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Annual Report of the State Corporation "Deposit Insurance Agency" for 2009

Russian Federation: Deposit Insurance Agency

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Last year was a real “strength test” for the national banking system, and it was passed successfully. A complex of anti-crisis measures implemented by the federal Government and the Bank of Russia was effectively supported by the State Corporation “Deposit Insurance Agency’s” actions. The progress and results of their implementation are in detail described in the Annual report of the Agency that is now in your hands.

As an important financial safety net participant the Agency not only ensured smooth functioning of the deposit insurance system and managed receiverships of failed banks but also was engaged in prevention of failures of a number of socially and economically important depository institutions.

In 2009 as compared to previous years the number of insured events increased. However, well-organized massive deposit insurance payouts to depositors allowed not only to stabilize situation on the market of households’ savings, but also had a
substantial stimulating impact on it. Thus, the total volume of household deposits in Russian banks increased in the reporting year almost by 1.6 trillion rubles – a record growth in recent years.

Receivership and liquidation procedures that were carried out by the Agency were complicated by poor financial position of failed banks and sharp increase – almost five times – of the volume of creditors’ claims. In this situation effective work in the area of asset collection and maintaining the value of assets had a special significance. Identification and challenging dubious transactions of failed banks as well as bringing to account of those responsible for bank failures had a substantial impact on the size of receivership estates and on market discipline in the banking sector.

An important component of the Agency’s operation during the financial crisis is its participation in measures aimed at prevention of bank failures. The practice demonstrated effectiveness of implemented measures and their positive impact on the overall situation in the banking sector. Majority of banks in relation to which implementation of financial rehabilitation measures started in 2008, during the reporting year showed positive dynamics of growth and development, while fulfilling their planned financial rehabilitation measures and increasing credit to businesses.

What is attracting special attention is that the Agency constantly follows the principle of transparency and information openness, consistently enhances its corporate governance practices. This allows its management and staff not to rest on their laurels and accomplish new objectives established by the Board of directors.
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Aid to the President of the Russian Federation
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Deputy Head of Department of Financial Policy, Ministry of Finance
First Deputy Chairman of the Bank of Russia
Stats-Secretary — Deputy Minister of Economic Development
Head of Department of Financial Policy, Ministry of Finance
Head of Chief Inspection of Credit Institutions, the Bank of Russia
Deputy Director of Corporate Governance Department, Ministry of Economic Development
Director of Credit Institutions Licensing and Financial Rehabilitation Department, the Bank of Russia
General Director of the State Corporation «Deposit Insurance Agency»
Deputy Head of the Federal Tax Service

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KONOSHENKOVA
Vitaliy Alexandrovich
Director of the Deposit Insurance Fund Investment Department
The Deposit Insurance System
Ensuring Operation of the Mandatory Deposit Insurance System

In the reporting year the deposit insurance system’s performance was characterized by an increase in the amount of insured events and intensified reimbursement payouts. At that, the total volume of payouts to insured depositors remained at the previous year level. The above phenomenon reflects stabilization trend in the banking sector: banks in which insured events occurred in 2009, as a rule, had lower deposit volume compared to the previous year. Moreover, half of insurance payouts in the reporting year were conducted to depositors of banks whose banking licenses were revoked in the end of 2008.

The number of banks that are the members of the deposit insurance system (hereinafter – also insured banks) during the reporting year went down, first of all, under the influence of the banking system consolidation processes. As of the beginning 2009 – the deposit insurance system had 937 banks registered therein. During the reporting year the Agency added 7 banks to the register of member banks (hereinafter – the register of banks) as a result of granting to them by the Bank of Russia of licenses allowing to attract households’ resources as bank deposits. At the same time, during the reporting period 19 banks were excluded from the register of banks: 10 banks due to termination of their activities as the result of their reorganization in the form of merger/acquisition; 9 banks were excluded because of their license revocation and completion of reimbursement payout procedures. The changes in the structure of the insured banks are indicated in Table 1.

<table>
<thead>
<tr>
<th>Year</th>
<th>Included in DIS</th>
<th>Excluded from DIS</th>
<th>Number of DIS banks by the year end</th>
<th>Insured events during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>381</td>
<td>0</td>
<td>381</td>
<td>0</td>
</tr>
<tr>
<td>2005</td>
<td>562</td>
<td>12</td>
<td>931</td>
<td>1</td>
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<tr>
<td>2006</td>
<td>10</td>
<td>7</td>
<td>934</td>
<td>9</td>
</tr>
<tr>
<td>2007</td>
<td>7</td>
<td>7</td>
<td>934</td>
<td>15</td>
</tr>
<tr>
<td>2008</td>
<td>13</td>
<td>10</td>
<td>937</td>
<td>27</td>
</tr>
<tr>
<td>2009</td>
<td>7</td>
<td>19</td>
<td>925</td>
<td>31</td>
</tr>
</tbody>
</table>

Thus, as of January 1, 2010, the deposit insurance system had 925 banks registered therein. Among them: 66 inactive banks in which insured events have occurred; and 11 active banks that formally stayed in the deposit insurance system, but forfeited their rights to open new accounts and take deposits from individuals. Banks that are members of the deposit insurance system accounted for 99.7 % of all monetary resources placed by households into deposits and accounts with banks of the Russian Federation.

Due to maintaining at the optimal level of basic financial and economic indicators influencing the deposit insurance system, the deposit insurance coverage limit and the insurance premium rate during the reporting year remained unchanged. Fully insured deposits made: by number 99.8 % (the same in 2008 – 99.8 %), by sum – 62.5 % (the year before – 63 %) of all insured banks’ liabilities to individuals.

The amount of the Agency’s total insurance liability during the reporting year increased both – in absolute and relative values under the impact of growing household resources in banks and decreasing in the largest deposit amounts. As of January 1, 2010 the Agency’s total insurance liability comprised RUR 5,365.8 billion (compared to RUR 4,203.9 billion as of January 1, 2009), with the ratio of liability to the total volume of insured deposits – 71.89 % (compared to 71.43 % in 2008).
Organization of Deposit Reimbursement Payouts

In 2009 there occurred 31 insured events with the total amount of the Agency’s insurance liability equal to RUR 5.8 billion to 256 thousand depositors (for comparison: in 2008 – 27 insured events with the total insurance liability equal to RUR 16.3 billion to 344 thousand depositors).

In the reporting year the Agency provided to depositors of 64 banks the opportunity to receive insurance reimbursements in connection with insured events occurred in previous years (out of them 31 bank registered in the Moscow region).

In five member banks: “Roskomveteranbank”, “BLAGOVEST”, “Russian Investment Group”, “Promkreditbank”, “Independent Bank for Development” during the reported period liquidation proceedings were completed (altogether, since the deposit insurance system started its operations the liquidation procedures were completed in 18 banks), which means that the period for filing claims for receiving deposit insurance payouts has expired. Depositors of the above banks did not apply to the Agency with respect to such claims.

With the purpose of organizing timely payouts – the Agency’s representatives on a regular basis participated in temporary administrations managing failed credit institutions upon appointment by the Bank of Russia.

In the reporting year more than 100 thousand depositors from 55 banks registered in 38 constituent entities of the Russian Federation applied for deposit insurance reimbursement. The total amount paid to insured depositors was RUR 10.9 billion (Fig. 1).

According to estimations, with respect to all insured events occurred after the deposit insurance coverage was increased to RUR 700,000 – the Agency paid to failed banks’ depositors 81.6 % of their total deposit amounts due (at that, 71 % of the above amount was fully covered by the existing insurance level). Taking into consideration payments from bankruptcy (liquidation) estate, this indicator is expected to reach 90 %.

In the reporting year in order to provide depositors of 53 banks with most convenient conditions for receiving reimbursement payouts agent banks selected on a competitive basis were used and their branch networks covered communities where the failed banks attracted deposits before their licenses were revoked. In four cases when insured events occurred in multidivisional banks, two and more agent banks were engaged in conducting deposit insurance payouts with depositors distributed on a territorial basis. In the “Volga Region German Bank” due to a large number of depositors concentrated in the city of Saratov, payouts within the city territory were conducted simultaneously by several agent banks. For bank depositors residing outside the agent bank location – insurance payments were made to accounts opened with other banks specified by depositors, or via post (in 2009 – 198 depositors received compensation via post for the total amount of RUR 1.39 million).

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1 The amount of the Agency’s insurance liability in relation to insured events that occurred during 2008 increased in the reported year from RUR 15.9 billion to 16.3 billion as certain liabilities of banks to their depositors were recognized as prudent.
In two banks («Moscow Capital» and «Electronics») the Agency conducted insured deposit payouts by itself in connection with insignificant number of depositors and minimum volume of liabilities remaining within these banks after a partial purchase and assumption transaction arranged by the Agency in accordance with the law on measures to strengthen stability of the banking system (part of their assets and all insurable deposit liabilities were transferred to “Nomos-Bank” and “NRB”, respectively).

Deposit insurance payouts in relation to all insured events occurred in 2009 began within the term set forth by the law. Information about place, timing, form and procedure of accepting depositor applications for reimbursement was sent to a bank, where insured event occurred, as well as to the “Bulletin of the Bank of Russia” and to the local media for publication. Individual notifications were also mailed to each depositor (in 2009 about 279,000 individual notifications were sent to depositors).

In the reporting year the Agency’s agent bank network significantly expanded. As of January 1, 2010 – 64 agent banks were accredited with the Agency (as of January 1, 2009 – 39 banks) with about 25 thousand branches and retail offices. At present payouts through agent banks can be efficiently organized in any regional entity of the Russian Federation.

Thus, the deposit insurance system’s organizational infrastructure with its information/technological base, which received further development in the reporting year, enabled to the full extent exercise the statutory right of citizens to obtain quick reimbursement of their insured deposits.

In the reporting year the Agency had to deal with a specific challenging issue while conducting reimbursement payouts to depositors – i.e. preventing illegitimate compensation. Such illegitimate claims were resulting from balances of accounts of individuals formed on the eve of banking license revocation by way of internal transfers from legal entities’ accounts, as well as from other individuals’ accounts, whose account balances were, by far, exceeding the established coverage limit. Furthermore, “deposits” formed with the help of fraud (upon agreement with dishonest bank’s employees) by simultaneous withdrawal and depositing monetary resources through the bank’s cash system, can be referred to as the same category.

All the above actions were taken exclusively with the purpose to evade the established statutory procedure for honoring creditor claims during liquidation proceedings, as well as achieve unjustified recovery of funds in full volume at the expense of the mandatory deposit insurance fund’s resources. Such actions aimed at producing technical book records, which do not reflect actual monetary resources depositing, are qualified by the Agency as insurance fraud. In the reporting year upon the Agency’s proposal – tempo-
Temporary administrations managing 17 banks excluded illegitimately formed balances of accounts of 1,114 individuals from bank obligations’ registers for the total amount of RUR 632 billion, including: RUR 351 billion – from resources placed on legal entities and individual entrepreneurs’ accounts; and RUR 281 billion – from resources from other individuals’ accounts.

In the reporting year the Agency received 1,593 petitions, which disagree with compensation amount from depositors of 28 banks, where insured events occurred in the end of 2008 and during 2009. After the review of such petitions and additional documents, with respect to 250 cases – deposits were included in bank obligations’ registers in full, and in 38 cases – partially. With regard to other requests, the Agency confirmed its refusal to include such obligations into the register, as account balances were formed improperly.

During 2009 general jurisdiction courts of various Russian Federation constituent entities reviewed 994 suits arising from deposit reimbursement payouts. The grounds for majority suits were refusals to pay deposit insurance to individuals whose account balances were formed artificially.

In 495 cases the petitioners’ claims were satisfied, and with regard to 332 petitions the Agency’s objections were found fully justified, and courts refused to satisfy those claims. While with regard to other 167 cases, the proceedings were not yet completed in 2009. At that, majority awards against the Agency were granted by courts in Tyumen and Kalingrad regions. In other regions courts, as a rule, supported the Agency’s standpoint.

Taking into consideration the mass nature of such operations, 12 petitions were submitted to public prosecutors’ offices to review possibility of instituting a criminal offense against: fraud, inflicting property damage to property owner, and abuse of authority. With regard to 6 petitions – law enforcement bodies refused to institute criminal proceedings, the remaining requests are still under review.

Conducting On-Site Inspections in Insured Banks

To ensure proper functioning of the deposit insurance system and for protecting rights and legal interests of depositors, the Agency specialists participate in on-site inspections of banks conducted by the Bank of Russia.

In the reporting year inspections of insured depository institutions were conducted on a planned basis and were aimed at obtaining information on fulfillment (non-fulfillment) by insured banks of their respective duties – as set forth in the deposit insurance law, including: information on timely and full payment of insurance premiums; proper (improper) record keeping of liabilities to depositors; and ability (inability) of banks to form the register of obligations to depositors. The Agency specialists, as members of the Bank of Russia inspection teams, participated in 75 planned and 6 unplanned inspections of banks located in 35 constituent entities of the Russian Federation.

The total volume of deposits with banks inspected during the reporting year amounted to around 9% of all deposits (not including the Sberbank of Russia). Totally, as of the date the Agency started its operation, 489 inspections (52% of all insured banks) have been carried out, wherein as of January 1, 2010 around 84% of household deposits (not including the Sberbank of Russia) were placed (Fig 2).

The results of inspections have shown that all inspected banks correctly determine deposits of individuals attracted on the basis of bank deposit (account) agreements, properly refer them to insurable deposits, and accurately include them in their insurance premium calculation base.

Depositors of inspected banks are fully informed about their membership in the de-
The Deposit Insurance System

Fig. 2. Dynamics of inspected banks in 2005–2009

The deposit insurance system and procedure for receiving reimbursement of insured deposits upon occurrence of an insured event.

**Special attention in the course of inspections** was paid to testing of banks’ capability to form their register of obligations to depositors in full compliance with established requirements. In 2009 trial registers were reviewed in 78 banks, and 40 banks formed registers and submitted them for inspection at their own initiative.

The majority of formed registers (88%), on the whole, complied with the established requirements. At the same time 12% of trial registers did not meet the above requirements. In accordance with the Agreement on Activities Coordination and Information Exchange between the Bank of Russia and the Agency on the basis of inspection results – the Bank of Russia forwarded information to the Agency about banks’ efforts aimed at eliminating the detected deficiencies.

The summarized information based on the results of 2009 inspections was forwarded to the Bank of Russia, banking associations and placed on the Agency website.

The Software Program for Monitoring Bank Obligations Register, which may be used by banks for independent control of trial register accuracy, is freely accessible on the Agency website as well.

**The Mandatory Deposit Insurance Fund**

**Formation of the Mandatory Deposit Insurance Fund**

The deposit insurance system’s financial basis is constituted by the mandatory deposit insurance fund (hereinafter – the Fund).

**During the reporting year** the Fund increased by RUR 14.6 billion (19%) and amounted to RUR 93.7 billion as of January 1, 2010. Its major growth during the year has taken place at the expense of insurance premiums paid by insured banks. By the year end insurance premiums within the Fund’s structure reached RUR 81.9 billion (87%), property contribution of the Russian Federation – RUR 6.9 billion (8%), reinvested profit – RUR 4.9 billion (5%) (Fig. 3).

**During 2009** insured banks paid insurance premiums for the following settlement periods: IV quarter of 2008, as well as I, II and III quarters of 2009.

**Because of statutory changes introduced in December 2008** with regard to insurance premiums payment terms, and the term of rendering banks’ reporting on account balances of insurable individuals’ deposits to the Bank of Russia – the number of banks delaying their premium payments significantly decreased. In the reporting year only 2
to 5 banks failed to pay premiums in due time for a quarter, delaying payments only for 1-3 days. Most banks paid their insurance premiums in full and in a timely manner. In 2009 actual Fund’s expenditure on reimbursement payouts amounted to RUR 10.9 billion. During the whole period of its operation – the Agency, as first priority creditor, fully recovered its claims in completed liquidation proceedings (RUR 37 million). Totally, within the framework of ongoing liquidation procedures the Fund recovered resources amounted to RUR 1.1 billion.

The Fund resources were kept at a special account of the Agency with the Bank of Russia.

**Investment of Temporary Idle Deposit Insurance Fund’s Monetary Resources**

In order to protect the Fund from inflation and to increase its resources, the Agency invested its temporary idle monetary resources in the market, based on principles of recoverability, profitability and liquidity. The Fund’s resources in the reporting period were invested in accordance with the By-law on Investment of Temporary Idle Monetary Resources of the Mandatory Deposit Insurance Fund for 2009 approved by the Agency’s Board of Directors decision, dated November 17, 2008. Due to ongoing financial markets instability and high probability of occurrence of new insured events, the temporary idle resources of the Fund practically were not invested during the first half of 2009, and the funds were accumulated on the Agency’s account with the Bank of Russia.
During the second half of 2009 taking into account financial markets partial restoration at the background of erratic strengthening of world economy and lower probability of occurrence of large insured events – the Agency resumed investing temporary idle resources in securities. In the third quarter of the reporting year the Agency purchased 1-year maturity bonds; in the fourth quarter investments were made in federal government bonds (OFZ) and 4-year maturity bonds of the Russian Federation constituent entities, as well as in corporate bonds of highly reliable issuers with maturity up to 3 years. Shares were not purchased in the reporting year.

After a new financial instrument – the Bank of Russia deposits, was included in the Fund’s investment program, its resources were also invested in short-term (up to 4 weeks) deposits with the Bank of Russia.

The total revenues from investment of the Fund’s resources for 2009 taking into account securities revaluation – amounted to RUR 15,243 million, and profitability of these investments was 23.6 % per annum. As a result, the Agency fully restored the Fund assets’ value, which went down in the end of 2008 due to unprecedented collapse of securities market quotations.

Estimation of Adequacy of the Mandatory Deposit Insurance Fund

In the reporting year the Agency continued its work focused on development of risk management system allowing to forecast the Fund’s sufficiency for the forthcoming period.

In accordance with Article 41 of the deposit insurance law, the Agency calculated the size of the Fund that is deemed sufficient to cover forecasted payouts to depositors in 2010. The deposit insurance system’s parameters for 2010 were estimated by the Agency based on the Russian Federation economy functioning scenario, as well as on the key parameters for social-economic development of the Russian Federation in 2010, and the plans for 2011 and 2012, which were prepared by the Russian Ministry of Economic Development. Moreover, negative crisis impact and crisis management measures were taken into account, along with the results of the banking system development in 2009.

For forecasting the Fund’s cash flows the Agency used its Methodology for Estimation of Financial Strength of the Mandatory Deposit Insurance Fund, based on statistical processing of insured banks’ financials and other reporting data, as well as data on bank failures during the period from 2002 through 2009.

The calculation showed that the forecasted Fund’s size for 2010 would be sufficient for conducting insurance payouts to depositors in the forthcoming year. There would be no necessity to use federal budget funds for covering the Fund deficit. This issue was considered by the Agency’s Board of Directors.

During the most part of 2009 the Fund sufficiency indicator (ratio of the Fund’ size and the Agency’s insurance liability) stayed at the acceptable level of 5 %. However, by the end of the reporting year, in connection with the rapid bank deposits growth, it went down to the level of 4.8 % for a short period. According to the Agency estimations, the restoration of the above indicator will take place based on 2010 first quarter results.

The Deposit Insurance System Impact on the Household Deposit Market

In 2009 the deposit insurance system had important influence on maintaining household’ confidence in the banking system, and, to a great extent, promoted quick restoration and continuation of positive trends discernable before crisis in the sphere of household’ savings in Russia.
Insured household deposits in insured banks in 2009 increased by RUR 1,579 billion. This is the maximum growth for all recent years. In relative figures they increased by 26.8 %, i.e. to RUR 7,464.3 billion (in 2008 the growth was by 14.7 %).

According to the Agency estimations, in 2010 the absolute increase of deposits will be at the level of 2009 and it will reach RUR 1,500–1,650 billion, which corresponds to the total deposit growth by 20–22 %. The volume of household deposits based on the results of 2010 is estimated as RUR 9,000-9,100 billion (Fig. 4).

The above forecast assumes relatively stable macroeconomic situation, preservation of positive trends on the world financial and raw markets, moderate growth of households’ income and gradual appreciation of ruble rate to the currency box during a year, as well as slightly reduced households’ saving activity resulting from decreased bank deposit earnings.

The increase of deposit insurance coverage in October 2008 resulted in that households deposits with amount from RUR 400,000 to 700,000 and from RUR 700,000 to RUR 1 million were growing at the highest rates in 2009. Their volume grew in the reporting year by 56.2 % and 57 % respectively (increase by RUR 348.6 and 135.3 billion). The number of newly opened deposits in this period grew by 52.8 % and 58.1 % (by 637.5 and 168.2 thousand deposits respectively).

As the result, during 2009 the proportion of deposits amounting from RUR 400,000 to 700,000 went up from 10.5 % to 13 %, while the proportion of deposits from RUR 700,000 to RUR 1 million grew from 4 % to 5 % of the total deposit amount. Deposits exceeding RUR 1 million grew at a low rate; by sum (25.3 %), by number (30.9 %), resulting in their share went down from 32.9 % to 32.5 %.

Fast growth of deposits with amount close to the maximum insurance coverage (from RUR 400,000 to 700,000) testifies to active impact of the deposit insurance system on the households’ saving behavior. At the same time the increase in deposits with amount ranging from RUR 700,000 to RUR 1 million mainly took place in the second half of the reporting year and was caused on the whole by New Year bonus payments.

Under conditions of general deposit volume growth, the share of the Agency’s insurance liability (potential obligation to pay insurance to depositors) in the reporting period did not go down; on the contrary, it went up from 71.4 % to 71.9 % of all deposits (from 54.1 % to 56.9 % without the Sberbank of Russia). It is explained by the fact, as was mentioned above, that the largest deposit growth was within the range close to RUR 700,000. Conclusion can be made that the existing insurance coverage limit corresponds to the deposit structure in the banking system.

For estimating households’ saving behavior and the deposit insurance system’s impact on it, in March of the reporting year VTSIOM upon the Agency’s request conducted a sociological survey. The results of the survey showed that public confidence in
the banking system, even during the intensive crisis phase, remained at the high level. Thus, 72% of depositors did not withdraw funds from their accounts during the crisis and had no intention to do so. Practically none of the respondents was planning to close down existing deposit accounts prior to their expiration dates. About 36% of the grown-up population in Russia remained depositors and account owners, which corresponds to the pre-crisis data.

It can be stated that in 2009, the negative crisis impact on the Russian deposit market came to an end, and its basic consequence was a more active and prudent households’ saving behavior.

The Deposit Insurance System

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The Agency’s Operations as the Corporate Receiver (Liquidator) of Depository Institutions
Liquidation/Receivership Management

In 2009 the Agency was appointed as receiver (liquidator) in 46 depository institutions, which is twice more comparing to the previous year (21 bank). The main increase in the number of failed banks was observed in the first half of the reporting period, when under the influence of financial instability 33 banks were placed under the Agency’s management.

Thus, while in the beginning of 2009 the Agency performed liquidation proceedings in 65 credit organizations, but already as of January 1, 2010 it acted as corporate liquidator in 90 institutions (i.e., bankruptcy proceedings were performed in 81 banks, and compulsory liquidation – in 9 banks).

In total, since the Agency started acting as the corporate receiver (liquidator) in depository institutions, it performed liquidation proceedings in 228 banks, and in 138 institutions bankruptcy (liquidation) proceedings were completed (Fig. 5).

In the reporting year the share of bankruptcy proceedings within the total number of liquidated banks has significantly increased: 90 % compared to 63 % as at the end of 2009. Accordingly the share of banks where compulsory liquidation was performed and estate property provided full satisfaction of creditors’ claims went down from 37 % to 10 %.

Out of 21 banks where liquidation proceedings were completed in 2009, compulsory liquidation was exercised in 8 banks and bankruptcy proceedings – in 13 banks. At that, in relation to top managers of 6 banks – measures were taken to impose criminal and vicarious liability on them for actions causing their banks’ bankruptcy. This gave rise to the extension of liquidation proceedings duration. In a number of banks the duration of bankruptcy procedure exceeded 4 years.

The average duration of completed receivership/liquidation proceedings in the reporting year was 31 months, which is by 1.7 times more compared to the previous year (18 months). At that, average duration of receivership/liquidation proceedings significantly differed: for compulsory liquidation (18 months) and for bankruptcy proceedings (39 months), which can be explained by different work content and asset quality. In cases when the bank’s assets allowed satisfy creditor claims in full, liquidation proceedings duration was considerably shorter. Thus, liquidation of “PROMKREDITBANK”
was performed during 5.5 months, and it took 11.5 months to complete liquidation proceedings in MKB “SATURN”.

In the reporting period in 7 banks after creditors’ claims were satisfied in full – property was returned to their shareholders (participants) for the total of RUR 97 million.

In 2009 the Agency more carefully took into consideration territorial aspect when organizing its work, as the share of liquidated banks registered outside Moscow region went up. Out of 46 credit organizations where liquidation proceedings were started, Moscow region banks constituted only 54.3 % (25 banks) (Fig. 6). Previously their share was, as a rule, up to 70 %.

Qualitative aspect of liquidated depository institutions also changed: banks where liquidation proceedings started in 2009 are characterized by multi-profile activities, a big number of creditors and significant asset volume. Thus, compared to the previous year, the asset volume of liquidated banks increased almost by 2.5 times; liabilities recognized by the receiver grew 5 times; the number of creditors – almost 2 times, which resulted in respective increase in the work load.

Out of 46 banks in which bankruptcy proceedings were started in 2009, 15 institutions are the largest by obligation amount to creditors. The amount of established creditor claims exceeds RUR 72.6 billion, which is about 70 % of the total liabilities to creditors.

The above changes required introduction of additional organizational measures, in particular: increase in the number of the receiver’s representatives; strengthening their assisting personnel; more active involvement of employees from the Agency’s representative offices in federal districts.

In 2009 the Agency announced competition to form the reserve of the receiver’s representatives by way of public selection of candidates to fill up the above vacancies. Data base was developed on potential representatives of the Agency in all Russian Federation constituent entities.

In the reporting year the Agency employees were involved in operation of 46 temporary administrations appointed by the Bank of Russia. This was conducive to early identification of dubious transactions, and efficient measures aimed at liquid assets recovery, as well as identification of bankruptcy signs in depository institutions.
Specialized agencies were engaged to carry out certain activities of the receiver. In the reporting year 25 organizations were accredited with the Agency for this purpose (totally 82), 163 competitions were arranged to select service providers for specific liquidated banks. At the same time due to the absence of available resources in 42 liquidated banks book keeping, providing legal services and other specialized activities were carried out by the Agency personnel.

Receivership Estate Formation for Conducting Settlement of Creditors’ Claims. Collection and Liquidation of Failed Banks’ Assets

Receivership (liquidation) estate of liquidated depository institutions is the main source of funds for satisfying claims of their creditors; therefore, its formation is one of the most important objectives of the Agency acting in its capacity of a corporate liquidator (receiver). Within the framework of these activities the Agency undertakes the following: search, inventory and assessment of liquidated banks’ assets; enforcement of debt recovery; sale of property; and challenging of dubious transactions. In the reporting period the Agency took inventory of assets in 45 liquidated depository institutions and their total book value of the assets was RUR 70 billion.

The independent asset valuation was conducted in 46 banks. The appraisal of assets with book value not exceeding RUR 100,000 was conducted by the Agency itself without involvement of an independent appraiser, according to the procedure established by insolvency (bankruptcy) law.

The valuation showed that all liquidated depository institutions had one common feature: the market value of their assets was on average much lower than the book value. In 65 % cases – the market value was equal to 15 % of their book value. As a rule, the worst ratio of market value to book value of assets (2 % on average) was typical for those depository institutions, where insolvency was caused by illegal actions of their management, including stripping of liquid assets from banks.

In the reporting period RUR 5,516 billion were recovered in bankruptcy estates of liquidated depository institutions, which is by 25 % more than in 2008, including: RUR 813 million – mandatory reserves, cash and correspondent accounts with the Bank of Russia; RUR 4,703 million – funds recovered from disposal and collection of assets (RUR 318 million – funds recovered from correspondent accounts in banks; RUR
2,497 million – funds from collecting and sale of debt; RUR 548 million – funds from sale of real estate; RUR 116 million – funds from sale of securities and paid back promissory notes; RUR 1,224 million – funds from other property sale) (Fig. 7).

It should be pointed out that the receivership estate structure significantly changed as compared to the previous year. Thus, the share of monetary funds (cash, mandatory reserve funds, deposits with the Bank of Russia and others) decreased from 56.4% to 14.7%. This was the result of changing by the Bank of Russia of mandatory reserve regulation requirements to maintain liquidity of depository institutions during the crisis.

As the result of the Agency’s extrajudicial actions aimed at collection of indebtedness to liquidated banks, RUR 3,975 million were recovered from the debtors. Furthermore, in the reporting period 2,298 claims were forwarded to courts for the amount of RUR 36.3 billion. 962 claims amounting to RUR 12.6 billion were honored by court awards. By the end of 2009 1,190 claims for the amount of RUR 22.5 billion were still under courts review. As the result of the above activities of the Agency, RUR 87 million were returned to the receivership estates, which is by 30.7% less than the same indicator for 2008.
The Agency held 77 open auctions for property sale of liquidated depository institutions. The proceeds from asset sale amounted to RUR 590 million, which is 1.3 times more than the appraised value. It should be noted that the decreased demand for real estate and its price depreciation had a negative effect on the receivership estate formation, resulting in longer property disposal period and lower proceeds from property sale. Assets with book value not exceeding RUR 100,000 were sold without auctions, including through a public offer placed on the Agency’s website (recovered amount – RUR 51 million).

Based on 2009 results, the volume of the receivership estates accumulated as a result of sale and collection of assets increased by 2.5 times compared to the previous year. The average size of receivership estate in a bank, where liquidation proceedings were completed in the reporting period, grew by 1.7 times and reached RUR 48.6 million (Fig. 8).

Investigating and Contesting Dubious Transactions. Bringing Guilty Persons to Account

When carrying out receivership proceedings the Agency is engaged in activities aimed at tracing and challenging transactions concluded to the prejudice of depository institutions and their creditors’ property interests (dubious transactions), search and collection of illegally held bank property from third parties, as well as establishment of grounds for legal actions against those guilty in bringing a depository institution to its failure. In the reporting period inspections for tracing dubious transactions were carried out in 43 failed depository institutions.

In 2009 there were 172 cases under judicial proceedings before general jurisdiction and arbitration courts on challenging dubious transactions. During the year 154 new claims were filed with courts, of them 116 claims – in the fourth quarter of 2009. 26 claims of the Agency were satisfied.

Recovered proceeds to the bankruptcy estates of failed banks resulting from judicial challenging of dubious transactions by the Agency in the reporting year amounted to RUR 77.3 million, which is twice as more compared to the previous year.

In 2009 causes of bank failures were investigated in 17 banks. Based on the investigations results, the Agency filed an action to the Arbitration court of Moscow to bring persons responsible for the bank failure to vicarious liability in the amount of RUR 23.6 billion (“Mosprombank”), two actions were filed on indemnification of losses against managers of “Fundament-bank” and “Mosoblinvestbank” in the amount of RUR 669.1 million.

During the year 14 actions were under court consideration on bringing former bank managers to property accountability for the total amount of RUR 4,612.5 million. Two actions were satisfied for the amount of RUR 290 million (“Yarbank”, “Investment and Credit Bank”). Four actions for the amount of RUR 438 million were rejected (“Badr-Forte Bank”, “Fundament-Bank”, “Mosprombank”, KB “FONON”).

The Agency submitted to law enforcement bodies and investigation agencies 37 applications on facts of breach containing elements of crimes, including: 16 facts of money and property theft; 9 facts – attempts to misappropriate the DIF funds by transferring resources from legal entities accounts and accounts of individuals exceeding RUR 700,000 to individuals’ accounts with the purpose of being illegally reimbursed; 7 facts of intended bankruptcy; 5 facts – other identified purposes.
Managing Current Expenditures of Receiverships

In the reporting year current expenses connected with receivership (liquidation) proceedings in credit institutions increased more than 4 times compared to the previous year and reached RUR 2,152 million. The main reason for the above increase was the growth of expenses for wages and severance pay to dismissed employees of liquidated banks. During the reported period 4,471 employees were dismissed, including: 2,352 persons in the city of Moscow and 2,119 – dismissed from regional banks. Expenses connected with wage and severance payment to dismissed employees amounted to more than half of current expenses of receiverships (56 %). Compared to the previous year the amount increased 6 times and reached RUR 1,202 million (Fig. 9).

Current expenses of depository institutions where liquidation proceedings were completed in the reporting year amounted to RUR 170.5 million. Average expenses per one bank reached RUR 8.1 million, which is 1.3 times more than similar expenses in the previous year (RUR 6.2 million).

In connection with irregular transfer of monetary resources into receivership estates, in a number of cases the Agency had to finance liquidation procedure expenses at its own cost to speed up the work with assets and payment of liabilities to former employees of failed banks.

The total volume of resources advanced by the Agency for current activities in liquidated depository institutions as of January 1, 2010 amounted to RUR 82.7 million (accrued total taking into account indebtedness accumulated by the beginning of the reported period). During the year the Agency recovered earlier advanced resources in the amount of RUR 74 million.

Consideration and Satisfaction of Creditors’ Claims. Disclosure of Receivership Proceedings Progress and Results

In the reporting period the workload connected with consideration and acceptance of creditor claims significantly increased due to the increased number of depository institutions liquidated by the Agency.
The amount of accepted claims increased 5 times compared to the previous year – from RUR 19 billion to RUR 103.4 billion. The number of bank creditors where liquidation proceedings are still in progress, went up by 1.7 times – from 35,100 to 59,800. Claims of the Agency as the first priority creditor of failed banks amounted to RUR 25.6 billion (77 % of the total first priority creditor claims).

In 2009 the Agency considered and accepted 24,700 creditor claims from more than 80 banks and 3,000 claims were rejected. Respective notifications were sent to all claimants.

The average percentage of satisfaction of accepted creditor claims in banks where liquidation proceedings were completed in 2009 was 25.1 %, which is by 16.2 % lower than in the previous year (41.3 %).

The above percentage reduction is connected with the fact that in the reporting period liquidation activities were completed in failed banks that had signs of intended bankruptcy, whose assets were of very poor quality.
With regard to 13 bankrupt depository institutions the average percentage of satisfaction of creditor claims was 23% compared to 27.1% in the previous year. In three of these banks all creditors’ claims were satisfied in full. In 8 banks where compulsory liquidation procedures were completed, creditors’ claims were satisfied in full.

As of January 1, 2010 the average percentage of satisfaction of creditors’ claims in banks where liquidated proceedings were completed was 20.2% (Fig.10).

In 2009 payments were effected to more than 15,700 creditors of 33 liquidated banks, including to 14,200 depositors. RUR 1.51 billion were designated for the above payments (RUR 2 billion – in 2008).

The decrease in the volume of resources designated to satisfy creditor claims in the reporting year was caused by reduced payment capacity of purchasers of liquidated banks’ assets under the crisis impact.

In 2009 the Agency submitted documents required for payment by the Bank of Russia of compensation to depositors of “Lefko-bank”, “Russian Bankers’ House” bank, and KB “Stolypin”.

According to the Agency observations, the number of banks where by the date of license revocation electronic accounting database was absent, or was significantly damaged and needed restoration, considerably went down. In the reporting year such activities were not numerous: electronic database of KB “Kauri” and creditor claims’ register of KB “BRIZBANK” had to be restored.

In 2009 the Agency held 71 meetings of liquidated banks’ creditors, including: 47 – initial meetings and 24 regular ones, of them 10 meetings were held at the initiative of creditors. In total since 2005 the Agency organized and held 376 creditor meetings. All meetings held at the corporate liquidator initiative there had quorum required to make legitimate decisions. Creditors were notified about the meetings via direct mailing (more than 7,000 notifications were sent to respective addressees) and/or via publications in periodicals.

The Agency carried out liquidation proceedings in depository institutions in close co-operation with their creditors’ committees. As of January 1, 2010 – 86 creditors’ committees were elected and operated in liquidated banks. During the reporting period 45 committees were newly elected and 670 meetings of creditors were organized, held and documented in the minutes, which was more than twice compared to the previous year.
Increase in the number of creditors’ committee meetings is connected with a big volume and more complex asset structure of banks, where receivership proceedings started in 2009. The reports of bank receivers were sent to arbitration courts and the Bank of Russia authorized to monitor the Agency’s activities aimed at depository institutions liquidation. In the reporting year more than 250 reports were prepared by the Agency acting as the receiver (liquidator) of depository institutions.

Information materials for creditors, including receiver (liquidator) reporting, prepared by the Agency were placed on its official website in the Internet on a constant basis. Moreover, receivership (liquidation) proceedings information was submitted in writing and via e-mail upon creditor requests, as well as during personal meetings with citizens held by the Agency’s personnel.
Bank Failure Prevention Activities Conducted by the Agency
In accordance with the Federal Law No. 175-FZ, dated October 28, 2008 “On Additional Measures to Strengthen Stability of the Banking System for the Period through December 31, 2011”, the Agency was entrusted with functions of implementing bank failure prevention measures in relation to insured depository institutions. During several weeks after the law was effective, the Agency engaged in rehabilitation procedures in 15 banks. In connection with this, the Agency’s main objectives in 2009 were to develop detailed financial rehabilitation plans for the above banks and enhance relevant internal regulations.

Financial crisis negative impact continued to influence stability of a number of largest banks at the beginning of 2009. This gave rise to adopting decisions on the Agency’s involvement in bank failure prevention measures in relation to 3 additional banks. However in two cases it was a logical continuation of previously started measures aimed at banks financial rehabilitation carried out by private investors with the help of borrowed from the Bank of Russia funds. The above enabled moving to a uniform and systemic approach and implementation of bank financial rehabilitation legislation.

At later stage of the reporting period, in connection with improved situation in the banking sector, new proposals concerning the Agency’s involvement in bank failure prevention measures were not raised.

**Bank Financial Rehabilitation Activities**

As of January 1, 2010 financial rehabilitation measures were carried out in 14 banks, in 12 institutions respective procedures were started in 2008.

In the first half of the reporting year the Agency received three proposals from the Bank of Russia to participate in bank failure prevention measures. These were: “VEFK-Siberia-Bank” (later it was renamed as “NOMOS-BANK-Siberia”), AKB “ROSSISKIY CAPITAL” and “KIT Finance Investment Bank”.

“KIT Finance Investment Bank” since September 2008 had been facing serious liquidity problems, which resulted in its failure to repay a number of interbank loans, to fulfill REPO transactions concluded at the Moscow Interbank Stock Exchange, and to execute clients’ payment orders.

The Agency accepted the Bank of Russia’s proposal to participate in bank failure prevention measures in relation to this bank due to its evident social and economic significance: the bank’s network had 60 branches and offices, the largest Russian banks and enterprises were its creditors for the amount of RUR 134.7 billion, for whom the bank’s failure (bankruptcy) could give rise to unfavorable financial consequences.

Moreover, the bank invested considerable portion of attracted funds in securities, specifically, in “Rostelecom” shares. In this connection, in case of its failure, disposal of securities could have negative ramifications for the securities market.

“VEFK-Siberia-Bank” and AKB “ROSSISKIY CAPITAL” were also large credit institutions with the total amount of liabilities to legal entities and individuals amounting to RUR 16.2 billion. Since October 2008 elements of financial instability were discernable in these banks along with notable resources outflow from accounts of legal entities and individuals. The quality of loan portfolio was worsening. The capital decrease to negative value in the “VEFK-Siberia-Bank” was connected with credit risk concentration on the group of borrowers, which were economically and legally affiliated with the bank’s shareholders. Financial problems faced by AKB “ROSSISKIY CAPITAL” were caused by the negative impact of three basic factors: illegal acts of its former shareholders and managers; worsened financial condition of a number of its largest borrowers; and significant tax claims enforced against the bank.

The Agency developed plans of its participation in bank failure prevention measures for these banks taking into consideration their specific features.
With the purpose of implementing rehabilitation programs for “VEFK-Siberia-Bank” and “ROSSIYSKY CAPITAL”, temporary administrations were appointed to manage these banks, with the Agency executing their administrative functions. This enabled to restore the banks’ current operations, resume their settlements with clients, and ensure attracting new investors by writing off their lost capital and issuing new shares. In the above banks general meetings of shareholders were held to elect their new governing bodies.

Investors were found for “VEFK-Siberia-Bank” and “KIT Finance Investment Bank” that were interested in their financial rehabilitation and further sound development.

The Agency became a new shareholder for the “ROSSIYSKY CAPITAL” bank. Purchase of shares was a forced measure for the Agency, as there were no interested investors because of poor asset quality. The Agency thought it would be the most reasonable decision for “ROSSIYSKY CAPITAL” to protect its creditors’ interests taking into account good prospects for restoration of its normal banking operations. In the end of the reporting period the Agency was actively involved in preparation of financial rehabilitation plan with the main goal for this bank to enhance its investment attractiveness and sell its shares owned by the Agency. The Agency was also looking for professional management team to implement the plans’ provisions.

With regard to restructured banks – monitoring system was established to exercise control over financial rehabilitation process. This system is based on daily and weekly reports and on-site inspections conducted in accordance with the approved schedule. During the reporting period 12 on-site inspections of financial condition and the progress in implementation of the banks’ financial rehabilitation plans were conducted. Based on inspection results, the Agency developed recommendations for investors on more efficient operations, optimization of banks’ activities and achievement of financial rehabilitation plans’ target indices. The Agency also examined financial conditions of investors as they were involved in majority cases in banks’ financial rehabilitation projects.

Most banks where financial rehabilitation started in 2008, during the year demonstrated positive dynamics of development by fulfillment of planned financial rehabilitation indicators and increasing volumes of loans granted to enterprises and organizations. Thus, since financial rehabilitation started banks have provided loans for the amount of RUR 140 billion.
The first bank where restructuring was successfully completed was “Nizhegorod-promstroibank”. Measures were taken in this bank aimed at restoration of its business reputation and growth of clientele. The efficiency of those measures was confirmed by basic activities indicators growth, during the reported year “Nizhegorodpromstroibank” in full volume fulfilled the Bank of Russia’s mandatory regulatory requirements. In December 2009 the Agency’s Management Board reviewed the report on measures taken to prevent “Nizhegorodpromstroibank” failure, and sent to the Bank of Russia a request to consider taking a decision about completion of implementation of the above measures. The Bank of Russia positively reacted to the Agency’s request.

In the reporting year after a thorough study of restructured banks’ asset condition, the Agency decided to introduce adjustments in the initially developed financial rehabilitation measures for 7 banks. The most significant adjustments were incorporated in the plan of the Agency’s involvement in prevention of failure of the “Petrovsky Bank”.

In 2008 the Agency was authorized to exercise temporary administration functions in the “Petrovsky Bank”, and the bank received the loan of RUR 40 billion. This enabled to stabilize situation in the bank, eliminate liquidity gaps and fully pay accumulated non-executed clients’ payment orders.

However, a more careful review of “Petrovsky Bank” financial condition showed that more than half of its loan portfolio consisted of loans granted to a group of borrowers that were economically and legally affiliated with former bank’s shareholders. As a result of adequate reserve provisioning for possible loss with regard to the above loans, the amount of the bank’s equity capital went down to a negative value. In this connection the Bank of Russia, upon the Agency’s request, made a decision, dated February 18, 2009, to reduce the bank’s charter capital to 1 ruble, and conduct additional issuance of shares for the amount of RUR 10 billion, of which 50% was purchased by the Agency and the other 50% in equal amounts were purchased by two investors – FK “Otkrytie” and “NOMOS-BANK”. Furthermore, the Agency provided subordinated loan of RUR 10 billion to the bank.

The above measures enabled to recapitalize the “Petrovsky Bank”; ensure conditions for its further development, and subsequent non-loss disposal of its shares by the Agency. With the view of ensuring continued operations of the bank and meeting the Bank of Russia’s regulatory requirements – preparation began for purchase by the Agency of certain problem assets of the “Petrovsky Bank”.

During the first four months of 2009, the Agency as a whole completed developing regulation base on issues related to banks rehabilitation started in the previous year end. Specifically, the Agency’s Management Board adopted base documents regulating preparation of financial rehabilitation plans, taking decisions on the Agency’s involvement in bank failure prevention measures, execution by the Agency of temporary administration functions, and estimation of banks’ financial condition and potential investors’ attraction and selection.

Asset Management in Restructured Banks

When exercising bank failure prevention measures, one of financial assistance methods actively used by the Agency was purchase of failing banks’ non-performing or problem assets. The above enabled banks to reduce provisions for possible loan loss, increase their equity capital, and improve fulfillment of mandatory regulatory requirements. Thus, restoration of normal functioning of banks is significantly expedited. The purchase of assets was carried out after their independent evaluation.

Thus, according to the planned involvement of the Agency in prevention of AKB “SOYUZ” failure, portion of long-term loan portfolio amounting to RUR 10.8 billion was purchased from “Sobinbank”. The above loans were granted for financing a number
of development projects, whose implementation became impossible under economy crisis conditions. Real estate facilities, as a rule, serve as collateral for such loans. In connection with substantial real estate price fall, sale of collateral in the reporting year was not reasonable. In the course of market stabilization the Agency will start disposing of real estate used as collateral. Purchase of assets from “Sobinbank” was made in view of subsequent merging of AKB “SOYUZ” and “Sobinbank”.

In 2009 the Agency also purchased claims for RUR 5 billion relating to loan agreements against more than 800 debtors of “Nizhegorodpromstroibank” with the book value of RUR 5.3 billion, which enabled the bank to get rid of problem loan portfolio to the agricultural sector and evade provisioning for possible loss. Purchase of assets from this bank allowed not only to mitigate its debt collection work load, but also to carry out restructuring of indebtedness of enterprises that faced serious financial troubles. As a result, despite economic crisis events, almost the whole of loan portfolio purchased by the Agency from “Nizhegorodpromstroibank” was performing, and in 2009 the Agency recovered RUR 2.1 billion as a result of debt repayment.

In accordance with planned involvement of the Agency in measures aimed at prevention of failure of “KIT Finance Investment Bank”, the Agency purchased from this bank 29.99% of ordinary shares of “Rostelecom” for the amount of RUR 50,278 million. Purchase was effected at lower investment value margin established by an independent appraiser “Ernst and Young – Appraisal”. Management and disposal of “Rostelecom”’s shares will be performed in the interests of the ultimate beneficiary – the Russian Federation.

**Funding Bank Failure Prevention Measures**

Funding bank failure prevention measures applied to failing systemically important depository institutions was carried out according to agreed with the Bank of Russia plans, by providing loans to banks and (or) investors, and as was mentioned above, by purchasing by the Agency of assets from restructured banks.

Totally for bank rehabilitation purposes as of January 1, 2010 the Agency appropriated RUR 304.6 billion, of this amount – RUR 187.6 billion borrowed from the Bank of Russia; and RUR 117 billion – from the Russian Federation property contribution funds. In the reporting year the Agency repaid loans to the Bank of Russia in the amount of RUR 20.7 billion, including at the expense of the Russian Federation.
property contribution – RUR 18.6 billion. As of January 1, 2010 the Agency indebtedness to the Bank of Russia amounted to RUR 166.9 billion.

**Mandatory DIF resources** for bankruptcy prevention measures were not used in 2009.

**According to the approved payment schedules**, in the reporting year borrowers (restructured banks, investors, acquirers of portion of assets and liabilities) repaid to the Agency RUR 10.69 billion as loans’ principal amount, and RUR 8.69 billion as accrued interest. Moreover as principal repayment the Agency obtained claims based on loans and other assets amounting to RUR 18.43 billion. The transfer of assets as loan repayment allows banks to bring down overloading connected with payment of interest for the use of borrowed funds, and improve their performance financial indicators. It should be noted that for loan repayment the Agency accepts assets constituting sound long-term investments whose disposal at fair price is not possible at present due to unfavorable market situation.

**The Agency’s Board of Directors**, the Russian Federation Chamber of Accounts and the Bank of Russia exercised control over monetary resources expenditure and other operations of the Agency connected with its involvement in bank failure prevention.
Facilitation of the Agency’s Major Functions
Enhancement of Corporate Governance

With the purpose of performance optimization and efficient use of resources, in the reporting year the Agency implemented a number of measures aimed at enhancement of its governance.

For enhancement of efficient investment of temporary idle resources and bringing down investment risks the Board of Directors made a decision, dated September 16, 2009, to establish Investment Committee operating under it. The main objective of the Committee is to develop recommendations on investing the Agency’s temporary idle resources and to monitor their results.

In accordance with the Russian Federation Government assignment dated July 9, 2009, in order to promote efficient performance and to raise the level of accountability of the Agency’s management for the results of their activities – the Board of Directors adopted a decision, dated September 16, 2009, to establish Staff and Remuneration Committee under the Board. The main tasks of the Committee are to develop and submit to the Board recommendations for taking decisions on issues within its competence in the sphere of regulating labor relations and motivating the Agency’s management and personnel.

An important sphere of activities during the reported period was implementation of the Presidential assignment, dated November 12, 2009, aimed at enhancing state corporations’ efficiency, ensuring transparency and overall control over their activities, including cost reduction and increase in labor productivity, as well as introduction of modernized governance methodology, up-to-date technology and innovations. Special working groups were set up to address all issues related to enhancing the Agency’s operation. The Agency developed proposals, which were in due time submitted to the Government of the Russian Federation.

Based on best Russian and international practices, provisions of respective federal laws, decisions of the Russian Federation President, Government, and the Bank of Russia, in the reporting year the draft strategic plan of the Agency was developed for the period through 2014. The document was submitted to the Board of Directors for review, and it issued recommendations for the document finalization.

In the reporting year the Agency implemented a number of measures aimed at introduction of advanced technologies and innovations. Specifically, conducting operational meetings using video conference facilities was put into practice. With a view of providing efficient information to depositors who sent their requests to the Agency in writing, implementation of a specialized server on the Agency Internet website was started. The Agency was implementing new system of electronic document management, modernizing its existing deposit payouts and creditor claims’ register maintenance systems based on modern web-technologies.
Organizational and HR Work

In accordance with the deposit insurance law, the Agency governing bodies are constituted by the Board of Directors, the Management Board and General Director.

Four Board of Directors’ meetings were held in 2009 where strategic issues were considered. In particular, the Board of Directors introduced amendments to the Procedures for selecting agent banks and investing temporary idle Mandatory DIF resources. The Board approved similar procedures for 2010 and appointed an independent auditor of the Agency’s financial statements for 2009.

At its meetings the Board of Directors regularly considered the status of temporary invested mandatory DIF resources and the progress in the area of financial rehabilitation and liquidation of depository institutions.

Practical implementation of the Agency’s Board of Directors decisions was carried out by the Management Board. There were 106 meetings held in 2009, at which the Management Board considered 792 issues related to different aspects of the Agency operation.

The Expert and Analytical Council under the Agency composed of representatives of academics, banking associations and other interested parties dealing with DIS functioning and/or insolvency/bankruptcy of depository institutions, protection of depositors’ rights and other aspects of the Russian Federation banking system, continued its operation in 2009. Four meetings were held at which the Council considered the issues of counteracting the illegal payments of insurance, new provisions in insolvency (bankruptcy) legislation, methods of dealing with problem assets, and the Agency’s medium-term strategic plan.

During the period from April 13 through May 4, the Russian Federation General Prosecutor’s office conducted inspection of the Agency’s compliance with the Russian legislation. The inspection showed that the Agency properly executed its mandate. Minor weaknesses identified during the inspection were eliminated by the Agency within one month period.

In the area of HR policy the Agency gave priority to development of a well established human resource management system, providing the assured and high-quality performance in all areas of its activities.

As of January 1, 2010 the Agency structure comprised of 7 divisions, 6 departments, Public Relations Centre, and Internal Audit Service. In January 2009 one more representative office was added to the Agency’s three regional offices – the Representative Office of the Agency in the Siberian Federal District started its operations.

By the end of the reporting year the Agency staff amounted to 505 persons, the average age of the Agency personnel was 38 years, 90.9 % had higher education, including 46.5 % with higher economic education, and 19.8 % with higher legal education (Fig.11). 74 employees had two higher educations. There are 3 Doctors of Science and 29 Masters of Sciences working in the Agency.

Filling vacant positions in the Agency took place from among internal personnel, as well as by invitation of highly qualified professionals on a competitive basis. An integral component of the Agency’s HR policy is professional improvement and retraining. This work was directed at ensuring corporate training internally, as well as participation of the Agency staff in different seminars, round table discussions, and training programs organized by specialized training centers.

To implement principles and approaches of labor remuneration approved by the Board of Directors, promote labor incentives and interest of the staff in the activi-
ties’ results, as well as enhance the quality and labor effectiveness – the system of work appraisal and staff motivation was developed in the Agency in 2009, which was based on the key performance indicators (KPIs). In 2010 the above system will be used for assessing the level of effectiveness of operation of the Agency as a whole, its structural subdivisions and each employee based on the results of each quarter of the year, and the whole year.

Enhancement of the Agency’s Regulatory Base

In the reporting year the Agency took part in development and discussions of proposals on introduction of amendments to a number of legal acts, related to regulation of financial market operations and insolvency (bankruptcy) of depositary institutions. In particular, the Agency was involved in development of 18 draft laws and other regulations.


In the process of internal regulatory base improvement, particular attention was paid to issues of investment of the Agency’s temporary idle resources, optimization of bank failure prevention procedures and execution of receivership (liquidation) proceedings. An important part of the Agency’s internal regulations adopted in 2009 was devoted to such issues as organizational structure enhancement and labor pay, including the issue of interrelation between payment amount and the Agency’s performance, as well as personal efficiency of each individual employee.
Operation of the Agency’s Representative Offices in Federal Districts

During the reporting year the Agency continued its systemic operations through its representative offices in the Southern, Volga, and Urals federal districts, and through a newly opened in the beginning of 2009 representative office in the Siberian federal district. Moreover, under respective agreement, the functions of the Agency’s office in the North-West Federal District were performed by St. Petersburg Fund for Promotion of Deposit Insurance System and Credit Institutions Development.

Main efforts of the representative offices were directed at conducting informational and explanatory work with regard to the Agency’s goals and objectives; interaction with insured banks; assistance in organization of deposit insurance payouts; as well as bank failure prevention procedures in depository institutions on the territory of the relevant federal districts; organization of interaction with local government authorities and territorial offices of the Bank of Russia.

During the reporting period the Agency’s representative offices continued to extend their interaction with major regional information agencies and periodicals. In total in 2009 the Agency’s representative offices issued 30 informational materials about the deposit insurance system, receivership and liquidation of depository institutions and bank rehabilitation procedures.

The Saint-Petersburg Fund for Promotion of Deposit Insurance System and Credit Institutions Development on a continued basis distributed information on the status and development prospects for the deposit insurance system as well as on the Agency’s activities. There were verbal consultations provided to citizens that applied with questions on the deposit insurance system operations.

One of the most important areas of activities of the Agency was dealing with requests from citizens and organizations on various issues of the Agency operations. During the reporting period the number of such requests reached 650, and none of them was left without due response.

Representative offices informed the Agency on a monthly basis on the situation in the banking sector on the federal district territory; bank deposit market development; new trends in the banking services provided to the population; revealing facts and circumstances likely to negatively affect the financial soundness of regional banks. Monitoring of households deposit interest rates offered by banks was conducted on a permanent basis. Special focus was on interest rates that exceed the average level that is one of the elements for assessing risks of insured events occurrence.

Heads of representative offices during the year participated in more than 30 conferences, seminars and meetings organized by the Bank of Russia territorial offices, regional authorities and public organizations, on issues of banking sector problems, and on matters relating to the Agency activities.

In cases of insured event occurrence on a federal district territory, respective representative offices conducted necessary informational and explanatory work, and on a needed basis, accepted applications from depositors for payment of insurance. Representative offices’ employees took part in 58 judicial proceedings on various issues connected with deposit insurance payouts and bank liquidation procedures.
Media Coverage of the Agency’s Operations and International Cooperation

The most important priority of the Agency’s activities is to pursue principles of information openness and transparency. In the reporting period the Agency provided information to all interested parties about insured event occurrence: with regard to each event press-releases were issued and distributed to all central and local media; information was published in the local press with the description of procedure and conditions of reimbursement payouts; on individual basis explanatory work was carried out with journalists and depositors. In case of license revocation from banks, special press-conferences were held, in particular, in the city of Rostov-on-the-Don, Ufa, Saratov and Omsk.

Under financial crisis conditions specific attention of the population was focused on its prevention measures, including on the Agency’s bank failure prevention measures. This required from the Agency management team to launch a comprehensive information campaign for explanation of principles and mechanisms of the newly established bank restructuring procedures and enhancement of their transparency. In the reporting year 7 press-conferences were held on financial rehabilitation of specific banks, including visits were made to St. Petersburg for a press-conference on the “VEFK” bank; and to the city of Penza (the “Tarkhany” bank). Important information about implemented by the Agency bank failure prevention measures with a detailed description of funding of each specific project – was placed on the Agency’s website in the Internet.

The Agency top managers participated in Parliament hearings and meetings of specialized committees of the State Duma on issues related to strengthening stability of the banking system. By the adoption of the above law anniversary, a round table was held with the Bank of Russia participation for business press representatives. The focus of the round table was on “Financial Rehabilitation of the Russian Banking System: Results and Prospects”. Two times in the reporting year meetings were held with leading banking analysts with the focus on financial rehabilitation issues and the Agency’s role in this process.

In total, during 2009 – 133 press-releases were prepared and distributed, and 14 press-conferences were held.

To provide timely public access to the information on the Agency’s activities – attention was focused on the enhancement of its website. During the reporting period above 2,000 website upgrades were exercised. Based on the results of the 9th annual all-Russia internet competition “Golden Site”, the Agency received a special award in nomination “Government and Scientific Institutions” for high level of information disclosure.

A special focus is given to activities aimed at enhancement of population financial literacy. In the beginning of 2009 an agreement was signed with the Union of Borrowers and Depositors of Russia, according to which a number of joint measures were carried out: press-conference “Complex Measures for Protecting Depositors, Borrowers and Shareholders during Financial and Economy Crisis” was held; development of a comprehensive book devoted to banking services was completed. To provide further information to depositors about the deposit insurance system, a booklet “What is needed to know about bank deposit insurance” was newly published and distributed to libraries and specialized educational and research centers.

With the purpose of ongoing access of population to the reference information, a multi-line telephone “hot line” of the Agency continued its operation. In 2009 it received about 83,000 calls, which is by one third more than in 2008, including:
34,500 calls – on the deposit insurance system; 47,800 calls – on liquidation procedures; and 6,000 calls – on bank failure prevention issues (Fig. 12)

**Based on 2009 results** the Agency and its management team received the following awards: the Agency General Director received the Russian Union of Journalists’ award – for strict adherence to the principle of information transparency; “United Russia” and Federal Financial Markets Service honorary award – for promoting financial literacy of the Russian population within the framework of the federal program “Financial Culture and Safety of the Population”.

The **reporting period** was marked by a significant growth in international acknowledgment of deposit insurance systems role as an important financial system stabilizing factor, enabling to maintain social and political stability of a country and confidence in its banking system. This was confirmed, particularly, by the development and adoption by the Basel Committee on Banking Supervision and the International Association of Deposit Insurers (IADI) in June 2009 of a document “Core Principles for Effective Deposit Insurance Systems”, which sets forth organizational, legal and financial mechanisms for effective performance of deposit insurance systems in the interests of countries and society. Jointly with the International Monetary Fund the above international organizations started developing Methodology for the Core Principles for Effective Deposit Insurance Systems that will be used for estimating national deposit insurance systems for their compliance with the approved core principles.

The **Agency took an active part** in development of the above principles. It should be noted that the Russian deposit insurance system in general complies with these internationally acknowledged standards and best practices.

**Being a member of the International Association of Deposit Insurers’** and the European Forum of Deposit Insurers’ governing bodies and committees, the Agency undertook a serious study and summarization of advanced international experience in the area of deposit insurance and problem and insolvent banks’ resolution.
Significant practical experience gained by the Agency in the area of reimbursement payouts, liquidation and restructuring of depository institutions gave rise to a great interest to it from the part of foreign deposit insurers. In this connection during the reporting year the Agency representatives made a number of presentations at different international conferences and training seminars organized for enhancement of professional skills of deposit insurers from various countries of the world.

An important area of international cooperation is the Agency’s interaction with deposit insurers from CIS countries. In the reporting period delegations from Azerbaijan, Kazakhstan and Ukraine visited the Agency with the purpose of studying its practical experience. In particular, representatives from the Deposit Insurance Fund of Azerbaijan studied the Agency’s practices in the area of reimbursement payouts in case of insured event occurrence, while employees from the Deposit Guarantee Fund of Ukraine were interested in the study of financial rehabilitation procedures conducted by the Agency.

Interaction with deposit insurers from Belorussia, Kirgizstan and Uzbekistan was established and maintained in the reporting year.
Funding of the Agency Operations

Current operating expenses of the Agency in 2009 were executed in accordance with the estimate approved by the Board of Directors decision, dated October 30, 2008.

The total amount of actual expenses of the Agency according to approved estimate reached RUR 1,145.2 million, which corresponds to 83 % (RUR 1,369.1 million) of the planned expenditure. Administrative expenses amounted to RUR 1,105.7 million (85 % of the estimate), capital investments – RUR 39.5 million (49.3 %).

In spite of the fact that in crisis conditions the workload substantially increased compared to the previous years, upon request from the Board of Directors the Agency undertook measures aimed at reduction of expenses planned for its operations in 2009. Economic and administrative optimization of current expenses allowed saving funds in the total amount of RUR 223.9 million, or 16.4 % of all estimated expenses for 2009. In particular, saved funds with in respect to “administrative expenses, including unified social security tax” amounted to RUR 57.5 million (7.4 %), which was achieved due to the policy of personnel growth deterrence, and organizational measures aimed at excluding overlapped functions in various structural subdivisions.

Expenditure of funds for the Agency operations was accomplished in accordance with the by-law on financing expenses and use of the profit of the State Corporation “Deposit Insurance Agency” approved by the Board of Directors.

Investments of temporary idle resources were made in accordance with the limits set forth in the by-law on investing temporary idle resources (excluding mandatory DIF resources) that was approved by the Board of Directors decision, dated February 3, 2004. The Internal Audit Service was monitoring the Agency’s investment activity.

As of January 1, 2010 of the above resources RUR 127 billion were designated for bank failure prevention measures, while the remaining funds were reserved for use in financial rehabilitation projects and invested in profitable financial instruments (including RUR 35.9 billion were invested in deposits with the Bank of Russia), with average yield to maturity of 7.9 % per annum.
On the whole based on the results of the Agency operation in 2009 its income before tax amounted to RUR 30.2 billion. Profit tax was RUR 3.9 billion, and the net profit amounted to RUR 26.3 billion. Accounting loss formed as a result of negative securities revaluation under the impact of financial crisis was covered from the net profit in the amount of RUR 12.8 billion. The balance amount of RUR 13.5 billion was distributed in accordance with the by-law on financing expenses and use of the profit of the State Corporation “Deposit Insurance Agency”, approved by the Board of Directors. At that, RUR 1.8 billion was appropriated to the Mandatory Deposit Insurance Fund; RUR 11.7 billion – to replenish the property contribution of the Russian Federation, designated for implementing bank failure prevention measures.
**BALANCE SHEET**

of the State Corporation
«Deposit Insurance Agency»
as at December 31, 2009

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>at the beginning of reporting period</th>
<th>at the end of reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Investment of the mandatory deposit insurance fund’s resources</td>
<td>59,096,549</td>
<td>93,309,164</td>
</tr>
<tr>
<td>1.1 long-term</td>
<td>50,813,957</td>
<td>62,829,972</td>
</tr>
<tr>
<td>1.2 short-term</td>
<td>8,282,592</td>
<td>30,479,192</td>
</tr>
<tr>
<td>2. Investment of the Agency’s resources that are not included in the mandatory deposit insurance fund</td>
<td>138,345,097</td>
<td>85,321,766</td>
</tr>
<tr>
<td>2.1 long-term</td>
<td>2,387,184</td>
<td>9,743,451</td>
</tr>
<tr>
<td>2.2 short-term</td>
<td>135,957,913</td>
<td>75,578,315</td>
</tr>
<tr>
<td>3. Funding of measures aimed at prevention of bank failures</td>
<td>108,111,546</td>
<td>294,165,749</td>
</tr>
<tr>
<td>4. Fixed assets</td>
<td>649,811</td>
<td>685,629</td>
</tr>
<tr>
<td>5. Cash and other monetary resources including:</td>
<td>76,720,850</td>
<td>983,008</td>
</tr>
<tr>
<td>5.1 monetary resources of the mandatory deposit insurance fund</td>
<td>5,116,639</td>
<td>368,306</td>
</tr>
<tr>
<td>6. Other assets</td>
<td>15,115,912</td>
<td>27,189,961</td>
</tr>
<tr>
<td>TOTAL for Section I</td>
<td>398,039,765</td>
<td>501,655,277</td>
</tr>
<tr>
<td>B A L A N C E</td>
<td>398,039,765</td>
<td>501,655,277</td>
</tr>
</tbody>
</table>
## OWN FUNDS AND LIABILITIES

<table>
<thead>
<tr>
<th>Section</th>
<th>at the beginning of reporting period</th>
<th>at the end of reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>II. OWN FUNDS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. The mandatory deposit insurance fund including:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.1 property contribution of the Russian Federation</td>
<td>79,063,506</td>
<td>93,745,952</td>
</tr>
<tr>
<td>7.2 Insurance premiums paid by banks</td>
<td>67,311,599</td>
<td>81,906,271</td>
</tr>
<tr>
<td>8. Property contribution of the Russian Federation that is not included in the mandatory deposit insurance fund including:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.1 property contribution of the Russian Federation for implementing bank failure prevention measure</td>
<td>200,000,000</td>
<td>200,000,000</td>
</tr>
<tr>
<td>9. Funds and reserves</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>10. Retained profit (uncovered loss)</td>
<td>(12,829,302)</td>
<td>13,504,877</td>
</tr>
<tr>
<td>TOTAL for Section II</td>
<td>269,042,446</td>
<td>310,099,549</td>
</tr>
<tr>
<td>III. LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Loans received</td>
<td>114,300,000</td>
<td>166,897,262</td>
</tr>
<tr>
<td>11.1 long-term</td>
<td>109,300,000</td>
<td>158,838,882</td>
</tr>
<tr>
<td>11.2 short-term</td>
<td>5,000,000</td>
<td>8,058,380</td>
</tr>
<tr>
<td>12. Funds of depository institutions placed in receivership and liquidation</td>
<td>2,364,036</td>
<td>2,942,332</td>
</tr>
<tr>
<td>13. Other liabilities</td>
<td>12,333,283</td>
<td>21,716,134</td>
</tr>
<tr>
<td>TOTAL for Section III</td>
<td>128,997,319</td>
<td>191,555,728</td>
</tr>
<tr>
<td>BALANCE</td>
<td>398,039,765</td>
<td>501,655,277</td>
</tr>
</tbody>
</table>

---

For Information: Off-Balance Sheet assets and liabilities

<table>
<thead>
<tr>
<th>Section</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>14. Collateral received</td>
<td>153,733,066</td>
<td>222,404,425</td>
</tr>
<tr>
<td>15. Collateral granted</td>
<td>11,707,238</td>
<td>4,191,552</td>
</tr>
<tr>
<td>16. Depreciation of fixed assets</td>
<td>91,916</td>
<td>122,547</td>
</tr>
</tbody>
</table>

The Balance Sheet authenticity is certified by an independent audit firm «FBC», a member of a self-regulated organization of auditors «Non-commercial partnership «Audit chamber of Russia», certificate of membership No. 5363, ОРНЗ – 10201039470.
## STATEMENT OF INCOME (LOSSES)
from placement and/or investment of temporary idle monetary resources of the State Corporation «Deposit Insurance Agency»
for 2009

<table>
<thead>
<tr>
<th>Item name</th>
<th>For the reporting period</th>
<th>For the previous reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Revenues from placement (investment) of the mandatory deposit insurance fund’s resources, including:</td>
<td>15,242,957</td>
<td>5,203,532</td>
</tr>
<tr>
<td>1.1 income from operations with securities</td>
<td>1,638,085</td>
<td>0</td>
</tr>
<tr>
<td>1.2 interest income</td>
<td>5,772,975</td>
<td>5,058,098</td>
</tr>
<tr>
<td>1.3 other income</td>
<td>7,831,897</td>
<td>145,434</td>
</tr>
<tr>
<td>2. Revenues from placement (investment) of the Agency’s funds that are not included in the mandatory deposit insurance fund, including:</td>
<td>23,483,165</td>
<td>1,467,937</td>
</tr>
<tr>
<td>2.1 income from operations with securities</td>
<td>284,735</td>
<td>54,384</td>
</tr>
<tr>
<td>2.2 interest income</td>
<td>22,839,519</td>
<td>1,410,316</td>
</tr>
<tr>
<td>2.3 other income</td>
<td>358,911</td>
<td>3,237</td>
</tr>
<tr>
<td>3. Other revenues</td>
<td>503,507</td>
<td>75,394</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>39,229,629</td>
<td>6,746,863</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Expenses related to operations with securities purchased at the expense of the mandatory deposit insurance fund</td>
<td>36,641</td>
<td>16,664,665</td>
</tr>
<tr>
<td>5. Expenses related to operations with securities purchased at the expense of the Agency’s funds that are not included in the mandatory deposit insurance fund</td>
<td>965</td>
<td>551,428</td>
</tr>
<tr>
<td>6. Interest expenses</td>
<td>7,477,855</td>
<td>677,680</td>
</tr>
<tr>
<td>7. Administrative expenses of the Agency</td>
<td>1,105,646</td>
<td>631,898</td>
</tr>
<tr>
<td>8. Other expenses</td>
<td>415,868</td>
<td>4,601</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>9,036,975</td>
<td>18,530,272</td>
</tr>
<tr>
<td><strong>Profit (loss) before tax</strong></td>
<td>30,192,654</td>
<td>(11,783,409)</td>
</tr>
<tr>
<td><strong>9. Profit tax</strong></td>
<td>3,943,150</td>
<td>1,038,374</td>
</tr>
<tr>
<td><strong>10. Deferred tax assets (liabilities)</strong></td>
<td>84,675</td>
<td>(7,519)</td>
</tr>
<tr>
<td><strong>Net profit (loss) for the reporting period</strong></td>
<td>26,334,179</td>
<td>(12,829,302)</td>
</tr>
</tbody>
</table>
# CASH FLOW STATEMENT

**OF THE MANDATORY DEPOSIT INSURANCE FUND (DIF)**

for 2009

## Balance of the DIF at the beginning of the reporting period

<table>
<thead>
<tr>
<th>Item name</th>
<th>For the reporting period</th>
<th>For the previous reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of the DIF at the beginning of the reporting period</td>
<td>79,063,506</td>
<td>61,676,675</td>
</tr>
</tbody>
</table>

## CASh INFLOWS

1. Insurance premiums received from insured banks

<table>
<thead>
<tr>
<th>Item name</th>
<th>For the reporting period</th>
<th>For the previous reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Insurance premiums received from insured banks</td>
<td>24,631,810</td>
<td>27,806,077</td>
</tr>
</tbody>
</table>

2. Property contribution of the Russian Federation

<table>
<thead>
<tr>
<th>Item name</th>
<th>For the reporting period</th>
<th>For the previous reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Property contribution of the Russian Federation</td>
<td>87,774</td>
<td>37,309</td>
</tr>
</tbody>
</table>

3. Borrowed funds, including:

<table>
<thead>
<tr>
<th>Item name</th>
<th>For the reporting period</th>
<th>For the previous reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Federal budget funds for covering the DIF’s deficit</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

4. Profit

<table>
<thead>
<tr>
<th>Item name</th>
<th>For the reporting period</th>
<th>For the previous reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Profit</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

5. Other inflows

<table>
<thead>
<tr>
<th>Item name</th>
<th>For the reporting period</th>
<th>For the previous reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Other inflows</td>
<td>885,667</td>
<td>169,649</td>
</tr>
</tbody>
</table>

**Total cash inflow** 25,605,251 28,013,035

## CASh OUTFLOWS

6. Payouts to insured depositors

<table>
<thead>
<tr>
<th>Item name</th>
<th>For the reporting period</th>
<th>For the previous reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Payouts to insured depositors</td>
<td>10,916,353</td>
<td>10,597,150</td>
</tr>
</tbody>
</table>

7. Agency fees

<table>
<thead>
<tr>
<th>Item name</th>
<th>For the reporting period</th>
<th>For the previous reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Agency fees</td>
<td>6,452</td>
<td>29,054</td>
</tr>
</tbody>
</table>

8. Repayment of borrowed funds, including:

<table>
<thead>
<tr>
<th>Item name</th>
<th>For the reporting period</th>
<th>For the previous reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1 Repayment of federal budget funds received for covering the DIF’s deficit</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

9. Other outflows

<table>
<thead>
<tr>
<th>Item name</th>
<th>For the reporting period</th>
<th>For the previous reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>9. Other outflows</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Total cash outflow** 10,922,805 10,626,204

## Balance of the DIF at the end of the reporting period

<table>
<thead>
<tr>
<th>Item name</th>
<th>For the reporting period</th>
<th>For the previous reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of the DIF at the end of the reporting period</td>
<td>93,745,952</td>
<td>79,063,506</td>
</tr>
</tbody>
</table>

---

The Balance Sheet authenticity is certified by an independent audit firm «FBC», a member of a self regulated organization of auditors «Non-commercial partnership «Audit chamber of Russia», certificate of membership No. 5353, ОРНЗ – 10201039470.

President
S.M. Shapiguzov

General Director
A.V. Turbanov

Chief Accountant
N.D. Molodtsova

**Annual Report 2009**

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