

# AM10

## Notice of administrator's progress report



Companies House

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[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 4 7 8 3 1 1 2

Company name in full Sberbank CIB (UK) Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Special Administrator's name

Full forename(s) David Philip

Surname Soden

### 3 Special Administrator's address

Building name/number The Colmore Building, 20 Colmore Circus

Street Queensway

Post town Birmingham

County/Region

Postcode B 4 6 A T

Country

### 4 Special Administrator's name

Full forename(s) Robert Scott

Surname Fishman

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Special Administrator's address

Building name/number The Colmore Building, 20 Colmore Circus

Street Queensway

Post town Birmingham

County/Region

Postcode B 4 6 A T

Country

#### ② Other administrator

Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date	<sup>d</sup> 0	<sup>d</sup> 1	<sup>m</sup> 0	<sup>m</sup> 4	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 3
To date	<sup>d</sup> 3	<sup>d</sup> 0	<sup>m</sup> 0	<sup>m</sup> 9	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 3

### 7 Progress report

☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X



X

Signature date

<sup>d</sup> 2	<sup>d</sup> 7	<sup>m</sup> 1	<sup>m</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 3
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**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **James Moran**

Company name **Teneo Financial Advisory Limited**

Address **The Colmore Building**

**20 Colmore Circus**

**Queensway**

Post town **Birmingham**

County/Region

Postcode

**B**

**4**

**6**

**A**

**T**

Country

DX

Telephone **0113 396 0166**

**Checklist**

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

**All information on this form will appear on the public record.**

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The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.

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# Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**  
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. ①  
Attach this to the relevant form.  
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**  
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**  
Please complete in typescript or in bold black capitals.  
All fields are mandatory unless specified or indicated by \*

## 1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

① You can use this continuation page with the following forms:  
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7  
- CVA1, CVA3, CVA4  
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25  
- REC1, REC2, REC3  
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15  
- COM1, COM2, COM3, COM4  
- NDISC

## 2 Insolvency practitioner's name

Full forename(s)

Matthew Steven

Surname

Roe

## 3 Insolvency practitioner's address

Building name/number

The Colmore Building20 Colmore Circus

Street

Queensway

Post town

Birmingham

County/Region

Postcode

B 4 6 A T

Country



The Global CEO Advisory Firm

Court Case No. 976 of 2022  
High Court of Justice  
Company Number: 04783112

Registered Office:  
c/o Teneo Financial Advisory Limited  
The Colmore Building  
20 Colmore Circus Queensway  
Birmingham  
B4 6AT





# Sberbank CIB (UK) Limited (in Investment Bank **Special Administration**) (“**Special Administration**”) (“the Company”)

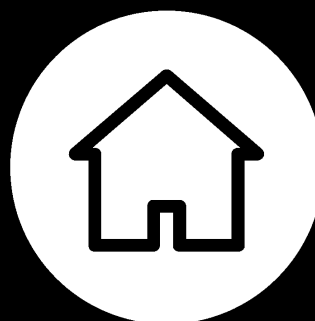
Progress report to Clients and Creditors for the period between 1 April 2023 to 30 September 2023 in  
accordance with Rules 122 and 123 of the Investment Bank Special Administration (England & Wales)  
**Rules 2011 (“the Rules”)**

27 October 2023

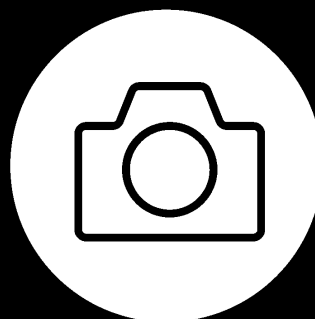
David Philip Soden, Robert Scott Fishman and Matthew Steven Roe (“the Joint Special Administrators” or “JSAs”), each of Teneo Financial Advisory Limited, with their address at c/o Teneo Financial Advisory Limited, The Colmore Building, 20 Colmore Circus, Queensway, Birmingham, B4 6AT were appointed as Joint Special Administrators of the Company by Order of the High Court dated 1 April 2022 on the application of the directors of the Company. The affairs, business and property of the Company are managed by the Joint Special Administrators. The Joint Special Administrators act as agents of the Company only and contract without personal liability. All licensed Insolvency Practitioners of Teneo Financial Advisory Limited (“Teneo”) are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

For the purposes of paragraph 100(2) of Schedule B1 of the Act (as amended) and as applied by regulation 15 of the Regulations, the Joint Special Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

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## Key messages



Key messages

1 of 5

Joint Special Administrators of the Company

David Philip Soden

Robert Scott Fishman

Matthew Steven Roe

c/o Teneo Financial Advisory Limited

The Colmore Building

20 Colmore Circus, Queensway

Birmingham

B4 6AT

Contact details

Email: sberbank@teneo.com

www.ips-docs.com

Tel:+44 (0)121 619 0120

	Commentary
Objectives of the Special Administration	<p><b>The Special Administration objectives (the “Objectives”) are as set out in regulation 10 of the Regulations and are as follows:</b></p> <p>(a) Objective 1 is to ensure the return of Client Assets as soon as is reasonably practicable;</p> <p>(b) Objective 2 is to ensure timely engagement with market infrastructure bodies and the Authorities pursuant to regulation 13; and</p> <p>(c) Objective 3 is to either:</p> <p>(i) rescue the investment bank as a going concern, or</p> <p>(ii) wind it up in the best interests of the creditors.</p> <p>As JSAs, we are required to commence work on each of the Objectives immediately after appointment, and to prioritise the order of work on each objective as we see fit, to achieve the best outcome for Clients and creditors. We have set out in detail on page 9 the order in which we are pursuing each of the Objectives.</p>
Progress of the Special Administration	<ul style="list-style-type: none"><li>Objective 1 - Returning Client Assets as soon as reasonably practicable: As indicated in our last report, our ability to commence work on Objective 1 is dependent on securing the appropriate licences from the Office of Foreign Assets Control of the US Department of the Treasury (“OFAC”). Whilst we have obtained a general licence from OFAC, we have yet to receive any response from OFAC regarding specific licence applications. Please see page 5 for further details.</li><li>Objective 2 - Engaging in a timely manner with market infrastructure bodies and the Authorities: The JSAs have continued to engage with market infrastructure bodies (i.e., exchanges, clearing houses, depositories etc.), where applicable, to ensure that the Company can wind down its open trading positions.</li><li>Objective 3(i) - Rescuing the investment bank as a going concern: As stated in our Proposals, considering current sanction restrictions, the Company’s exposure to Russian financial markets and, its inter-reliance on its sanctioned Russian parent, it is not feasible for the JSAs to pursue Objective 3(i) to rescue the investment bank as a going concern.</li><li>Objective 3(ii) – Orderly wind-down: Considering the above, the trading operations of the Company are in the process of being wound down to achieve the best outcome for the Company’s creditors. The JSAs are seeking to crystallise volatile trading positions, albeit the ability to achieve this is dependent on easing of current geopolitical events, international sanction regimes, our ability to obtain necessary sanction licences and the requisite trading markets re-opening.</li></ul>





## Key Messages

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	Commentary
Asset realisations	<ul style="list-style-type: none"> <li>• <b>Objective 3 (ii) cont'd</b> – In line with achieving Objective 3(ii) we have realised the following assets during the reporting period for the benefit of the Company's creditors: <ul style="list-style-type: none"> <li>• Bank interest of c.£299k</li> <li>• Interest on pre-Special Administration delayed equity trades of c.£12k</li> <li>• Payment for pre-Special Administration research services of c.£34k.</li> <li>• Refunds of c.£19k.</li> </ul> </li> </ul>
Sanctions	<p>This progress report contains information on actions and progress regarding the Special Administration for the period 1 April 2023 to 30 September 2023 only. Details of our progress with the Special Administration prior to 1 April 2023 is contained in our previous reports to creditors and clients.</p> <p>UK / OFSI</p> <ol style="list-style-type: none"> <li>1. As referenced in our 28 April 2023 creditors' report, the Office of Financial Sanctions Implementation ("OFSI") granted a two-year extension to the Special Administrators' General Licence (INT/2022/1280876) on 24 February 2023. The JSAs are continuing to wind down the activities of the Company in line with the provisions of this licence.</li> <li>2. On 24 August 2023, OFSI issued a refusal letter to our licence request pertaining to the Net Settlement Proposal between the Company and Sberbank of Russia (the "Parent"). Further details on the Net Settlement Proposal can be found at page 11. Reflecting OSFI's response, the JSAs are currently evaluating all options available to them to progress the Special Administration and, ultimately, pay a dividend to its unsecured creditors. These options include paying an interim or full and final distribution to non-sanctioned third-party unsecured creditors subject to there being sufficient funds available to do so. Any distribution to non-sanctioned unsecured creditors will however require guidance and approval from the UK Courts and/or OSFI.</li> <li>3. At the date of this report, the JSAs are in the process of preparing the annual Frozen Asset Report which is due for submission to OFSI on 10 November 2023.</li> </ol> <p>EU</p> <ol style="list-style-type: none"> <li>1. The JSAs received an additional sanctions license from the Belgium Finance Ministry on 14 July 2023 which enables the JSAs to move additional non-USD cash balances from Euroclear to the Special Administration estate.</li> </ol> <p>Following the receipt of the above licence, the JSAs applied to Euroclear to transfer a further €1.45m (£1.26m). This cash was transferred by Euroclear and sighted by the JSAs' bank on 12 October 2023. In total, €12.7 m (c.£11m) had already been recovered from Euroclear since the start of the Special Administration.</p>



Key Messages

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	Commentary
Sanctions (cont'd)	<p>US/OFAC</p> <ol style="list-style-type: none"><li>1. The JSAs submitted two further specific licence requests to OFAC in August 2023 to deal with specific assets blocked at two financial institutions. To date, no response has been received from OFAC regarding these or the earlier (February 2023) specific licence requests.</li><li>2. The JSAs continue to comply with the OFAC quarterly reporting requirements. The latest OFAC report was submitted to OFAC on 25 October 2023.</li></ol> <p>Canada</p> <ol style="list-style-type: none"><li>1. On 16 August 2023, Global Affairs Canada approved the JSAs' application to unblock CAD 2.3m cash held with Royal Bank of Canada ("RBC"). The JSAs are currently in discussions with RBC and their bankers, regarding the mechanics of transferring these funds to the Special Administration estate.</li></ol>
Estimated Timescale	<p>The Company will remain in Special Administration until such time as the Objectives have been achieved.</p> <p>On present information, and due to the complexities and restrictions on our ability to progress with the wind-down of the Company, including as a result of OFSI's rejection of the Net Settlement Proposal, it remains highly unlikely that it will be feasible to end the special administration before the second 12-month anniversary on 31 March 2024.</p> <p>It should however be noted that, there is no statutory requirement to seek an extension of the Special Administration at the 12-month anniversary with the appointment continuing until the Objectives are achieved.</p>



Key Messages

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	Commentary
Estimated Outcome	<p>On present information, we anticipate the following outcomes for each class of Clients and Creditors:</p> <ul style="list-style-type: none"><li>• Clients: Client Money and Custody Assets will be returned in full, less any costs incurred in pursuing Objective 1, but the return will only be feasible if the necessary licence application to OFAC to access Client Money held with US financial institutions at the date of the Special Administrators' appointment is obtained.</li><li>• Secured Creditors: The entities listed below hold security; however, we are unaware of any liability owing to the Secured Creditors at the time of our appointment:<ul style="list-style-type: none"><li>– Citibank N.A ("Citibank");</li><li>– Goldman Sachs International;</li><li>– Euroclear Bank; and</li><li>– Stenville Holdings Limited.</li></ul></li><li>• Ordinary Preferential creditors: The ordinary preferential creditors, except for two US nationals, were repaid in full on 21 December 2022. Please see page 14 for further details.</li><li>• Secondary preferential creditor: There are sufficient funds available to repay HM Revenue &amp; Customs ("HMRC"), as secondary ranking preferential creditor, in full.</li><li>• Unsecured creditors: On present information, the JSAs anticipate that there should be sufficient realisations to permit a dividend to unsecured creditors. However, the timing and quantum of such dividend is contingent on the outcome of the realisation of securities and the release of blocked cash currently subject to asset freeze restrictions, and the JSAs ability to make a distribution. As indicated on page 4, the Net Settlement Proposal has been rejected by OFSI which means that assets held by the Parent cannot be netted against its corresponding liabilities, the quantum of which relates to most of the Company's unsecured debt. Accordingly, the JSAs are considering all options and their ability to pay a distribution to non-sanctioned unsecured creditors in as timely a manner as possible. Please refer to pages 11 and 14 for further details.</li><li>• Shareholders: As above, OFSI's refusal of the Net Settlement Proposal affects the ability of the JSAs to realise certain material trapped assets. The JSA's ability to access these trapped assets will have a bearing on whether a distribution can be made to the shareholders. For the avoidance of doubt, any distribution to the shareholders will be contingent on the matters set out above in respect of unsecured creditors and adherence to and/or easing of all UK and international sanctions imposed on the Company. Please refer to page 15 for further information.</li></ul>



Key Messages

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	Commentary
Costs of the Special Administration	<p><b>JSAs' Remuneration ("Fees"):</b></p> <ul style="list-style-type: none"><li>• Objective 1: On the basis that the JSAs have been unable to deal with blocked Client Assets, we have not sought to obtain approval of our remuneration currently.</li><li>• Objectives 2 and 3:</li><li>• On 30 January 2023 we sought, and received, formal approval from creditors to charge our remuneration by reference to time properly incurred pursuant to our standard hourly charge out rates.</li><li>• Following the submission of an application for directions in the High Court of Justice on 14 April 2023 seeking the Court's guidance on the approval of our Proposals, we sought re-approval of our remuneration from the unsecured creditors. Approval was once more received from creditors on 22 May 2023.</li><li>• Please refer to pages 21-25 for further information, including details of our time costs incurred and Fees drawn during the reporting period.</li><li>• Other costs: We have provided details of the expenses incurred during the reporting period on pages 26-28.</li></ul>





Progress of the Special Administration

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## Progress of the Special Administration Summary

### Background

The manner in which the affairs and business of the Company have been, and will continue to be, managed and financed since appointment

### Special Administration objectives

The Objectives are as set out in regulation 10 of the Regulations:

- (a) Objective 1 is to ensure the return of Client Assets as soon as is reasonably practicable;
- (b) Objective 2 is to ensure timely engagement with market infrastructure bodies and the Authorities pursuant to regulation 13; and
- (c) Objective 3 is to either:
  - (i) rescue the investment bank as a going concern, or
  - (ii) wind it up in the best interests of the creditors.

### Prioritisation of objectives

Unless directed otherwise by the FCA (pursuant to regulation 16 of the Regulations), it is a matter for the JSAs to prioritise the order of work on each of the Objectives as they see fit. The FCA has not made any such direction. As previously reported, the JSAs have not prioritised one objective over another, except that the JSAs have decided not to pursue Objective 3(i), as it has been determined that a rescue of the investment bank as a going concern is not feasible. As such and as noted on page 3, there is currently no viable proposal for rescuing the Company as a going concern. Therefore, the JSAs have focused their work on Objective 3(ii) with the trading operations of the Company being wound down to achieve the best outcome for the Company's creditors.

In addition, work on Objective 1 has not been feasible due to the continued absence of specific licences from OFAC to deal with blocked Client Assets.

### Progress of Objectives During Reporting Period

We have set out on the following pages a summary of the activities undertaken by the JSAs in pursuing the Objectives during the reporting period.

### Objective 1

A specific licence application was submitted with OFAC on 3 February 2023 to unblock frozen Client Money held with JPMorgan Chase London Branch ("JPM"). Absent this licence therefore, the agreement of CASS balances remains at this stage a purely administrative exercise, as no Client Money can be returned.

### Objective 2

The JSAs have continued to liaise with market infrastructure bodies to support Objective 2 and 3 and to ensure that the Company can wind-down its operations and open trading positions.

Actions undertaken in the reporting period in relation to Objective 2 include:

#### Engagement with Market Infrastructure Bodies

- Maintaining critical supplier contracts and working with market infrastructure parties to unblock accounts to ensure that the Company can wind-down its open trading positions.

#### Engagement with the Authorities

- Engaging with the FCA and other relevant bodies to ensure that they are fully aware of the progress of the Special Administration.



## Progress of the Special Administration Objectives 1 and 2

The manner in which the affairs and business of the Company have been, and will continue to be, managed and financed since appointment

### Sanctions

The JSAs have continued to comply and adhere to all sanctions imposed on the Company during the reporting period.

### Operational wind-down

The successful operational wind down of the Company is dependent on the JSAs' ability to access and realise trapped assets and procure the necessary sanctions licences which remain outstanding.

### Cash

As outlined on pages 4 and 5, the JSAs have taken steps since appointment to ensure the receipt of the necessary licences for cash assets to be recovered.

In addition, the JSAs have submitted three specific licence applications with OFAC to support the release of various blocked US assets, such as the blocked US cash balances held with Euroclear and Client Money. To date, these three specific licences have not been granted.

### Euroclear

As detailed on page 4, having obtained an additional Belgian licence from the Belgian Ministry of Finance, the JSAs instructed a further transfer of €1.45m (£1.26m). The JSAs' bankers confirmed that the funds had been sighted on 12 October 2023. The JSAs await the receipt to be credited into the special administration bank account which is subject to their bank's internal approval procedures. A specific licence from OFAC remains outstanding to facilitate the release of USD cash with a sterling equivalent of c.£10.5m (as of 30 September 2023 exchange rates) held by Euroclear.

### RBC

As mentioned on page 5, the JSAs applied to the sanctions division of Global Affairs Canada for a general licence on 6 September 2022. The licence is required to release c.£1.4m (as of 30 September 2023 exchange rates) of cash currently frozen with RBC. This licence has now been granted and the JSAs are currently in dialogue with RBC regarding the transfer of the funds.



## Progress of the Special Administration Objective 3(ii)

### Net Settlement Proposal

As previously reported, the Parent is the Company's largest creditor with an unsecured claim of c.\$95m, net of intercompany balances. The Parent also controls various assets of the Company (principally cash of c.\$107m) which cannot currently be realised by the JSAs due to sanction restrictions.

The Parent agreed to the Net Settlement Proposal to extinguish its claim as an unsecured creditor utilising the cash it currently holds.

As the Net Settlement Proposal was not permissible under the terms of the Company's OFSI Amended license, our legal advisers applied to OFSI on our behalf on 29 September 2022, outlining the Parent's proposed net settlement and requesting directions from OFSI.

As outlined on page 4, OFSI communicated on 24 August 2023 that they had refused the Net Settlement Proposal. The Parent's unsecured claim against the Company therefore remains and the cash held by the Parent on the Company's behalf remains trapped and inaccessible to the unsecured creditors.

The JSAs are currently evaluating what options are available to progress the Special Administration and, ultimately, pay a dividend to its unsecured creditors. These options include paying an interim or final distribution to non-sanctioned third-party unsecured creditors subject to there being sufficient funds available to do so. Any distribution to non-sanctioned creditors will require guidance from the UK Courts and/or OSFI.

### Investment Securities

#### Euroclear and Citibank Equity Portfolio

As referenced in our previous progress report, Euroclear has determined that USD denominated assets and assets with a US nexus are treated as blocked. The JSAs application for a specific licence to unblock these funds submitted on 13 February 2023 remains outstanding.

Euroclear is continuing to support the process of providing a trading account to permit the JSAs to sell the Company's equities held in Euroclear via the creation of an EasyWay account. The JSAs will sell the securities without a US nexus which are held at Euroclear, following completion of the EasyWay set up process.

### Investment Securities (continued)

#### Euroclear and Citibank Equity Portfolio (continued)

On 3 August 2023, the JSAs submitted a further application to OFAC to release \$0.4m of equities that are currently blocked with Citibank N.A. London. This specific license application remains outstanding.

Presently, we estimate that c.\$12m may be realised from the Company's securities held by both Euroclear and Citibank, assuming both specific licences are obtained. The timing and quantum of realisation remains uncertain and predicated on successful licence applications.

#### NSD Equity Portfolio

It remains the case that the assets with National Settlement Depositary in Russia cannot be accessed by the JSAs due to ongoing sanction restrictions.

#### Sovereign Bonds

Details of the Company's Sovereign Bond portfolio are provided in previous progress reports. There have been no developments since our last progress report.

#### Structured Notes

The funds received from Goldman Sachs following the early redemption of one \$30.6m note remain in Euroclear pending receipt of a specific OFAC licence to permit Euroclear to remit the funds to the JSA's administration bank account.

#### Depository Receipts

Detail of the Company's Depository Receipts portfolio and the conversion of specifically Russian Depository Receipts to common equity is outlined in previous progress reports.

There have been no developments in relation to these assets since our last progress report.





Progress of the  
Special Administration  
Objective 3(ii) (cont.)

Other Assets

Trade Receivables

Trade receivables with a Net Book Value ("NBV") of \$7.4m (£6.08m) principally relate to sums payable by the Parent and were being considered as part of the Net Settlement Proposal. As stated in the Proposals, these debts are under-pinned by the inter-group trading. Since OFSI has refused the Net Settlement Proposal, the JSAs ability to recover these receivables currently remains uncertain, at this stage.

Tangible and Intangible Fixed Assets

We do not expect to generate any further material realisations from chattel assets.

Other Assets

Research invoices

Since our last report, the JSAs have continued to communicate with various counterparties requesting payment of all outstanding research invoices.

After a temporary pause to ensure compliance with EU and US sanction restrictions, as well as information requirements for advance compliance screening, we have now recommenced our recovery of sums payable in respect of research invoices which are recoverable under the existing licences.

Receivables due amounting to c.£226k for customers based in the UK and c.£17k for a non-EU domiciled customer are being pursued. The recovery prospects for these assets remains uncertain, due to various sanction matters.

In the period, we have received c.£34k of post appointment research fees which is reflected in the receipts and payments account on page 17.

Brokerage commissions, corporate actions and prepayments

The estimated realisable value of c.\$0.9m from brokerage commissions is reflected in the Net Settlement Proposal with the Parent. Since OFSI has refused the Net Settlement Proposal, the JSAs ability to recover these receivables currently remains uncertain.

It is therefore uncertain whether any value will be achieved from corporate actions which the directors estimated may realise c.\$1m.

Discussions regarding the recoverability of prepayments of \$152k detailed in the Statement of Affairs ("SOA") is currently ongoing with suppliers.

We anticipate that the VAT repayment due from HMRC with an estimated realisable value of \$76k may be subject to crown set-off being applied by HMRC in respect of other payroll taxes and arrears owing by the Company at the date of appointment.

Refunds

As is the situation with research invoices, it is uncertain what additional refunds and/or prepayments due to the Company are likely to be recovered. The JSAs continue to liaise with suppliers to obtain refunds where this is viable from a sanction's perspective.



## Progress of the Special Administration Objective 3(ii) (cont.)

### Other Assets (continued)

#### Leasehold premises

As noted in our Proposals and first progress report, the Company had previously operated from Leasehold premises at 85 Fleet Street, London ("the Leasehold premises").

The landlord's managing agents has obtained a licence from OFSI to enable them to receive payment of all residual rent, services charge and electricity costs due by the Company for its occupation of the Leasehold premises as the landlord is a designated person. As at the date hereof, we await final direction and approval (following review of relevant sanction checks) from our bankers to meet these costs as an expense of the special administration.

The landlord's managing agents submitted a licence application with OFSI on 2 October 2023 to enable them to release a rent deposit of c.£1.2m held on trust for the benefit of the Company's estate.

#### Other matters

#### Employees

Our specialist employee team ("ERA team") continue to deal with various sanction related queries from former employees of the Company, particularly in relation to US sanction complications.

The JSA's bank has requested direction from OFAC on its interpretation of the OFAC licence and ability to pay two US persons who were employed by the Company sums owed to them as preferential creditors. The matter is also being considered by our bank's external legal counsel for direction, in the absence of a response from OFAC.

### Statutory matters

We continue to comply with statutory obligations, including submissions of our six-monthly progress reports. We have also filed all required VAT returns due for the Company for respective accounting periods with HMRC.

#### Tax

During the reporting period the following work has been undertaken:

- Preparation of the first post-appointment tax return for the period 1 April 2022 to 31 December 2022.
- Continued discussions on realisations in the administration. If there are any tax losses that could be used to shelter tax in the pre-administration period.
- Preparation of VAT returns (including partial exemption and Capital Goods Scheme ("CGS") adjustments).
- Consideration of any claims in respect of VAT bad debt relief and/or VAT overpayments that can be made via the VAT returns.
- Continued dialogue with HMRC regarding the VAT treatment on costs of the administration.



## Progress of the Special Administration Outcomes

### Outcome to Clients and Creditors

#### Clients

##### Client Money

Based on current information, we anticipate returning Client Money in full, less any associated fees and costs incurred in distributing these funds (which can be claimed and will be repaid in full, from the General Estate) subject to obtaining all necessary specific OFAC licences. At the date of this report the JSAs have not yet received the necessary specific licences to access and facilitate the return of Client Monies.

#### Creditors

##### Secured creditors

The entities listed below hold security over the Company's assets, however, we are not aware of any liability owing to any of the Secured Creditors at the date of our appointment:

- Citibank N.A (fixed and floating charge security)
- Goldman Sachs International (fixed charge security)
- Euroclear (floating charge security)
- Stenville Holdings Limited (fixed charge - rent deposit deed)

As referenced on page 13, we are in correspondence with the managing agents acting for the landlord as secured creditor of the Company's former Leasehold premises regarding the release of the rent deposit which is subject to a licence application with OFSI. There will be no residual debt owed to the secured creditor as all post appointment rent obligations will be extinguished by the Company.

##### Ordinary Preferential Creditors

Ordinary Preferential claims consist of amounts owed to employees for arrears of wages/salaries, holiday pay and pension contributions.

As disclosed in our previous report, ordinary preferential creditors, totalling c.£254k (except for two US nationals) received payment of their claims in full.

Further details are provided on page 13.

##### Secondary Preferential Creditor

Secondary preferential debts are debts due to HMRC in respect of deducted taxes (including VAT, PAYE, student loan repayments, employee NICs and CIS deductions) on insolvency appointments falling on or after 1 December 2020.

### Secondary Preferential Creditor (continued)

We received a Proof of Debt form from HMRC on 12 October 2022 in the sum of c.£199k.

There are sufficient funds available to the Company to enable the secondary preferential creditor, HMRC, to be repaid in full. We will take appropriate steps to pay HMRC in respect of its secondary preferential creditor claim, in due course.

#### Unsecured Creditors

Please note that the directors prepared the SOA in \$, which was the currency which the business traded but we have been receiving claims in £. Therefore, we refer to both \$ and £ throughout the report.

We have received 23 claims to date from unsecured creditors totalling c.£264m which is significantly higher than anticipated when compared to the SOA claim figure of c.\$110m (c.£84m).

As previously stated, the increase in value is mainly attributable to intercompany claims received from the Parent in the sum of c.£259m (c.\$284m), against claims of c.\$98m (c.£75m) which were estimated in the directors' SOA. The JSAs have agreed and quantified the net liability owing to the Parent of c.\$95m (c.£86m) and this is the figure included in the Net Settlement Proposal as discussed in more detail on page 11.

During the reporting period, we have corresponded with the Company's unsecured creditors regarding the informal submission of Proof of Debt ("POD") claims.

Other trade, third party and employee unsecured claims of c.£5.5m (c.\$7.2m) are broadly in line with the SOA. We do not anticipate any further material unsecured creditor claims being received. Due to factors outside of the reasonable control of the Company it is considered that unsettled trades would not constitute a liability under the terms of business.

On present information a dividend will be paid to the unsecured creditors, the quantum and timing of which is uncertain. We do however consider that, based on claims received, to date and contained in the SOA, there would be sufficient asset realisations available to pay all expected non-sanctioned unsecured creditors, if an agreement is made in relation to the treatment and possible deferment of the Parent claim, with OFSI and/or the UK Courts.

Please note that, no formal claim adjudication process has commenced at this stage, and the quantum of unsecured creditor claims may change as the special administration progresses.



## Progress of the Special Administration Outcomes (cont.)

### Prescribed Part

The Prescribed Part is an amount set aside for unsecured creditors from asset realisations that would otherwise be paid to Secured Creditors under their floating charge, (referred to as the net property), as set out under section 176A of The Insolvency Act 1986 ("the Act"). It applies only where the charge was created on or after 15 September 2003.

The Prescribed Part is calculated as a % of the net property and is subject to a statutory maximum of £600,000 where creation of the floating charges predate 6 April 2020 or £800,000 where the floating charges were created after 6 April 2020.

We are aware of security granted by the Company but as there is unlikely to be any underlying debt, we do not consider that the Prescribed Part provisions will apply. i.e., all monies net of costs and (ordinary and secondary) preferential claims will be available for distribution to unsecured creditors.

### Shareholders

In the absence of a specific licence from OFSI agreeing to the Net Settlement Proposal, the timing and quantum to enable a distribution to shareholders is currently uncertain.

Our ability to do so is contingent on several matters including the outcome of settlement of trades and corresponding liabilities, realising equities and inventory, to the extent this is possible to do so, adherence and/or easing of all international sanctions imposed on the Company (which in turn is contingent on the matters set out above) obtaining all necessary licences and approvals required.

### Claims Process – Creditors

Unsecured creditors are invited to informally submit claims to us either directly via the case website at <https://www.ipdocs.com/case/SBERB0001/Sberbank2022> or by downloading and completing a POD form from the case website and which should be sent to the address on the contact details provided on page 3. Alternatively, a hard copy POD form will be provided free of charge on request using the contact details on the cover page.

In anticipation of issuing a distribution to the unsecured creditors, the JSAs have been reaching out to creditors to encourage submission of claims into the Special Administration estate. Claims submitted to date have been informally reviewed, and where appropriate, values have been informally agreed.



## Progress of the Special Administration Outcomes (cont.)

### CASS Claims Process

#### Client Money held in CASS Accounts

All claims in respect of Client Money must be submitted in writing to the JSAs.

A CASS Client Statement, covering Client Money only, was provided to all affected CASS Clients on 6 July 2022.

The return of a signed CASS Client Statement constitutes a claim for Client Money.

The specific process in relation to the return of Client Money is as follows:

- The Special Administration creates a "Primary Pooling Event". This means that all Client Money held as at the point of entry into Special Administration is pooled into a single pool which is referred to as the Client Money Pool ("CMP").
- The CMP is returned on a pro-rata basis to Client Money claimants and calculated on the amount of Money that should be held for them in the CMP as a proportionate share of the whole, less costs incurred in distributing the Client Money.
- All accepted claims are anticipated to be paid in due course, with further distributions anticipated to occur subsequently should late claims be received, subject to a bar date if appropriate.

Please note that payments will only be made where permissible under the relevant sanction regimes.

CASS Clients should refer to the CASS Return Process document for further detail.

### General Estate Claims

In respect of the shortfall caused by the costs of distributing Client Money, CASS Clients are also able to submit an unsecured claim against the General Special Administration estate.

A POD form will be provided to all CASS Clients alongside the CASS Client Statement to submit should they so wish.

A single Proof of Debt should be submitted per Client, if applicable, and should include all claims against the General Estate including for a CASS Client shortfall.

The return of a signed Proof of Debt form constitutes a claim against the General Estate.

#### Bar Date for Claims (CASS Claims only)

In order to expedite the return of Client Money, the Special Administrators may set a bar date for the submission of claims to Client Money, notice of which together with guidance will be provided to CASS Clients and published on the case website and in the London Gazette, in due course. This will not impact any CASS Clients who have submitted a claim.



## Progress of the Special Administration Receipts & payments account

Sberbank CIB (UK) Limited  
Joint Administrators' receipts and payments account  
01 April 2023 to 30 September 2023

£	Notes	Period	To date
<b>Receipts</b>			
Cash at bank held with Société Générale	A	-	14,366,018
Cash at bank held with Euroclear	A	-	10,991,542
Bank Interest Gross	B	299,415	450,859
Chattel assets		-	70,928
Refunds		19,367	60,167
Research services		33,678	40,694
Late Payment Interest		11,781	11,781
<b>Total receipts</b>		<b>-</b>	<b>364,241</b>
<b>Payments</b>			
Employee Costs		(1,503)	2,302,941
Payroll processing		-	4,225
Company secretarial services		4,346	4,346
Pre-Administration costs		34,173	34,173
Pre-Administration Legal Fees		104,086	104,086
Professional Services		1,260	22,315
Banking compliance fees		-	32,179
Administrators' Fees		4,400,000	4,400,000
Administrators' Expenses		4,657	4,657
IT provider holding phone call data		-	40,731
Agents/Valuers Fees (1)		-	25,893
Legal Fees		79,034	795,572
Storage Costs		23	2,263
Statutory Advertising		207	207
Insurance of Assets		190	2,914
Preferential Creditor Distribution		-	149,994
Bank Charges		2,498	2,511
Cleaning Services		-	3,202
Notary Services		1,375	2,607
Inland Revenue		-	95,046
Department of Employment		-	9,473
<b>Total payments</b>		<b>4,630,346</b>	<b>8,039,335</b>
<b>Balance</b>			<b>17,952,653</b>
<b>Made up of:</b>			
VAT Receivable	C		1,088,581
IB Floating Deposit A/c	B		16,888,181
Trade Creditors	D		(359)
VAT Payable			(23,749)
<b>Balance in hand</b>			<b>17,952,654</b>

Details of the JSAs' wind-down trading account which is prepared on a net basis (i.e., exclusive of VAT) of sums received and paid on behalf of the Company for the reporting period 1 April 2023 to 30 September 2023 and from the date of appointment on 1 April 2022 to 30 September 2023 is shown in the table opposite.

Notes to trading account and Statement of Affairs

A – Cash at bank

All cash at bank is held in interest-bearing bank accounts.

B - Bank interest

All funds are held in interest-bearing accounts. The associated corporation tax on interest received will be accounted for/to HMRC.

C – VAT

All sums opposite are shown net of VAT, which is recoverable and will be accounted for/to HMRC, in due course and in line with statutory filing of VAT returns.

D – Trade Creditors/Accruals

Invoices received are logged, recorded and posted to the cash book on an accrual basis. The balance noted represents invoices received and posted to the cash book but not yet paid from the bank account.



## Progress of the Special Administration Receipts & Payments Account

### Statement of Affairs commentary

The former directors provided a SOA for the Company which was included in our Proposals. We have set out below the current position of assets which remain unrealised.

#### Rent deposit

The directors had estimated a net realisable value of c.\$1m in the SOA which is the net realisation of the sums held in trust of c.£1.2m and payment of the rent and service charge liability due for the period of occupation at the Leasehold premises of c.£0.2m as an expense of the Special Administration. Please see page 13.

#### Cash

Subject to obtaining the necessary licences, we expect to recover all remaining cash balances held with Euroclear of c.\$12.6m and c.£1.5m with RBC.

As stated earlier in the report, the release of the cash balances of \$107m held in accounts with the Parent was incorporated in the Net Settlement Proposal which was refused by OSFSI. Unless sanctions are relaxed, we do not expect to physically recover this cash into the Special Administration bank account for the benefit of creditors.

#### Tangible fixed assets

We do not expect to generate and further significant realisable value from tangible fixed assets, other than any value achieved from artwork being sold at auction.

#### Intangible Fixed Assets

The directors estimated no realisable value from the bespoke software licences with a NBV of \$1.8m. The licences have no resale value and will therefore not generate any realisations for the special administration estate.

### Trade Receivables

The trade receivables NBV of \$7.4m were being dealt with in conjunction with the Net Settlement Proposal. On the basis this was refused by OFSI, we do not currently expect to realise any value from these assets.

### Inventory

As outlined on page 11, due to adverse market movement we now estimate the realisable value of the Company's investment securities portfolio to be \$12m compared to the \$13m disclosed in the SOA. The realisation of these assets is subject to obtaining OFAC licences.

### Other Assets

The estimated realisable value of c.\$0.9m from brokerage commissions is reflected in the Net Settlement Proposal with the Parent. Therefore, as with other trapped assets, unless there is a change in direction or easing of sanctions, we do not expect to realise these assets.

It is uncertain, at this stage, whether any value will be achieved from corporate actions which the directors estimated may realise c.\$1m.

As stated on page 12, the recoverability of research services income of \$262k and prepayments of \$152k detailed in the SOAs is subject to obtaining an OFAC licence and dependent on whether it is beneficial to the Company's estate to obtain individual licences for EU member state countries where customers are based.

We anticipate that the VAT repayment due from HMRC with an estimated realisable value of \$76k may be subject to crown set-off being applied by HMRC in respect of other payroll taxes and arrears owing by the Company at the date of appointment.



## Progress of the Special Administration Proposed Exit Routes

### Exit Routes

In accordance with the provisions of regulations 4 and 10 of the Regulations, an investment bank Special Administration order will remain in force until such time as any Client Assets have been returned and the investment bank has either been rescued as a going concern or if that is not practicable, wound up in the best interests of creditors.

As indicated on page 5 we anticipate that the period of the Special Administration is likely to continue for at least a further 12 months, and potentially longer, to wind-down the business. Once the Objectives of the Special Administration have been achieved, there are several possible exit routes from Special Administration:

**Dissolution** – Where for purposes of paragraph 84(1) of Schedule B1 of the Act (as applied by regulation 15 of the Regulations) there are no more Client Assets, we may file notice to that effect with the Registrar of Companies and the Company will be dissolved three months from the date the notice is filed.

**Compulsory Liquidation (“WUC”)** – where there is a possibility, but no certainty, of recoveries being made or matters such as property to disclaim or further enquiry, it may be appropriate to ask the Court to end the Special Administration and to make an order to wind up the Company.

Based on current information and assuming no material change in global circumstances, we consider that dissolution of the Company may be the appropriate exit route.

### **Discharge of Joint Administrators’ Liability**

Pursuant to paragraph 98 of Schedule B1 of the Act, as applied by regulation 15 of the Regulations, the JSAs’ discharge of liability in respect of their actions as Joint Special Administrators will take effect at the specific time directed by the Court.

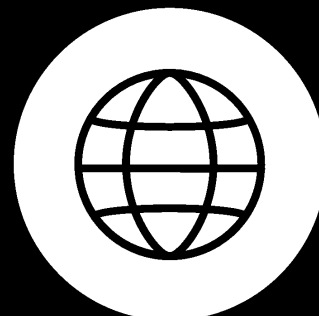






## Remuneration and expenses

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Information to Creditors and Clients re Rights to request information and/or challenge remuneration and/or expenses	29



## Remuneration and expenses

### JSAs' Remuneration

#### JSAs' Remuneration

Pursuant to Rule 196 of the Rules, the JSAs are entitled to receive remuneration for services given in respect of:

- Case A – work performed in relation to Objectives 2 and 3 (as defined on pages 9-13), which is to be paid out of the estate of the investment bank; and
- Case B – work performed in relation to Objective 1 (as defined on pages 9-13), which is to be paid out of the Client Assets held by the investment bank.

#### Basis of Remuneration

- The basis of remuneration in both Cases is to be fixed:
  - (a) as a percentage of the value of the property with which the JSAs have to deal; or
  - (b) by reference to the time properly given by the JSAs and their staff in attending to matters arising in the conduct of the Special Administration; or
  - (c) as a set amount.
 Or any combination of the above.
- It is for the creditors' committee (if there is one) to determine the basis of remuneration in each Case, including in what combination and where appropriate the percentage or percentages to be fixed, or the amount of a set fee if any.
- If there is no creditors' committee (as is the case here), or the committee does not make the requisite determinations, the basis of the JSAs' remuneration in each Case may be fixed by:
  - Case A – resolution of a meeting of creditors (including CASS Clients with a creditor claim).
  - Case B – a resolution of a meeting of CASS Clients.

#### Approval of Basis

##### Case A

During the reporting period, we issued a Notice to creditors (and to Clients who may have unsecured claims) of a further meeting by correspondence to fix the basis of our remuneration.

Approval was subsequently received from creditors on 22 May 2023. Please note that the costs associated with this additional remuneration meeting by correspondence will not be charged to the Company's estate.

Our time costs for the period of the report are £736,428 made up of 748 hours at an average charge out rate of £984/hour across all grades of staff.

Since the date of our appointment to 30 September 2023, we have incurred total time costs of £5,353,130 made up of 5,723 hours at an average charge out rate of £935/hour across all grades of staff.

During the reporting period, the JSAs have drawn Case A fees and expenses totalling £4,400,000 and £4,657, respectively.

Please refer to the following pages where we have provided a detailed summary of our time costs for the period of the report and for the entire period of our appointment.



Remuneration and expenses  
JSAs' Remuneration

Case B

On the basis that that the JSAs await a specific licence from OFAC to release blocked Client Assets, we have not sought approval from Clients in accordance with Objective 2.

In relation to Client Money only, the fees proposed will include a fee reserve which may be partly refunded to CASS Clients. Such refund is dependent on incurred actual costs associated with returning Client Money, against the fee reserve.

Our time costs for the period of the report are £990 made up of 1 hour at an average charge out rate of £990/hour across all grades of staff.

Since the date of our appointment to 30 September 2023, we have incurred total time costs of £78,521 made up of 79 hours at an average charge out rate of £992/hour across all grades of staff.



## JSAs' time costs for the period from 1 April 2023 to 30 September 2023

All staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed. Time is charged in six minute units. Please note that our charge out rates are reviewed annually and were last increased on 1 January 2023.

	Senior Managing Directors & Directors		Associate Directors		Managers		Consultants		Associate Consultants & Support		TOTAL		Average rate/h Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration and Planning													
Cashiering and Statutory Filing	3.65	4,706.50	2.10	2,079.00	0.70	630.00	3.00	2,160.00	9.50	3,990.00	18.95	13,565.50	715.86
Case Management and Closure	99.30	123,023.00	69.80	69,102.00	10.50	9,450.00	81.75	58,860.00	29.00	12,180.00	290.35	272,615.00	938.92
Liaison with Other Insolvency Practitioners	26.00	34,060.00	-	-	-	-	-	-	-	-	26.00	34,060.00	1,310.00
General Reporting	40.75	49,907.50	39.00	38,610.00	17.50	15,750.00	-	-	14.80	6,216.00	112.05	110,483.50	986.02
	169.70	211,697.00	110.90	109,791.00	28.70	25,830.00	84.75	61,020.00	53.30	22,386.00	447.35	430,724.00	962.83
Investigations & Sanctions													
Investigations & Sanctions	49.30	64,233.00	16.00	15,840.00	-	-	2.50	1,800.00	4.00	1,680.00	71.80	83,553.00	1,163.69
	49.30	64,233.00	16.00	15,840.00	-	-	2.50	1,800.00	4.00	1,680.00	71.80	83,553.00	1,163.69
Trading													
Ongoing Trading	56.30	70,893.00	5.00	4,950.00	10.75	9,675.00	-	-	13.58	5,705.01	85.63	91,223.01	1,065.27
Closure of Trade	1.90	2,489.00	-	-	-	-	-	-	-	-	1.90	2,489.00	1,310.00
	58.20	73,382.00	5.00	4,950.00	10.75	9,675.00	-	-	13.58	5,705.01	87.53	93,712.01	1,070.59
Realisation of Assets													
Book Debts	0.50	605.00	-	-	-	-	-	-	-	-	0.50	605.00	1,210.00
Realisation of Assets (e.g. Securities Portfolio)	3.30	4,273.00	5.50	5,445.00	15.50	13,950.00	-	-	0.70	294.00	25.00	23,962.00	958.48
Property - Freehold and Leasehold	3.88	4,698.83	-	-	-	-	-	-	-	-	3.88	4,698.83	1,210.00
	7.68	9,576.83	5.50	5,445.00	15.50	13,950.00	-	-	0.70	294.00	29.38	29,265.83	996.00
Creditors													
Employees	4.90	6,419.00	-	-	-	-	-	-	0.80	336.00	5.70	6,755.00	1,185.09
Secured	4.80	6,188.00	-	-	-	-	-	-	-	-	4.80	6,188.00	1,289.17
Unsecured	4.55	5,785.50	25.20	24,948.00	-	-	-	-	29.10	12,222.00	58.85	42,955.50	729.92
	14.25	18,392.50	25.20	24,948.00	-	-	-	-	29.90	12,558.00	69.35	55,898.50	806.03
Case Specific Matters													
VAT	-	-	6.90	6,831.00	-	-	-	-	1.80	756.00	8.70	7,587.00	872.07
Tax	17.75	21,477.50	6.90	6,831.00	1.00	900.00	9.00	6,480.00	-	-	34.65	35,888.50	1,028.97
	17.75	21,477.50	13.80	13,662.00	1.00	900.00	9.00	6,480.00	1.80	756.00	43.35	43,275.50	998.28
TOTAL CASE A	147.18	187,061.83	65.50	64,845.00	27.25	24,525.00	11.50	8,280.00	49.98	20,993.01	301.42	736,428.84	2,443.23
Client Assets													
Client Money	-	-	-	-	-	-	-	-	-	-	-	-	-
Custody Assets	-	-	1.00	990.00	-	-	-	-	-	-	1.00	990.00	990.00
TOTAL CASE B	-	-	1.00	990.00	-	-	-	-	-	-	1.00	990.00	990.00
TOTAL HOURS & COST	316.88	398,758.83	177.40	175,626.00	55.95	50,355.00	96.25	69,300.00	103.28	43,379.01	749.77	737,418.84	983.53
AVERAGE RATE/HOUR PER GRADE	£ 1,258.38		£ 990.00		£ 900.00		£ 720.00		£ 420.00		Case A	736,428.84	
											Case B	990.00	
											Total	737,418.84	



JSAs’ time costs for the period 1 April 2022 to 30 September 2023

All staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed. Time is charged in six minute units. Please note that our charge out rates are reviewed annually and were last increased on 1 January 2023.

	Senior Managing Directors & Directors		Associate Directors		Managers		Consultants		Associate Consultants & Support		TOTAL		Average rate/h
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration and Planning	52.55	62,999.50	10.80	9,909.00	41.40	33,800.50	25.70	16,915.00	33.95	13,324.50	164.40	136,948.50	833.02
Cashiering and Statutory Filing	331.17	383,435.34	721.05	209,535.00	396.32	336,782.25	109.07	76,830.84	66.90	32,831.50	1,124.50	1,039,414.93	924.34
Case Management and Closure	47.00	48,817.50	33.50	28,820.00	24.90	22,829.00	-	-	-	-	105.40	100,466.50	953.19
Initial Actions	58.25	70,820.00	48.10	46,800.00	73.90	65,646.00	8.25	5,362.50	43.55	19,169.00	232.05	207,797.50	895.49
General Reporting	488.97	566,072.34	313.45	295,064.00	536.52	459,057.75	143.02	99,108.34	144.40	65,325.00	1,626.35	1,484,627.43	912.86
Investigations & Sanctions	-	-	-	-	-	-	-	-	-	-	-	-	-
Investigations & Sanctions Reports on Directors' Conduct	237.85	279,532.50	559.10	509,320.00	9.30	7,579.50	13.50	8,950.00	10.10	4,142.00	829.85	809,524.00	975.51
	237.85	279,532.50	559.10	509,320.00	9.30	7,579.50	13.50	8,950.00	10.10	4,142.00	829.85	809,524.00	975.51
Trading	-	-	-	-	-	-	-	-	-	-	-	-	-
Day 1 Control of Trading	19.50	21,015.00	14.00	13,190.00	7.33	7,137.50	-	-	-	-	40.83	41,342.50	1,012.47
Ongoing Trading	840.37	923,246.08	208.70	188,745.00	560.53	480,515.91	136.00	109,091.65	91.25	35,218.35	1,836.85	1,736,816.99	945.54
Closure of Trade	1.90	2,489.00	-	-	-	-	-	-	-	-	1.90	2,489.00	1,310.00
	861.77	946,750.08	222.70	201,935.00	567.87	487,653.41	136.00	109,091.65	91.25	35,218.35	1,879.58	1,780,648.48	947.36
Realisation of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Book Debts	9.50	10,505.00	3.50	3,150.00	-	-	-	-	23.50	8,930.00	36.50	22,585.00	618.77
Realisation of Assets (e.g. Securities Portfolio)	41.90	46,252.50	129.00	120,382.50	110.00	90,967.50	-	-	0.70	294.00	281.60	257,896.50	915.63
Chattel Assets	79.50	95,002.50	2.00	1,800.00	-	-	-	-	-	-	81.50	96,802.50	1,187.76
Property - Freehold and Leasehold	4.88	5,798.83	4.05	3,645.00	1.00	815.00	-	-	-	-	9.93	10,258.83	1,032.77
	135.78	157,558.83	138.55	128,977.50	111.00	91,782.50	-	-	24.20	9,224.00	409.53	387,542.83	946.30
Creditors	-	-	-	-	-	-	-	-	-	-	-	-	-
Employees	24.65	29,825.50	161.25	146,256.00	2.00	1,915.00	50.63	37,745.41	49.00	18,652.00	287.53	234,393.91	815.19
Secured	14.30	17,540.50	-	-	-	-	-	-	-	-	14.30	17,540.50	1,226.61
Unsecured	18.00	21,475.50	36.00	35,468.00	3.05	2,485.75	1.20	978.00	66.00	26,352.75	124.25	86,760.00	698.27
	56.95	68,841.50	197.25	181,724.00	5.05	4,400.75	51.83	38,723.41	115.00	45,004.75	426.08	338,694.41	794.90
Case Specific Matters	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT	23.40	27,890.00	19.60	18,006.00	0.67	543.34	-	-	2.05	959.75	45.72	47,338.09	1,035.48
Tax	289.65	313,188.00	184.70	166,473.51	22.50	18,422.50	9.00	6,480.00	0.50	190.00	506.35	504,754.01	996.85
	313.05	341,018.00	204.30	184,479.51	23.17	18,965.84	9.00	6,480.00	2.55	1,149.75	552.07	552,093.10	1,000.05
TOTAL CASE A	2,094.37	2,359,773.24	1,635.35	1,501,500.01	1,252.90	1,069,439.75	353.35	262,353.40	387.50	160,063.85	5,723.47	5,353,130.24	935.30
	-	-	-	-	-	-	-	-	-	-	-	-	-
Client Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Client Money	13.00	13,820.00	20.50	21,061.25	-	-	-	-	-	-	33.50	34,881.25	1,041.23
Custody Assets	17.40	17,962.50	28.25	25,677.50	-	-	-	-	-	-	45.65	43,640.00	955.97
TOTAL CASE B	30.40	31,782.50	48.75	46,738.75	-	-	-	-	-	-	79.15	78,521.25	992.06
TOTAL HOURS & COST	2,124.77	2,391,555.74	1,684.10	1,548,238.76	1,252.90	1,069,439.75	353.35	262,353.40	387.50	160,063.85	5,802.62	5,431,651.49	936.07
AVERAGE RATE/HOUR PER GRADE		£ 1,125.56		£ 919.33		£ 853.57		£ 742.47		£ 413.07	Case A	5,353,130.24	
											Case B	78,521.25	
											Total	5,431,651.49	



## Remuneration and expenses

### Pre-Special Administration Costs

#### Pre-Special Administration Costs

Payment of unpaid pre-Special Administration costs as an expense of the Special Administration is subject to approval under Rule 136.

#### JSAs' Pre-Special Administration Costs

The JSAs were first introduced to the Company on the morning of 30 March 2022. No engagement was entered into by the JSAs (or Teneo) prior to the JSAs' appointment.

As we set out in our Proposals, during 30 March 2022, the JSAs undertook various actions including:

- Liaising with Management (including remote attendance at meetings) to discuss Day 1 plans and wider strategy for the Company in Special Administration;
- Liaising with lawyers, Clifford Chance LLP ("Clifford Chance"), in relation to the preparation and signing of appointment documents;
- Liaising with the FCA in relation to our appointment;
- Preparation and signing of consent to acts;
- Initial take on processes and compliance; and
- Day 1 planning, including, research into the Company's business and preparation of initial communications to the Company's stakeholders.

Costs incurred in relation to the above totalled £34,172.50.

These costs were initially approved by the creditors on 30 January 2023 and for reasons set out on page 21, again on 22 May 2023 and have been paid in full during the period.

As these actions occurred prior to our appointment, they were either: (1) necessary steps as part of the appointment process; or (2) to prepare for the appointment in an orderly manner.

#### Other Pre-Special Administration Costs

In addition to the costs incurred by the Joint Special Administrators, Clifford Chance incurred various costs and expenses up to 31 March 2022, as follows:

- Costs: £62,131.46 + VAT
- Counsel Fees and disbursements: £21,247.50 + VAT

These costs included:

- Preparatory analysis, including calls with Management, research regarding applicable sanctions, reviewing Special Administration rules and regulations and CASS rules, review of the Company's constitutional documents, creating steps plan, and briefing counsel.
- Liaising with proposed JSAs and the FCA.
- Preparation of Court application, including drafting and reviewing documents and attending a board meeting.
- Court hearing, including liaising with the court regarding time slots and logistics for an urgent hearing, conference with counsel, and attendance at court.
- Post hearing matters, including distributing application notice and immediate advice to JSAs.

These costs were initially approved by the creditors on 30 January 2023 but as noted earlier in the report, we sought and obtained re-approval from creditors of these pre-Special Administration costs. These costs have been paid in full in the period as shown in the receipts and payments account on page 17.



## Remuneration and expenses

### Expenses

#### Expenses

Expenses can be divided between:

- Case A – expenses in relation to the Objectives 2 and 3 (as defined on pages 9-13), which are to be paid out of the estate of the Company; and
- Case B – expenses in relation to Objective 1 (as defined on pages 9-13), which are to be paid out of the Client Assets held by the Company.

Expenses are payments which are neither remuneration payable to us as officeholders nor a distribution to a creditor, Client or a member.

Expenses includes disbursements; disbursements are payments first made by us out of our own funds and later reimbursed to us (to the extent possible).

#### Case A – Expenses Payable by the General Special Administration Estate

Expenses payable out of the Company's assets are divided into those that do not require approval before they are charged to (and recovered from) the estate ("Category 1"), and those that do require approval before they are charged to (and recovered from) the estate ("Category 2"):

- Category 1 Expenses – payments to persons providing the service to which the expense relates and who are not an associate of the officeholder. These expenses can be paid out of the estate by us without creditor approval.
- Category 2 Expenses – payments to us (as officeholder) or our associates or payments which have an element of shared costs. These expenses require creditor approval in the same manner as our remuneration.

#### Category 1 Expenses - Other professional costs

Prior to instructing providers of specialist advice and or services, we have evaluated whether the work/advice is both warranted and that the cost of the same represents best value for the Company's estate. We review all such arrangements periodically to ensure that best value continues to be obtained. Further details of expenses incurred during the report period are provided opposite and on the next page.

#### Case A – Expenses payable by the General Special Administration Estate

##### Clifford Chance

- The JSAs have instructed Clifford Chance to advise on the following legal matters during the reporting period:
  - Sanctions related to specific trading transactions;
  - Interaction with the JSAs regarding the settlement of balances due and payable with the Parent;
  - Submission of various licence applications;
  - Issues on our ability to wind-down the Company's operations and to make payments and realise assets;
  - Reviewing our reporting to OFAC;
  - General advice; and
  - Employee matters;
- in respect of which they have incurred time costs of £97,656.38 + VAT and disbursements of £2,084.98 + VAT.
- This brings their total time costs and disbursements to the end of this report period to £795,572 + VAT, all of which have been paid in full.
- Clifford Chance's work is ongoing and in respect of which it has estimated incurring further fees of £450,000 - £500,000 for the remainder of the engagement, albeit this figure remains a broad estimate and is dependent on the progress of the Special Administration, the period for which the Special Administration will continue and the nature and complexity of issues that arise during this period. For these reasons, this figure is subject to change.



## Remuneration and expenses Expenses (cont.)

### Expenses (continued)

#### Case A – Expenses payable by the General Special Administration Estate (continued)

##### Forensic Risk Alliance

The JSAs have instructed Forensic Risk Alliance Limited ("FRA"), to assist with securing a copy of Company data held in a cloud with the Parent, in respect of which they incurred time costs of £1,260 + VAT and which have been paid in the reporting period.

FRA's work is ongoing in this regard, and it has estimated that its fees in total will not exceed £20,000 (exclusive of VAT and disbursements).

##### Cornhill Secretaries Limited

The JSAs agreed the provision of services from Cornhill Secretaries Limited ("Cornhill") to bring the Company's statutory books and records up to the date of the Special Administration. These services were agreed following our appointment.

However, Cornhill's time costs of £4,346.25 + VAT for these services have been paid during the reporting period.

No further services are required from Cornhill.

##### Edward Young Limited

The JSA's have continued to engage Edward Young Limited on an ad hoc basis to provide notary services for notarising various legal documents.

Edward Young Limited has incurred and been paid time costs of £1,260 + VAT during the reporting period.

#### Case A – Expenses payable by the General Special Administration Estate (continued)

Whilst we are not required to seek creditor approval for any of the foregoing expenses, we confirm that all professional costs are reviewed by us and analysed in detail before payment is approved or made. Please refer to earlier progress reports for details of professional costs incurred in earlier report periods, all of which have been paid in full.

### Case B – Expenses payable out of Client Assets

Expenses properly incurred in pursuing Objective 1 are payable out of the Client Assets held.

- Clifford Chance are instructed to provide legal support in relation to the distribution of Client Assets.
- Clifford Chance has estimated that its fees will be in the region of £30,000 to £40,000 (exclusive of VAT and disbursements) for the provision of advice in relation to Client Assets, based on current information available.
- To date, Clifford Chance has not incurred any costs in relation to the distribution of Client Assets.

Whilst we are not required to seek creditor approval for this expense, we confirm that all professional costs under Case B are reviewed by us and analysed in detail before payment is approved or made.





Remuneration and expenses  
Expenses (cont.)

JSAs – Category 1 Expenses

As described on page 26, these are payments to persons providing the service to which the expense relates and who are not an associate of the officeholder. These expenses can be paid out of the estate by us without creditor approval.

Category 1 Expenses					
£ (net)	Estimated per Proposals	Incurred in report period	Incurred in the period of Appointment	Paid	Unpaid
Travel	10,000	216	3,816	3,600	216
Accommodation	15,500	-	484	484	-
Parking	100	11	246	235	11
Subsistence	18,000	-	18	18	-
Venue Hire	5,000	-	-	-	-
Telephone	500	-	-	-	-
Postage/Couriers	500	-	-	-	-
Specific Penalty Bond	250	-	220	220	-
Companies House Fees	-	-	100	100	-
Total expenses	49,850	227	4,884	4,657	227

Category 2 Expenses

As described on page 26 these are payments to us (as officeholder) or our associates or payments which have an element of shared costs. Specific approval is required before these expenses can be drawn from the administration estate

Our estimate of Category 2 disbursements is given below, all figures are shown exclusive of VAT. No Category 2 expenses have been incurred during the report period.

Category 2 Expenses					
£ (net)	Estimated per Proposals	Incurred in report period	Incurred in the period of Appointment	Paid	Unpaid
Mileage	200	-	-	-	-
Total expenses	200	-	-	-	-

Mileage is calculated by reference to the mileage properly incurred by the JSAs and their staff, at the prevailing standard mileage rate used by Teneo at the time when the mileage is incurred (currently up to 45p per mile).



Remuneration and expenses  
Information to Creditors and Clients re Rights to request information and/or challenge remuneration and/or expenses

**Creditors and Clients' rights to request information**

Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors, or a Client with the concurrence of Clients claiming for at least 5% in value of the Client Assets (including the Client in question); or with leave of the Court) may, in writing, request us to provide additional information regarding remuneration or expenses (other than pre administration costs) to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 202 of the Rules.

**Creditors and Clients' rights to challenge remuneration and/or expenses**

Any secured creditor or unsecured creditor (with the support of at least 10% in value of the unsecured creditors or with leave of the Court) or Client (with the support of at least 10% of total claims in respect of Client Assets held or with leave of the Court) or the FCA may apply to the Court for one or more orders (in accordance with Rule 202(1) of the Rules), reducing the amount or the basis of remuneration which we are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 202(4) of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.



## Appendices

### Glossary

CASS	Client Asset Sourcebook	HMRC	His Majesty's Revenue and Customs
CGS	Capital Goods Scheme	IT	Information Technology
CIS	Construction Industry Scheme	Joint Special Administrators/JSAs	David Philip Soden, Robert Scott Fishman and Matthew Steven Roe
Citibank	Citibank, N.A.	JPM	JPMorgan Chase, London Branch
Client	Any Client of which the Company holds Client Assets	Leasehold premises	85 Fleet Street, London
Client Assets	Client Money and Custody Assets	NBV	Net Book Value
Client Money	Cash held for Clients by the Company in accordance with CASS rules	Net Settlement Proposal	Proposal to off-set the assets and liabilities between the Company and the Parent.
Clifford Chance	Clifford Chance LLP	NIC	National Insurance Contributions
CMP	Client Money Pool	NSD	National Settlement Depository
Custody Assets	Individual stocks and shares and other investments that form the rest of a Client's holding with the Company	OFAC	Office of Foreign Assets Control (US Sanctions)
Edward Young	Edward Young Limited	OFAC license / OFAC license extension	OFAC General license -MUL-2022-900696-1 / OFAC General license -MUL-2022-900696-2
ERA team	Employee Resource Advisory team	OFSI	Office of Financial Sanctions Implementation (UK Sanctions)
EU	European Union	OFSI General license	Amended General OFSI Licence
FATCA	Foreign Account Tax Compliance Act	PAYE	Pay As You Earn
FCA	Financial Conduct Authority	Primary Pooling Event	Client Money held as at the point of entry into Special Administration is pooled into a single pool.
Fees	JSAs' Remuneration	Proof	Proof of Debt
FRA	Forensic Risk Alliance Limited	RBC	Royal Bank of Canada
FX	Foreign Exchange	R&P	Receipts and Payment Account
General Estate	Non-Client Asset Estate	SOA	Statement of Affairs
Hilco	Hilco Appraisal Limited	Teneo	Teneo Financial Advisory Limited



Appendices  
Glossary

The Act	The Insolvency Act 1986
The Application	The application to the High Court of Justice on 14 April 2023
The Company	Sberbank CIB (UK) Limited (in Special Administration)
The Objectives	The Special Administration Objectives
The Parent	Sberbank of Russia
The/Our Proposals	The Statement of the Joint Special Administrators' Proposals
The Regulations	Investment Bank Special Administration Regulations 2011
The Rules	Insolvency Rules 2016
Third party chattel agents	Hilco Appraisal Limited
UK	United Kingdom
US	United States of America
US Persons	US citizens and US green-card holders globally, US domiciled entities and their foreign branches and anyone physically located in the United States.
USD	United States Dollar
VAT	Value Added Tax
"We", "our", "Us"	The Joint Special Administrators



#### Important Notice

This document has been prepared by the JSAs solely to comply with their statutory duty under Rule 122 to provide an update to creditors and Clients on progress in the Special Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This document has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

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