

The Central Bank of the Russian Federation (Bank of Russia)**Press Service**

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Information Notice**Banking licence of JSC CB IVANOVO revoked and provisional administration appointed**

By its Order No. OD-761, dated 5 April 2019, the Bank of Russia revoked the banking licence from the Ivanovo-based credit institution Joint-Stock Company Commercial Bank Ivanovo, or JSC CB Ivanovo (Registration No. 1763; hereinafter, 'CB Ivanovo'). The credit institution ranked 294th by assets in the Russian banking system.¹

The Bank of Russia took this decision in accordance with Clauses 6 and 6.1, Part 1, Article 20 of Federal Law 'On Banks and Banking Activities'² guided by the fact that CB Ivanovo:

failed on multiple occasions to comply with Bank of Russia regulations on countering the legalisation (laundering) of criminally obtained incomes and the financing of terrorism. The credit institution provided the regulator with incomplete and unreliable information, including on operations subject to mandatory control;

systematically understated the amount of reserves to be set up and overstated the value of assets in order to improve its financial indicators and conceal its actual financial standing. The Bank of Russia will submit the information about these facts bearing signs of a criminal offence to law enforcement agencies. The Bank of Russia estimates that an adequate reflection of credit risks taken by CB Ivanovo and the value of its assets will lead to a significant (over 30%) decrease in its capital and, consequently, to grounds to take measures to prevent the credit institution's insolvency (bankruptcy), which creates a real threat to interests of its creditors and depositors;

performed 'scheme' operations to artificially maintain its capital to formally comply with the required ratios;

violated federal banking laws and Bank of Russia regulations, making the regulator repeatedly apply supervisory measures over the last 12 months, including three impositions of restrictions on attracting household deposits.

CB Ivanovo's key activity was providing corporate and retail loans. That said, low-quality loans accounted for more than 70% of the loan portfolio. This activity was primarily financed by household deposits (about 90% of total funds raised by the bank).

The Bank of Russia appointed a provisional administration³ to CB Ivanovo for the period until the appointment of a receiver⁴ or a liquidator.⁵ In accordance with federal laws, the powers of the credit institution's executive bodies were suspended.

Information for depositors: CB Ivanovo is a participant in the deposit insurance system, therefore depositors⁶ will be compensated for their deposits in the amount of 100% of the balance of funds but no more than a total of 1.4 million rubles per depositor (including interest accrued).

Deposits are repaid by the state corporation Deposit Insurance Agency (hereinafter, the Agency). Detailed information regarding the repayment procedure can be obtained 24/7 at the Agency's hotline (8 800 200-08-05) and on its website (<https://www.asv.org.ru/>) in the Deposit Insurance / Insurance Cases section.

¹ According to the financial statements as of 1 March 2019.

² The Bank of Russia took this measure following the credit institution's failure to comply with federal banking laws and Bank of Russia regulations, repeated violations, within a year, of Bank of Russia regulations issued in accordance with the Federal Law 'On Countering the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism', and multiple applications within one year of measures stipulated by the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)', and taking into account a real threat to the interests of creditors and depositors.

³ In accordance with Bank of Russia Order No. OD-762, dated 5 April 2019.

⁴ In accordance with Articles 127 and 189.68 of Federal Law 'On Insolvency (Bankruptcy)'.

⁵ In accordance with Article 23.1 of Federal Law 'On Banks and Banking Activities'.

⁶ Depositors mean individuals, including those who are engaged in entrepreneurial activity (individual entrepreneurs), and legal entities that are considered small enterprises in accordance with the Federal Law 'On the Development of Small and Medium-sized Businesses in the Russian Federation'.

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