

BANK OF RUSSIA

REGULATION

No 283-P OF MARCH 20, 2006,

ON MAKING PROVISIONS BY CREDIT INSTITUTIONS FOR POSSIBLE LOSSES

List of Amending Documents

(as amended by Bank of Russia Ordinance No. 1837-U, dated 14 June 2007, No. 1907-U, dated 14 November 2007, No. 2061-U, dated 1 September 2008, No. 2253-U, dated 26 June 2009, No. 2322-U, dated 3 November 2009, No. 2612-U, dated 20 April 2011, No. 2751-U, dated 14 December 2011, No. 2922-U, dated 3 December 2012, No. 3130-U, dated 3 December 2013, and No. 3399-U, dated 30 September 2014)

Pursuant to the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)' (Collection of Legislation of the Russian Federation, 2002, No. 28, art. 2790; 2003, No. 2, art. 157; No. 52, art. 5032; 2004, No. 27, art. 2711; No. 31, art. 3233; 2005, No. 25, art. 2426; No. 30, art. 3101) and in accordance with the Bank of Russia Board of Directors decision (the Bank of Russia Board of Directors meeting minutes No. 4, dated 3 March 2006), this Regulation establishes the loss provision procedure for credit institutions and the relevant supervision procedure for the Bank of Russia.

Chapter 1. General Provisions

1.1. The requirements set forth in this Regulation do not apply to:
loans, loan and similar debts defined in accordance with the Bank of Russia

Regulation No. 254-P, dated 26 March 2004, 'On the Loss Provision Procedure for Credit Institutions for Possible Losses on Loans, Loan and Similar Debts', registered with the Ministry of Justice of the Russian Federation on 26 April 2004 under No. 5774 (Bank of Russia Bulletin, dated 7 May 2004, No. 28) (hereinafter – the 'Bank of Russia Regulation No. 254-P');

claims regarding other contracts/transactions under which settlements and delivery are to be executed no earlier than the day following the contract/transaction signing date;

(as amended by Bank of Russia Ordinance No. 3130-U, dated 3 December 2013)

payments/advance payments for services;

transactions with the Bank of Russia;

transactions in corresponding currencies with the central banks of countries assessed as '0' and '1' according to the classification of the Export Credit Agencies participating in the convention 'On Basic Principles of Providing and Using Officially Supported Export Credits' of the Organisation for Economic Co-operation and Development (OECD) member states. Country assessments are posted on the official Bank of Russia website;

(as amended by Bank of Russia Ordinance No. 2322-U, dated 3 November 2013)

monetary obligations under the reverse/forward part of securities purchase contracts with buy-back;

credit institutions' equity investments (equity shares) that decrease the amount of the credit institutions' equity capital/internal capital in accordance with the requirements of Bank of Russia Regulation No. 395-P, dated 28 December 2012, 'On the Method of Assessing Credit Institutions' equity capital ('Basel III)', registered with the Ministry of Justice of the Russian Federation on 22 February 2013 under No. 27259 and on 29 November 2013 under No. 30499 (Bank of Russia Bulletin, No. 11, dated 27 February 2013, and No. 69, dated 30 November 2013) (hereinafter – the 'Bank of Russia Regulation No. 395-P');

(as amended by Bank of Russia Ordinance No. 3399-U, dated 30 September 2014)

investments in securities purchased under contracts with buy-back;

this paragraph is invalid as of 1 January 2013. Bank of Russia Ordinance No. 2922-U, dated 3 December 2012;

investments in securities purchased under loan contracts;

assets at current/fair value in accordance with the Bank of Russia Regulation No. 385-P, dated 16 July 2012, 'On Accounting Rules for Credit Institutions Within the Territory of the Russia Federation', registered with the Ministry of Justice of the Russian Federation on 3 September 2012 under No. 25350 and on 15 October 2012 under No. 25670 (Bank of Russia Bulletin, No. 56–57, dated 25 September 2012, and No. 62, dated 24 October 2012) (hereinafter – the 'Bank of Russia Regulation No. 385-P'), except when the current/fair value of the securities cannot be effectively determined;

(this paragraph was inserted by Bank of Russia Ordinance No. 2922-U, dated 3 December 2012, as amended by Bank of Russia Ordinance No. 3130-U, dated 3 December 2013)

contracts that are subject to the Bank of Russia Regulation No. 372-P, dated 4 July 2011, 'On the Derivative Financial Instruments Accounting Procedure', registered with the Ministry of Justice of the Russian Federation on 22 July 2011 under No. 21445 (Bank of Russia Bulletin, dated 4 August 2011, No. 43).

(this paragraph was inserted by Bank of Russia Ordinance No. 2922-U, dated 3 December 2012, as amended by Bank of Russia Ordinance No. 3130-U, dated 3 December 2013)

1.2. Loss provisions (hereinafter – the 'provisions') shall be created for:

balance-sheet assets entailing a risk of loss, except for balance-sheet assets listed in clause 1.1 hereof;

off-balance sheet credit contingencies;

invalid as of 1 January 2014. Bank of Russia Ordinance No. 3130-U, dated 3 December 2013;

claims for interest payments on credit claims;

other non-credit losses and liabilities.

(as amended by Bank of Russia Ordinance No. 2922-U, dated 3 December 2012)

When creating provisions, the economic significance of an operation/transaction shall take priority over its legal form.

(clause 1.2 as amended by Bank of Russia Ordinance No. 1837-U, dated 14 June 2007)

1.3. For purposes of creating provisions, potential losses of a credit institution shall mean the risk of loss due to one or more of the following circumstances:

non-performance or improper performance by a credit institution counterparty of its obligations relating to completed operations/transactions or non-performance by any person of an obligation secured by the credit institution's obligation;

impairment/devaluation of the credit institution's assets;

an increase in the credit institution's liabilities and/or expenses against those already recorded in the accounting books.

1.4. The following elements of the provision calculation base shall be classified into one of five Quality Categories based on an expert assessment: residues on balance-sheet accounts in accordance with chapter 2 hereof; credit contingencies contract values recorded on off-balance sheet accounts in accordance with subclause 3.1.1 of clause 3.1 hereof; and calculated values for other non-credit losses and liabilities determined in accordance with clause 6.1 hereof, except for claims/credit contingencies with similar credit risk characteristics grouped in accordance with chapter 4 hereof into a portfolio of similar claims/credit contingencies:

(as amended by Bank of Russia Ordinance No. 3130-U, dated 3 December 2013)

Quality Category I – A review of the counterparty's activities and/or the market(s) performance does not indicate any real or potential risk of loss, and the counterparty could reasonably be expected to fulfil its obligations in full and on time;

Quality Category II – A review of the counterparty's activities and/or the market(s) performance indicates a moderate potential risk of loss (e.g., the credit institution has learned that the counterparty has defects in management, internal control or other negative aspects and/or unfavourable trends in the counterparty's

markets could reasonably be expected);

Quality Category III – A review of the counterparty's activities and/or the market(s) performance indicates a serious potential risk or moderate real risk of loss (e.g., a crisis in the market or deterioration of the counterparty's financial position);

Quality Category IV – A review of the counterparty's activities and/or the market(s) performance indicates both a potential risk and a moderate real risk of loss (such as those listed above) or significant real risks of partial losses (such as the counterparty facing difficulties in fulfilling its obligations);

Quality Category V – There are sufficient reasons to believe that the value of a component of the provision calculation base would be lost completely due to a counterparty's non-fulfilment of obligations.

The calculated provisions, as defined by clause 1.6 of Bank of Russia Regulation No. 254-P, reflecting the credit institution's losses in relation to each calculation component without regard for the availability and quality of security (hereinafter – the 'calculated provisions'), shall be calculated in accordance with the following table:

Classification	Amount of calculated provisions as a percentage of the calculation base element
Quality Category I	0
Quality Category II	1–20 %
Quality Category III	21–50 %
Quality Category IV	51–100 %
Quality Category V	100 %

For credit contingencies, the calculated provisions determined in accordance with this clause may be adjusted by the security amount determined in accordance with subclause 3.1.2 of clause 3.1 hereof.

1.5. When classifying the calculation base elements, the credit institution shall assess its counterparty's financial position to determine the likelihood of non-performance or improper performance under the applicable contract (except for the elements specified in chapter 6 hereof).

(as amended by Bank of Russia Ordinance No. 3130-U, dated 3 December 2013)

In assessing its counterparty's financial position, the credit institution shall consider the risks identified during the analysis of the counterparty's financial reporting and other data on the counterparty's position and financial performance using methods established by the credit institution's internal documents, which shall comply with the requirements hereof.

The financial position of a counterparty shall be assessed on the basis of the information listed in appendix 2 to Bank of Russia Regulation No. 254-P.

The list of documents and methods to be used in assessing a counterparty's financial position shall be determined by the credit institution at its own discretion, depending on the counterparty's industry and activities and in consideration of the assessment goals and all information as of the reporting dates and intramonth/intraquarter dates.

1.6. The provision calculation base elements and risk factors to be used by the credit institution to assess the risk level, calculated provisions and potential losses (hereinafter – the 'expert assessment') shall be determined by the credit institution at its own discretion and on the basis of the requirements hereof. Sources of important information on risk factors, including the media and other sources, shall be determined by the credit institution at its own discretion. Credit institution shall make all reasonable efforts to obtain all the information required for the expert assessment. The document containing the expert assessment for each provision calculation base element, the analysis of risk factors on which the assessment was

based, and the provisions calculation shall be included in the counterparty's case file. The said documents shall be prepared as often as established by the requirements of subclause 3.1.5 of clause 3.1 of Bank of Russia Regulation No. 254-P. Lack of information on a counterparty should be considered a risk factor to be taken into account by the credit institution when conducting an expert assessment.

1.7. Provision calculation base elements for a counterparty with debt to the credit institution, a loan or equivalent debt are classified under a Quality Category corresponding to the Quality Category to which the debt, loan or equivalent debt was allocated, defined in accordance with the requirements of Bank of Russia Regulation No. 254-P (except when, by the requirements hereof, the calculation base elements are classified under a lower Quality Category than the Quality Category for the debt, loan or equivalent debt determined in accordance with the requirements of Bank of Russia Regulation No. 254-P).

(as amended by Bank of Russia Ordinances No. 2922-U, dated 3 December 2012 and No. 3130-U, dated 3 December 2013)

1.8. The internal documents of a credit institution shall reflect the loss risk assessment policy (rules, procedures and methods) allowing the provision calculation base elements to be classified under the Quality Categories stipulated by this Regulation, including procedures for assessing the quality of assets, credit contingencies, and the similar claims/credit contingencies portfolio, as well as procedures for creating/adjusting provisions in greater detail than those provided for herein, and also other provisions in accordance with clause 2.3 of Bank of Russia Regulation No. 254-P.

The internal documents of credit institutions establishing the policy (rules, procedures and methods) for assessing the quality of assets, credit contingencies, and the similar claims/credit contingencies portfolio adopted by authorised bodies of the credit institutions shall conform to the requirements of this Regulation and other Bank of Russia regulations on credit policy and its implementation.

1.9. Credit institutions shall disclose the policies (rules, procedures and

methods) used for purposes of classifying provision calculation base elements and creating reserves for individual provision calculation base elements, as well as for portfolios of similar claims/credit contingencies, as part of the reporting required by Bank of Russia regulations.

1.10. Risk shall be assessed for provision calculation base elements on a regular basis.

For the provision calculation base elements listed in chapters 2, 4, and 5.1 hereof, risks shall be assessed as of the moment the credit institution is due to record the corresponding claims and liabilities in on-balance sheet and off-balance sheet accounts, as stipulated by the Bank of Russia Regulation No. 385-P.

(as amended by Bank of Russia Ordinances No. 2922-U, dated 3 December 2012 and No. 3130-U, dated 3 December 2013)

For provision calculation base elements listed in chapter 3 hereof, risks shall be assessed as of the moment the credit institution assumes obligations for corresponding financial instruments that are due to be recorded in off-balance sheet accounts, as stipulated by the Bank of Russia Regulation No. 385-P.

(as amended by Bank of Russia Ordinance No. 2922-U, dated 3 December 2012)

For provision calculation base elements defined as such based on the factors/circumstances listed in chapter 6 hereof, risks shall be assessed as of the moment the factors/circumstances arise indicating that the credit institution might incur additional future losses.

Credit institution shall ensure timely updates of their expert assessments. The procedure for timely updates of previous expert assessments shall be set forth in the internal documents of the credit institutions.

(clause 1.10 as amended by Bank of Russia Ordinance No. 1837-U, dated 14 June 2007)

1.11. An expert assessment of provision calculation base elements and the making/adjustment of provisions shall be based on the following principles:

the compliance of actions for (re)classifying provision calculation base elements and creating/adjusting provisions with the requirements hereof and the

internal documents of the credit institution specified in clause 1.8 hereof;

a comprehensive and unbiased review of all the information to be considered when (re)classifying provision calculation base elements and creating/adjusting provisions;

timeliness of (re)classification of provision calculation base elements and making/adjustment of provisions, and accurate reflection of changes in the amount of provisions in the bookkeeping and reporting.

1.12. The provisions amount for calculation base elements shall be updated due to a change in the credit risk level or in the amount of calculation base elements (including a change due to a fluctuation in the official exchange rate of the calculation base elements currency against the ruble, as fixed by the Bank of Russia) as of the first day of the month following the financial month. A credit institution reserves the right to provide for the need to update the provisions amount due to the said circumstances as of an intramonth date(s) in its internal documents. The provisions amount for calculation base elements shall be updated as of an intramonth date(s) in cases where the Bank of Russia or regional branch of the Bank of Russia requires the calculation of supervision ratios to be provided as of an intramonth date(s) in accordance with clause 9.3 of Bank of Russia Instruction No. 139-I, dated 3 December 2012, 'On Prudential Supervision Ratios', registered with the Ministry of Justice on 13 December 2012 under No. 26104 and on 29 November 2013 under No. 30498 (Bank of Russia Bulletin, No. 74, dated 21 December 2012, No. 69, dated 30 November 2013) (hereinafter – the 'Bank of Russia Instruction No. 139-I').

(as amended by Bank of Russia Ordinances No. 2322-U, dated 3 November 2009 and No. 3130-U, dated 3 December 2013)

If the end of a financial period falls on a non-business day or public holiday, the amount of the previously created provision for currency-denominated calculation base elements shall be updated based on the official rate of the currency against the ruble as fixed by the Bank of Russia for the date of the last daily balance in the financial month (including a non-business day or public holiday if

the credit institution's daily balance was also drawn up for this day).

(clause 1.12 as amended by Bank of Russia Ordinance No. 1837-U, dated 14 June 2007)

1.13. The provision calculation base may include elements not specified in clause 1.4 hereof if the credit institution has reason to suppose that such elements may be related to future losses, particularly, due to non-performance of contractual obligations by a counterparty.

1.14. Credit institutions shall disclose the created provisions as part of the 0409115 report, 'Information on the Quality of Assets of a Credit Institution' and the 0409155 report, 'Details on Credit Contingencies and Derivative Financial Instruments', as established by the Bank of Russia Ordinance No. 2332-U, dated 12 November 2009, 'On the List, Forms and Procedure for Preparing and Submitting Credit Institutions' Reports to the Central Bank of the Russian Federation', registered with the Ministry of Justice of the Russian Federation on 16 December 2009 under No. 15615, on 18 June 2010 under No. 17590, on 22 December 2010 under No. 19313, on 20 June 2011 under No. 21060, on 16 December 2011 under No. 22650, on 10 July 2012 under No. 24863, and on 20 September 2012 under No. 25499 (Bank of Russia Bulletin, No. 75–76, dated 25 December 2009; No. 35, dated 25 June 2010; No. 72, dated 28 December 2010; No. 34, dated 28 June 2011; No. 73, dated 23 December 2011; No. 41, dated 19 July 2012, and No. 58, dated 26 September 2012).

(as amended by Bank of Russia Ordinances No. 2922-U, dated 3 December 2012 and No. 3130-U, dated 3 December 2013)

Chapter 2. Determining the Provisions Calculation Base
for Balance-sheet Assets (investments in securities,
funds in correspondent accounts
/sub-accounts, credit institution claims
for other operations, other financial and economic
operations of the credit institution, other exposure,

assets held in trust management,
property not used for
banking, monetary funds and checks),
as well as Claims
for Securities Against the Counterparty
(as amended by Bank of Russia Ordinance No. 2922-U, dated 3 December 2012)

2.1. Provision calculation base elements shall include balance sheet values of securities recorded in separate balance sheet accounts provided for by section 5, 'Operations with Securities and Derivative Financial Instruments' of chapter A, 'Balance Sheet Accounts' of the Chart of Accounts for Accounting in Credit Institutions of the Appendix to Bank of Russia Regulation No. 385-P, except for investments in unit investment funds for which provisions for possible losses are created in accordance with clauses 2.6 and 2.7 hereof, investments in securities listed in clauses 1.1 and 2.8 hereof, and discounted bills for which provisions are created in accordance with the requirements of Bank of Russia Regulation No. 254-P.

(as amended by Bank of Russia Ordinances No. 1837-U, dated 14 June 2007, No. 2612-U, dated 20 April 2011, and No. 2922-U, dated 3 December 2012)

2.1.1. The following factors/circumstances shall be considered when conducting an expert assessment:

the financial position of the securities issuer;

the issuer's performance of obligations with regard to the securities issued;

the likelihood of the issuer's insolvency or reorganisation;

exchange quotations or over-the-counter quotations standing (fall of quotations or absence of quotations for previously quoted securities);

(as amended by Bank of Russia Ordinance No. 1907-U, dated 14 November 2007)

a historical review of repayment of previous obligations by the issuer which suggests that the entire principal debt amount (the notional value of the security in the case of debt securities) might not be recovered;

changes in the security's profitability; and
other factors/circumstances.

2.1.2. Debt commitments outstanding for 30+ calendar days shall be placed into Quality Category V.

2.1.3. For the provision calculation base elements listed herein and allocated to Quality Categories II–V, provisions shall be made with due regard for security in accordance with Chapter 6 of Bank of Russia Regulation No. 254-P.

(subclause 2.1.3 was inserted by Bank of Russia Ordinance No. 2253-U, dated 26 June 2009)

2.2. The provision calculation base elements include claims against credit institutions and counterparties which are recorded in balance-sheet accounts 30221 (transactions in process via accounts with other credit institutions), 30110, 30114, 30118, 30119, 30215, 30233, 30413, 30416, 30418, 30424, 30425, and 30427 for each credit institution and each counterparty separately.

(as amended by Bank of Russia Ordinances No. 1837-U, dated 14 June 2007 and No. 2922-U, dated 3 December 2012)

2.2.1. The following factors/circumstances shall be considered when conducting an expert assessment:

the financial position of the counterparty credit institution;

(as amended by Bank of Russia Ordinance No. 1837-U, dated 14 June 2007)

compliance by a correspondent credit institution with the legal and/or contractual requirements for correspondent account settlement transactions, including any violations, where applicable;

performance by the correspondent credit institution of obligations to the respondent credit institution which are unrelated to the correspondent (sub)account settlement transactions;

attachment imposed on counterparty credit institution accounts;

(as amended by Bank of Russia Ordinance No. 1837-U, dated 14 June 2007)

outstanding claims against the counterparty credit institution on the part of tax authorities in relation to payments to budgets at all levels of the Russian Federation

budget system and budgets of state non-budgetary funds;

(as amended by Bank of Russia Ordinance No. 1837-U, dated 14 June 2007)

the appointment of a temporary administration to manage the counterparty credit institution;

(as amended by Bank of Russia Ordinance No. 1837-U, dated 14 June 2007)

an unstable socio-economic situation in the region of the counterparty credit institution (i.e., state of emergency, insolvency of a large company important to the region, or debts of the state authorities and/or municipalities to entities which receive funds from the budget);

a risky concentration of settlement transactions in correspondent (sub)accounts with a counterparty credit institution, namely:

the monthly debits of all the correspondent accounts and sub-accounts in Russian rubles opened by a credit institution (including its branches) with other correspondents are more than 4 times greater than the debits of its correspondent account and sub-accounts opened with the Bank of Russia;

the monthly debits of all the correspondent accounts and sub-accounts in all foreign currencies opened by a credit institution (including its branches) with correspondent credit institutions not residing in countries with '0' and '1' country assessments (excluding credit institutions residing in the Russian Federation) are more than 4 times greater than the debits of its correspondent accounts and sub-accounts in foreign currencies opened with correspondent credit institutions residing in countries with '0' and '1' country assessments;

(as amended by Bank of Russia Ordinance No. 2322-U, dated 3 November 2013)

other factors/circumstances.

2.2.2. If the banking license of a counterparty credit institution has been revoked, the credit institution shall classify the nostro balances of such a counterparty into Quality Category V.

2.3. Provision calculation base elements shall include claims recorded in separate sub-accounts of balance-sheet accounts 30602 and 47423.

(as amended by Bank of Russia Ordinance No. 1837-U, dated 14 June 2007)

2.3.1. The following factors/circumstances shall be considered when conducting an expert assessment:

the financial position of the counterparty;

the history of relations with the counterparty;

how long funds have been in the account (except for cases where the duration of funds' presence in the account corresponds to the duration of the transaction being conducted and the conditions of the agreement);

court judgements in which a counterparty figures as a debtor and the date of their entry into force;

other factors/circumstances.

2.3.2. Debts which have been past due for over 30 calendar days shall be classified as Quality Category V.

2.4. Provision calculation base elements shall include claims recorded in separate sub-accounts of balance sheet accounts 60308 (deficits), 60312 (advance payments, prepayment for valuables, property rights/claims for shared construction participation agreements), 60314, 60323, as well as balances in separate sub-accounts of balance sheet account 60401 (leased out capital assets with lease terms conforming to the requirements of chapter 8, as well as clauses 9.3 and 9.4 of appendix 9 to the Bank of Russia Regulation No. 385-P), and 61011 (property rights/claims for shared construction participation agreements). Balances in account 60401 constituting calculation base elements shall be reduced by the respective balances in account 60601. The amount calculated as specified above may be adjusted by the lease payments received if the lease agreement stipulates that lease payments shall be included in the purchase price of the leased fixed assets.

(as amended by Bank of Russia Ordinances No. 1837-U, dated 14 June 2007, No. 2922-U, dated 3 December 2012, and No. 3399-U, dated 30 September 2014)

2.4.1. The following factors/circumstances shall be considered when conducting an expert assessment:

the financial position of the counterparty;

the history and nature of relations with the counterparty;

the actual possibility of debt recovery (including performance of existing obligations);

claims by tax authorities and other persons against the said counterparty;

other factors/circumstances.

2.4.2. Debts (excluding debts for shared construction participation agreements) which have been past due for over 30 calendar days shall be classified as Quality Category V.

(as amended by Bank of Russia Ordinance No. 3399-U, dated 30 September 2014)

2.4.3. For property rights/claims for shared construction participation agreements recorded in a credit institution's balance sheets for more than 1 year, the maximum provisions amount shall be created in accordance with the requirements of this clause or following the procedure stipulated by subclause 2.7.3 of clause 2.7 hereof.

(subclause 2.4.3 was inserted by Bank of Russia Ordinance No. 3399-U, dated 30 September 2014)

2.5. Provisions calculation base elements shall include balances in sub-accounts of balance sheet accounts 60101, 60102, 60103, 60104, 60201, 60202, 60203 and 60204 (except for credit institutions' investments into stocks/shares of financial institutions participating in the Bank of Russia programme for financial rehabilitation of a credit institution in accordance with Federal Law No. 40-FZ, dated 25 February 1999, 'On Insolvency (Bankruptcy) of Credit Institutions' (Collection of Legislation of the Russian Federation, 1999, No. 9, art. 1097; 2001, No. 26, art. 2590; 2002, No. 12, art. 1093; 2004, No. 31, art. 3220; No. 34, art. 3536; 2006, No. 52, art. 5497; 2007, No. 1, art. 10; No. 49, art. 6064; 2008, No. 30, art. 3616; No. 52, art. 6225; 2009, No. 18, art. 2153; No. 29, art. 3632; 2011, No. 7, art. 905; No. 27, art. 3873; No. 48, art. 6728; No. 50, art. 7351; 2012, No. 31, art. 4333; 2013, No. 27, art. 3438; 2014, No. 19, art. 2317; and No. 30, art. 4219) and/or the Bank of Russia programme for preventing insolvency of credit institutions that are part of the statutory deposit insurance system in the credit

institutions of the Russian Federation carried out by the State Corporation Deposit Insurance Agency in accordance with Federal Law No. 175-FZ, dated 27 October 2008, 'On Additional Measures for Enhancing Banking Sector Stability till 31 December 2014' (Collection of Legislation of the Russian Federation, 2008, No. 44, art. 4981; 2009, No. 29, art. 3630; 2011, No. 49, art. 7059; and 2013, No. 19, art. 2308) that do not decrease the amount of internal funds/equity capital of credit institutions in accordance with the requirements of Bank of Russia Regulation No. 395-P.

(as amended by Bank of Russia Ordinance No. 3399-U, dated 30 September 2014)

2.5.1. The following factors/circumstances shall be considered when conducting an expert assessment:

the financial position of the counterparty institution;

the likelihood of the counterparty institution's insolvency/bankruptcy;

outstanding claims against the counterparty institution on the part of tax authorities in relation to payments to budgets at all levels of the Russian Federation budget system and budgets of state non-budgetary funds;

other factors/circumstances.

2.6. Provision calculation base elements shall include balance sheet values of units of unit investment funds recorded in separate sub-accounts of balance sheet accounts specified in Section 5, 'Operations with Securities and Derivative Financial Instruments', and in balance sheet account 60106 of Chapter A, 'Balance Sheet Accounts' of the Chart of Accounts for Accounting in Credit Institutions of the Appendix to the Bank of Russia Regulation No. 385-P, except for units of unit investment funds transferred by reverse transactions without derecognition, as well as claims recorded in sub-accounts of balance sheet account 47901, the list of which shall be determined in accordance with the requirements of subclause 2.6.1 hereof. Provisions for investments into unit investment funds the assets of which include monetary claims and claims for transactions with derivative financial instruments recognised as loans for purposes of Bank of Russia Regulation No. 254-P shall be created in the amount corresponding to the risk assessment for

loans constituting assets of the unit investment fund, but at least 21 % of the value of the said loans.

(as amended by Bank of Russia Ordinances No. 2612-U, dated 20 April 2011, No. 2922-U, dated 3 December 2012, No. 3130-U, dated 3 December 2013, and No. 3399-U, dated 30 September 2014)

2.6.1. The assets/property (hereinafter – the ‘assets’) to be included into the provision calculation base elements for purposes of evaluating their value reduction (impairment) shall be determined by credit institutions at their own discretion with due regard for the terms of the trust agreement and the provisions of the internal documents establishing the policy (rules, procedures, and methods) for assessing the risks relating to trust management operations, as well as those establishing the system of assessing the value of assets transferred for trust management and assets constituting the property of a unit investment fund, including for purposes of comparison with the value of assets provided by the trust manager.

(as amended by Bank of Russia Ordinance No. 3399-U, dated 30 September 2014)

If the assets specified in clause 2.7 hereof are transferred for trust management, the provisions shall be formed by the credit institution in accordance with subclause 2.7.3 of clause 2.7 hereof, until the transferred assets are realised.

(this paragraph was inserted by Bank of Russia Ordinance No. 2612-U, dated 20 April 2011)

2.6.2. The impairment risk for assets transferred for trust management (acquired by the trust manager), as well as of unit investment fund assets, shall be assessed with due regard for the following:

(as amended by Bank of Russia Ordinance No. 3399-U, dated 30 September 2014)

2.6.2.1. The impairment risk for assets transferred for trust management and unit investment fund assets shall be borne by the owner, i.e., the trustor credit institution. Provisions shall not be created for assets with market value (the value of which changes in the balance of the trustor credit institution based on the trust manager's report, with the difference being charged to revenue accounts or

expenditure accounts in accordance with clause 8.17 of chapter B, 'Trust Management Accounts' of part II, 'Specifications of Accounts' of the Appendix to Bank of Russia Regulation No. 385-P), nor for investments into units of unit investment funds recorded at their current/fair value in accordance with Bank of Russia Regulation No. 385-P, except for cases where the asset value determined by the trustor credit institution is lower than the value calculated by the trust manager. For such cases, the policies of the credit institution shall stipulate whether provisions should be created.

(as amended by Bank of Russia Ordinances No. 1837-U, dated 14 June 2007, No. 2922-U, dated 3 December 2012, and No. 3399-U, dated 30 September 2014)

In accordance with the requirements hereof, provisions shall be created for assets subject to impairment resulting from credit risks (issue-grade and non-issue-grade non-traded debt securities, credit claims, receivables, deposits placed by the trust manager, and other assets). Provisions shall be made in the case of such assets' impairment due to a counterparty's (debtor's, issuer's) non-performance/improper performance of obligations under the applicable contract or the existence of a real threat of non-performance/improper performance.

(as amended by Bank of Russia Ordinance No. 3399-U, dated 30 September 2014)

If assets for which provisions have been made in accordance herewith or with Bank of Russia Regulation No. 254-P are transferred for trust management, such provisions shall be transferred to balance-sheet account 47902. Subsequently, provisions for such assets will be created in accordance with Bank of Russia Regulation No. 254-P and with the requirements hereof.

If the information stated in subclause 2.6.3 hereof on the value of assets transferred for trust management, as well as of unit investment fund assets, is absent, provisions shall be made in the amount of at least 21 % of the total value of assets reflected in applicable balance-sheet accounts for recording assets transferred for trust management and investments into unit investment funds.

(as amended by Bank of Russia Ordinance No. 3399-U, dated 30 September 2014)

2.6.2.2. When determining the amount of calculated provisions for assets

transferred for trust management, the trustor credit institution shall also assess the risk of the trust manager failing to return the assets transferred to him for trust management (hereinafter – the 'Trust Manager Risk') and the risk of losses resulting from insufficient care for the trustor's benefit on the part of the trust manager.

2.6.3. The internal documents of a credit institution shall establish procedures for assessing risks in relation to assets transferred for trust management, as well as unit investment trust assets, and risks related to the trust manager. When determining the reporting intervals for trust managers in agreements, credit institutions are advised to provide for reporting at least once a month on the same dates as established by the Bank of Russia for reporting of credit institutions. When the value of assets transferred for trust management is insignificant, i.e., does not exceed 5 % of the credit institution's equity, as determined in accordance with Bank of Russia Regulation No. 395-P, quarterly reporting by the trust manager is possible.

(as amended by Bank of Russia Ordinance No. 3399-U, dated 30 September 2014)

Credit institutions shall determine sources of information for assessing risks relating to trust management operations and the procedure for collecting, processing, and reviewing such information at their own discretion. The recommended interval for updating previous assessments and adjusting the loss provisions is at least once a month. Sources of information may include the trust manager's reports, if submission of such information as part of the trust manager's reports is stipulated by the trust agreement.

2.7. Provision calculation base elements shall include items not used in banking activities provided for by article 5 of the Federal Law 'On Banks and Banking Activities' (as amended by Federal Law No. 17-FZ, dated 3 February 1996) (Gazette of the Congress of People's Deputies of the RSFSR and the Supreme Soviet of the RSFSR, 1990, No. 27, art. 357; Collection of Legislation of the Russian Federation, 1996, No. 6, art. 492; 1998, No. 31, art. 3829; 1999, No. 28, art. 3459, art. 3469; 2001, No. 26, art. 2586; No. 33, art. 3424; 2002,

No. 12, art. 1093; 2003, No. 27, art. 2700; No. 50, art. 4855; No. 52, art. 5033, art. 5037; 2004, No. 27, art. 2711; No. 31, art. 3233; 2005, No. 1, art. 18, art. 45; No. 30, art. 3117; 2006, No. 6, art. 636, No. 19, art. 2061; No. 31, art. 3439; No. 52, art. 5497; 2007, No. 1, art. 9; No. 22, art. 2563; No. 31, art. 4011; No. 41, art. 4845; No. 45, art. 5425; No. 50, art. 6238; 2008, No. 10, art. 895; No. 15, art. 1447; 2009, No. 1, art. 23; No. 9, art. 1043; No. 18, art. 2153; No. 23, art. 2776; No. 30, art. 3739; No. 48, art. 5731; No. 52, art. 6428; 2010, No. 8, art. 775; No. 19, art. 2291; No. 27, art. 3432; No. 30, art. 4012, No. 31, art. 4193; No. 47, art. 6028; 2011, No. 7, art. 905; No. 27, art. 3873, art. 3880; No. 29, art. 4291, No. 48, art. 6728, art. 6730; No. 49, art. 7069; No. 50, art. 7351; 2012, No. 27, art. 3588; and No. 31, art. 4333), as follows:

capital assets, including land;

non-capital property items;

this paragraph is invalid as of 1 January 2014. Bank of Russia Ordinance No. 3399-U, dated 30 September 2014;

investments in construction (building), production and purchase of capital assets and real estate items;

this paragraph is invalid as of 1 November 2014. Bank of Russia Ordinance No. 3399-U, dated 30 September 2014.

When creating provisions, the balance sheet value of assets specified herein for which depreciation is charged in accordance with Bank of Russia Regulation No. 385-P shall be reduced by the accumulated depreciation amount.

2.7.1. For assets specified herein and included into the unit investment fund capital, for which investments into units are recorded in the credit institution balance sheets, provisions shall be created proportionally to the common shared ownership interest in the unit investment fund capital using the coefficients specified in subclause 2.7.3 of this clause.

2.7.2. For assets specified herein and transferred by a parent credit institution to the balance of a subsidiary (affiliate), provisions shall be created by the parent credit institution using the coefficients specified in subclause 2.7.3 of this clause,

prior to the moment the transferred assets are sold to a third party unrelated to the parent credit institution, without using the funds (capital) provided by the parent credit institution directly or indirectly (via third parties).

2.7.3. The minimum amount of provisions for calculation base elements specified herein shall be determined with due account for all the periods when the capital was recorded in balance sheet accounts 60406, 60407, 60408, 60409, 60705, and 61011; in separate sub-accounts of balance sheet accounts 60401 and 60404 if the capital effectively meets the criteria established in clause 11.1 of appendix 9 to Bank of Russia Regulation No. 385-P; in separate sub-accounts of balance sheet 60701 if the items for which capital investments are terminated have not been recorded as capital assets for more than a year; in the balance sheets of a subsidiary (affiliate) and in the balance sheets of a unit investment fund capital, using the following coefficients:

for assets recorded on balance sheets for 1 to 2 years – at least 10 %;

for assets recorded on balance sheets for 2 to 3 years – at least 20 %;

for assets recorded on balance sheets for 3 to 4 years – at least 35 %;

for assets recorded on balance sheets for 4 to 5 years – at least 50 %;

for assets recorded on balance sheets for more than 5 years – at least 75 %;

For purposes of this subclause, in case the assets specified in this clause have been recorded on a credit institution's balance sheets for at least one year as of 1 January 2012, the said period shall be one year.

(clause 2.7 as amended by Bank of Russia Ordinance No. 2922-U, dated 3 December 2012)

2.8. Provision calculation base elements for repayable transactions with securities (including transactions with units of unit investment funds) transferred without derecognition (including transactions with securities previously received on a repayable basis without initial recognition) shall include securities repayment claims against the counterparty, determined on the basis of residues in securities accounts for securities transferred without derecognition, as well as residues in securities accounts for securities transferred by repayable transactions, with re-

evaluation of the securities.

2.8.1. If for purposes of calculating the prudential supervision ratios, a credit institution follows clause 2.3 of Bank of Russia Instruction No.139-I, the provision amount shall be determined with due regard for the following.

For transactions made on a repayable basis with securities transferred without derecognition:

for the unsecured part (a positive difference between the claims for securities repayment and the amount of repayment obligations) – based on the maximum risk in respect of the counterparty or the issuer of the securities/investments in units of the unit investment fund;

for the secured part (the amount of repayment obligations) – based on the risk assessment in respect of the issuer of the securities/investments in units of the unit investment fund.

For repayable operations with securities received without initial recognition:

for the unsecured part (a positive difference between the claims for securities repayment and the amount of repayment obligations) – based on the risk assessment in respect of the counterparty.

2.8.2. If for purposes of calculating the prudential supervision ratios, a credit institution follows clause 2.6 of Bank of Russia Instruction No.139-I, the provision amount for repayable transactions with securities transferred without derecognition and for repayable transactions with securities received without initial recognition shall be determined for the unsecured part (a positive difference between the claims for securities repayment and the amount of repayment obligations) – based on the risk assessment in respect of the counterparty.

2.8.3. When creating provisions for repayable transactions with securities re-evaluated at their current/fair value in accordance with Bank of Russia Regulation No. 385-P, the risk shall be assessed for the unsecured part (a positive difference between the claims for securities repayment and the amount of repayment obligations) – based on the risk assessment in respect of the counterparty.

2.8.4. The following factors/circumstances shall be considered when

conducting an expert assessment on the counterparty risk level:

the financial position of the counterparty;

the financial position of the issuer/the quality of unit investment fund assets;

the history of relations with the counterparty;

claims by tax authorities and other counterparties against the counterparty;

the completeness of information available to the credit institution on the nature of the operation in question;

information on trends in the current/fair value of securities;

other factors/circumstances.

2.8.5. The factors/circumstances specified in clause 2.1 hereof shall be considered when making an expert assessment on the issuer risk level.

2.8.6. Risks for investments in unit investment funds shall be assessed in accordance with clauses 2.6 and 2.7 hereof.

(clause 2.8 as amended by Bank of Russia Ordinance No. 3399-U, dated 30 September 2014)

2.9. Provision calculation base elements shall include residues on balance sheet accounts 20202, 20203, 20208, 20209, and 20210.

Credit institution shall create a 100 % provision in the following cases:

in case credit institutions do not hold monetary funds and/or checks in the amount recorded in the accounts, and/or

in case the monetary funds recorded in balance sheet account 20209 have not been received/tilled by the recipient within three business days from the day of sending, and/or

in case of absence of any documents confirming the receipt of the monetary funds and/or checks by the recipient.

(clause 6.1.1 was inserted by Bank of Russia Ordinance No. 2922-U, dated 3 December 2012)

(as amended by Bank of Russia Ordinance No. 3130-U, dated 3 December 2013)

3.1. For the purposes hereof, credit contingencies shall mean obligations which satisfy the requirements of clause 1 of appendix 2 to Bank of Russia Instruction No. 139-I.

(as amended by Bank of Russia Ordinance No. 3130-U, dated 3 December 2013)

3.1.1. Provision calculation base elements shall include off-balance-sheet contractual values of credit contingencies, as determined by appendix 2 to Bank of Russia Instruction No. 139-I, with the exception of obligations under the reverse/forward part of securities purchase contracts with buy-back.

(as amended by Bank of Russia Ordinance No. 3130-U, dated 3 December 2013)

3.1.2. For provision calculation base elements specified in subclause 3.1.1 of this clause and allocated to Quality Categories II–V, provisions shall be created with due account for security in accordance with Chapter 6 of Bank of Russia Regulation No. 254-P. However, Quality Category II security may only be taken into account when creating provisions for untapped lines of credit, unutilised overdraft limits, bank guarantees issued by the credit institution, letters of credit and avals.

(as amended by Bank of Russia Ordinance No. 1837-U, dated 14 June 2007)

Monetary funds deposited by the payer into a separate account of a letter of credit issuing credit institution may be taken into account when determining the amount of provisions for the letter of credit issued by the credit institution following the procedure established by chapter 6 of Bank of Russia Regulation No. 254-P for Quality Category I security.

(this paragraph was inserted by Bank of Russia Ordinance No. 1837-U, dated 14 June 2007)

3.2. The following factors/circumstances shall be considered when conducting an expert assessment:

the financial position of the counterparty;

the likelihood of the counterparty's non-performance or improper performance

of its obligations with regard to debt resulting from the credit institution performing its obligations;

contractual terms and conditions and applicable laws and legislation;

the completeness of information available to the credit institution on the nature of the operation in question;

whether the credit institution has internal controls in relation to credit contingencies recorded off-balance which are appropriate to the nature and scope of the credit contingency operations; and

other factors/circumstances.

Chapter 4. The Procedure for Assessing the Credit Risk for a Similar Claims/ Credit Contingencies Portfolio

4.1. Credit institutions may create provisions for portfolios of similar claims/credit contingencies (the calculation base elements are listed in clauses 2.2 (with regard to balance account 30233), 2.3, 2.4, and subclause 3.1.1 of clause 3.1, and chapter 5.1 hereof), the amount of each of which shall not exceed 0.5 % of the credit institution's equity, as determined in accordance with Bank of Russia Regulation No. 395-P.

(as amended by Bank of Russia Ordinances No. 2061-U, dated 1 September 2008, No. 2922-U, dated 3 December 2012, and No. 3399-U, dated 30 September 2014)

Similarity factors shall be determined by credit institutions at their own discretion based on the economic substance of the provision calculation base elements in question.

4.2. Credit institutions shall determine the provision calculation base and the amount of provisions for portfolios of similar claims/credit contingencies at their own discretion and based on the expert assessment of the adequacy of provisions for covering potential losses, subject to appendix 4 to Bank of Russia Regulation No. 254-P.

The procedure for credit risk assessment with regard to a portfolio of similar claims/credit contingencies shall be established by the credit institution's internal documents defining its credit policy.

Credit institution shall classify the created portfolios of similar claims/credit contingencies under the Quality Categories stipulated by Paragraphs 9–13 of clause 1.7 of Bank of Russia Regulation No. 254-P.

(this paragraph was inserted by Bank of Russia Ordinance No. 2061-U, dated 1 September 2008)

4.3. If a credit institution does not apply the procedure for creating provisions for portfolios of similar claims/credit contingencies as established herein, provision calculation components having a value that does not exceed 0.5 % of the credit institution's equity shall be reviewed for each counterparty separately, subject to the conditions hereof.

4.4. Claims/credit contingencies of the credit institution against a counterparty that have individual signs of impairment shall not be included in a portfolio of similar claims/credit contingencies.

Claims/credit contingencies of the credit institution against a counterparty included in a portfolio of similar claims/credit contingencies that have individual signs of impairment shall be excluded from the relevant portfolio of similar claims/credit contingencies within the period established by clause 4.5 hereof, except for those amounting to 0.01 % or less of the internal funds/equity capital of the credit institution, but not exceeding 1,000,000 rubles. The last of the claims/credit contingencies against the counterparty mentioned above shall be excluded from the portfolio of similar claims/credit contingencies within the period specified by clause 4.6 hereof.

(as amended by Bank of Russia Ordinances No. 1837-U, dated 14 June 2007 and No. 3130-U, dated 3 December 2013)

In case a loan debt or other claims/credit contingencies against the counterparty are classified individually and it/they has/have any signs of impairment, the claims against this counterparty and the credit contingencies

cannot be included into the portfolio of similar claims/credit contingencies, except for claims/credit contingencies against the counterparty amounting to 0.01 % or less of the internal funds/equity capital of the credit institution, but not exceeding 1,000,000 rubles, with the total value of the said elements for one counterparty amounting to 0.5 % or less of the internal funds/equity capital of the credit institution.

(as amended by Bank of Russia Ordinances No. 1837-U, dated 14 June 2007 and No. 3130-U, dated 3 December 2013)

4.5. Risks for a portfolio of similar claims/credit contingencies shall be assessed and the amount of corresponding provisions shall be updated following the procedure established in chapter 5 and appendix 4 of Bank of Russia Regulation No. 254-P.

(clause 4.5 as amended by Bank of Russia Ordinance No. 1837-U, dated 14 June 2007)

4.6. At least once a quarter, credit institution shall conduct and document an expert assessment of credit risks in relation to a portfolio of similar claims/credit contingencies, and shall include it in the case file on the portfolio of similar claims/credit contingencies, along with information on the provisions estimate.

The procedure for maintaining the case file on a portfolio of similar claims/credit contingencies and documenting the expert assessment shall be established by the internal documents of the credit institution, as specified in clause 1.8 hereof.

Chapter 5. Determining the Provisions Calculation Base for Forwards

Invalid as of 1 January 2014. Bank of Russia Ordinance No. 3130-U, dated 3 December 2013.

Chapter 5.1. The Procedure for Creating Provisions
for Possible Losses on
Claims for Interest Payments on Credit Claims

(inserted by Bank of Russia Ordinance No. 1837-U, dated 14 June 2007)

5.1.1. For interest payment claims recorded in sub-accounts of balance sheet accounts 32501, 32502, 47427, and 45901–45917, the amount of provisions for possible losses shall equal the ratio of the provisions created for the corresponding loan, calculated following the procedure established by chapter 6 of Bank of Russia Regulation No. 254-P, to the loan amount.

5.1.2. For accrued interest claims for discounted bills previously allocated to revenues, including outstanding claims, the amount of provisions for possible losses shall equal the ratio of the provisions created for the corresponding loan, calculated following the procedure established by chapter 6 of Bank of Russia Regulation No. 254-P, to the loan amount.

5.1.3. For accrued interest claims for debt instruments previously allocated to revenues, including outstanding claims, the amount of provisions for possible losses shall equal the ratio of the provisions created for the corresponding debt, calculated following the procedure established by clause 2.1 hereof, to the debt amount.

Chapter 6. Determining the Provisions Calculation Base
for Other Losses and Non-Credit
Estimated Liability Provisions

(as amended by Bank of Russia Ordinance No. 2922-U, dated 3 December 2012)

6.1. The provisions calculation base elements shall include various additional expenses caused by:

the likelihood of claims against the credit institution for non-performance or

improper performance of an obligation relating to mandatory payments (including penalties, legal expenses, etc.);

measures undertaken by the credit institution to seize security pledged to it;

expected reorganisation of the credit institution (notification of interested parties of the reorganisation decision) or changes in the operational structure requiring expenditures or investments which reduce the credit institution's equity;

potential losses due to expected changes in the banking market, loss of certain customers, strong market competition (provided activities in the said market significantly (over 10% of revenues) influence the credit institution's financial position);

changes in the credit institution's organisational structure (branches opened and/or closed) and resulting expenses (unemployment benefits for laid-off employees, marketing and consulting expenses, etc.);

potential legal expenses; and

other factors/circumstances.

6.1.1. Non-credit estimated liability provisions shall be created with all of the following conditions simultaneously applicable:

the credit institution has a binding obligation resulting from a past event in its financial and economic activity. In case such an obligation is probabilistic in nature, the credit institution shall recognise a non-credit estimated liability if a review of all the circumstances and conditions reveals that the obligation's occurrence is likelier than its non-occurrence;

a decrease in the credit institution's economic benefits necessary for performing the non-credit liability is probable;

the amount of the non-credit liability can be reasonably estimated.

(clause 6.1.1 was inserted by Bank of Russia Ordinance No. 2922-U, dated 3 December 2012)

6.2. The following factors/circumstances shall be considered when conducting an expert assessment:

information on trends in financial markets and macroeconomic indicators

relevant to the credit institution's operations;

the quality of the credit institution's data support;

the quality of the internal controls of the credit institution and their adequacy to the nature and scope of transactions conducted;

whether the credit institution has a development strategy, and the degree of compliance with professional standards and regulations of applicable markets; and other factors/circumstances.

Chapter 7. The Procedure for Determining Calculated Provisions, Creating Provisions and Writing Off Uncollectible Debts

(as amended by Bank of Russia Ordinance No. 2253-U, dated 26 June 2009)

7.1. Provisions are to be created in the currency of the Russian Federation.

The provisions shall be recorded in accordance with Bank of Russia Regulation No. 385-P.

(as amended by Bank of Russia Ordinances No. 1837-U, dated 14 June 2007 and No. 2922-U, dated 3 December 2012)

7.2. The amount of calculated provisions and provisions shall be determined for the entire credit institution, regardless of whether such provisions are recorded on the balance sheets of its branches. Credit institution shall determine the procedure for creating, adjusting, and recording provisions on the balance sheets of their branches at their own discretion.

7.3. If the calculated provisions for individual calculation base elements, as determined by clause 1.4 hereof, are more or less than the existing provisions, such provisions shall be increased or reduced accordingly.

7.4. When an asset has been sold or a credit contingency has been completed, the provisions shall be recovered.

(as amended by Bank of Russia Ordinance No. 3130-U, dated 3 December 2013)

7.5. Debts shall be recognised as uncollectible and written off by credit institutions following the procedure established in chapter 8 of Bank of Russia

Regulation No. 254-P.

(clause 7.5 as amended by Bank of Russia Ordinance No. 2253-U, dated 26 June 2009)

7.6. Invalid. Bank of Russia Ordinance No. 2253-U, dated 26 June 2009.

7.7. In case the credit institution does not have any documents confirming that the operation with the counterparty was completed, a 100 % provision shall be created for the calculation base elements relating to the said counterparty.

(clause 7.7 was inserted by Bank of Russia Ordinance No. 2922-U, dated 3 December 2012)

Chapter 8. Special Aspects of Supervising over Making Provisions by Credit Institutions

8.1. In the course of supervision, including inspections of credit institutions and their branches, the regional branch of the Bank of Russia shall assess:

the correctness of making provisions by the credit institution, based on the specific calculation base, and its reflection in accounting;

the soundness of the credit institutions' decisions regarding writing off uncollectible debts.

(as amended by Bank of Russia Ordinance No. 2253-U, dated 26 June 2009)

8.2. If the supervision reveals that calculation base elements have been inadequately classified or that certain elements were not included into the calculation base, the regional branch of the Bank of Russia reserves the right to take measures against the credit institution as stipulated by federal laws, including sending an order to the credit institution on remedying the violation and requesting that certain calculation base elements be allocated to a different risk group, that additional elements be included into the calculation base and/or that provisions be created following the procedure established by this Regulation.

8.3. If the Bank of Russia or its regional branch establishes that a credit institution records the provision calculation base elements in its accounting and

reporting without any documents confirming that the operation with the

counterparty was completed, and/or that monetary funds and/or checks recorded in the accounts are not available, and/or that the monetary funds recorded in balance sheet account 20209 have not been accepted by the recipient within three business days from the day of sending, and/or that there are no documents confirming the receipt of the monetary funds and/or checks by the recipient, the Bank of Russia or its regional branch shall request that the credit institution create 100 % provisions for these provisions calculation base elements. The said request shall be documented as an order and the credit institution shall comply with it no later than the next day after receiving the order.

(clause 8.3 was inserted by Bank of Russia Ordinance No. 2922-U, dated 3 December 2012)

Chapter 9. Final Provisions

9.1. This Regulation shall be officially published in the Bank of Russia Bulletin and shall come into force on 1 June 2006.

9.2. As of the date this Regulation comes into force, Bank of Russia Regulation No. 232-P, dated 9 July 2003, 'On the Procedure for Making Loss Provisions by Credit Institutions', registered with the Ministry of Justice of the Russian Federation on 24 July 2003 under No. 4922 (Bank of Russia Bulletin, No. 45, dated 6 August 2003), shall become ineffective.

Governor
of the Central Bank
of the Russian Federation
S. M. IGNATIEV