

4. Depository Activities

Vnesheconombank's depository activities include rendering services to customers in record-keeping of clients' rights to securities, assisting clients in ensuring the rights to securities that they own, performing the

functions of an agent for the Government of the Russian Federation in settling the sovereign foreign debt, as well as the functions of a payment agent in servicing bond issues of other legal entities.

Servicing clients

As at 01.01.2014, the number of clients' depo accounts opened with Vnesheconombank was running at 709 (677 as at the beginning of 2013). Over the reported period, 109 new depo client accounts were opened with Vnesheconombank, which was a 68% increase on the respective figure of the previous year.

Over 2013, 28,402 settlement operations over the clients' depo accounts were effected by Vnesheconombank on clients' instructions. That demonstrated a 46.8% rise on the previous year.

As at the end of the year, the number of issues of issue-grade securities accepted

for depository servicing by Vnesheconombank's Depository exceeded 2600, whereas Russian issuers' securities accounted for 34% and foreign and international securities – for 66%.

Over the reported period, with a view to improving the quality of customer service and reducing operational risks, Vnesheconombank's professionals made a concerted effort to launch electronic document exchange with 11 registrars on the basis of the central depository's technological solutions. Overall, by the end of 2013 Vnesheconombank maintained information exchange through the use of electronic document turnover with 16 registrars.

Servicing Sovereign Internal Currency Debt

In 2013, Vnesheconombank, acting as a designated depository and payment agent and drawing on the federal budget funds, made payments of principal amounts, as well as coupon payments under the IV and V Tranche Minfin bonds totaling USD 11.68 mn (a 33% increase on the previous figure), including USD 2.55 mn – in redemption of coupon yield and USD 9.13 mn in

redemption of the principal amount of debt under the bonds.

Payments were made upon presentation of the bonds to Vnesheconombank by the bondholders and upon exchange of the balances on the Russian legal entities' blocked and special currency accounts for Minfin bonds.

Over the reported period, Vnesheconombank settled debts towards the holders of blocked and special currency accounts for the total sum of USD 9.07 mn.

Functions of a Payment Agent under Corporate Bond Issues Backed by Sovereign Guarantees of the Russian Federation

Vnesheconombank has been performing the functions of a payment agent for the Russian Federation Ministry of Finance under bond issues by legal entities under the guarantees of the Russian Federation aiming to attract resources to finance investment projects.

Rendering services of a payment agent under the bonds for the total sum (at par value) of RUB 174 bn with the maturity falling due before 2032 is envisaged by the agreements signed by Vnesheconombank

with OJSC AHML, OJSC ROSNANO, OJSC United Aircraft Corporation, OJSC Western High-Speed Diameter, LLC North-Western Concession Company, State Company Avtodor, OJSC Main Road.

In 2013, Vnesheconombank in order to fulfill the commitments under the bonds made, drawing on the issuers' funds, made coupon payments and payments in redemption of bond nominal value amounting to RUB 19.44 bn.

Legislative Amendment and Development of Depository Services

Since the central depository started operating in the stock market, Vnesheconombank set specified fee tariffs for services on depository record-keeping of the shares placed for safe-keeping with the central depository. That allowed reducing clients' costs on average by 1.7 times as compared to previous tariffs.

Given the amendments the Tax Code of the Russian Federation made in compliance with Federal Law No. 282-FZ dated 29 December 2012, the year 2013 saw the development and launch of the procedural regulations for performing the functions of

a tax agent on transferring yield on securities to depositors. Should the papers be recorded on depo accounts of foreign nominee holders or depo accounts of foreign authorized holders, centralized keeping of the respective securities is mandatory.

Apart from this, in view of the amendments in the Tax Code of the Russian Federation, performing the functions of a tax agent on transferring to the clients of dividend payments on the shares in their possession issued by Russian issuers will become a new line of Vnesheconombank's depository activities.