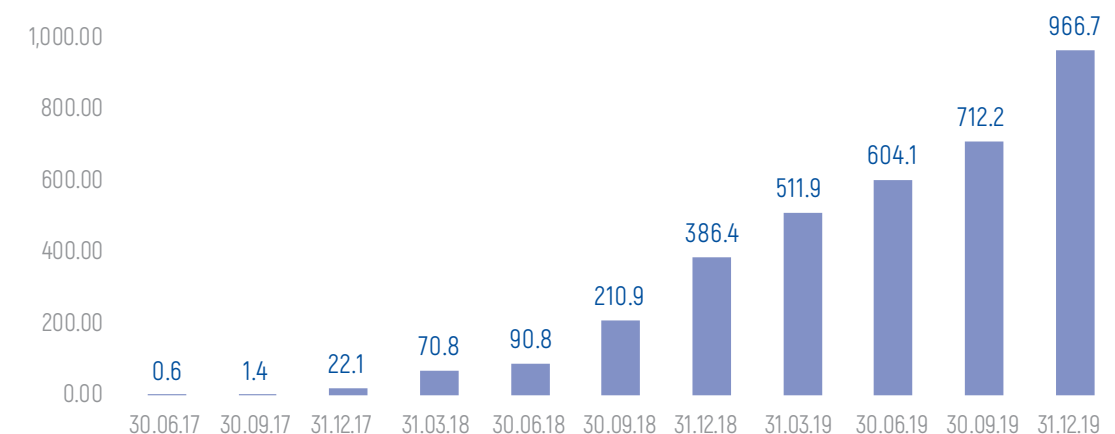
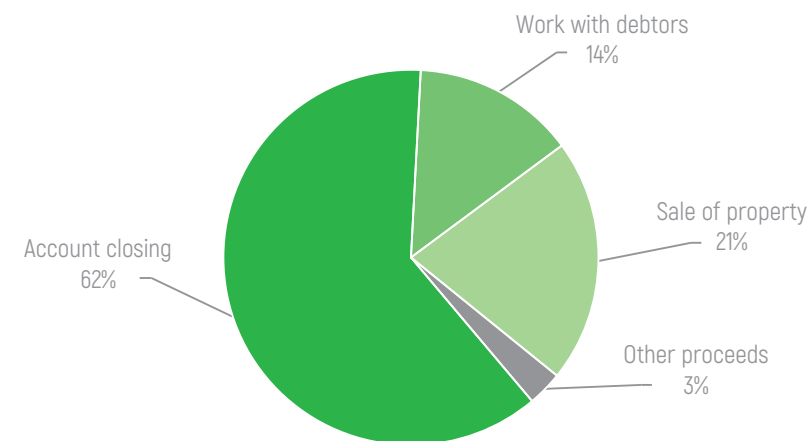


Figure 39. Cash proceeds to the bankruptcy estate of insurance organizations in 2019 broken down by sources



The aggregate book value of the property of insurance organizations put on trades amounted to 262 million rubles.

During 2019 there were 20 electronic trades in the form of auctions and 4 trades in the form of the public offerings and 10 trades in the property with the book value less than 100 thousand rubles. Proceeds from the said measures amounted to 94.3 million rubles, their main volume (90%) is formed at the result of sale of real estate.

Figure 40. Cash proceeds to the bankruptcy estate broken down by methods of assets sale (million rubles)

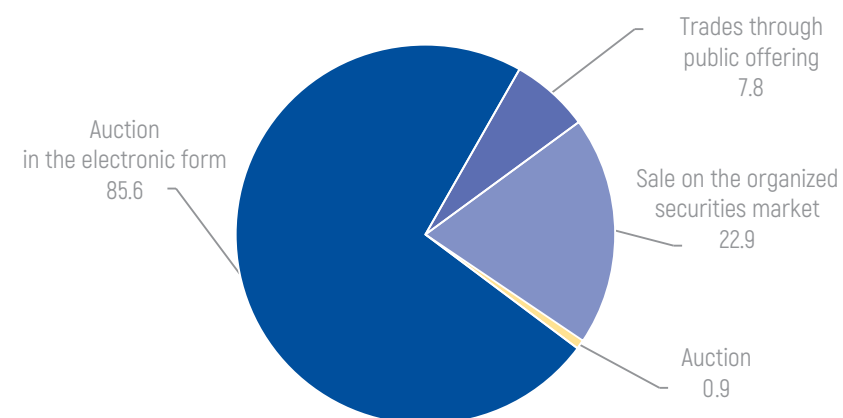
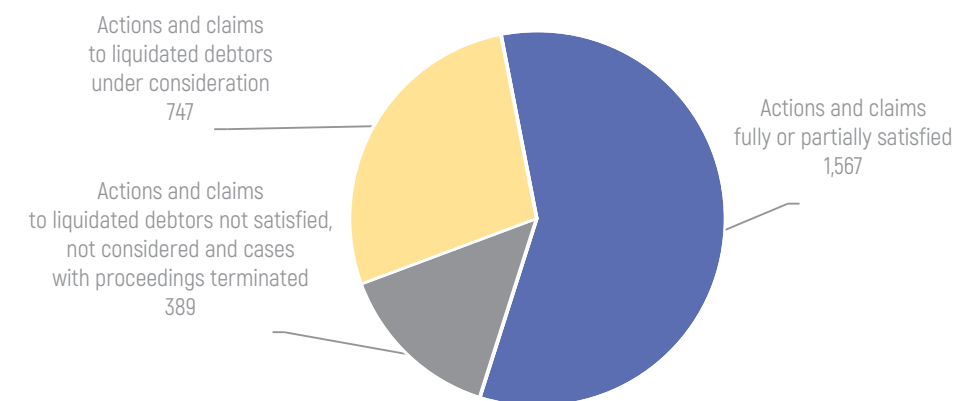


Figure 41. Indicators of claim handling and judicial work in respect of liquidated insurance organizations (running total)

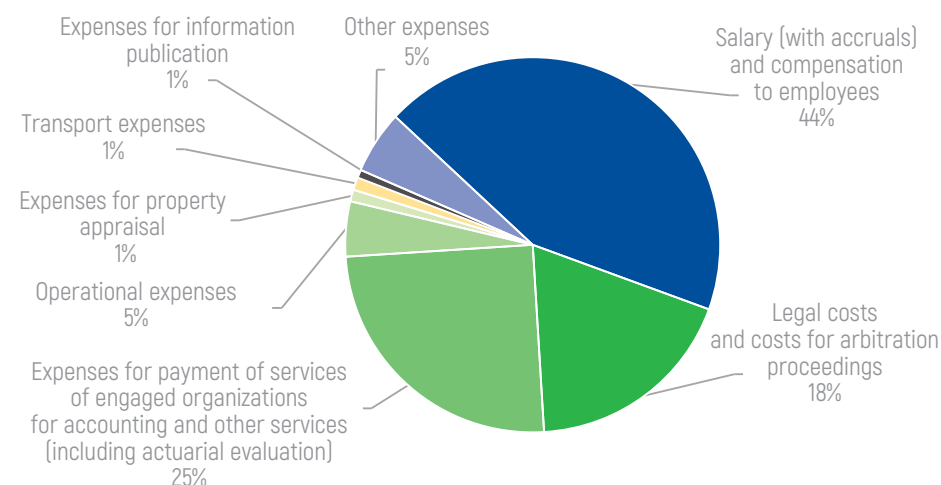


Proceeds from sale of securities of the Russian issuers and governmental bonds on the organized market amounted to 22.9 million rubles.

In 2019 the Agency carried out claim-related work to collect debt to the liquidated insurance organizations. As of December 31, 2019 2,703 claims totaling 7.8 billion rubles were submitted to arbitration courts and courts of law (running total). 1,567 claims of the Agency totaling 2.6 billion rubles were satisfied, 389 claims totaling 1.5 billion rubles were dismissed, 747 claims for the amount of 3.7 billion rubles were under consideration by the courts as of the end of the reporting period. The aggregate volume of proceeds from the claim handling work of the Agency for the whole period of liquidation proceedings was 0.05 billion rubles.

Expenses on liquidation proceedings in insurance organizations in the reporting year amounted to 0.35 billion rubles, of which 44% fell on payment of salary (with accruals) and compensations to former employees, 25% were the expenses for payment for the services of engaged organizations (including those responsible for accounting support of insolvency proceedings), 18% – legal costs and expenses for arbitration proceedings connected with the activity of the financial organizations.

Figure 42. Structure of current expenses on liquidation of insurance organizations in 2019



Besides this, due to the insufficiency of funds of liquidated insurance organization to pay the current expenses, the Agency in 2019 also prepaid them from its own resources. In the reporting period the Agency prepaid expenses for the amount of 0.47 billion rubles and recovered 0.13 billion rubles.

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

In the reporting year, inspections to identify dubious transactions were performed in 12 insurance organizations: IC Dalakfes LLC, PJSC IC KHOSKA, IC Diamant LLC, Regional Insurance Center LLC, KLUWER LLC, JSC KSA-KLUWER, IC Accept LLC, JSC Insurance Company YAKOR, JSC IC Opora, IC Angara LLC, IC Trudstrakh LLC, JSC IC Sibirsky Spas. In 11 of them (except for KLUWER LLC) dubious transactions were identified and measures to challenge them were taken.

In 2019, 217 lawsuits seeking to contest dubious transactions of liquidated insurance organizations were considered in arbitration courts, with 99 cases based on the claims filed in 2019. In the reporting period the claims of the Agency under 56 statements were satisfied, 29 lawsuits were dismissed.

1.2 million rubles were received to the bankruptcy estates of liquidated insurance organizations as the result of contesting dubious transactions by the Agency in 2019.

In the reporting period there were inspections to detect the circumstances of bankruptcy of 5 insurance organizations (IC Vysota LLC, IC Gala LLC, IC Univers-Garant LLC, ESTER LLC, IC Vector LLC).

Claims to bring the former executives of IC Vysota LLC (for the amount of 95 million rubles), IC Univers-Garant LLC (for the amount of 560 million rubles), ESTER LLC (for the amount of 252 million rubles) and IC VECTOR LLC (for the amount of 229 million rubles) to subsidiary liability were submitted to the court. Application for collection of losses in the amount of 33 million rubles from the controlling persons of IC Gala LLC was also sent.

Claims of the Agency to bring to subsidiary liability were satisfied in respect of the executives of IC Univers-Garant LLC for the amount of 560 million rubles. (has not come into legal force).



18 applications to the law-enforcement authorities were sent, including: 15 – based on the evidences of misappropriation of property and abuse of authority exercised by top-managers and employees of the insurance organizations; two – evidences of deliberate bankruptcy; one – evidences of fraud in the sphere of insurance committed by the insurer.

In the reporting period 7 criminal cases were initiated, including: 5 – based on the evidences of misappropriation of property; 1 – evidences of deliberate bankruptcy; 1 – attempted fraud in the sphere of insurance.

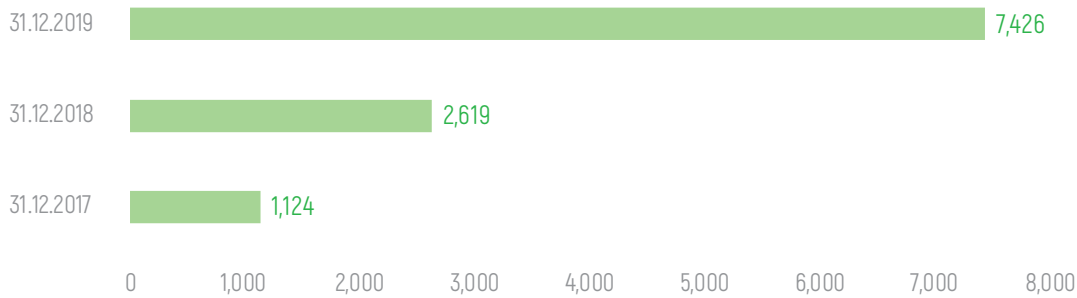
The guilty verdict was made under a criminal case in respect of the person not being an employee of the insurance organization based on the evidence of misappropriation of its property (JSC YUZHURALZHASO).

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

As of December 31, 2019 (running total) in the course of insolvency proceedings 50,406 claims to insurance organizations totaling 15 billion rubles were filed, including 4,076 claims totaling 1.7 billion rubles filed after the date of the closure of registers of filed creditors' claims.

36,309 claims of creditors totaling 7.1 billion rubles were established, including 87 claims of professional unions totaling 4.4 billion rubles. On the basis of arbitration awards, 1,744 claims totaling 0.3 billion rubles were held justified and are to be satisfied after satisfaction of claims of the creditors included into the register of creditors' claims.

Figure 43. Dynamics of establishment of creditors' claims to insurance organizations (running total, million rubles)



As of December 31, 2019 objections of the insolvency administrator in respect of 10,974 claim of creditors of insurance organizations totaling 6.33 billion rubles were subject to consideration by the arbitration courts.

Claims of the professional unions of insurers<sup>11</sup>, including the Russian Association of Motor Insurers, National Union of Liability Insurers, National Association of Agricultural Insurers and All-Russian Union of Insurers were filed in respect of 22 insurance organizations for the total amount of 8.2 billion rubles.

As of December 31, 2019 the professional unions of insurers (the Russian Association of Motor Insurers, the National Union of Liability Insurers) provided for inspection the registers containing more than 66 thousand entries on compensation payments made and documents proving that the payments

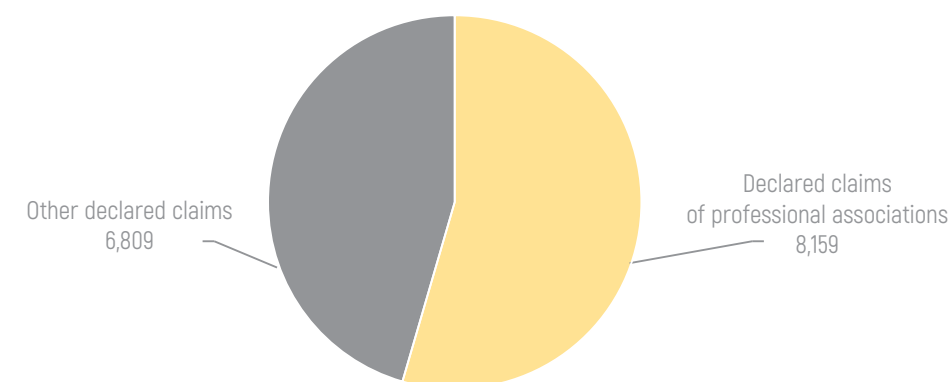
In 2019 22 meetings of creditors of 11 liquidated insurance organizations were convened. 13 meetings were held where 72 creditors holding 80% of the total number of votes of the creditors included into the register of creditors' claims participated.

As of December 31, 2019 16 creditor committees existed with powers 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, 120 meeting of creditor committees were held in which 237 issues were considered. Positive decisions proposed by the insolvency administrator (liquidator) were supported on most issues (59.07%).

In 2019 5.9 thousand of requests of citizens and organizations on the issues connected with bankruptcy of insurance organizations were considered and responded to.

**Figure 44. Claims of professional associations in the total volume of declared claims  
(million rubles)**



made are justified. Calculation of amounts to be used for compensation payments after the closure of registers of filed creditors' claims was carried out for 2,124 thousand insurance contracts.

In 2019 settlements with creditors of insurance organizations (Antal-Insurance LLC and IC Accept LLC) were commenced. As of December 31, 2019 the claims of 162 creditors totaling 24.21 million rubles were satisfied.

<sup>11</sup> For the purpose of participation in the bankruptcy proceedings of insurance organizations the profession union of insurers is recognized as having the right of claim to the insurance organization within the limits of the amounts of compensation payments made before the date of closure of registers of declared creditors' claims and the amounts to make compensation payments after closure of registers of declared creditors' claims.

## 7. Measures to Increase Bank Capitalization

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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.

From the beginning 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. During the period, 11 banks terminated their participation in the program of capitalization increase due to the following circumstances: transfer to the Treasury of the Russian Federation of preferred shares of the banks purchased by the Agency through payment for these shares by federal loan bonds; reorganization of banks through merger with other banks in respect of which the Agency took measures to increase capitalization; termination of claims of the Agency under the subordinated loan agreements on the grounds stipulated by Article 25.1 of Federal Law dated December 2, 1990 No. 395-1 "On Bank and Banking"; 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, 2019 as part of measures to increase capitalization of banks federal loan bonds for the amount 628,582.75 million rubles were placed, including 2,219.62 million rubles provided to the banks whose banking licenses were revoked in 2017 and 2018<sup>12</sup>.

Banks participating in taking measures to increase capitalization assumed the obligations in compliance with the agreements concluded with the Agency.

In 2019 the term (3 years from the moment of receipt of federal loan bonds by the banks from the Agency) for complying with the obligations to increase lending to priority industries by at least 1 percent per month in the average and the obligation to limit labor payment for the bank employees expired.

The Agency was monitoring compliance of the banks with the assumed obligations. During the period when the obligations to increase the volumes of lending were in force, the total amount of loans provided by the banks and investments into the bonds of enterprises from priority industries increased by 3,059 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 total amount of 1,431.29 million rubles were submitted, of which in 2019 – 205.82 million rubles. Fines received from the banks were transferred by the Agency to the federal budget of the Russian Federation.

<sup>12</sup> Claims to return these funds will be satisfied in compliance with Article 189.95 of the Law on Bankruptcy after satisfaction of claims of other creditors of these banks.

## 8. Facilitation of the Agency's Main Functions

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## 8.1. Corporate Governance

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

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In 2019, 5 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 changes of the organizational structure of the Agency and personal composition of the Management Board of the Agency, on reforming the internal control system, on adequacy of MDIF resources, on investment of temporary idle funds of the Agency, on measures aimed at prevention of bank bankruptcies and using funds of the property contribution of the Russian Federation into the property of the Agency to implement bank bankruptcy prevention measures, on implementation of measures for work with the assets acquired by the Agency when taking measures to prevent bank bankruptcy, on key performance indicators of the Agency, on deposit market development trends and issues related to the 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, Nomination and Compensation Committee of the Board of Directors of the Agency and Audit Committee of the Board of Directors of the Agency.

Decisions of the Board of Directors were implemented by the Management Board of the Agency. 118 meetings of the Management Board were held which considered 877 issues related to core and operational activities of the Agency.

In 2019 the Management Board of the Agency approved 34 internal regulations (including new versions) and amended 102 internal regulatory documents.

The workflow of the Agency in 2019 was 194.7 thousand units. The aggregate workflow of the Agency and liquidated credit institutions was 1,646.1 thousand units.

### Social Responsibility of the Agency

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

Continuous and uninterrupted functioning of DIS and PSGS, management of liquidation proceedings in insolvent financial institutions, implementation of measures to prevent bankruptcy of socially and economically important banks contributed to maintaining stability of the financial and banking system.

The Agency facilitated prompt access to the insured deposits for several hundreds of thousands of depositors of the banks that failed in 2019 which allowed to protect their personal and family savings, income from individual entrepreneurship, to minimize the risks of breach of own financial liabilities in connection with termination of operations of the banks, not permit decrease in the level of population trust in the banking system.

Commencement of insurance coverage of deposits of small businesses provided most of them with protection from financial difficulties in case of revocation of licenses from the banks through which they made settlements and where they held deposits. This allowed to prevent decrease of the level of employment and income of employees of more than 5 thousand of small businesses which claimed for indemnity in insured events that occurred during the reporting year.

Participation of the Agency in measures for increasing capitalization of banks contributed to the growth of lending by the banks to real economy enterprises for the purposes of stable economic development of the country. The total amount of funds provided by the banks to the enterprises from priority industries exceeded the amount of federal bonds received by them 3.7 times.

Performance by the Agency of functions of the insolvency administrator of failed banks, NPFs and insurance organizations not only satisfied the claims of the creditors but also contributed to returning to the economy of assets withdrawn from turnover as the result of bankruptcy of financial institutions. Assets sold in the course of liquidation proceedings in many cases became the basis for creation of a new business which provided for attraction of private investments into the economy of a certain region, creation of new jobs and increase of tax proceeds to the budgets of all levels.

In the reporting year the Agency developed mechanisms of insurance of deposits of socially-focused non-commercial organizations and non-commercial associations of citizens and improved the level of protection of temporary high balances of funds on the accounts of citizens resulting from socially important events in their lives (purchase of real estate, inheritance, social payments, etc.). The respective bill passed its first first reading in the State Duma of the Federal Assembly of the Russian Federation at the end of 2019.

The Agency paid much attention to the strengthening of cooperation

with public authorities in the sphere of social and economic development of regions of the Russian Federation. The Agency concluded the cooperation agreement with the Government of the Kaluga Region in 2019. Projects were implemented together with the public authorities of the Republic of Tatarstan, Perm Territory, Moscow, Pskov, Tver and some other regions.

## 8.2. 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 identify 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 acceptable 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 managing the identified risks. Management strategies were developed for all identified risks as well as the measures to prevent risks, and implementation status monitoring procedures were introduced.

In 2019 work on updating the internal regulations on risk management process 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 the reporting year in compliance with the practice of the Bank of Russia and the best international standards of risk management, the key indicators of risks of activity of structural divisions which perform the core functions of the Agency were set.

The key indicators of risks of the structural divisions are a new risk management tool within the risk management system of the Agency and are designed to ensure early warning on changes in the level of risks of the Agency as a whole and evaluation of effectiveness of measures applied to respond to its risks.

In 2019 the list of risks in subsidiaries and affiliates of the Agency was updated and monitoring of actions to prevent them was carried out.



Within the framework of development of the risk management culture of the Agency information and training events were held with participation of representatives of all structural divisions of the Agency performing the functions of risk controllers.

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

## 8.3. 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 that performs the function of control by the Board of Directors over the Agency's operation. General management of the Service is performed by the Agency's Board of Directors, day-to-day management — by the Agency's Director General. The current terms of reference of the Service were approved by the Board of Directors of the Agency.

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In pursuance of the order of the Board of Directors of the Agency measures to optimize, develop and improve the quality of internal audit were taken in the Agency during the reporting period. Amendments were introduced into the Regulations on the Service. The Audit Committee of the Board of Directors of the Agency was formed to preliminary consider the respective issues.

The management of the Agency was informed on the results of internal audit of business processes and lines of activity of the Agency followed by response measures aimed at achievement of strategic objectives and priority tasks of the Agency.

The internal control and risk management systems corresponded to the nature and scale of the functions and operations performed by the Agency in the reporting period.

The Service ensured interaction with Financial and Accounting Advisors LLC, the auditor of financial statements of the Agency for 2019 (Section II hereof).

## 8.4. Human Relations

Human resources were 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 including recruitment, personnel adaptation, training, professional development, HR records keeping, salary and social benefits management and incentive programs of professional and personal development was further improved.

As of the end of the reporting period the Agency's structure included 20 departments, 2 divisions within the Administration Department, the Internal Audit Service and 4 representative offices in the federal districts.

The Agency's staff as of December 31, 2019 was 1,228 employees.

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 2019, 189 employees were hired. The average age of employees of the Agency as of the end of the reporting period was 40.8 years.

As of the end of 2019, 95% of the Agency's employees had higher education, including higher economic education (51.5%) and higher legal

Figure 45. Employees with higher education

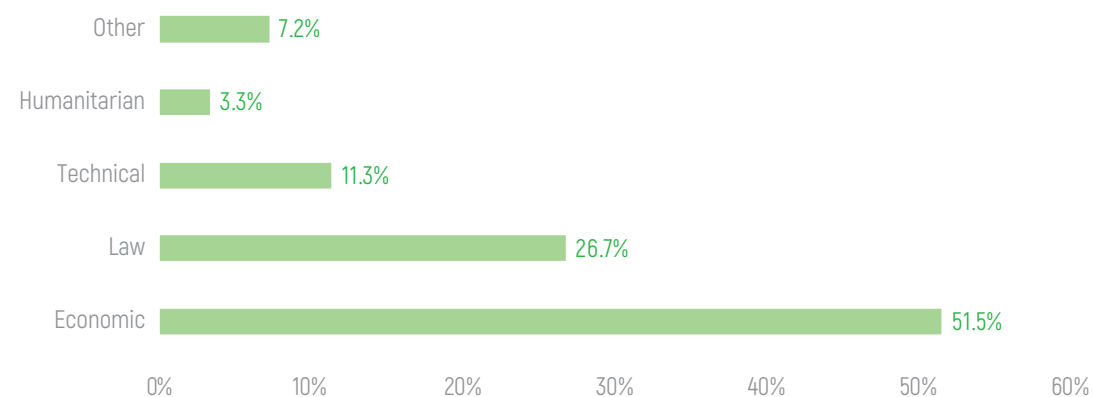
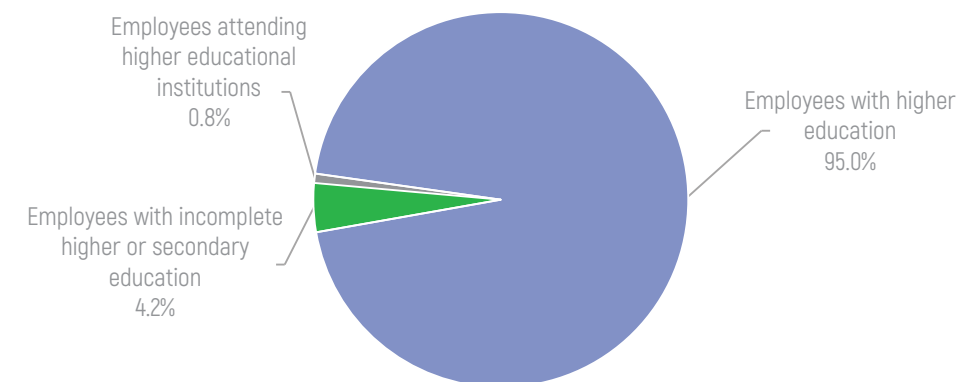


Figure 46. Educational structure of employees of the Agency



education (26.7%) (Figures 45 and 46). 3.5% of the Agency's employees had academic degrees (43 PhDs), 15.2% had two higher educations.

3 employees of the Agency were in the federal reserve of executive personnel in 2019.

An integral part of the Agency's HR policy is professional development of employees. In 2019 635 employees of the Agency participated in 195 training events, of which 17 were corporate training workshops and business trainings and 24 were conferences and forums.

Special attention was paid to training in business process management, development of managerial and professional competences of employees, observance of anti-corruption restrictions, prohibitions and obligations.

In the reporting year, execution of internal corporate training programs with different level of complexity developed by the Agency continued which allows to solve the tasks of personnel skill development.

The Agency paid much attention to the implementation of health and fitness and sports programs within the framework of which the 6th Spartakiad of the Agency was held and the teams of the Agency in different sports took part in the 5th Spartakiad of financial bodies taking the second place in the team rating.

In addition, within the framework of development of the system of social guarantees for the personnel of the Agency, there was partial compensation of expenses connected with treatment and rest of its employees bringing up a child with disability or three and more children and bringing up a child without a spouse.

## 8.5. Anti-corruption Policy of the Agency

To comply with the requirements of the legislation of the Russian Federation and National Anti-Corruption Plan for 2018-2020, the Agency has created and operates the corruption prevention and counteraction system.

Commission of the Agency on compliance with the requirements to internal conduct and settlement of the conflict of interests continued its operations. The powers of the division responsible for prevention of corruption and other offenses were exercised by the Service.

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

- declaration campaign of 2019 was held (for 2018 reporting year), in the course of which the Service analyzed the data on income, expenses, assets and property liabilities of 624 employees of the Agency;
- anti-bribery section of the official web-site of the Agency was kept updated, "trust line" operated;
- measures were taken for observance by the employees of the Agency of anti-bribery prohibitions, obligations and restrictions established for employees of state corporations;
- 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;
- qualification of the employees of the Service whose job functions include participation in counteracting corruption was improved and the persons newly employed by the Agency were trained in the sphere of counteracting corruption.

The Management Board of the Agency considered twice the issues 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 2020.

## 8.6. Operations of the Agency's Representative Offices in Federal Districts

In the reporting period the Agency's Representative Offices in Southern, Volga, Ural and Siberian federal districts continued operation.

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

In 2019 the Agency Representative Offices accepted about 10 thousand requests from citizens and organizations. Responses to all requests were provided in time.

## 8.7. Information Technologies

Measures to ensure continuity of functioning of the Agency infrastructure and effective automation of key business processes were taken within the framework of the Strategy implementation.

Implementing Digital DIA creation program, in 2019 the Agency started to provide on UPSS to the depositors the extracts from the registers of bank liabilities specifying the amount of their deposits subject to reimbursement and certificates on paid amounts and deposits on which payouts were made in the electronic form.

In the beginning of 2019 there was conducted modernization of software of the Agency which provided for fulfillment by the Agency of the functions of insurance of deposits of small businesses.

New software complex for automation of procedures of maintenance of the credit portfolio of the liquidated credit institutions was put into commercial operation in the reporting period (centralized platform that ensures uninterrupted business processes to service the borrowers of the liquidated credit institutions).

In November 2019 the modernized portal [www.torgiasv.ru](http://www.torgiasv.ru) was put into commercial operation which provides the possibility to familiarize with the assets of liquidated financial institutions at the stage of preparation for their sale. The composition of published information on assets of the liquidated financial institutions was expanded significantly, the forms of its presentation were optimized.

The system of anti-virus protection of virtualizing environment was implemented.

In connection with the commencement of implementation of services on UPSS, work was performed to improve fault tolerance of the infrastructure of key business applications of the Agency.

A set of work for planned improvement of performance of the virtualizing system and increase of capacity of the data storage systems was performed.

The reporting period saw information and technical maintenance of activity of temporary administrations of 26 banks, 3 non-banking credit institutions and 11 insurance organizations. Placement of automated systems of 31 bank and 10 insurance organizations in the information and technical infrastructure of the Agency was assured.

## 8.8. Information Policy and International Cooperation

In 2019 the information policy of the Agency focused on DIS development coverage, including expansion of coverage to new categories of depositors, improvement of liquidation proceedings of financial organizations, optimization of sale of assets of liquidated financial organizations and activity of the Agency within the framework of Digital DIA program.

The Agency collaborated with leading federal and regional mass media which are the main communication channel with the target audiences both when covering the current operations of the Agency and in case of occurrence of the insured events. 357 press releases and information messages were prepared and sent to mass media in the reporting period. The representatives of the Agency gave 454 comments and interviews for electronic and printed mass media. There were 47,333 publications covering the activity of the Agency, including 1,258 mandatory publications. The Agency monitored and analyzed the information environment (on the basis of about 52.5 thousand of media sources) for the purposes of prompt response to the arising information challenges and requests from various groups of consumers of its services.

During the reporting period the Agency continued work to improve the level of public awareness and inform customers on the mechanisms of protection of interests of consumers of financial services established by the state. Management of the Agency regularly spoke on radio and TV covering the most urgent issues of activity of the Agency, including those connected with DIS development, liquidation of banks and counteracting assets stripping and lectures in the Moscow State University named after Lomonosov for the students and participants of the program for the new generation managers "The Leaders of Russia". The Agency participated in All-Russia Citizens Reception Day which traditionally takes place on the Constitution Day of the Russian Federation.

Cooperating with Banki.ru Internet holding, the Agency organized a forum on the Internet for the creditors of liquidated banks which became

an additional effective communication channel for them and provided a convenient platform for communication.

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.

In 2019 the Agency acted as the partner of the Saint Petersburg International Economic Forum where the Director General of the Agency spoke and some cooperation agreements were concluded with the constituent entities of the Russian Federation and the leading domestic companies.

In June 2019 Saint Petersburg hosted the international conference devoted to "Deposit Insurance and Liquidation of Banks: Standards, Best Practices and Innovations" which was organized by the Agency and IADI. More than 130 participants from 37 countries participated in the event, they discussed the trends in deposit insurance development and the ways and methods of dealing with bank failures.

In the reporting period there were 3 meetings of the Agency's Expert Analytical Council to discuss the issues of development and harmonization of bank deposit insurance systems of EAEU member states and to optimize work with assets of liquidated financial organizations. There were 4 meetings of the Public Council for Interaction with Creditors of Financial Organizations of the Agency to discuss improvement of liquidation proceedings and effectiveness of work with assets of liquidated financial organizations and informing population of DIS.

To expand public access to information on DIA operations, much attention was paid to the improvement of the official web-site of the Agency. In the reporting period there were 27.3 thousand updates of the web-site. Implementation of a set of measures aimed at improvement of user friendliness of the web-site for the visitors from different categories continued. "Property Sale" section was finalized to create the subsection devoted to the sale of property of debtors updated on a regular basis.

In the reporting period the Agency put into commercial operation a significantly modernized portal for creditors of liquidated credit institutions. It functions as a "one-stop-shop" with simple navigation, visibility of information posted and convenience of its use for creditors and depositors of liquidated banks and other stakeholders. The portal contains subsections which present detailed data on the progress and results of liquidation proceedings in each of the liquidated banks and provide up-to-date financial statements (including those in the form of infographics).

To promptly inform the population the Agency operated a round-the-clock free "hot line". In 2019 the number of requests from depositors and creditors through the "hot line" of the Agency exceeded 370 thousand calls (more than 30 thousand calls per month).

There was constant monitoring of the key indicators of quality of subscribers' service: waiting time, share of processed calls, satisfaction of subscribers, competence and friendliness of operators. The average score given by subscribers to the quality of work of the operators was 4.76 (five-score scale).

### International Cooperation

In the reporting period the Agency continued development of its cooperation with foreign deposit insurers – both bilaterally and within the framework of participation in international organizations of deposit insurers.

Since 2004 the Agency is a member of IADI which at present includes 115 organizations, including 92 deposit insurers from all regions of the world. In the reporting period the Agency's employees actively participated in the activity of IADI committees and working groups. In October 2019 the representative of the Agency was reelected to the supreme governing body of IADI – Executive Council.

Recognition of high international authority of the Agency in the sphere of deposit insurance was the general annual meeting of the Asia-Pacific Regional Committee of IADI held in June 2019 in Saint Petersburg in which more than 90 representatives of deposit insurers, international financial organizations and central (national) banks from more than 20 countries of the world took part. Within the framework of this event, the Agency signed the memorandums on understandings and cooperation with the Deposit Insurance of Vietnam and the Indonesia Deposit Insurance Corporation.

Another professional international organization of deposit insurers in which the Agency actively participates is the European Forum of Deposit Insurers (EFDI). Its members are more than 70 organizations managing deposit guarantee systems from 47 countries of Europe. A representative of the Agency was reelected into the Board of Directors of EFDI in the reporting period.

Within the framework of the International Financial Congress held in July 2019 in Saint Petersburg there was a session "Development of Deposit Insurance Systems" with participation of the heads of deposit insurers from Russia, Republic of Belarus, Serbia, France and Uruguay where the best world practices of deposit insurance and prospects of their development were discussed.

In the reporting period, at the initiative of the Agency the heads of deposit insurers of EAEU member countries signed the Memorandum on Cooperation to harmonize the deposit insurance systems which provides for creation of the information exchange system and development of proposals for improvement of both internal legislation of EAEU member countries and regulatory framework of EAEU that regulates establishment and functioning

of deposit insurance systems, liquidation, bankruptcy and resolution of credit institutions.

In compliance with this Memorandum, the Board of heads of deposit insurers of EAEU member states (the Board of Heads) was created. The first meeting of the Board of Heads was held in June 2019 in Saint Petersburg.

In addition, in the reporting period the Expert Group on harmonization of legislation in the sphere of insurance (guaranteeing) of bank deposits, resolution and liquidation of credit institutions was created at the Consulting Committee on Financial Markets of EEC which included the representatives of the deposit insurance systems of EAEU member states, including the Agency.

There were the first two meetings of this Expert Group in 2019.

## 8.9. Procurement Operations of the Agency

Procurement operations of the Agency are performed in compliance with the Federal Law dated July 18, 2011 No. 223-FZ "On purchase of goods, work, services by specific 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 June 28, 2018 (Minutes No. 7).

In 2019 there were 3,013 purchases (including through 10 tenders, 45 auctions, 7 requests for quotations and 6 requests for bids) which led to conclusion of contract for the total amount of 3,703.84 million rubles. 8 tenders resulted in conclusion of 8 contract for the amount of 554.05 million rubles, 38 auctions (including 2 with multiple lots) resulted in conclusion of 44 contracts for the total amount of 1,043.71 million rubles, 5 requests for quotations – 5 contracts for the total amount of 51.55 million rubles, 6 requests for bids – 6 contracts for the total amount of 121.22 million rubles.

Savings resulting from the purchases through competitive procedures are estimated to be 155.43 million rubles (8% of initial (maximal) contract value). In case of purchases through competitive procedures where the initial (maximal) price of the product unit are established, savings were achieved due to the reduction of such prices.

In the reporting period in the course of procurement the Agency actively cooperated with SMEs. Total purchases from SMEs amounted to 1,760.04 million rubles making 48% 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 765.96 million rubles and the scope of such purchases made up 21% of the aggregate cost of all purchases during the year.



## 8.10. Financing of the Agency Operations

In 2019 current expenses on supporting the Agency were in line with the cost estimate approved by the resolution of the Agency's Board of Directors dated December 18, 2018 (Minutes No. 9).

The total amount of the Agency's actual costs was equal to 5,817.2 million rubles which corresponds to 92% of planned costs (6,325.2 million rubles), including administrative expenses of 5,216.2 million rubles (91.8% of the plan), capital investment of 601.0 million rubles (93.4% 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 of the Agency 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 13.1 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 amounts and extending their terms were approved by the Management Board of the Agency. 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, 2019 is presented in figure 47.

As of December 31, 2019 the temporary idle funds for taking measures aimed at prevention of bank bankruptcies, including the funds of the property contribution of the Russian Federation received by the Agency in compliance with Federal Law dated October 27, 2008 N 175-FZ "On additional measures to strengthen stability of the banking system till December 31, 2014" had the investment structure presented on figure 48.

Figure 47. Structure of investments to support the Agency's operations as of December 31, 2019

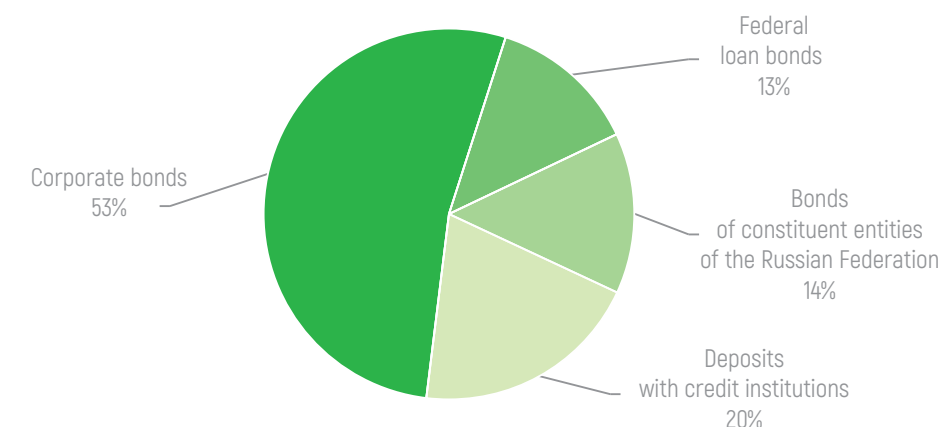
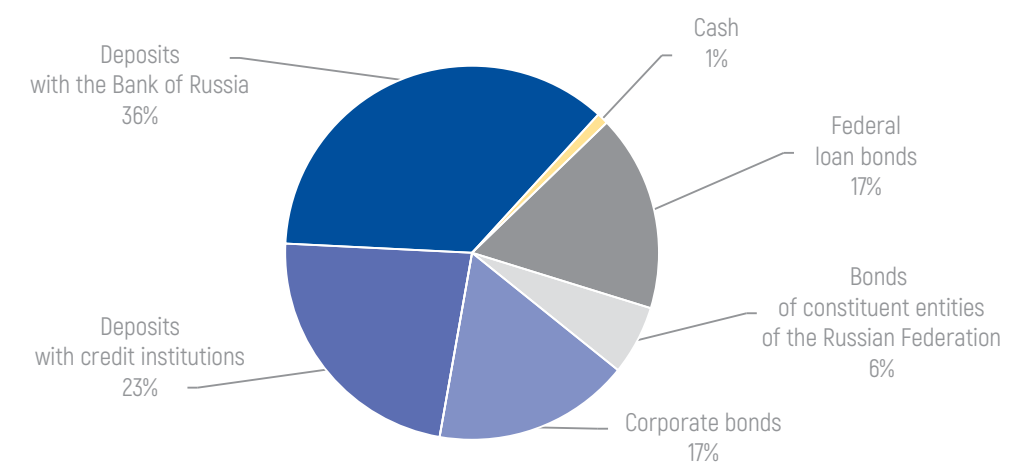


Figure 48. Structure of investments to prevent bank bankruptcy as of December 31, 2019



In the reporting year the total amount of income earned from investment of funds that are not the assets of MDIF and PSGF adjusted for revaluation of securities equaled to 8.3 billion rubles.

Based on the performance in 2019 the Agency received profit before tax in the amount of 7.9 billion rubles, while profit tax adjusted for deferred tax assets amounted to 0.6 billion rubles, the Agency's net profit was equal to 7.3 billion rubles.

## II. FINANCIAL STATEMENTS

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# 1. Balance Sheet of the State Corporation «Deposit Insurance Agency» for 2019

Assets	as of 31.12.2019	as of 31.12.2018	Million Rubles as of 31.12.2017
<b>I. ASSETS</b>			
1. Investment of the Mandatory Deposit Insurance Fund's resources	25,145	54,568	31,644
1.1 Long-term	9,270	7,218	5,296
1.2 Short-term	15,875	47,350	26,348
2. Investment of the Pension Savings Guarantee Fund's resources	3,359	2,048	1,114
2.1 Long-term	2,229	2,048	1,087
2.2 Short-term	1,130	0	27
3. Investment of the Agency's resources that are not included into the funds	75,191	82,303	69,175
3.1 Long-term	50,445	39,509	42,282
3.2 Short-term	24,746	42,794	26,893
4. Funding of measures aimed at prevention of bankruptcies of financial institutions and settlement of obligations of the banks	1,154,076	1,162,033	1,314,695
5. Funding of measures aimed at the increase of bank capitalization	628,583	634,900	749,837
6. Fixed assets	2,615	2,027	1,741
7. Cash, including:	1,757	1,958	6,931
7.1 Cash of the Mandatory Deposit Insurance Fund	27	78	411
7.2 Cash of the Pension Savings Guarantee Fund	2	4	1
8. Other assets	1,633,132	1,652,412	1,531,675
<b>TOTAL FOR SECTION I</b>	<b>3,523,858</b>	<b>3,592,249</b>	<b>3,706,812</b>
<b>BALANCE</b>	<b>3,523,858</b>	<b>3,592,249</b>	<b>3,706,812</b>

Liabilities	as of 31.12.2019	as of 31.12.2018	Million Rubles as of 31.12.2017
<b>II. EQUITY</b>			
9. Resources of the Mandatory Deposit Insurance Fund	49,936	40,252	44,440
10. Resources of the Pension Savings Guarantee Fund	3,230	2,158	1,129
11. Property contribution of the Russian Federation and the Bank of Russia, including:	722,809	735,261	848,785
11.1 Funds for measures aimed at prevention of bank bankruptcies and settlement of obligations of the banks	86,985	92,878	91,806
11.2 Funds for measures aimed at the increase of bank capitalization	628,583	634,900	749,791
12. Funds and reserves	0	0	0
13. Retained earnings (uncovered loss)	7,324	0	41
<b>TOTAL FOR SECTION II</b>	<b>783,299</b>	<b>777,671</b>	<b>894,395</b>
<b>III. LIABILITIES</b>			
14. Loans and credits received, including:	1,668,503	1,879,889	2,050,519
14.1 Long-term	716,944	1,694,599	2,021,539
14.2 Short-term	951,559	185,290	28,980
15. Funds of financial institutions placed in bankruptcy and liquidation	53,111	68,998	66,492
16. Other liabilities	1,018,945	865,691	695,406
<b>TOTAL FOR SECTION III</b>	<b>2,740,559</b>	<b>2,814,578</b>	<b>2,812,417</b>
<b>BALANCE</b>	<b>3,523,858</b>	<b>3,592,249</b>	<b>3,706,812</b>

## For information: off-balance sheet assets and liabilities

17. Received collaterals for obligations and payments	1,176,519	1,168,993	1,259,715
18. Given collaterals for obligations and payments	0	0	0
19. Depreciation of fixed assets	1,303	966	710

Director General



Yu.O. Isaev

CFO – Chief Accountant



N.D. Molodtsova

February 14, 2020

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Partner,  
Department Director


E.O. Sarafanova

(qualification certificate dated 18.10.2019 № 06-000528, ORNZ 21906078276), acting under power of attorney № 98/19 dated 15.11.2019

## 2. Statement of Income (Losses) of the State Corporation «Deposit Insurance Agency», Including Income/Loss from Investment of Temporary Idle Funds, for 2019

Million Rubles		
Item	For the reporting period	For the same period of the previous year
<b>INCOME</b>		
1. Revenue from placement (investment) of the Mandatory Deposit Insurance Fund's resources, total including:	2,985	1,988
1.1 Income from operations with securities	0	0
1.2 Interest income	2,621	1,988
1.3 Other income	364	0
2. Revenue from placement (investment) of the Pension Savings Guarantee Fund's resources, total including:	360	153
2.1 Income from operations with securities	0	0
2.2 Interest income	233	153
2.3 Other income	127	0
3. Revenue from placement (investment) of the Agency's resources that are not included into the funds, total including:	16,342	15,907
3.1 Income from operations with securities	39	0
3.2 Interest income	14,355	15,907
3.3 Other income	1,948	0
4. Revenue from use of the funds received to take measures to increase bank capitalization	30,591	44,576
5. Other income	2,904	1,846
<b>TOTAL INCOME</b>	<b>53,182</b>	<b>64,470</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	(4)	(206)
7. Expenses related to the operations with securities purchased at the expense of the Pension Savings Guarantee Fund	0	(99)
8. Expenses related to the operations with securities purchased at the expense of the Agency's resources that are not included into the funds	(7)	(1,267)
9. Interest expenses	(8,505)	(10,181)
10. Expenses incurred in the course of the measures to increase bank capitalization	(30,591)	(44,576)
11. Administrative expenses of the Agency	(5,216)	(4,471)
12. Other expenses	(965)	(1,234)
<b>TOTAL EXPENSES</b>	<b>(45,288)</b>	<b>(62,034)</b>
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>7,894</b>	<b>2,436</b>

13. Profit tax	(883)	(135)
14. Deferred tax assets (+), liabilities (-)	313	85
<b>NET PROFIT (LOSS) OF THE REPORTING PERIOD</b>	<b>7,324</b>	<b>2,386</b>

Director General



Yu.O. Isaev

CFO – Chief Accountant



N.D. Molodtsova

February 14, 2020

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Partner,  
Department Director



E.O. Sarafanova

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### 3. Cash Flow Statement of the Mandatory Deposit Insurance Fund (DIF) of the State Corporation «Deposit Insurance Agency» for 2019

Indicator	Million Rubles	
	For the reporting year	For the previous year
<b>I. DIF CASH FLOW</b>		
Cash balance as of the beginning of the reporting period	78	411
1. Inflows – total	300,223	224,201
including:		
1.1 Insurance premiums of DIS member banks	192,244	158,963
1.2 Property contribution	0	0
1.3 Funds received on a repayable basis	0	0
1.4 Inflows connected with investments	30,892	0
1.5 Other inflows	77,087	65,238
2. Outflows – total	(300,274)	(224,534)
including:		
2.1 Payouts to depositors	(87,050)	(177,528)
2.2 Repayment of borrowed funds	(213,000)	(24,000)
2.3 Outflows connected with investments	0	(22,581)
2.4 Other outflows	(224)	(425)
<b>CASH BALANCE AS OF THE END OF THE REPORTING PERIOD</b>	<b>27</b>	<b>78</b>
<b>II. DIF CAPITAL CHANGE</b>		
DIF balance as of the beginning of the reporting period	40,252	44,440
3. Inflows	273,406	210,677
4. Outflows	(263,722)	(214,865)
<b>DIF BALANCE AS OF THE END OF THE REPORTING PERIOD</b>	<b>49,936</b>	<b>40,252</b>

Director General



Yu.O. Isaev

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N.D. Molodtsova

February 14, 2020

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Partner,  
Department Director



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## 4. Cash Flow Statement of the Pension Savings Guarantee Fund (PSGF) of the State Corporation «Deposit Insurance Agency» for 2019

Indicator	Million Rubles	
	For the reporting year	For the previous year
<b>I. PSGF CASH FLOW</b>		
Cash balance as of the beginning of the reporting period	4	1
1. Inflows – total	1,072	1,029
including:		
1.1 Guarantee and accession fees	1,072	1,029
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	(1,074)	(1,026)
including:		
2.1 Payouts to depositors	0	0
2.2 Repayment of borrowed funds	0	0
2.3 Outflows connected with investments	(1,074)	(1,026)
2.4 Other outflows	0	0
<b>CASH BALANCE AS OF THE END OF THE REPORTING PERIOD</b>	<b>2</b>	<b>4</b>

### II. PSGF CAPITAL CHANGE

PSGF balance as of the beginning of the reporting period	2,158	1,129
3. Inflows	1,072	1,029
4. Outflows	0	0
<b>PSGF BALANCE AS OF THE END OF THE REPORTING PERIOD</b>	<b>3,230</b>	<b>2,158</b>

Director General



Yu.O. Isaev

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