



Bank of Russia



ANNUAL REPORT 2023

MOSCOW

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Bank of Russia

Bank of Russia Annual Report for 2023

Moscow
2024

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OPENING REMARKS BY THE GOVERNOR OF THE BANK OF RUSSIA

The past year was a period of the economic recovery and upturn after the challenging year 2022.

The economy was expanding faster than assumed by any forecasts. Industrial production, consumption, fixed capital investment, and revenues in the real sector – all demonstrated an upward trend. The growth was driven by the combination of private initiative, businesses' adaptability, the benefits of a well-balanced macroeconomic policy and a resilient financial system, and government support measures.

The key rate had been kept at 7.50% per annum from as early as September 2022, which caused a surge in lending. Affordable loans alongside increased budget expenditures provided the boost helping the Russian economy rebound already by mid-2023. However, as soon as the economy reached its pre-crisis level, the smooth rise in prices gave way to a spike in inflationary pressures.

On the one hand, demand from the Government, households, and businesses continued to surge. However, staff shortages were increasingly limiting the expansion of domestic production, and demand was shifting to imported goods and services. Both the acceleration of inflation and emerging depreciation of the ruble were evidence of the same – excessive demand.

The Bank of Russia was taking decisive measures in order to protect people's incomes from inflation and the economy from the situation where prices and the exchange rate rather than output and real consumption become much more responsive to demand.

The key rate increase from 7.50% to 16.00% in 2023 H2 stopped the acceleration of inflation and became an important factor stabilising the ruble exchange rate. The accumulated effect of the key rate rise will manifest itself in full in 2024 by slowing down price growth. The Bank of Russia is determined to bring inflation back to the target of close to 4% by the end of 2024.

Even despite the monetary policy tightening, the expansion in lending hit a record high by the end of the year, including because of subsidised mortgages. In order to prevent people's over-indebtedness, the Bank of Russia was consistently toughening the macroprudential regulation.

Furthermore, it was critical to encourage lending to the projects that were vital for the economic development. To this end, the Bank of Russia introduced incentive-based banking regulation. This programme has been gradually gaining momentum.

However, credit alone cannot supply sufficient long-term money to the economy. Businesses can raise really long-term funding primarily through bonds and shares. Therefore, the Bank of Russia especially focuses on developing the securities market, resuming the disclosure of information by companies, and creating long-term investment instruments that would be convenient for individuals.

The financial market has proven to be resilient and capable of developing further even amid intensifying external pressure. Hence, in the middle of 2023, we phased out the regulatory easing for the most part. Considering the lessons learned from the stress, we started to adjust the regulation so as to ensure that financial institutions are able to cope with shocks that might occur in the future on their own without any regulatory easing.

However, there is still a range of problems that we need to tackle. The freezing of foreign securities was painful as it affected millions of retail investors. By the moment, we have been able to unblock assets worth more than ₽3 trillion. Together with the Government, we are now making efforts to enable individuals to sell the assets that are still frozen.

Another tangle of problems is cross-border payments that remained a target of the sanctions. The major result in this area is that we have managed to expand the network of correspondent relationships between Russian banks and our key partners and increase payments in national currencies. They now cover approximately two-thirds of exports and imports, whereas the US dollar and the euro ceased to be the main currencies in Russia's external trade over the past year. Nevertheless, there is still a lot of meticulous work to be done in this regard.

In 2023, the Bank of Russia was also actively developing other areas of its activity. All cashless payment instruments were becoming increasingly popular. The pace of innovation deployment in the financial market achieved in previous years remained fast. The authorities adopted the required legal framework, which enabled us to start the pilot testing of the digital ruble and launch the partnership financing experiment. The range of tools to combat telephone fraudsters expanded – new measures are expected to bring the first results in 2024. The legislative protection of borrowers' and depositors' interests was enhanced. As a result of the Bank of Russia's supervision, fewer people are now facing misselling. Finally, we continued to gradually but consistently promote the sustainable development agenda.

Our policy remains unchanged in its key aspects. These are the protection of people's real incomes and the promotion of conditions ensuring well-balanced economic growth that would increase households' well-being. These are the values that the Bank of Russia will remain committed to in the future.

Elvira Nabiullina
Bank of Russia Governor

SUMMARY

In accordance with Federal Law No. 86-FZ, dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)', the Bank of Russia Annual Report for 2023 contains the results of the Bank of Russia's work, the analysis of the economic situation in Russia, including the financial market, the balance of payments, and the NPS, as well as the Bank of Russia's annual financial statements, auditors' reports, information about the National Financial Board's decision on the assessment of auditors' independence, and the statement by the Accounts Chamber of the Russian Federation.

In 2023, the domestic economy continued to adapt to the new external environment. The economy bounced back to its pre-crisis level as early as the middle of the year. Companies were successfully rearranging their operations. Consumer activity was picking up. As of the end of the year, GDP increased by 3.6%.

In such a situation, the financial sector's objective is to contribute to the economy's structural transformation and its balanced steady growth. The key condition for that was the Bank of Russia's consistent policy aimed at maintaining financial and price stability. For the financial market to efficiently accumulate savings and transform them into investment, the Bank of Russia was making efforts to strengthen people's confidence in the financial market and promote long-term funding to the economy. The Bank of Russia's measures to digitalise the financial market and advance the payment system and settlements helped enhance financial inclusion for people and businesses.

PRICE STABILITY

In 2023 H1, inflationary pressures remained moderate, and the Bank of Russia was keeping the key rate at 7.50% per annum. However, proinflationary factors started to grow gradually. Annual inflation sped up from 2.3% in April to the peak of 7.5% in November, significantly exceeding the target. That was a consequence of the demand and supply gap. Budget expenditures, rising wages, and the expansion of lending were boosting demand. However, companies lacked resources, primarily available labour force, to further ramp up output as quickly.

The ruble depreciation was another factor accelerating price growth. In the new external economic environment where capital flows became less important than before, the foreign exchange rate was mostly influenced by external trade. The expansion of domestic demand entailed a rise in the demand for imports and, accordingly, the demand for foreign currency. Concurrently, export earnings contracted due to both lower global prices for a number of commodities and a reduction in export quantities. As a result, the demand for foreign currency in the domestic market increased, whereas its supply declined, which entailed the ruble weakening.

To decrease proinflationary risks and bring inflation back to the target, the Bank of Russia raised the key rate by 8.50 percentage points from July through December to the level of 16.00% per annum. This contained a further rise in inflationary pressures, and as of the end of the year, inflation equalled 7.4%. Furthermore, the decisions made helped stabilise the exchange rate.

FINANCIAL STABILITY

As the economy adjusted to the new external economic environment, the Bank of Russia phased out the anti-crisis measures for the most part. Preventing the accumulation of vulnerabilities in the financial sector became the top priority.

Retail lending risks were a matter of greatest concern. The expansion of consumer lending was mainly associated with lending to borrowers who already had high DSTI. In order to limit such a practice, the Bank of Russia started to apply the MPLs from the beginning of the year. Furthermore, from 1 September 2023, the Bank of Russia increased the macroprudential add-ons for risky consumer loans to urge banks to accumulate additional capital cushions that would ensure protection in a situation of potential stress.

To calculate DSTI for consumer loans of up to ₺1 million, the Bank of Russia allowed banks to apply their own models after their validation. This improved the accuracy of credit institutions' assessments of borrowers' incomes and made it simpler for clients to raise a loan.

There were some problems in the housing market as well. Because of the long-lasting and non-targeted subsidised programmes, both lending amounts and new housing prices began to soar. The gap between new and existing housing prices was increasing. Risky practices involving extremely low loan rates but higher housing prices were becoming increasingly widespread. Similarly to consumer lending, the surge in mortgage lending was largely driven by loans to over-indebted borrowers. In order to counter these negative trends and support stable development of the housing market, the Bank of Russia enhanced the regulation in this area and raised the macroprudential add-ons for mortgages.

PROTECTION OF PEOPLE'S RIGHTS IN THE FINANCIAL MARKET

Throughout the year, people and businesses facing hardships due to the sanctions were able to apply for loan repayment holidays or restructure outstanding debts. Servicemen and their family members were entitled to loan repayment holidays on special terms.

As the mechanism of repayment holidays for consumer loans and microloans had proven to be efficient during crisis periods, the legislative authorities adopted the federal law making it permanent. A borrower is eligible for repayment holidays in the case of a considerable decline in incomes or losses incurred because of an emergency.

For borrowers to be able to assess their costs related to a consumer loan more accurately, the Bank of Russia adjusted the procedure for calculating the TCC. Furthermore, the updated procedure extends the cooling-off period when a borrower may reject any extra services (works, products) bought along with the loan, which helps prevent tied selling. In addition, the Bank of Russia established special requirements for loan advertising and notifying borrowers of the TCC.

Credit institutions were banned from charging fees for money transfers of up to ₽30 million per month between a person's accounts: from May 2024, individuals can make fee-free transfers of their funds within this limit between their accounts with different banks.

Extensive efforts were made to combat misselling – the sale of a financial product through its misrepresentation. As a result of conduct supervision, the number of consumers' complaints about misselling halved over the year.

In 2023, the authorities launched the system that guarantees the rights of NPFs' clients. If an NPF loses its licence or becomes bankrupt, the Government guarantees compensation for the accumulated pension savings in the amount of up to ₽2.8 million and payment of the non-governmental pensions due.

To prevent unlawful transactions in finance, the Bank of Russia was actively collaborating with market participants and the law enforcement agencies. As part of its efforts aimed at anti-money laundering and countering the financing of terrorism, the Bank of Russia continued to provide credit institutions with information about the risk levels of their clients' involvement in suspicious transactions through the Know Your Customer platform. Owing to timely notices, over 2023, cash-outs and money withdrawals abroad for dubious reasons decreased by 11% and 15%, respectively, compared to the previous year.

A lot of work was done to prevent fraud in the financial market. This task always requires close attention as the problem remains acute, and fraudsters are continuously altering their criminal schemes and creating new threats. For appropriate measures to be taken, the Bank of Russia sent information about over 500,000 phone numbers used for illicit purposes to telecom operators. Based on the Bank of Russia's requests, the Prosecutor General's Office of the Russian Federation and domain registrars were blocking fraudulent internet resources. The Bank of Russia regularly notified people of new criminal schemes and ways to be protected against them by publishing relevant information in mass media and social networks, including on its website in the special section Antifraud.

In 2023, the authorities, with the participation of the Bank of Russia, upgraded the anti-fraud mechanism. From 25 July 2024, banks are to reimburse clients for the funds if they were transferred to an account put on the Bank of Russia's database on actual and attempted unauthorised money transfers.

In order to prevent credit fraud, the authorities developed a legal framework entitling individuals to set and lift a self-ban on loans and microloans. The relevant law was signed by the President of the Russian Federation in February 2024.



SUPPORT OF FUNDING TO THE ECONOMY

In 2023, funding to the economy was quickly expanding. Corporate credit surged by 20.1% and SME loans – by 28.6%. The portfolio of negotiable corporate bonds increased by 27.6%. The trend towards equity financing resumed.

Affordable long-term funding is essential for successful transformation of the domestic economy. For long-term loan rates to be stable and affordable to businesses, the Bank of Russia's monetary policy is aimed at maintaining price stability.

To support lending to the projects that are vital for the economy, the Bank of Russia introduced incentive banking regulation. Banks were entitled to issue loans for top-priority investment projects complying with the eligibility criteria approved by the Russian Government, with lower burden on their capital. Thus, lending for such projects became more attractive to banks, which expanded the potential to finance such projects. In 2023, the register of projects promoting technological sovereignty and the structural adaptation of the domestic economy already included projects worth approximately ₽265 billion.

Households' savings are an important source of funding to the economy. The Bank of Russia was actively engaged in the efforts to establish a legal framework for the development of long-term savings and investment instruments for individuals. The authorities launched a complex financial product – the long-term savings programme that will enable individuals to save funds and earn additional income in the future or use this money in challenging life circumstances.

The range of options available to private investors expanded as well with the launch of a new type of long-term individual investment accounts: type 3 IIAs have no limit on annual contributions and allow investors to have up to three such accounts simultaneously and withdraw the funds in special life situations without closing the account or losing the tax deductions.

With the participation of the Bank of Russia, the authorities developed a legal framework to launch a new insurance product with an investment component – unit-linked life insurance – from 1 January 2025. One contract will cover both standard insurance of a client's life and management of the client's investment in units of UIFs.

Investors' confidence in the financial market is crucial for its operation. To reduce the amount of assets frozen due to the imposed sanctions, the authorities, with the active engagement of the Bank of Russia, were implementing a range of measures: issue of substitute bonds, automatic conversion of depository receipts, forced transfers of securities, and the exchange of frozen funds. Furthermore, the authorities set the rules for creating special UIFs for separating frozen assets into them. Investment unit holders were thus able to resume transactions, retained the title to the frozen assets, and were allowed to take part in their sale in special trading sessions.

ADVANCEMENT OF THE PAYMENT SYSTEM AND SETTLEMENTS, DIGITALISATION OF THE FINANCIAL MARKET

The market of payment services continued to develop further. Market participants were extensively deploying convenient solutions, including payment applications, payment stickers, QR codes, and NFC payments. As before, Russian people and businesses could access a wide range of payment instruments and technologies. The proportion of cashless payments in retail turnover exceeded 83%.

The payment card market was expanding, driven primarily by Mir cards. Over the year, their number surged by a factor of 1.6 to reach more than 287 million. The Mir payment system was actively used in social and transport applications. Subsidised individuals were entitled to obtain a virtual social card on the UPPS.

The SBP became much more popular as a result of the expansion of its functions and the launch of new services. The number and amount of transactions via the SBP more than doubled over the year.

The Bank of Russia began the pilot testing of the digital ruble in real transactions with the participation of real clients. In 2023, 13 banks, about 600 clients, and nearly 30 trade and service companies took part in the new stage of the testing. The Bank of Russia was running its tests for basic transactions with the digital ruble, including opening of digital ruble accounts and money transfers to them, transfers from digital ruble accounts to bank accounts, person-to-person transfers, payments for goods and services, refunds, and automatic bill payments.

The Bank of Russia was actively collaborating with foreign regulators and Russian and foreign market participants to encourage the transition to settlements in national currencies in external trade. As a result of the joint efforts, the Bank of Russia expanded the network of correspondent relationships with banks from friendly countries, promoted the conditions for engaging new participants in international settlements, and ensured accessibility of liquidity in national currencies. The proportion of CNY/RUB trading in the Russian organised FX market notably increased. The SPFS remained highly demanded among foreign market participants. As of the end of the year, non-residents accounted for more than a fourth of the total number of SPFS users – 159 foreign institutions from 20 countries.

As a result, the share of the ruble and friendly states' currencies in the settlements for exports and imports with all partner countries surged.

New technologies are enhancing financial inclusion. It became possible to use biometric data to generate an enhanced qualified electronic signature and to pay for purchases – the pilot testing of the first biometric payments for purchases was carried out in 2023. Besides, people can now register in the Unified Biometric System themselves through the mobile application Public Services Biometrics.

Electronic communication in insurance expanded as well. The first stage of the implementation of online claim handling in CMTPLI started in 2023. Car owners can file applications through the UPPS, provided that a road accident was documented according to the European Accident Statement. By the end of 2023, car owners submitted over 6,000 applications that way.



* * *

The results achieved as of the end of 2023 prove that the Russian financial market has remained stable, fully meeting households' and businesses' needs for financial services. The financial system has accumulated a sufficient safety cushion and the potential to finance further development of the Russian economy.

KEY RESULTS OF THE MEASURES

TO SUPPORT ECONOMIC GROWTH, PROTECT PEOPLE'S REAL INCOMES,
AND DEVELOP THE INFRASTRUCTURE IN 2023

INDIVIDUALS

Individuals' funds
in bank accounts

₽ **44.9** tn

+19.7%

Individuals' investment
in securities

₽ **11** tn

+33.6%

Cashless payments
in retail turnover

> 83%

Purchases
via SBP

1.6 bn
transactions



x 4.5 times

Mir cards issued



total
number – **287** mln

x 1.6 times

Amount of Russian investors'
unblocked assets

> ₽ 3 tn

Thefts prevented

₽ **1.4** tn

BASIS FOR DEVELOPMENT IN NEW CONDITIONS

**Inflation acceleration
was prevented**

**Development of Russia's capital
market was supported
and incentives for long-term
financing were expanded**

Increase in the corporate loan portfolio

+ ₪ **12.3** tn

+20.1%

Increase in the SME loan portfolio

+ ₪ **2.7** tn

+28.6%

Increase in the corporate bond portfolio

+ ₪ **5.5** tn

+27.6%

Funds raised by companies through IPOs

₪ **40.5** bn

Thefts prevented

₪ **4.4** tn

Trade and service companies accepting payments via SBP



Faster Payments System

total number – **1.5** mln

x 2.7 times

Traffic in SPFS

x **2** times

More than 300 DFA issues

₪ **65** bn

The national payment infrastructure ensured the country's payment sovereignty and an increase in cashless transactions

The ruble and friendly states' currencies began to play the key role in foreign trade settlements

1.

1. THE STATE OF THE ECONOMY AND FINANCIAL SECTOR OF THE RUSSIAN FEDERATION

1.1. THE MACROECONOMIC SITUATION

1.1.1. EXTERNAL ECONOMIC CONDITIONS



The growth rates of the world economy remained relatively high, while inflation started to decelerate quite fast in most countries

Global economic growth. In 2023, the world economy generally demonstrated stability amid considerable tightening of monetary policies by many countries. According to the IMF, global GDP increased by 3.1% compared to 3.5% in 2022. The risks of a rapid deceleration did not materialise, except in the euro area that was teetering on the edge of a recession in 2023 H2, as the situation in its industrial sector was complicated. Nevertheless, the euro area (including the so-called peripheral economies)¹ recorded a steady expansion in services. This offset the decline in the industrial sector mostly observed in Germany that had lost such competitive advantage as low prices for natural gas.

Despite the tightening of its monetary policy, the growth of the US economy sped up from 1.9% in 2022 to 2.5% in 2023, which was largely associated with a stable increase in consumer spending, including from savings accumulated during the pandemic period. China's GDP rose by 5.2% as of the end of the year, although its prospects had been a matter of concern in the middle of 2023. High growth rates were recorded in India (that became one of the main beneficiary of the redirection of Russian energy exports in the global market) and a number of EMEs.

International trade. The expansion of global trade in goods and services continued to slow down in real terms. According to the IMF, the growth of its quantities decelerated to 0.4% in 2023, which was the slowest pace over the entire period following the coronavirus pandemic (vs 5.2% in 2022 and 10.9% in 2021). This was caused by the slowdown in the expansion of the world economy and, accordingly, demand, on the one hand, and rising barriers to international trade, on the other hand. As assessed by the World Trade Organization (WTO), for the first time since 2015, the average number of new restrictions on trade enacted by the G20 countries over a month exceeded the number of new measures introduced to promote the development of trade.² The coverage of imports by the restrictions accumulated from 2009 continued to expand. In 2023, these restrictions in the G20 member states covered 11.8% of the total value of imports (vs 11.3% in 2022 and 4.0% in 2015). Furthermore, the deceleration of the growth of global trade was attributed to the lagged effect of the strengthening of the US dollar which is widely used as a contract price currency.

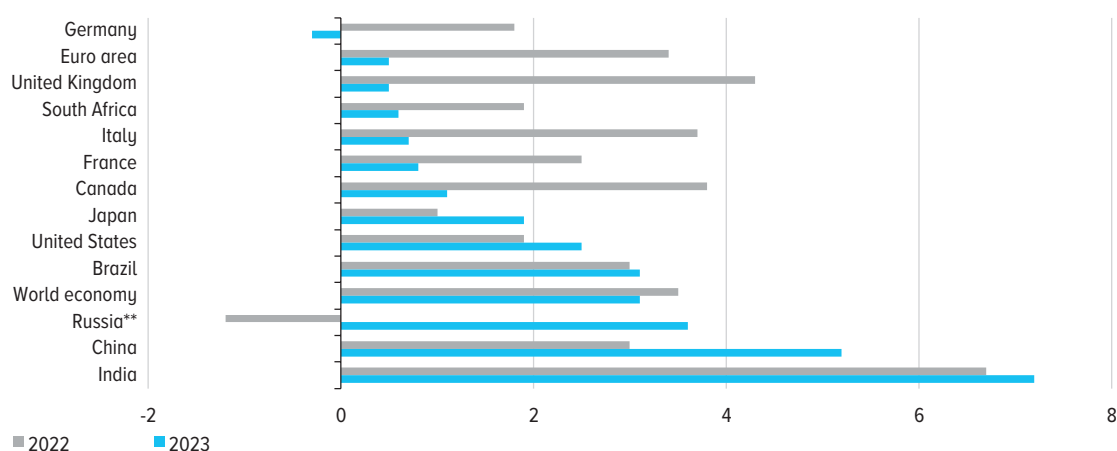
¹ Greece, Ireland, Spain, and Portugal.

² The data are for the period since mid-May to mid-October 2023.

Growth in output of goods and services in the global economy and certain countries*

(%)

Chart 1



* Based on IMF data.

** For Russia, Rosstat estimates.

According to the WTO, in 2023 H1, the value of international trade in goods declined by 5% year-on-year. This was associated with lower global prices for commodities and decreased quantities of trade in manufacturing industry products. Nevertheless, the value of international trade in goods remained significantly higher than over the same period in 2019 (shortly before the coronavirus pandemic).



Global prices for energy commodities declined in 2023 from the high level of 2022

Global commodity markets. Global prices for most commodities dropped in 2023, compared to their highs recorded in 2022, but stayed above the 2017–2021 averages.

As reported by the World Bank, the Brent crude price declined by 17% from \$100 per barrel in 2022 to \$83 per barrel on average in 2023, which was caused by a slower increase in global demand. Concurrently, oil prices were propped up by the OPEC+ agreement and additional oil production cuts introduced by Russia and Saudi Arabia. Russia announced a voluntary reduction in oil exports by 500,000 barrels per day in August and by 300,000 barrels per day in September–December 2023 as compared to May–June. Saudi Arabia's additional cut totalled one million barrels per day beginning from July.

Gas prices plummeted in 2023 from their record highs of 2022. According to the World Bank, they declined by over 60%. Moreover, the gas price in Europe plunged most notably,³ which was attributed to high levels of gas reserves and a decrease in gas consumption in the EU due to the warm winter, weak economic growth, and Europe's energy saving and renewable energy policy. Nevertheless,

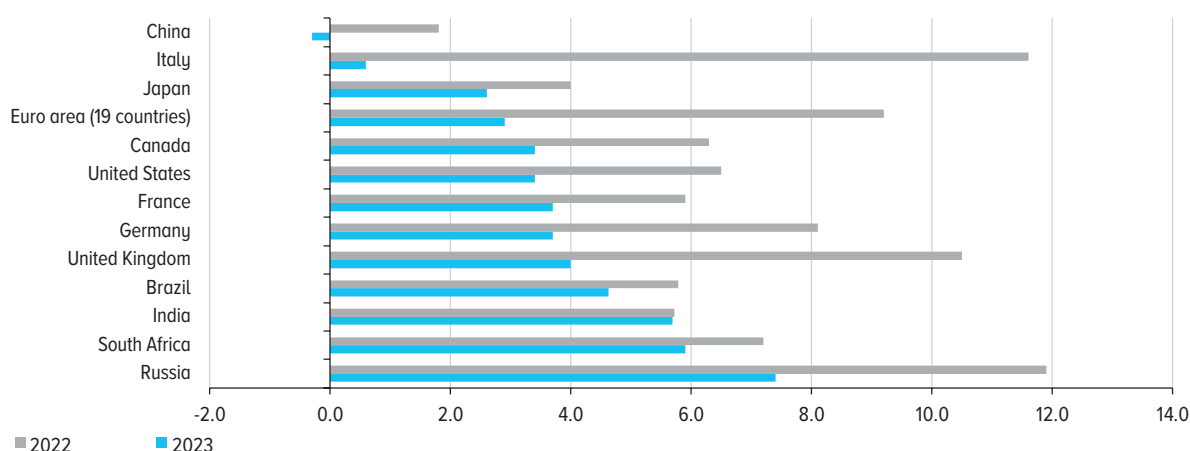
³ According to the World Bank, the gas price in Europe in 2023 was three times lower than in 2022.



Inflation in certain countries*

(December as a percentage of previous December)

Chart 2



* Based on official statistics published by the corresponding countries.

Inflation targets: USA (average value), UK, euro area, Canada, Japan – 2%; Brazil – 3% + 1.5 pp; Russia – 4%; India – 4% ± 2 pp; South Africa – 3–6%.

the gas price in Europe and the global natural gas price index exceeded the 2017–2021 averages by 75% and 32%, respectively.

Global prices for other commodities also declined year-on-year. Following the natural gas prices, coal and fertiliser prices dropped as well in 2023, compared to their record highs in 2022.⁴ Metals also became cheaper in the international market amid the uncertainty about global growth prospects and weak demand from China.

Lower prices for fuels compared to the previous year and, consequently, for transportation, as well as cheaper fertilisers and a good harvest of grains were among the main reasons for a reduction in global food prices. The FAO Composite Index⁵ of global food prices dropped by 14% on average over 2023 (vs +15% in 2022) and, in December 2023, stayed 11% below the level of the same period of 2022. Prices for vegetable oils, dairy products, and grains declined most significantly. Contrastingly, sugar prices rose amid weaker estimates of future harvests in India, Thailand, and China because of the El Niño phenomenon.

Inflation worldwide. Both advanced economies and EMEs recorded a downward trend in inflation since early 2023. In the second half of the year, inflation was decelerating even more quickly than predicted. Inflation rates in some EMEs (namely, Brazil) declined close to their central banks' targets as of the end of the year.

The downward trend in prices for energy commodities (including natural gas and coal) and alleviation of difficulties in logistics were among the factors behind the slowdown of inflation. Global shipping indices (specifically, the Global Supply Chain Pressure Index) generally returned to their pre-pandemic levels.

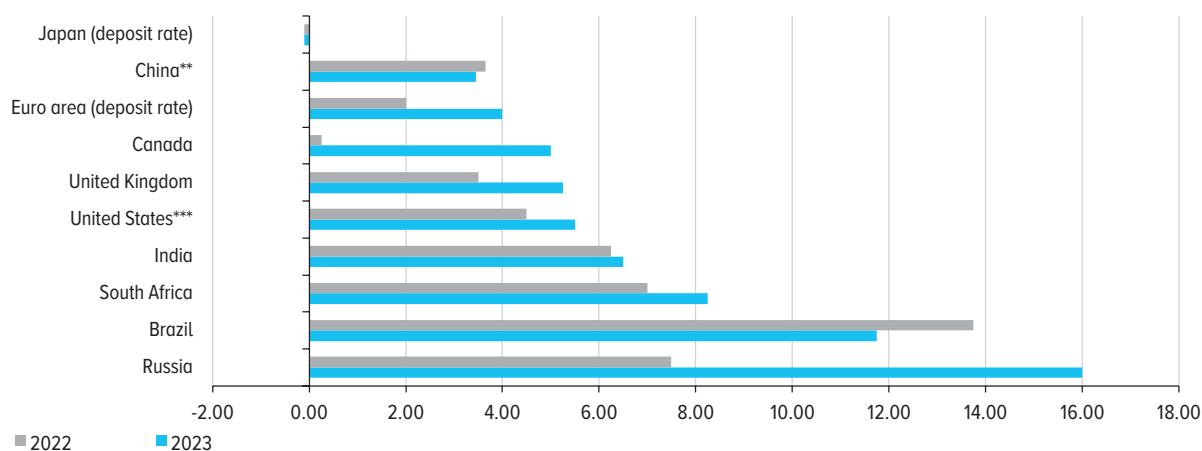
Furthermore, inflation, especially core inflation, in advanced economies was declining more slowly than in EMEs. The main reason was tighter labour markets in services pushing up wages (incomes) and, consequently, maintaining consumer demand at a high level.

⁴ According to the World Bank.⁵ An index calculated by the FAO.

Central banks' policy rates*

(% p.a. as of end of year)

Chart 3



* Based on the data provided by respective central banks.

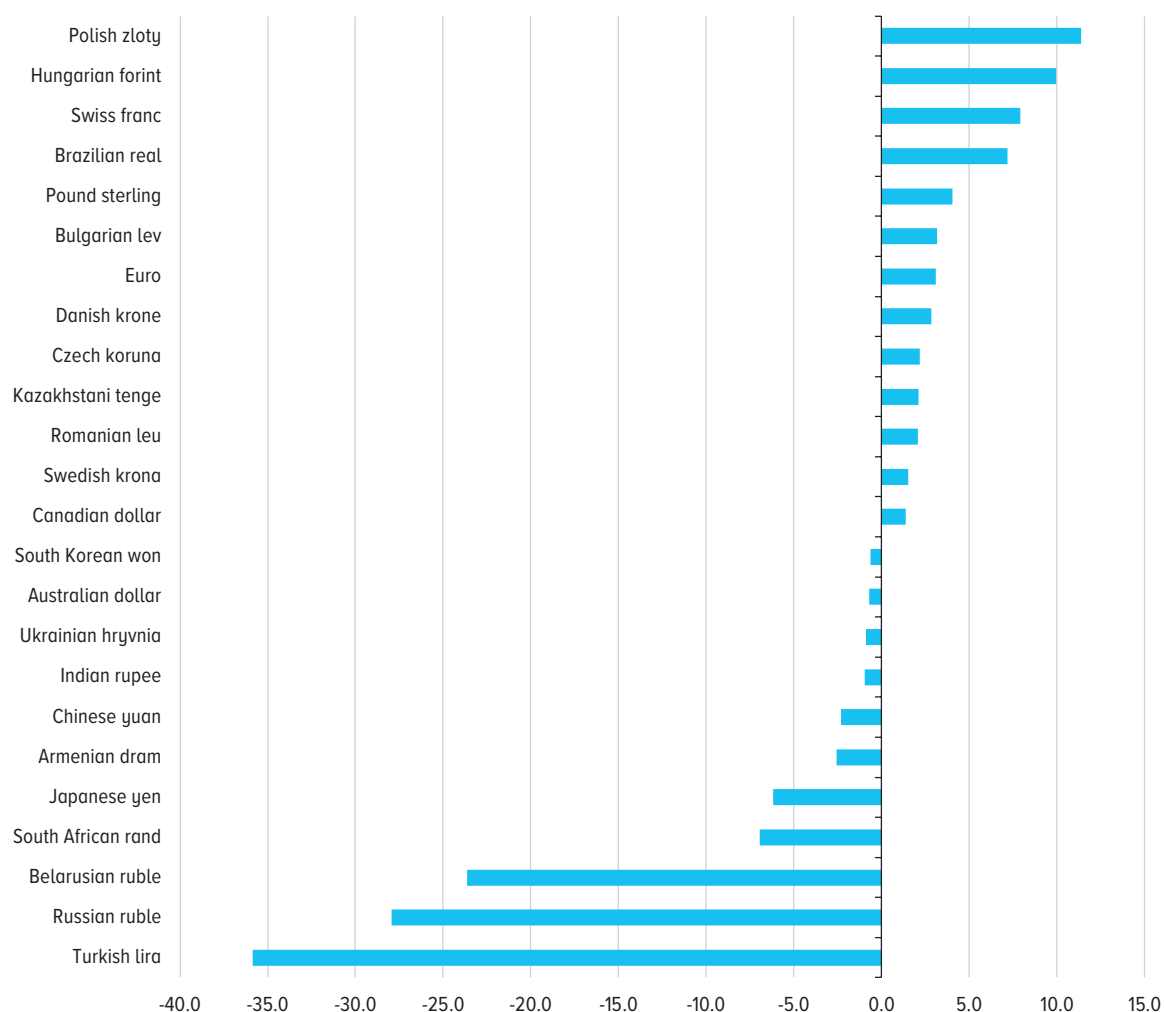
** One-year loan prime rate.

*** Upper bound of the policy rate corridor.

Growth in exchange rates of certain currencies against the US dollar in 2023*

(December as a percentage of previous December)

Chart 4



* (-) denotes depreciation of national currency; (+) denotes appreciation of national currency.



Monetary policies of foreign countries. In 2023 H1, interest rates in the majority of economies were rising, whereas in the second half of the year the trend reversed. Amid the slowdown in inflation and, accordingly, increases in real interest rates, central banks of most EMEs stopped raising their policy rates, while some countries (Brazil, Poland, and Chile) shifted towards their reduction. Advanced economies' central banks were still cautious in estimating how steady the deceleration of inflation was, signalling the need to maintain tight monetary policies over a long period.

Exchange rates and capital flows. In 2023, advanced economies' currencies were depreciating for the most part as the US Fed and the ECB were tightening their monetary policies.⁶ The US Fed continued to increase its funds rate, but more slowly than during the previous year: it was raised by a total of 1 percentage point during 2023, or four times by 25 basis points. The ECB increased its policy rate six times by a total of 2 percentage points over the year.

According to the Institute of International Finance, the inflow of capital into EMEs' shares and bonds totalled \$179 billion in 2023, soaring more than fivefold from \$34 billion in 2022, including as a result of a reduction in the capital outflow from China after the cancellation of the anti-coronavirus restrictions at the end of 2022. However, the inflow of capital was still two times below the level of 2021 (\$380 billion).

Amid the capital controls, the dynamics of the ruble exchange rate in 2023 were affected primarily by foreign trade flows. In December 2023, the real effective exchange rate of the ruble against foreign currencies dropped by 24.5% in annualised terms. This was attributed predominantly to the contraction of the current account surplus over the year (from \$238 billion to \$50 billion), following the decline in prices for Russia's core exports amid the continuing recovery of imports.

⁶ The JP Morgan Emerging Market Currency Index (FXJPEMCI) lowered from 50.0 in December 2022 to 47.9 in December 2023. The FXJPEMCI index is calculated by JP Morgan for ten main EM currencies (BRL, CLP, CNY, HUF, INR, MXN, RUB, SGD, TRY, and ZAR) against the US dollar.



1.1.2. INFLATION AND ECONOMIC ACTIVITY

PRODUCTION ACTIVITY

In 2023, Russia's economy was adapting to the sanctions and developing in the conditions of the structural transformation. The sequential growth rates remained positive throughout the year. Already in 2023 Q3, GDP in fixed prices rebounded to the level of 2021 Q4 (SA).¹ Overall, Russia's GDP (the output approach) increased by 3.6% in 2023 (vs -1.2% in 2022).

The main contributor to the expansion of GDP was a rise in value added in manufacturing and trade.

Output was up in all large categories of manufacturing. As assessed by the Bank of Russia, the output of investment goods expanded by 18.1% over the year, primarily driven by fabricated metal products, computers and electronic devices, as well as means of transport (except for motor vehicles).

A 3.0% increase in the output of intermediate goods was mostly the result of oil refineries' and metallurgical companies' performance. Output in these industries had been steadily rebounding from mid-2022, supported mostly by growing domestic demand. Another important driver was the output of fertilisers, including owing to the restoration of exports as logistics problems were gradually settled. The output of consumer goods expanded by 5.6% in 2023. The contribution of this increase to the growth of manufacturing was comparable to that of the output of intermediate goods. Among consumer goods, food products were the main driver. Furthermore, the output of furniture, clothing, footwear, etc. was up as well. The expansion of business activity in these industries was largely driven by the structural transformation: after foreign enterprises had exited the Russian market, domestic manufacturers started to actively fill the vacant niches.² Overall, value added in manufacturing increased by 7.0% during 2023.

Value added in trade rose by 7.3%, driven by all components but most notably by wholesale. However, this was largely associated with the previous year's low base effect: in 2022, value added in trade had plummeted by 15.6%. Wholesale turnover was bouncing back throughout 2023, according to Rosstat's data, but still stayed below the level of 2021 Q4 (SA). The growth was largely driven by the wholesale of petroleum products.

Business activity in wholesale was affected primarily by the restrictions, including infrastructure ones, on natural gas exports to Europe. Overall, mining and quarrying output contracted by 1.3% in 2023. Its level is still 2.4% lower than in 2021 Q4 (SA). The industry's value added decreased by 2.0% in 2023, being the major drag on GDP growth.

Retail turnover was up by 6.4% in 2023, including by 3.3% in food products and 9.5% in non-food goods. The expansion of consumer demand was driven by a rise in households' real incomes and wages (see [the Subsection 'Domestic demand and labour market'](#)).

Certain segments in services, finance, information and communications, the public sector, transportation and storage also contributed to the growth of the Russian economy in 2023.

¹ The Bank of Russia's seasonally adjusted assessments.

² For details about the situation in the furniture industry, see the report [Regional Economy: Commentaries by Bank of Russia Main Branches No. 22, September 2023](#).

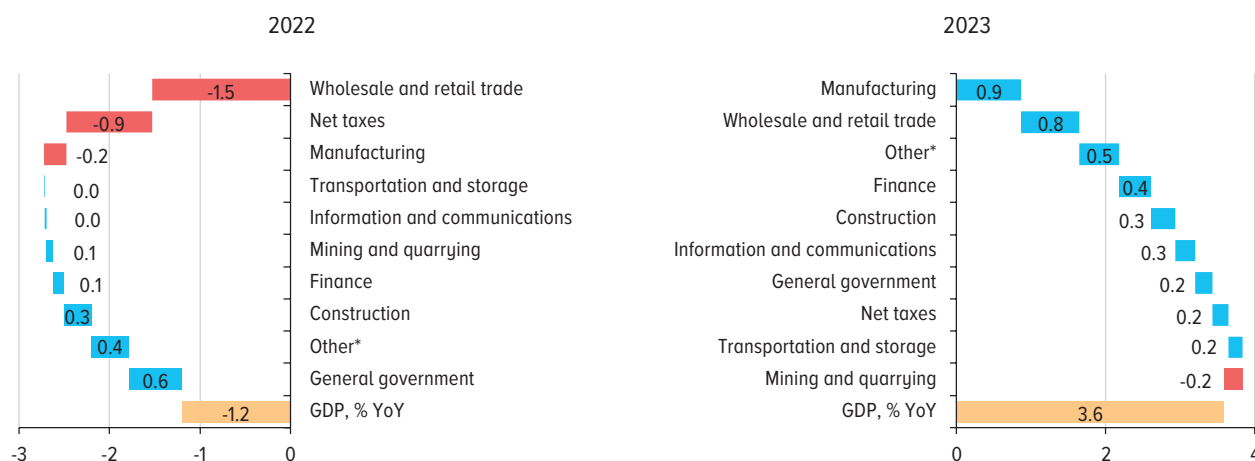
Higher business activity and adaptation to the sanctions had a positive effect on companies' financial performance. Overall financial performance in the economy increased by 35.2% over 2023, after its slump in 2022.

The increase in companies' financial performance and government investment boosted investment activity in the economy. As of the end of the year, fixed capital investment expanded by 9.8%, hitting a five-year high, which was largely driven by rising activity in construction. As assessed by the Bank of Russia, the amount of construction works in 2023 Q4 was 16.6% higher than in 2021 Q4 (SA). Gross value added in construction increased by 7.0% over the year.

Conversely, value added in agriculture in 2023 remained the same year-on-year. According to Rosstat, in 2023, the total yield of grains and grain legumes reached 144.9 million tons in net weight, which is 8.1% less than the previous year's record high. The decline was caused by a reduction in crop yields as the crop areas were similar in 2023 and 2022. Nevertheless, the harvest quantities are still high: the total yield of all main crops exceeded the five-year average, including that of grains and grain legumes by 12.0% and that of oil crops by 27.1%.

Decomposition of annual GDP growth by economic activity (percentage points)

Chart 5



* Agriculture; electricity, gas and steam supply; water supply; hotels and restaurants; real estate sector; professional activity and research; administrative activities; education; healthcare and social services; culture, sports; other services; activities of households.
Sources: Rosstat, Bank of Russia calculations.

DOMESTIC DEMAND AND LABOUR MARKET

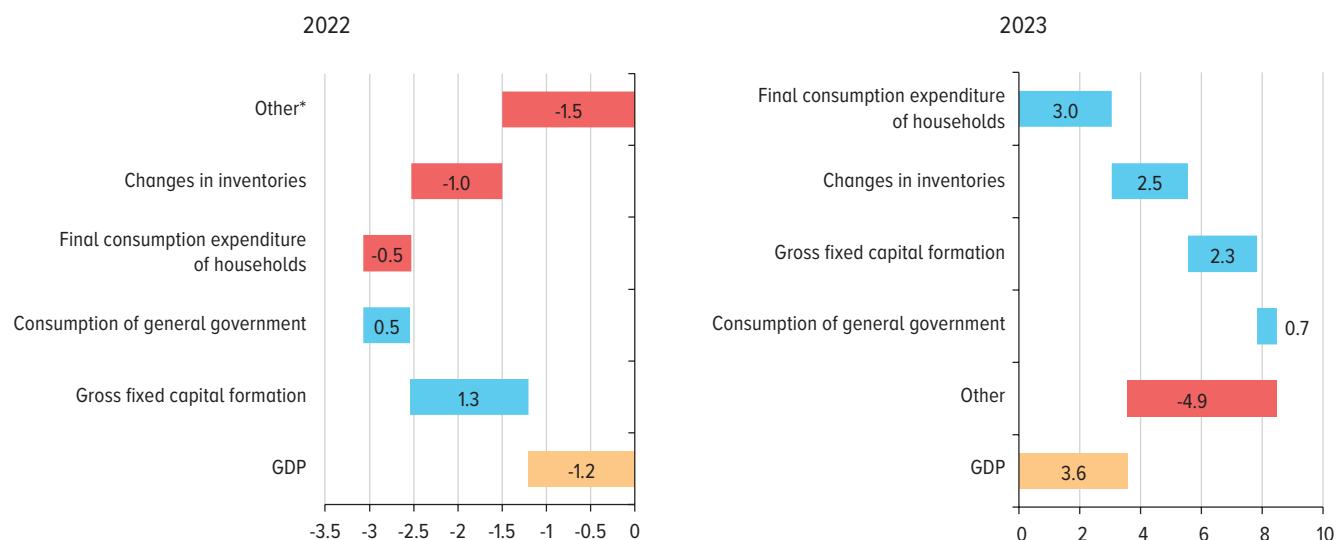
Domestic demand was bouncing back in 2023. Consumption was growing, and households' spending was up by 6.1% over the year. Government programmes supported investment, and gross fixed capital formation increased by 10.5% in 2023. The demand for domestic products was higher than supply, and the demand for imports expanded. The utilisation rate of production capacities hit record highs, whereas unemployment dropped to a record low. Many industries were facing staff shortages. To hire personnel, employers were raising wages and seeking to improve labour conditions as well as reduce their requirements for job seekers.

In 2023 H1, consumer activity was rising: retail sales of products and consumption of services were up. Furthermore, households' propensity to save was low. In 2023 H2, bank deposits were growing amid



Decomposition of annual GDP growth by expenditure
(percentage points)

Chart 6



* Final consumption expenditure of non-profit organisations servicing households; net exports; statistical discrepancy.
Sources: Rosstat, Bank of Russia calculations.

higher interest rates, and Russians were investing in real estate, including by using subsidised mortgage lending programmes. Already in the middle of the year, individuals started to actively raise loans expecting interest rates to rise further. Nonetheless, consumer activity and demand began to decline. Over 2023 in general, retail turnover and commercial services provided to households increased by 6.4% and 4.4%, respectively.

In 2023, demand in the labour market significantly exceeded supply. Staff shortages were most acute in IT, manufacturing, and industries employing a high percentage of low-skilled workers, namely cargo transportation, construction, agriculture, and others. The outflow of personnel was offset by both Russians entering the labour market, who had not been active there before, and labour migrants. In 2023, real wages increased by 7.8% year-on-year, the number of employed persons was up by 2.3%, and the average unemployment rate dropped from 3.9% to 3.2% over the year.

INFLATION

Annual inflation equalled 7.4% in 2023. During the year, price dynamics were diverse and depended on the factors prevailing over a particular period.

In January–April, price pressure remained moderately low, which was associated with subdued dynamics of incomes and growing but still weak demand for goods. The recovery of imports by the said period resulted in large stocks of non-food goods offered by new brands, while consumers were still cautious about the novelties. Contrastingly, prices for services were soaring, fuelled primarily by rising costs, especially labour costs.

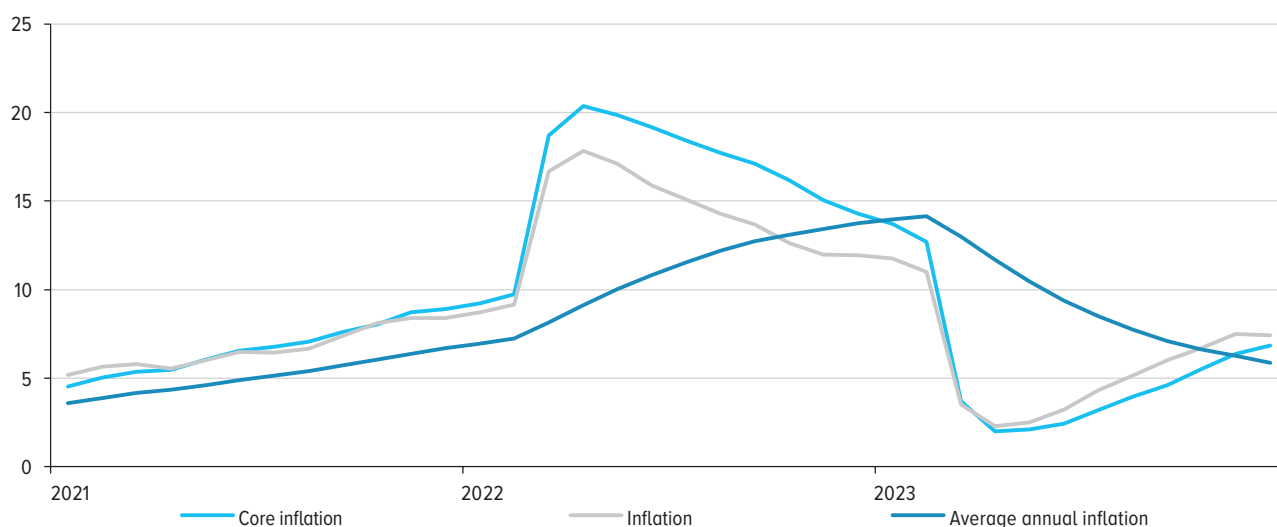
By April 2023, inflation decelerated to a five-year low of 2.3%, and the annual growth rates of food and non-food prices turned negative. However, this was attributed to the base effect, as the high price growth rates of January–April 2022 dropped out of the calculation of annual inflation.



Inflation, core inflation, and average annual inflation*

Chart 7

(growth as a percentage of corresponding month of previous year)



* Reflects changes in the average level of prices over 12 months compared to the average level of prices over the previous 12 months.

From May to August, price pressure was increasing gradually and then stayed elevated until the end of the year. This was associated predominantly with higher consumer activity and the cumulative effect of the ruble weakening that had been observed from December 2022 to August 2023. Rising wages supported consumer demand that ultimately exceeded the capacities of supply.

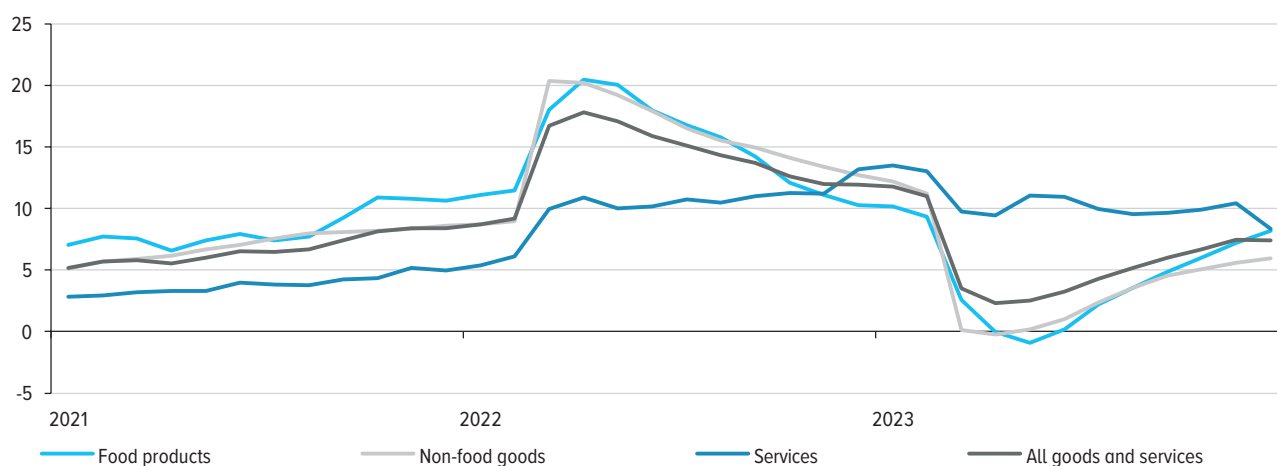
As a result, annual inflation began to accelerate in May, reaching 7.5% in November. In December 2023, after the indexation of the housing and utility rates, rescheduled from July 2023 to December 2022, had dropped out of the calculation, annual inflation edged down to 7.4%.

Prices for services and food products increased most significantly over the year in general, specifically by 8.3% and 8.2%, respectively. That said, there was no indexation of housing and utility rates in 2023. Non-food price growth was slower, namely 6.0%.

Prices of food products, non-food goods and tariffs of services

Chart 8

(growth as a percentage of corresponding month of previous year)



Households' inflation expectations and businesses' price expectations were responsive to price trends. In 2023 H1, households' inflation expectations were declining for the most part, while companies' price expectations stayed approximately at the level of 2022 H2. In 2023 H2, households' and businesses' inflation expectations rose in response to higher inflationary risks. Inflation expectations remained elevated throughout 2023.

The regional heterogeneity of inflation decreased slightly in 2023, while staying high close to the pandemic level. The heterogeneity dropped primarily in services, while the variance of food and non-food price dynamics increased somewhat. The variance of price movements in tourism and transport declined most significantly year-on-year, which was associated with a rise in the number of both domestic and foreign flights. Furthermore, there was no indexation in housing and utility rates in 2023 that usually accounts for a considerable percentage of an increase in the regional heterogeneity. However, the rise in the variance of food prices was largely attributed to the worsening epizootic situation affecting prices for meat products and eggs and, consequently, public catering. The annual inflation rate was the highest in the Far East and the lowest in the Urals. The most notable annual increases in prices for food products, non-food goods, and services were recorded in the southern regions, the Far East, and Siberia, respectively.



1.1.3. FISCAL POLICY, GOVERNMENT FINANCE, AND DOMESTIC GOVERNMENT DEBT



The non-oil and gas deficit and structural budget deficit decreased

In 2023, fiscal policy was adjusted considering the strengthening of the sanction pressure, the need to finance rising expenditures, and the return to the fiscal rule-based principles.

Amid persistently high uncertainty and volatility in commodity markets, Russia's Ministry of Finance announced the reintroduction of the fiscal rule in a modified version where spending was linked to a fixed nominal level of basic oil and gas revenues amounting to ₹8 trillion and adjusted for the difference between the repayments and disbursements of government loans. Furthermore, in 2023, the Ministry of Finance scheduled an increase by ₹2.9 trillion in the maximum amount of spending according to the fiscal rule (the structural primary deficit) to promote the economy's structural transformation, finance additional spending on defence and social support, and implement anti-crisis measures. To finance this increase, the Ministry used the NWF's resources in addition to fiscal rule-based operations.

Besides, in 2023, additional expenditures were planned to be covered by extra-budgetary funds financed from the balances accumulated in accounts as a result of the advance transfer made in 2022 (approximately ₹1.5 trillion). As the use of these resources was postponed until 2023, the budget of government extra-budgetary funds reversed from a surplus of ₹1.1 trillion in 2022 to a deficit of ₹0.5 trillion in 2023.

Amid the ruble depreciation, rebounding business activity, expanding consumer demand (including for imports), and persistent tightness in the labour market (due to a high employment rate and rising wages), non-oil and gas revenues of the budget surged. The increase in non-oil and gas revenues was also driven by the expiry of a number of anti-crisis and easing measures enacted in 2022 (including deferrals for social insurance premiums), the indexation of the excise rates and the recycling fee, higher import duties and VAT for certain goods, a rise in profit tax on liquefied natural gas exports, the introduction of the excise duty on sugary drinks, and other measures. Another contributor to the growth of revenues was one-time payments, including of windfall tax (over ₹0.3 trillion), flexible export duties linked to the ruble exchange rate (approximately ₹0.14 trillion), high dividends from Sberbank (nearly ₹0.3 trillion), and others.

Contrastingly, total oil and gas revenues declined, which was the result of the sanctions, the reduction in the quantities of output and exports of petroleum products, lower export prices for commodities, and the decrease in the export duties on oil and petroleum products. Another reason for the contraction of oil and gas revenues vs 2022 was the termination of large one-time payments of mineral extraction tax by PJSC GAZPROM (over ₹1.2 trillion at the end of 2022).

Nevertheless, total revenues of the fiscal system and federal budget were up in 2023. The significant increase in budget expenditures was accompanied by their redistribution from the end to the beginning of the year.

FEDERAL BUDGET

Federal budget revenues rose slightly by 4.7% in annualised terms, totalling ₽29.1 trillion, or 17.0% of GDP. The decline in oil and gas revenues by 23.9% in annualised terms was offset by the increase in non-oil and gas revenues by 25% in annualised terms. In addition to one-time payments, the rise in non-oil and gas revenues was driven by quickly rebounding imports (in terms of VAT, the excise duties on imports, and the import duties), the recovery of the automobile market (in terms of the recycling fee and the excise duties on motor vehicles), and more acute staff shortages causing a surge in wages subject to PIT at the increased rate of 15%.

As the amount of basic oil and gas revenues was fixed in nominal terms, the annual rise in oil and gas revenues and the switch from foreign currency sales to foreign currency purchases were associated with the ruble depreciation. As of the end of 2023, additional oil and gas revenues exceeded ₽0.8 trillion. This amount was transferred to the NWF at the end of the year.

Federal budget expenditures continued to increase in 2023, rising by 4% in annualised terms to ₽32.4 trillion, or 18.9% of GDP. After the suspension of the fiscal rule in its 2018–2022 version, Russia's Ministry of Finance started to plan maximum expenditures for 2023, taking into account the fixed level of basic oil and gas revenues amounting to ₽8 trillion and the structural primary deficit of ₽2.9 trillion. This made it possible to finance additional expenditures on defence, anti-crisis measures, infrastructure, and social support in 2023.

As of the end of 2023, the deficit of the federal budget totalled ₽3.2 trillion, or 1.9% of GDP ([Table 5 in Section 5.4. 'Statistical tables'](#)), which is comparable with the budget deficit in 2022 (₽3.3 trillion, or 2.1% of GDP). However, the high deficit of the federal budget was largely associated with relatively low cyclical oil and gas revenues. In particular, the non-oil and gas deficit of the federal budget shrank from ₽14.9 trillion, or 9.6% of GDP to ₽12.1 trillion, or 7.0% of GDP, while the structural deficit in fiscal rule terms¹ contracted from ₽8.4 trillion, or 5.4% of GDP to ₽4.1 trillion, or 2.4% of GDP. Hence, fiscal policy somewhat tightened at the federal centre's level in 2023.

The deficit of the federal budget was financed primarily from the NWF's resources (₽2.9 trillion not related to the fiscal rule) and domestic borrowings (the net amount of OFZ offerings totalled ₽1.8 trillion). As a result of the federal centre's spending, approximately ₽2.6 trillion were accumulated in budget holders' accounts with the Federal Treasury. This made it possible to increase the Federal Treasury's balances in deposits with the banking system.

FISCAL SYSTEM

In 2023, the fiscal system's revenues were up by 11.3% in annualised terms to total ₽59.1 trillion, or 34.5% of GDP. The rise was driven by higher non-oil and gas revenues. In addition to one-time payments and higher federal taxes, there was a notable increase in payments of PIT and social insurance premiums to regional budgets and extra-budgetary funds, which was the result of higher employment and nominal wages amid staff shortages. Furthermore, during 2023, extra-budgetary funds were receiving social insurance premiums for certain industries that had been deferred in 2022 as part of the anti-crisis measures. Profit tax payments to the budgets of the constituent territories of the Russian Federation also increased notably, driven by the ruble weakening

¹ The structural deficit in fiscal rule terms means the difference between basic (structural) revenues and total expenditures. Basic (structural) revenues are the total amount of basic oil and gas revenues and non-oil and gas revenues.

(in the tradable sector of the economy) and the rapid rebound of domestic demand (in the non-tradable sector of the economy).

The fiscal system's expenditures were up by 14.1% in annualised terms to total ₽63.0 trillion, or 36.8% of GDP. Federal budget spending stayed at an elevated level. Simultaneously, the growth of allocations from the budgets of the constituent territories of the Russian Federation and extra-budgetary funds significantly accelerated. Extra-budgetary funds were financing social expenditures from the advance transfer of ₽1.5 trillion made at the end of 2022. These expenditures were related to increased long-term social obligations because of the unscheduled indexation of social transfers from 1 June 2022 and scheduled (regular) indexations in early 2023. Besides, the constituent territories of the Russian Federation financed additional expenditures on defence and security, as well as expenditures associated with the implementation of infrastructure projects (including from infrastructure budget loans). Spending on the restoration and development of the country's new constituent territories increased.

As a result, the fiscal system's deficit in 2023 amounted to ₽3.9 trillion, or 2.3% of GDP, which is 0.9 percentage points more than in 2022 ([Table 5 in Section 5.4. 'Statistical tables'](#)). Nevertheless, taking into account that the total deficit expanded because of lower oil and gas revenues, the indicators of the structural budget deficit declined, namely the fiscal system's non-oil and gas deficit – from ₽13.7 trillion, or 8.8% of GDP to ₽12.7 trillion, or 7.4% of GDP and the structural deficit – from ₽7.2 trillion, or 4.6% of GDP to ₽4.7 trillion, or 2.8% of GDP, which is evidence of fiscal policy tightening at the level of the fiscal system as a whole.

The consolidated budget of Russia's constituent territories had a deficit of ₽0.2 trillion, or 0.1% of GDP. This deficit was financed mainly from budget loans granted by the federal centre and bank loans, while budget loans continued to substitute borrowings from the private sector in the structure of the regional and municipal debt. The budget of government extra-budgetary funds had a deficit of ₽0.5 trillion, or 0.3% of GDP. This deficit was financed primarily from the balances in accounts with the banking system accumulated as a result of, among other things, the advance transfer made from the federal budget at the end of 2022.

NATIONAL WEALTH FUND

The NWF's resources increased by ₽1.5 trillion over 2023 to total ₽12.0 trillion, or 7.0% of GDP as of 1 January 2024 ([Table 5 in Section 5.4. 'Statistical tables'](#)). The NWF's liquid part (funds in accounts with the Bank of Russia) contracted by ₽1.1 trillion to total ₽5.0 trillion, or 2.9% of GDP as of 1 January 2024. The reduction was caused by spending the NWF's resources to finance the budget deficit beyond the framework of the fiscal rule (₽2.9 trillion) and investment in projects implemented in the country's economy (₽1.0 trillion). This contraction was partially offset by positive revaluation (the weakening of the ruble against the yuan and higher prices for gold) and replenishment from additional oil and gas revenues earned throughout 2023.

Contrastingly, the NWF's resources invested in other financial assets increased by ₽2.7 trillion to total ₽7.0 trillion, or 4.1% of GDP as of 1 January 2024. This expansion was the result of not only investment of the NWF's resources but also foreign currency revaluation for Russian companies' listed shares.

GOVERNMENT DEBT



The overall amount of Russia's government debt and municipal debt increased by 12.3% but stays moderate (17.1% of GDP)

The overall amount of Russia's government debt and municipal debt reached ₽29.2 trillion, or 17.1% of GDP as of 1 January 2024, which is 12.3% more year-on-year (relative to GDP, the overall amount of Russia's government debt and municipal debt was up by 0.3 percentage points).

The proportion of domestic debt in the overall amount of government and municipal debt equalled 83.6% as of 1 January 2024, which is 0.8 percentage points less than as of 1 January 2023.

The country's domestic debt totalled ₽20.8 trillion, or 12.2% of GDP as of 1 January 2024, which is 10.8% more year-on-year.

Amid the existing sanctions and the blocking of the majority of non-residents in the OFZ market, their portfolio of government bonds contracted by ₽0.5 trillion, from ₽2.0 trillion to ₽1.5 trillion, as a result of securities redemptions, with their share in the OFZ market shrinking by 3.7 percentage points from 11.1% to 7.4%. Non-residents' portfolio of Russian sovereign Eurobonds decreased by \$1.5 billion, from \$16.3 billion to \$14.8 billion, with their share in the market of Russian Eurobonds declining by 0.2 percentage points from 45% to 44.8%. Government securities (₽20.1 trillion, or 11.8% of GDP) accounted for the largest part (96.6%) of the country's domestic debt. Government guarantees (₽0.7 trillion, or 0.4% of GDP) made up the remaining portion (3.4%) ([Table 6 in Section 5.4. 'Statistical tables'](#)).

As of the end of 2023, banks (in the first place, SICIs) and collective investors (primarily pension funds) remained the key players in the OFZ market.

Russia's external debt totalled ₽4.8 trillion, or 2.8% of GDP as of 1 January 2024, increasing by 18.4% in ruble terms. Despite the redemptions and amortisation of certain issues of Eurobonds (there were no new offerings in 2023) and of external foreign currency loans, the country's external debt expanded due to positive foreign currency revaluation.

The Russian Government's debt to the Bank of Russia on government securities decreased by 6.2% over 2023, from ₽450 billion as of 1 January 2023 to ₽422 billion as of 1 January 2024 ([Table 7 in Section 5.4. 'Statistical tables'](#)).

1.1.4. BALANCE OF PAYMENTS, INTERNATIONAL INVESTMENT POSITION, AND EXTERNAL DEBT OF THE RUSSIAN FEDERATION

In 2023, the Russian Federation's balance of payments was affected by a decline in the current account surplus caused by lower global prices for core Russian exports. Net lending to the rest of the world was the result of growth in other investment and accumulated foreign direct investment in similar proportions. The repayment of external debt, including the repurchase of non-residents' stakes in Russian companies, notably declined.

The increase in the Russian Federation's net international investment position was driven by a more significant reduction in foreign liabilities compared to foreign assets, including as a result of revaluation and redomiciliation.

During 2023, the Russian Federation's external debt decreased as a result of the repayment of loans, including within direct investment relationships and the decline in liabilities on sovereign securities.

THE RUSSIAN FEDERATION'S BALANCE OF PAYMENTS



The decrease in the current account surplus was caused by the reduction in the value of exports of goods amid lower prices coupled with the expansion of imports of goods driven by rising domestic demand

The **current account** surplus contracted from \$237.7 billion in 2022 to \$50.2 billion in 2023, due to a reduction in the surplus of the trade balance and a rise in the deficit of other current account components.

As the value of exports of goods was down and imports rebounded, the surplus of **external trade in goods** shrank from \$315.6 billion in 2022 to \$120.9 billion over the reporting year.

Exports of goods declined by \$167.9 billion year-on-year to \$424.2 billion, primarily as a result of a reduction in the value of supplies of mineral commodities amid lower global prices.

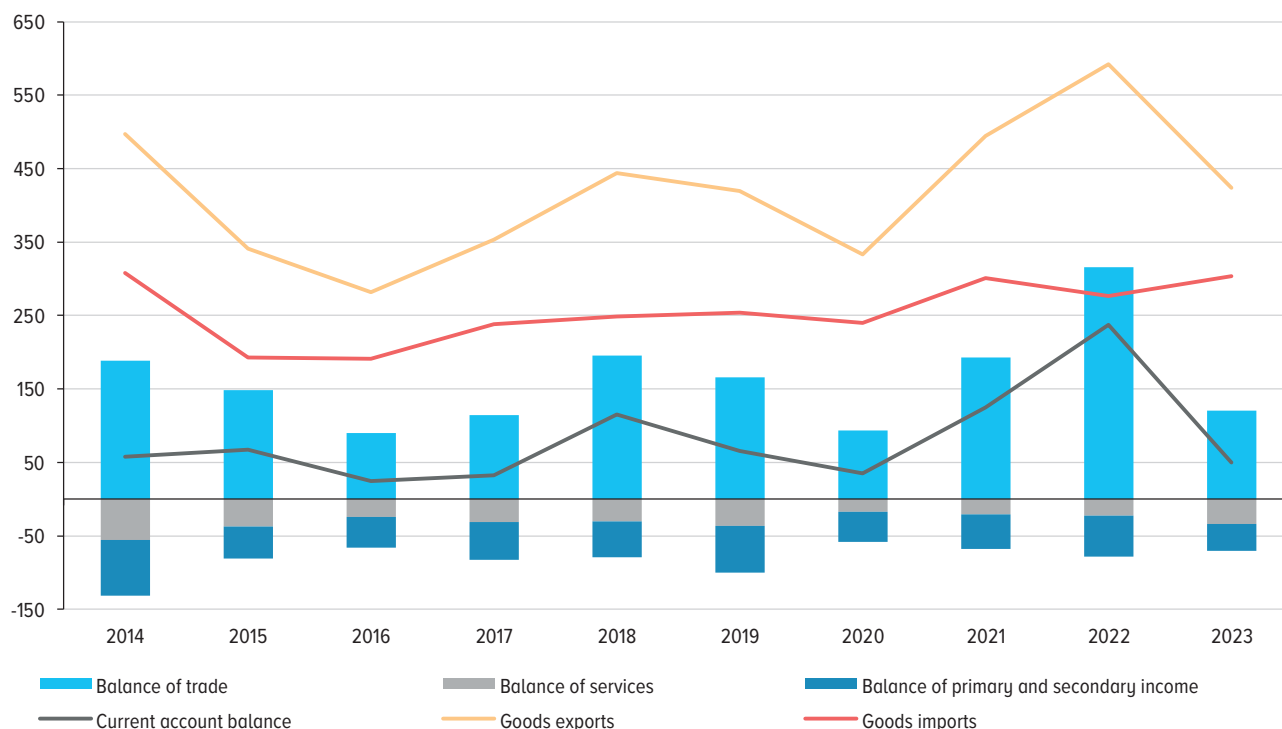
Imports of goods increased from \$276.5 billion in 2022 to \$303.3 billion in 2023, while the dynamics across goods groups were diverse.

The deficit of the balance of **external trade in services** increased from \$22.2 billion in 2022 to \$34.1 billion in 2023, which was caused by both the reduction in exports and the expansion in imports of services.

Main components of Russia's current account

Chart 9

(\$ bn)



The deficit of the balance of external trade in services expanded to \$34.1 billion as a result of higher imports of travel and transport services

Exports of services declined by 15.3%, or \$7.4 billion to \$41.2 billion, which was associated mainly with the reduction by \$8.6 billion in other services rendered to non-residents, including in computer services, construction and other business services. Another reason was the restrictions enacted by unfriendly jurisdictions against Russian suppliers. Nevertheless, the value of transport services provided to non-residents by Russian transport companies remained nearly the same, totalling \$15.0 billion. Furthermore, as the number of non-residents who visited the Russian Federation increased, exports of travel services expanded by \$1.1 billion to \$6.7 billion.

Imports of services rose by 6.3%, or \$4.4 billion to total \$75.3 billion. The value of other services received from non-residents decreased by 26.1% to \$26.6 billion, which was offset by the rise in Russians' costs during foreign trips recorded in the 'Travel' item by 58.6%, or \$12.2 billion to \$33.0 billion and in foreign carriers' transport services by \$1.7 billion to \$15.7 billion.

The **balance of compensation of employees** nearly doubled compared to 2022 to reach \$4.9 billion. The expansion was driven by a partial rebound in the number of non-residents temporarily employed in the Russian economy and a decrease in the amounts received by Russians temporarily employed abroad.

The **deficit of investment income** halved in 2023 to \$22.1 billion, which was associated with a reduction in both income payable to non-residents and income receivable from foreign



investment due to residents. The major factor was the deficit in direct investment income that contracted from \$31.5 billion in 2022 to \$19.7 billion in 2023. Among other reasons, this reduction resulted from the decrease in direct investors' stakes in domestic businesses and lower dividend payouts announced by Russian companies. The deficit in portfolio investment income shrank from \$18.7 billion in 2022 to \$10.3 billion in 2023, mostly because of the decline in amounts accrued to non-residents. Contrastingly, the surplus of income from other investment expanded from \$5.7 billion to \$7.9 billion, driven by higher income received from abroad.

The deficit in the **secondary income account** increased by 11.2% year-on-year to \$9.6 billion, including as a result of personal transfers payments.

The **capital account** deficit contracted from \$4.6 billion in 2022 to \$1.4 billion in 2023 as the Russian Federation wrote off part of certain countries' debt.

Net lending to the rest of the world (the overall balance of the current and capital accounts) decreased from \$233.1 billion in 2022 to \$48.8 billion in 2023. The ratio of net lending to GDP dropped from 10.0% in 2022 to 2.4% in 2023.

The **surplus of the financial account** declined from \$227.1 billion in 2022 to \$43.3 billion in 2023. Net lending was mostly the result of the accumulation of foreign assets, whereas the reduction in external liabilities notably decelerated. In terms of functional categories of investment, there was a surge in the proportion of direct investment in 2023, in contrast to 2022 when net lending was accounted for mostly by the expansion of other investment.

Residents' **direct investment** on a net basis increased by \$20.7 billion in 2023 (vs \$26.7 billion in 2022). The change in this indicator was mostly caused by non-residents' withdrawals of direct investment from the Russian economy (in the amount of \$11.2 billion); the main reason for the reduction in direct investment was the repayment of debt instruments to affiliated foreign structures, including within the issue of substitute bonds. Concurrently, investment in foreign companies expanded, reaching \$24.8 billion as of the end of the year.

Residents' **portfolio investment** increased by \$4.9 billion in 2023 (by \$21.2 billion in 2022). As in the previous year, the change in the indicator resulted from a more significant contraction in foreign liabilities to non-residents (by \$9.2 billion) compared to the net decrease in foreign assets (by \$4.3 billion). Considering that non-residents' investment in the Russian Federation's debt securities and residents' investment in debt securities abroad contracted similarly, the amount of equity instruments in residents' portfolios on a net basis increased by \$2.5 billion over the year.

The balance of **financial derivatives** transactions remained negative, as in the previous year. The deficit shrank from \$3.5 billion in 2022 to \$1.0 billion in 2023 as a result of a more considerable reduction in residents' claims on foreign counterparties.

Other investment decreased from \$189.9 billion in 2022 to \$28.6 billion in 2023, which was largely the result of growth in outstanding amounts within foreign trade settlements that were not completed due to more complicated logistics chains. External claims on non-residents were up by \$42.1 billion, driven by, as in the previous year, the accumulation of balances in residents' foreign accounts. External liabilities expanded by \$13.5 billion, including due to increased debt on dividends that were announced but not paid.

As a result of transactions recognised in the balance of payments, **reserve assets** contracted by \$10.0 billion in 2023 (vs \$7.3 billion in 2022), predominantly because of fiscal rule-based operations conducted in the domestic FX market.

THE RUSSIAN FEDERATION'S INTERNATIONAL INVESTMENT POSITION

As of 31 December 2023, **the Russian Federation's foreign assets** totalled \$1,554.3 billion, declining by 3.0%, or \$47.6 billion year-on-year.

The dynamics of foreign assets across the functional categories of investment were diverse, influenced by, among other things, negative revaluations of financial instruments and other changes caused by redomiciliation.

Direct investment contracted by \$68.1 billion to \$313.1 billion, predominantly because of a decline in the value of foreign companies' equity instruments resulting from the exchange rate dynamics as well as other changes, namely foreign trade participants' redomiciliation to the Russian jurisdiction.

Residents' **portfolio investment** in foreign instruments decreased by \$11.9 billion to \$68.7 billion, primarily affected by other changes, while the key factor was the contraction of investment in foreign debt instruments.

Conversely, **other investment** expanded by \$16.7 billion to \$573.4 billion, which was associated with the increase in non-residents' debt on incomplete external trade settlements and, as in the previous year, the accumulation of residents' funds in accounts abroad.

Reserve assets were up from \$582.0 billion to \$598.6 billion.

The Russian Federation's external liabilities contracted by \$137.0 billion to \$696.7 billion, including as a result of negative revaluations and other changes.

Direct investment in the Russian economy declined by \$108.3 billion to \$333.7 billion predominantly due to negative foreign currency revaluation and deoffshorisation of Russian businesses.

Liabilities on **portfolio investment** contracted by \$6.9 billion to \$148.2 billion following the sale of Russian debt instruments.

The reduction in other investment from \$235.4 billion to \$214.1 billion was caused by, among other things, repayments of foreign loans by residents.



The positive net international investment position of the Russian Federation increased to \$857.5 billion due to a more significant reduction in external liabilities compared to foreign assets

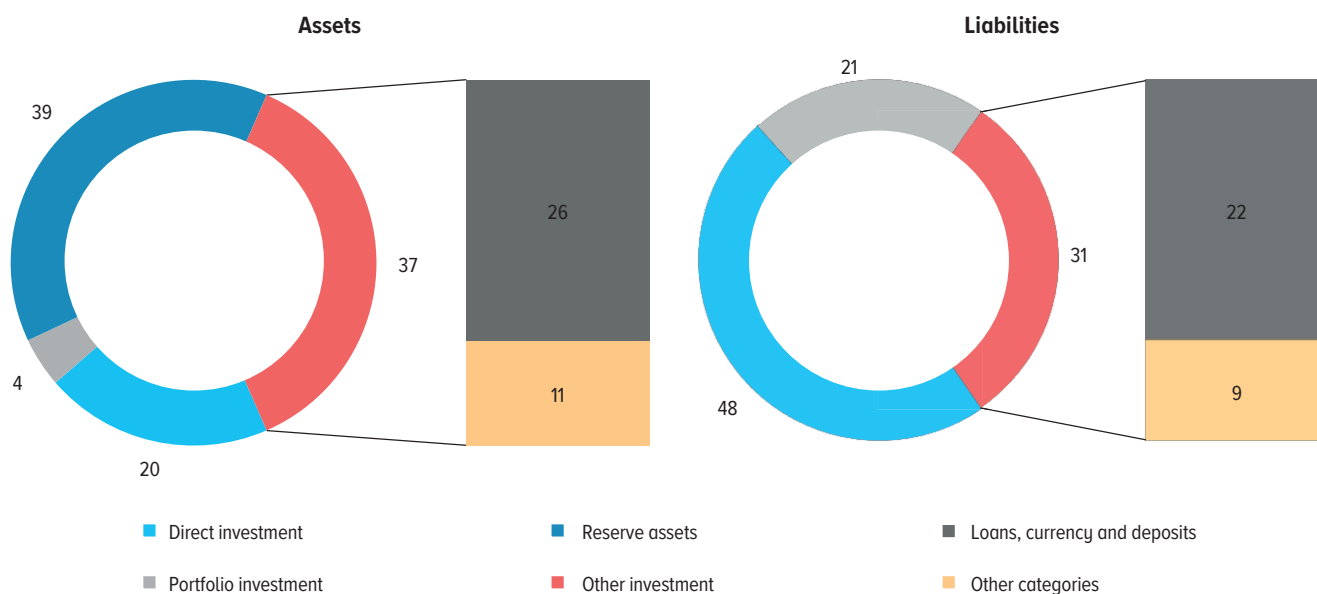
As external liabilities contracted more notably than foreign assets, **the positive net international investment position of the Russian Federation** increased from \$768.1 billion as of the end of 2022 to \$857.5 billion as of 31 December 2023.



International investment position of Russia as of 1 January 2024

Chart 10

(%)



THE RUSSIAN FEDERATION'S EXTERNAL DEBT

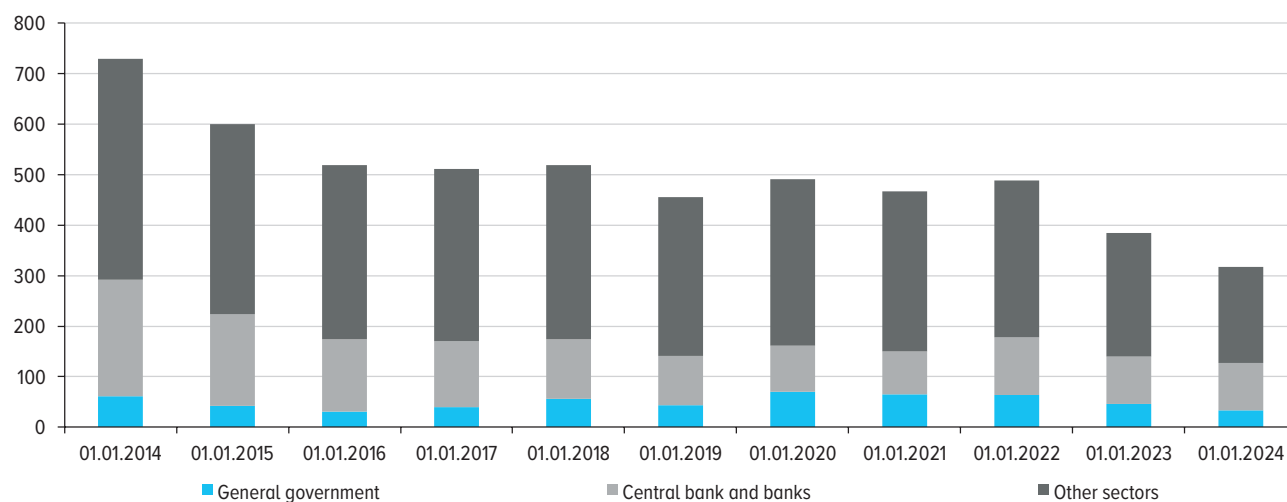
The Russian Federation's external debt totalled \$316.8 billion as of 31 December 2023, which is \$68.2 billion, or 17.7% less year-on-year.

Other sectors' liabilities to non-residents accounted for 59.8% of the Russian Federation's overall external debt, or \$189.4 billion as of 31 December 2023. The central bank and banks accounted for 29.9% in external debt, or \$94.7 billion. The general government accounted for 10.3% in external debt, or \$32.7 billion.

Russia's external debt

Chart 11

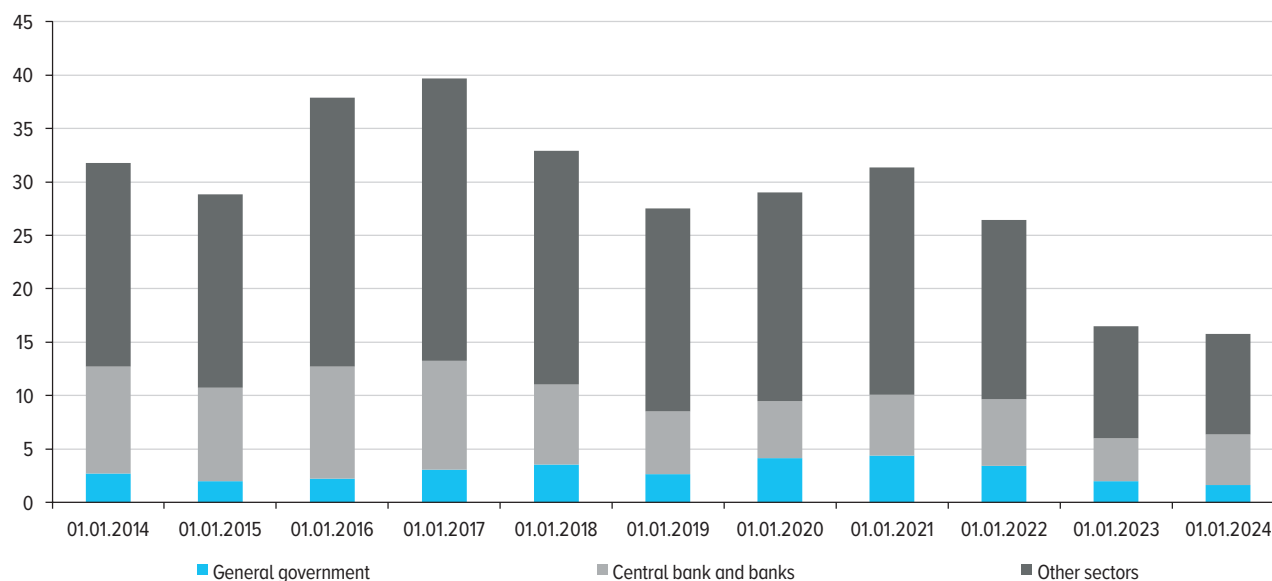
(\$ bn)



Russia's external debt

(% of GDP)

Chart 12



External debt of the **federal government** declined from \$46.1 billion to \$32.7 billion as of the end of 2023 due to the reduction in liabilities on sovereign securities denominated in both rubles (by \$11.6 billion) and foreign currency (by \$1.5 billion). External debt of the constituent territories of the Russian Federation was minor.

External debt of the **central bank** and **banks** remained nearly the same, specifically \$94.7 billion as of 31 December 2023. **Other sectors'** external debt decreased by \$55.4 billion to \$189.4 billion.

The proportion of short-term liabilities in the overall amount of external debt rose from 19.2% to 28.1% during the year, reaching \$88.9 billion as of the end of 2023, while the share of long-term liabilities, accordingly, declined to 71.9% totalling \$228.0 billion. Debt on instruments denominated in foreign currency equalled \$207.9 billion, or 65.6% of external debt. Debt in rubles accounted for 34.4% of external liabilities, or \$108.9 billion.

According to international criteria, the debt burden on the Russian economy decreased as of 31 December 2023. In particular, the ratio of external debt to GDP declined from 16.5% as of the end of 2022 to 15.8% and the ratio of external debt liabilities of the general government to GDP – from 2.0% as of the end of 2022 to 1.6% as of 31 December 2023.

1.2. THE FINANCIAL SECTOR

1.2.1. MONETARY AGGREGATES. SITUATION IN THE FINANCIAL AND COMMODITY EXCHANGE MARKETS

MONEY SUPPLY: COMPONENTS AND SOURCES

The monetary aggregates continued to rapidly increase in 2023. The annual growth rate of money supply in the national definition (the M2 aggregate) equalled 19.4% (vs 24.4% in 2022) and that of broad money (the M2X aggregate) – 18.8% (vs 13.1% in 2022). Adjusted for foreign currency revaluation, broad money expanded by 15.4% (vs 14.0% in 2022).

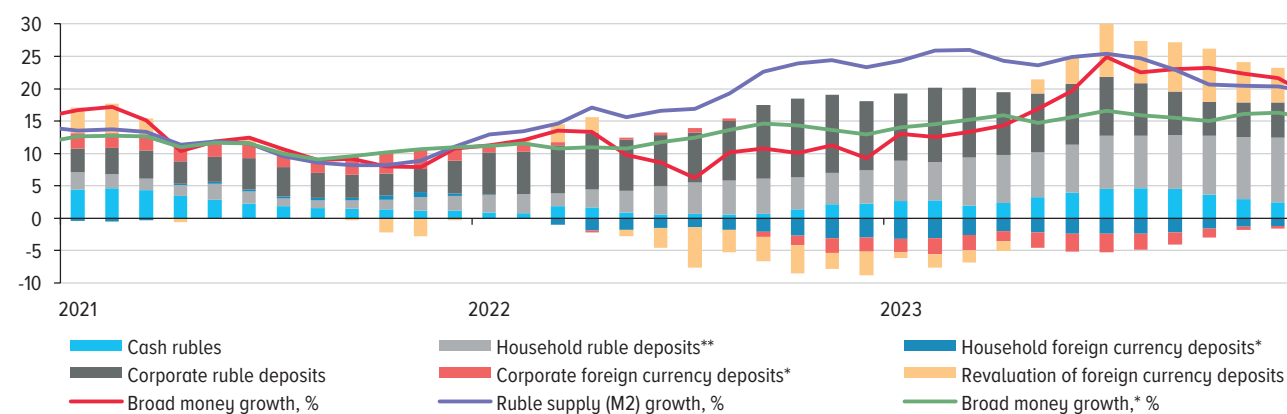
The increase in the monetary aggregates was largely explained by the adjustment of the market environment to the external economic shocks that had occurred in 2022 and a decrease in uncertainty among economic agents. The outflow of funds from foreign currency deposits continued, but more slowly due to both a gradual reduction in foreign currency savings and a stronger role of friendly countries' currencies in the deposit market's turnover. As of the end of 2023, foreign currency deposits of households decreased by 23.6% in US dollar terms (vs 40.1% in 2022) and those of businesses – by 4.3% (vs 16.6% in 2022).

In the ruble segment of the deposit market, the inflow of households' funds into banks (including as a result of the conversion of foreign currency balances) was driven by the rise in deposit rates following the key rate increase by the Bank of Russia (see [Subsection 1.1.2. 'Inflation and economic activity'](#) and [Subsection 2.1.1. 'Monetary policy objectives and key measures'](#)). In particular, households' ruble deposits surged by 26.7% in 2023 (vs 18.0% in 2022). The annual growth rate of companies' ruble deposits equalled 15.8% (vs 36.1% in 2022). As a result, the share of households' foreign currency deposits¹ decreased from 10.0% to 7.9% over the year, reaching a new record low. The proportion of businesses' foreign currency deposits edged up from 20.7% to 21.6% due to the revaluation of foreign currency deposits.

Broad money

Chart 13

(contribution of certain components to broad money annual growth rate, percentage points)



* Adjusted for foreign currency revaluation.

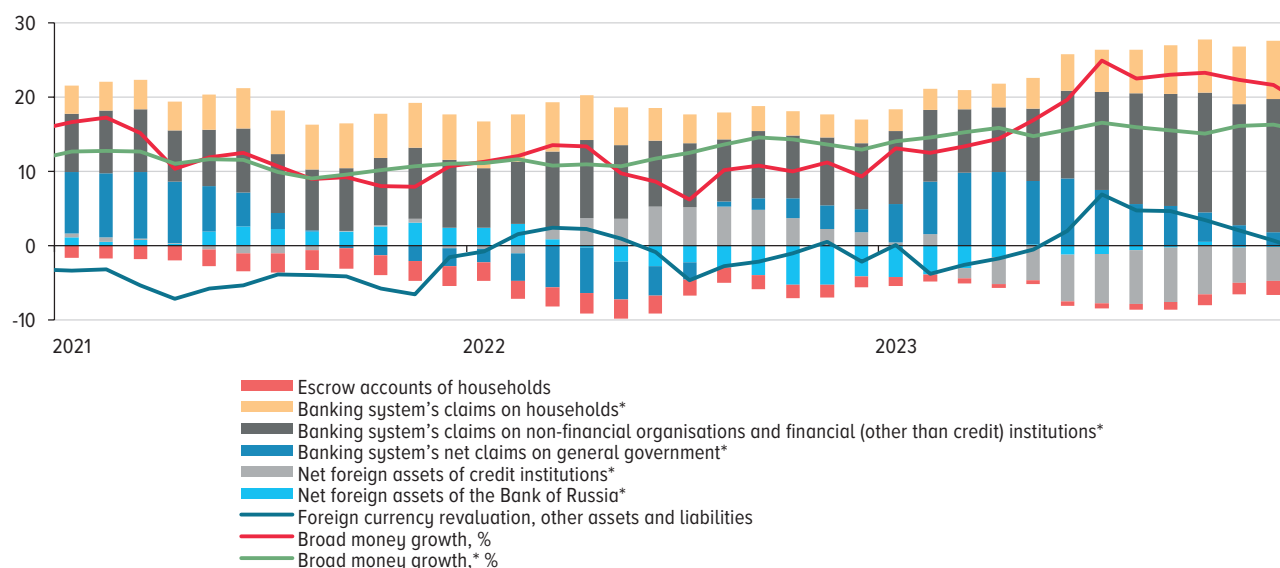
** Including certificates of deposit and savings certificates.

¹ This indicator is calculated according to the methodology described in the methodological note to Table 1.16 of the Bank of Russia Statistical Bulletin.

Broad money supply sources

(contribution to broad money annual growth rate, percentage points)

Chart 14



* Adjusted for foreign currency revaluation.

Furthermore, higher deposit rates changed the maturity structure of the deposit portfolio. Specifically, as of the end of the year, the growth rate of balances in ruble-denominated current accounts dropped from 25.3% to 13.9%, whereas the increase in funds in ruble-denominated time deposits equalled 26.9%, remaining close to the previous year's level.

The amount of cash in circulation (the M0 aggregate) was increasing throughout the year proportionately to the change in money supply. Amid higher interest rates on ruble-denominated time deposits, the growth of the amount of physical cash slowed down to 11.0% in 2023 H2 (vs 16.9% in 2022).

The banking system's claims on the economy² remained the key source of money supply. Adjusted for foreign currency revaluation, the claims on the economy increased by 22.9% as of the end of 2023, which is significantly more than 12.0% recorded in 2022. Furthermore, the claims were up in both the ruble segment (+23.5% vs +14.8% in 2022) and the foreign currency segment (+13.3% vs -12.1% in 2022 in US dollar terms).

The acceleration in the retail segment of the credit market was driven mostly by the expansion in mortgage lending, primarily under subsidised programmes. Despite the tightening of the terms of the subsidised mortgage lending programmes, households were raising mortgage loans seeking to improve their housing conditions before the expected revision of the parameters and the expiry of the subsidised programmes. Moreover, unsecured consumer and car lending also continued to grow fast. As a result, the Russian banking system's ruble claims on households increased by 23.1% as of the end of 2023 (vs 9.5% in 2022).

² The banking system's claims on the economy mean all claims of the banking system on non-financial and financial organisations and households in Russian rubles, foreign currency and precious metals, which include loans extended (including overdue loans), overdue interest on loans, Cls' investment in debt and equity securities and promissory notes, as well as other forms of participation in non-financial and financial organisations' equity, and other receivables on settlements with non-financial and financial organisations and households.

The growth rate of the ruble claims on corporates reached 23.7% (vs 17.4% in 2022). The expansion in lending was driven by higher demand for borrowings (as companies needed funds to service more complicated settlements, implement investment projects, and further substitute external financing with domestic borrowings), developers' project financing, and existing subsidised programmes.

In 2023, the growth of money supply was still driven by budget operations, including as part of the support for the real sector (see [Subsection 1.1.3. 'Fiscal policy, government finance, and domestic government debt'](#)). However, their contribution to the increase in the monetary aggregates as of the end of 2023 declined year-on-year.

The growth rate of balances in escrow accounts not included in money supply soared due to higher demand for mortgages. As a result, the inflow of funds into escrow accounts was decelerating the increase in the monetary aggregates more notably than in 2022.

MONEY MARKET

Trends in the money market were associated mainly with the implementation of monetary policy: market interest rates were changing following the key rate decisions and, sometimes even earlier, as market participants were rather accurate in forecasting future key rate decisions. As before, interest rates on unsecured overnight ruble-denominated interbank loans generally remained close to the key rate. The spread between RUONIA and the key rate averaged -23 basis points, and its volatility equalled 28 basis points (see [Subsection 2.1.2. 'Monetary policy instruments'](#)). Interest rates on repos were generally slightly higher than interest rates in IBL. However, from August, the situation with OFZ repos reversed, as CIs increased the demand for them.

FX MARKET

As of the end of 2023, the ruble weakened against the US dollar, the euro, and the yuan by 27.51%, 31.11%, and 27.10%, respectively, with the official exchange rates established by the Bank of Russia equalling 89.69 rubles per US dollar, 99.19 rubles per euro, and 12.58 rubles per yuan.

As transactions on the financial account were restricted, the exchange rate was largely impacted by the dynamics of the balance of trade. During 2023 Q1–Q2, the ruble was depreciating amid the reduction in foreign trade earnings caused by lower global prices for commodities and in export quantities resulting from the sanctions and voluntary export cuts. Concurrently, imports were rebounding, driven by rising consumer and investment demand. At the beginning of 2023 Q3, the ruble weakening sped up, with the exchange rate exceeding 100 rubles per US dollar.

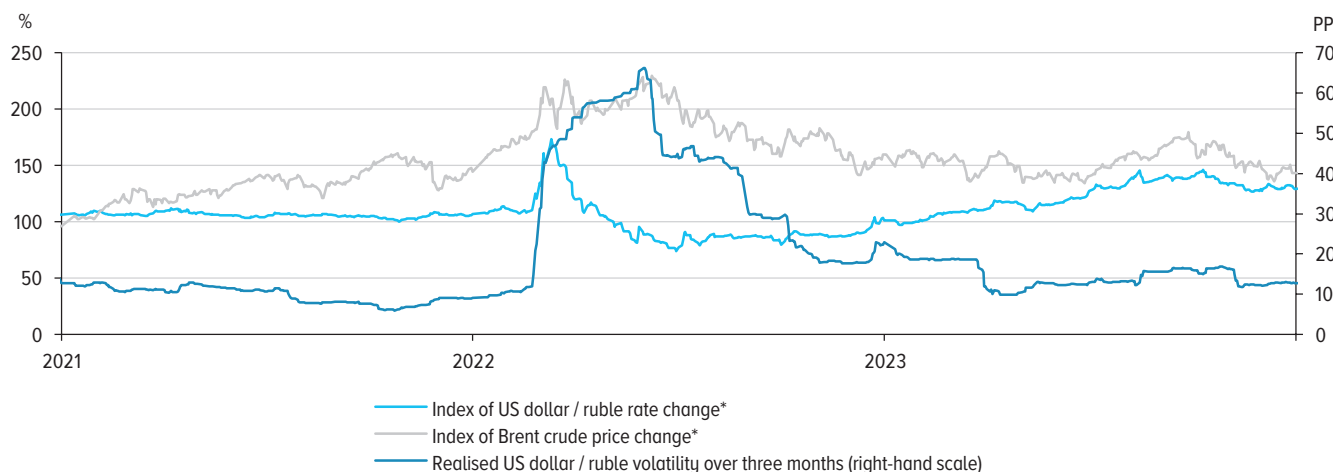
Nevertheless, in 2023 Q4, the exchange rate stabilised. It was influenced by the effects of the Bank of Russia's decisions to gradually raise the key rate to 16.00% per annum. The ruble was also supported by higher sales of exporters' foreign currency earnings amid rising oil prices. Furthermore, in the second half of October, the government enacted the temporary requirements for selling and repatriation of foreign currency earnings.³ As a result of the measures taken, the exchange rate stabilised in 2023 Q4, strengthening by 7.9% to 89.69 rubles per US dollar.

³ Executive Order of the President of the Russian Federation No. 771, dated 11 October 2023, 'On the Mandatory Sale of Foreign Currency Earnings Received by Certain Russian Exporters Under Foreign Trade Contracts'.

The overall average daily turnover of USD/RUB and EUR/RUB trading in the cash segment of the organised FX market contracted by 35.8% and 25.7%, respectively, to ₽145.5 billion and ₽58.4 billion, respectively, whereas that of CNY/RUB trading surged by a factor of 3.5 to ₽164.0 billion. The proportion of CNY/RUB trading increased as a result of the continuing redirection of trade flows to Asia and the shift in the structure of both payments and people's savings towards friendly countries' currencies.

Ruble exchange rate and volatility

Chart 15



* Indicators as of 31 December 2018 equal 100 per cent.

Sources: Bank of Russia calculations, Cbonds.ru news agency.

OFZ AND CORPORATE BOND MARKET

In 2023 H1, the dynamics of the OFZ yield curve were rather limited, with the curve shifting gradually upwards across all maturities. In the middle of the year when proinflationary risks rose and the Bank of Russia's signal toughened, OFZ yields started to grow rapidly. After the new cycle of the key rate increase started in July, short- and medium-term yields rose considerably, whereas long-term yields – to a lesser extent. The yield curve was flattening gradually and inverted in September when the market began to perceive the elevated level of the key rate not as a short-term peak but rather as the start of a long period of high interest rates. After the October meeting, due to the Bank of Russia's tough signal and the key rate increase, the medium- and long-term yields declined while short-term yields rose, surpassing market expectations. The yield curve in general was also affected by elevated demand from certain market participants. As of the end of the year, as markets expected the Bank of Russia to maintain the key rate at a high level for a long period, long-term yields stabilised in the range of 11.5–12.0%. Short-term yields were highly volatile due to the demand for certain securities. Overall, OFZ yields (Cbonds-GBI)⁴ increased by 232 basis points over the year to 11.98% per annum.

In 2023, OFZ offerings by Russia's Ministry of Finance in the primary government securities market totalled ₽2,845.6 billion at face value,⁵ which was 13.3% less year-on-year. The borrowings were distributed quite evenly through the year, with OFZ-PD bonds accounting for the largest part of the issues (₽1,701.3 billion). OFZs were mostly purchased by domestic investors, namely SICIs. Foreign investors continued to decrease their demand for Russian securities, as compared to the previous year, amid

⁴ Cbonds-GBI is the index of effective yields on government bonds calculated by the Cbonds.ru news agency.

⁵ According to the auction reporting of the Russian Ministry of Finance.



the geopolitical tensions and the enacted sanctions. Non-residents' investment in OFZs contracted by ₽695 billion over the year, accounting for 7.4% of the OFZ market. As of the end of 2023, the amount of the OFZ issues sold (including OFZs for individuals) increased by 11.5% to ₽20.0 trillion at face value.

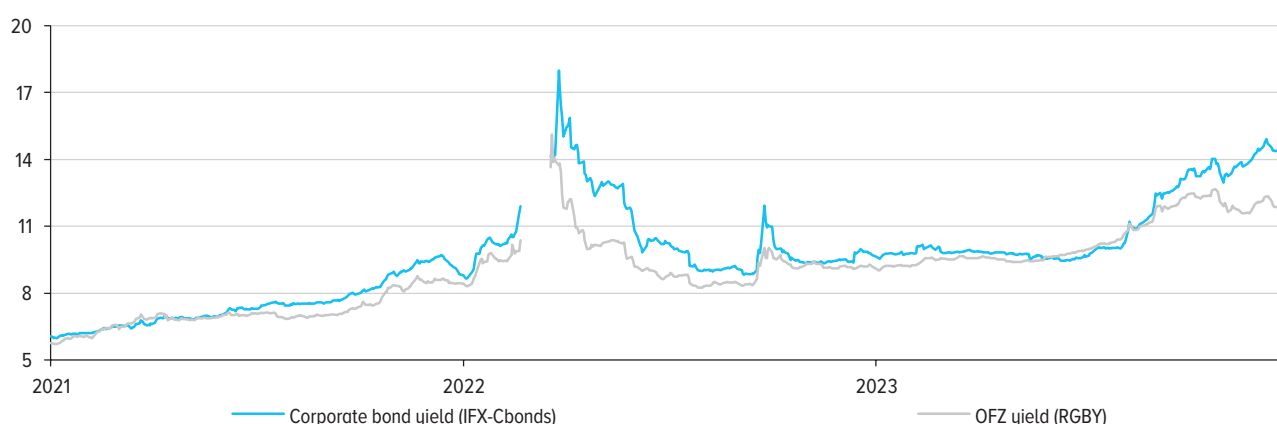
The amounts of corporate bond offerings also rose, with the portfolio of bonds in circulation expanding by 27.6% to ₽25.2 trillion, which is the maximum growth rate at least from 2000. An important contributor to the annual growth of the market was offerings of substitute bonds⁶ and yuan-denominated bonds, totalling ₽1,041.1 billion and ₽288.2 billion over the year, respectively. Throughout the year, yields on corporate bonds (IFX-Cbonds)⁷ were repeating the dynamics of OFZ yields and increased by 446 basis points to 14.2% per annum as of the end of the year.

The value of secondary trading in OFZs and corporate bonds on Moscow Exchange surged by 54.1% to ₽6.5 trillion and doubled to ₽4.8 trillion, respectively.

In 2023, the Russian Ministry of Finance did not raise funds in foreign currency after the Eurobond offerings had been suspended in 2022 due to the worsened situation in the market of external government debt and deteriorated conditions of international payments. Besides, the repayments totalled \$3.9 billion. As a result, according to the Cbonds.ru news agency, the portfolio of Russian sovereign Eurobonds in circulation contracted by 13% over 2023 from \$37.9 billion to \$34.2 billion.

Bond yields in the secondary market (% p.a.)

Chart 16



Sources: Moscow Exchange, Cbonds.ru news agency.

EQUITY MARKET

As of the end of the year, the MOEX Russia Index⁸ and the RTS Index⁹ added 43.9% and 11.6%, respectively. During the year, the indices of Russian shares were mostly increasing, demonstrating an upward trend during eight months. These dynamics were associated with the rebound after the considerable decline in the MOEX Russia Index in 2022, companies' adaptation to the sanctions,

⁶ Substitute bonds are issued and serviced according to Russian law, with their key criteria (bond yields, yield payment date, maturity date, and face value) being similar to the criteria of Eurobonds.

⁷ IFX-Cbonds is the index of effective yields on corporate bonds calculated by the Cbonds.ru news agency.

⁸ Calculated based on ruble-denominated share prices.

⁹ Calculated based on US dollar-denominated share prices.

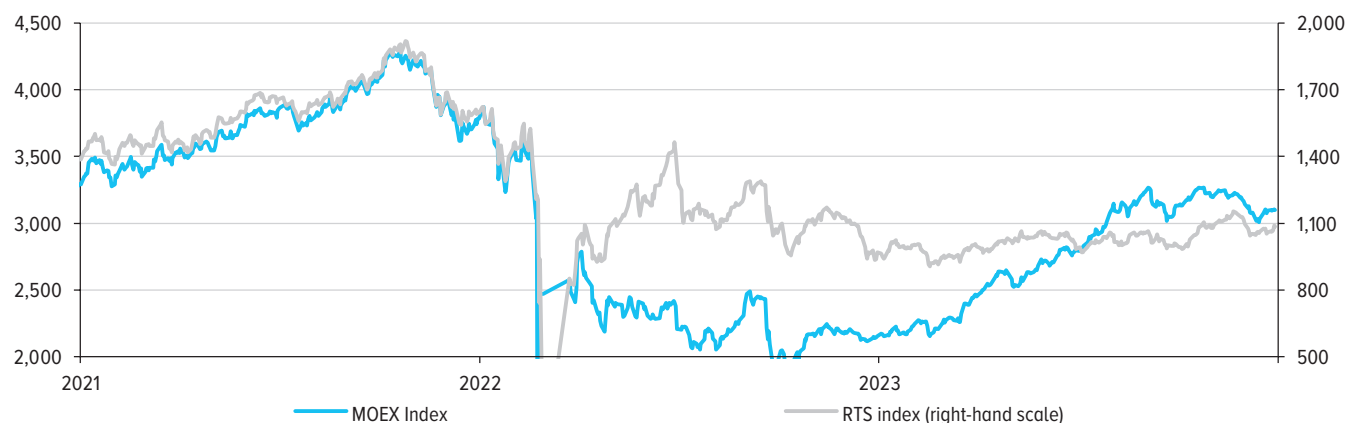


some large corporates' redomiciliation to the Russian or friendly jurisdictions, as well as resumed dividend payments.

The capitalisation of the equity market on Moscow Exchange in ruble terms rose by 49.0% over 2023 to ₺57.0 trillion. In 2023, secondary trading in shares, depository receipts, and units on Moscow Exchange increased by 30.9% year-on-year to total ₺23 trillion.

Stock price indices in the secondary market (points)

Chart 17



Sources: Moscow Exchange, Cbonds.ru news agency.

COMMODITY EXCHANGE MARKET



The commodity exchange market expanded by over 26%

Despite the sanctions, the commodity exchange market was actively developing in 2023. On-exchange spot trading in commodities took place on three exchanges and in one trading system. Compared to 2022, the overall amount of trading in money terms soared by over ₺400 billion, or 26%,¹⁰ to reach ₺1,932 billion.

Over the reporting year, trading participants concluded exchange contracts for certain groups of goods, such as petroleum products, natural gas, crude, agricultural products and biological resources, mineral commodities and chemicals, wood and construction materials, energy commodities (coal), and others. Furthermore, in 2023, trading in new commodity groups and goods, including metals, margarine, milk and dairy products, was launched in the commodity exchange market.

The segment of petroleum products accounted for the largest proportion of trading, expanding by 15% to total ₺1,628.9 billion. Petroleum products accounted for 84.3% of the overall amount of spot trading

¹⁰ In 2022, it expanded by more than 4%.

in commodities (vs 92.3% in 2022). The quantities of trading were up by 3.9 million tons, or 13.2%, to reach 33.3 million tons of light petroleum products.

The commodity derivatives market revived in 2023. The overall amount of trading in such derivatives surged by 32% from ₽14.2 billion in 2022 to ₽18.8 billion in 2023. Besides, about 46% of open positions (physically delivered derivatives) amounting to ₽4.4 billion were closed (delivered) on the expiry date.

These changes were associated with, among other things, the launch of derivatives for commodities with price indices approved by the Bank of Russia jointly with the competent federal executive authorities¹¹ within the interagency assessment. Specifically, the exchange launched trading in cash-settled futures contracts linked to the gold index on 28 June 2023 and trading in cash-settled futures contracts linked to the sugar index in the Central Federal District on 19 September 2023, which is evidence of the demand for Russian and independent hedging instruments in the conditions of the sanctions.

¹¹ Russia's Ministry of Industry and Trade, Ministry of Energy, Ministry of Finance, Ministry of Economic Development, Federal Antimonopoly Service, and Federal Tax Service.

1.2.2. FINANCIAL MARKET PARTICIPANTS

1.2.2.1. CREDIT INSTITUTIONS

The Russian financial sector is still dominated by CIs in terms of total assets, despite a significant number of NFIs¹ in the market. The ratio of CIs' assets to GDP considerably increased in 2023, namely by 11.4 percentage points to reach 98.2%² as of 1 January 2024.

Credit and deposit operations. CIs' assets (excluding foreign currency revaluation)³ expanded by 20.0% in 2023 (vs 14.8% in 2022), reaching ₹167.9 trillion, primarily as a result of active lending.

STRUCTURE OF CREDIT INSTITUTIONS' ASSETS BY GROUP

(share in the banking sector's assets, %)

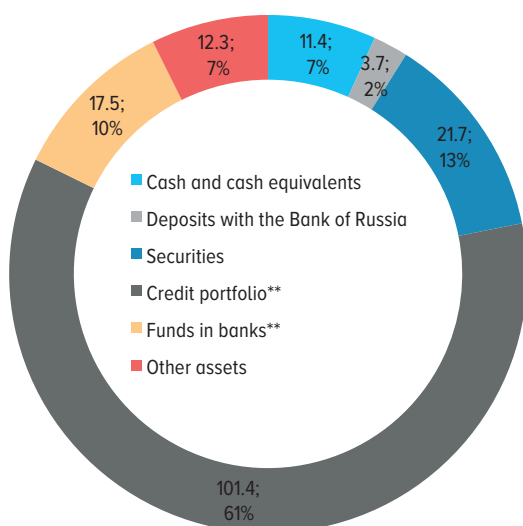
	As of 01.01.2023	As of 01.01.2024
SICs	78.0	78.4
Other banks from the Top-100 ¹	15.1	14.3
Non-Top-100 banks	1.9	1.6
NCIs	5.1	5.7

¹ The Top-100 banks are the 100 largest banks in terms of assets.
Note. Due to the rounding, the total of the shares may differ from 100%.

Asset structure* as of 1 January 2024

(₹ tn, as a percentage of assets of CIs)

Chart 18



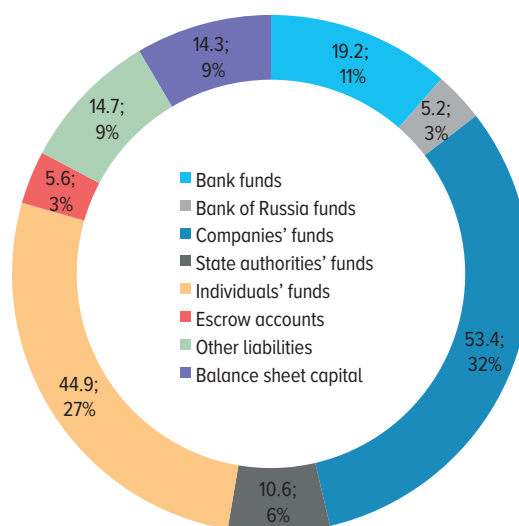
* Coupon OBRs are recognised as part of securities.

** Data on credit portfolio and funds in banks are shown net of loss provisions.
Source: Reporting Form 0409101.

Liability and capital structure as of 1 January 2024

(₹ tn, as a percentage of liabilities of CIs)

Chart 19



Source: Reporting Form 0409101.

¹ More detailed information about the numbers of CIs and NFIs is given in [Table 10 of Section 5.4. 'Statistical tables'](#).

² As the information on GDP was updated, the value of the ratio as of the beginning of 2023 differs from the one specified in [the Bank of Russia's Annual Report for 2022](#).

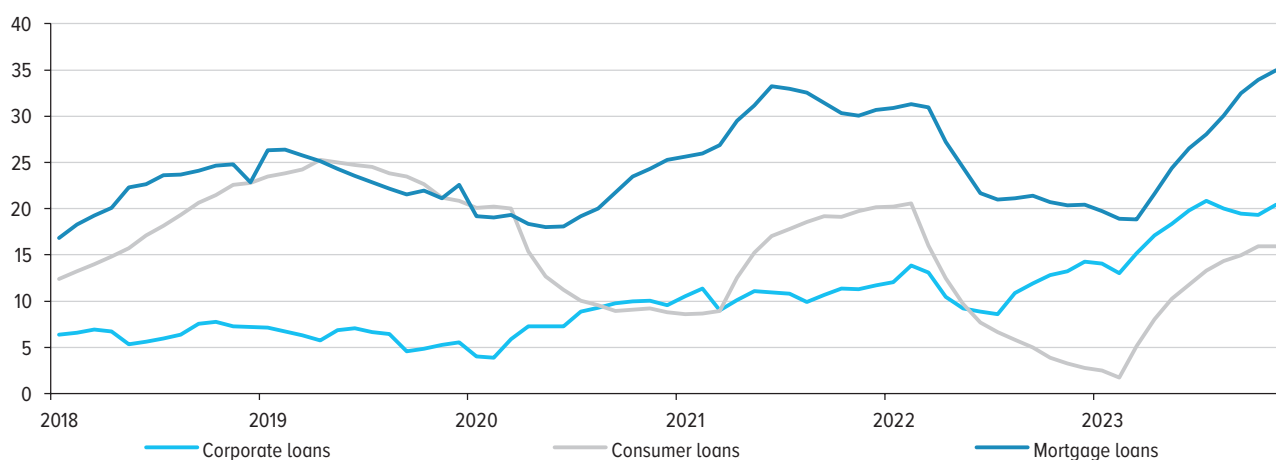
³ Hereinafter in the Subsection, CIs' growth rates are given adjusted for foreign currency revaluation for CIs operating during the reporting period (including reorganised banks). Assets are given net of loss provisions, unless specified otherwise. Corporate lending comprises loans to non-financial and financial (other than credit) organisations, including non-residents, in accordance with the indicator used in the information and analytical commentary [Russian Banking Sector Development](#).



Annual growth rate of corporate and retail loans*

Chart 20

(%)



* Growth rates of consumer and mortgage loans are adjusted for securitisation transactions.

Sources: Reporting Forms 0409101, 0409115, 0409316.

Corporate lending surged by 20.1% over the year, which was higher than 14.3% in 2022. The corporate loan portfolio reached ₹73.8 trillion, accounting for 44% of CIs' assets. The main drivers of the expansion were companies' demand for borrowings to finance current operations and investment activity, transactions for non-residents' withdrawals from Russian assets, and further substitution of external debt. Project finance in housing construction was expanding actively as well.

In 2023, the portfolio of loans issued by CIs to SMEs increased by 28.6% to total ₹12.3 trillion as of 1 January 2024.⁴ Government subsidised programmes also supported SME lending in 2023.⁵

The mortgage lending market demonstrated signs of overheating, expanding by 34.5%,⁶ which is 1.7 times higher than 20.4% in 2022. As of 1 January 2024, the mortgage portfolio totalled ₹18.2 trillion.⁷ The growth of mortgage lending was largely driven by subsidised programmes as their interest rates did not change following the key rate increase by the Bank of Russia.

Consumer lending increased by 15.7%⁸ over 2023 compared to 2.7% during the crisis year 2022. In the middle of 2023, consumer lending was actively expanding, driven by households' rising demand for loans and higher risk appetite among banks. However, the tightening of monetary policy and the macroprudential regulation helped cool down the consumer lending market at the end of 2023.

⁴ The SME loan portfolio is given net of VEB.RF. The indicator is overstated due to imperfect criteria for classifying entities as SMEs, as a result of which affiliates of large corporates are also classified as SMEs (refer to [the news published on 15 July 2022](#) on the Bank of Russia website). Net of large loans (according to the Bank of Russia's expert assessment, these are loans of over ₹8 billion) and loans to developers (selected from the unified register of developers provided by JSC DOM.RF), the adjusted loan portfolio increased by 26.3% to ₹6.9 trillion.

⁵ Including, as assessed by the Bank of Russia, loans issued within the programme supporting the top-priority industries of SMEs (Resolution of the Government of the Russian Federation No. 1764, dated 30 December 2018, 'On the Rules for Subsidising Russian Credit Institutions and Specialised Financial Entities from the Federal Budget to Compensate for Lost Income on Loans They Granted in 2019–2024 at a Subsidised Interest Rate to Small and Medium-sized Enterprises as well as Individuals Applying the Special Tax Regime 'Self-employment Tax') totalled approximately ₹600 billion, and loans issued within the SME Lending Support Programme of JSC Russian Small and Medium Business Corporation – about ₹220 billion.

⁶ The growth rates adjusted for securitisation transactions do not include the loan portfolios placed in mortgage pools during the previous reporting periods.

⁷ The mortgage portfolio includes the figures from Section 1 of Reporting Form 0409316 'Loans to Households' on outstanding mortgage loans taking into account the acquired claims.

⁸ The figures for December 2023 were adjusted for a consumer loan securitisation transaction amounting to ₹250 billion.

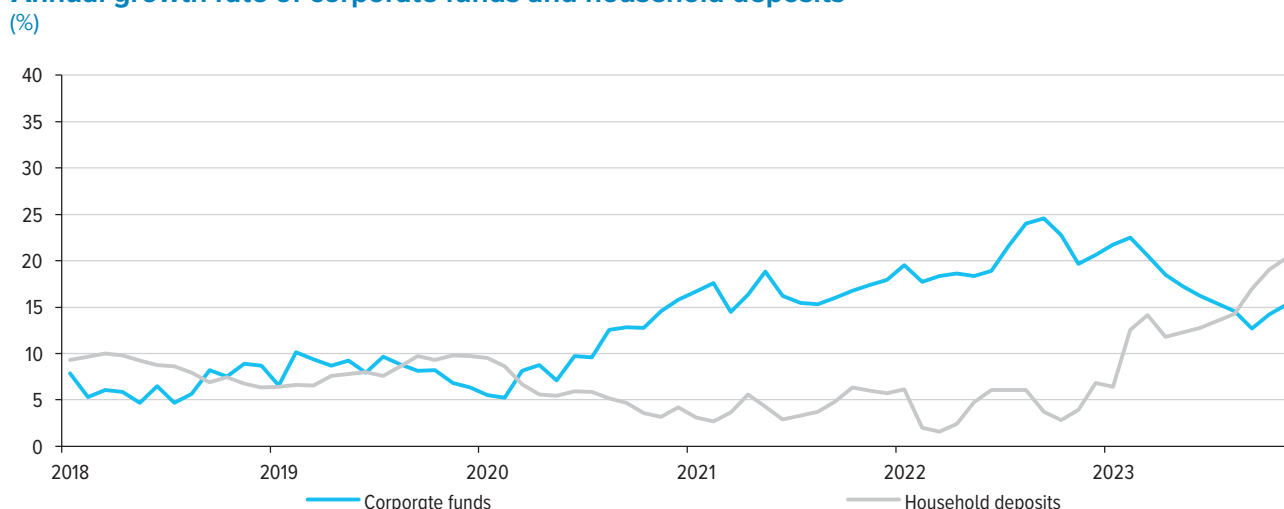


The portfolio of securities on banks' balance sheets expanded by 9.6%, or ₽1.9 trillion over 2023, to total ₽21.7 trillion. Banks significantly increased their investment in OFZs, specifically by ₽1.5 trillion, as well as acquired mortgage-backed securities worth ₽0.4 trillion.

Client account balances surged as well. In particular, funds in legal entities' accounts were up by ₽6.9 trillion, or 14.7%⁹ to total ₽53.4 trillion as of 1 January 2024 (vs ₽45.0 trillion as of 1 January 2023). The main drivers were higher export earnings (especially because of the rise in energy commodity prices in August–September) and the inflow of funds to cover budget spending.

Annual growth rate of corporate funds and household deposits

Chart 21



Sources: Reporting Forms 0409101, 0409110.

Weighted average interest rates on ruble loans and deposits for over one year¹

(% per annum)

	Loans			Deposits ²	
	to individuals ³	including mortgages ⁴	to non-financial organisations ⁵	of individuals	of non-financial organisations
2022	12.25	7.16	9.76	7.77	8.3
2023	12.72	8.17	10.63	8.51	10.15

¹ Data on weighted average interest rates on individuals' and non-financial organisations' loans and deposits are published on a monthly basis on the Bank of Russia website in the subsection [Interest Rates on Loans and Deposits and Structure of Loans and Deposits by Maturity](#) of the section Documents and data / Statistics / Banking Sector.

² According to credit institutions' Reporting Form 0409129 'Weighted Average Deposit Rates Offered by a Credit Institution and Resident Individuals' Current Accounts in Rubles'.

³ According to credit institutions' Reporting Form 0409128 'Weighted Average Loan Rates Offered by a Credit Institution to Individuals'.

⁴ Weighted average interest rate on ruble mortgages issued by credit Institutions to individuals – residents of the Russian Federation over the year according to Reporting Form 0409316. The information is published in Table 8a of the information bulletin [Statistics on Russia's Housing \(Mortgage\) Loan Market](#) on the Bank of Russia website in the section Documents and data / Statistics / Banking Sector.

⁵ According to credit institutions' Reporting Form 0409303 'Loans to Legal Entities'.

⁹ Adjusted for the value of Eurobonds issued by banks. From 1 February 2023, the growth rate was adjusted due to changes in the accounting of subordinated loans: previously, they were included mostly in clients' funds and issued bonds, whereas now they are recognised as a separate balance sheet item.



Households' funds in CIs' accounts increased by 19.7%, or ₮7.4 trillion to total ₮44.9 trillion, compared to the growth rate of 6.9% in 2022. This inflow was driven by the rise in households' incomes and the return of cash to banks amid higher deposit rates. Furthermore, the dedollarisation of households' funds continued, with the amount of foreign currency holdings declining by ₮1 trillion, or \$13 billion. As a result, the proportion of households' funds in foreign currency dropped from 10.6% in 2022 to 6.7%¹⁰ in 2023.

Amid the considerable expansion of mortgage lending, escrow account balances rose by ₮1.5 trillion in 2023, which is 1.5 times more than ₮1.0 trillion in 2022. As of 1 January 2024, escrow account balances totalled ₮5.6 trillion.

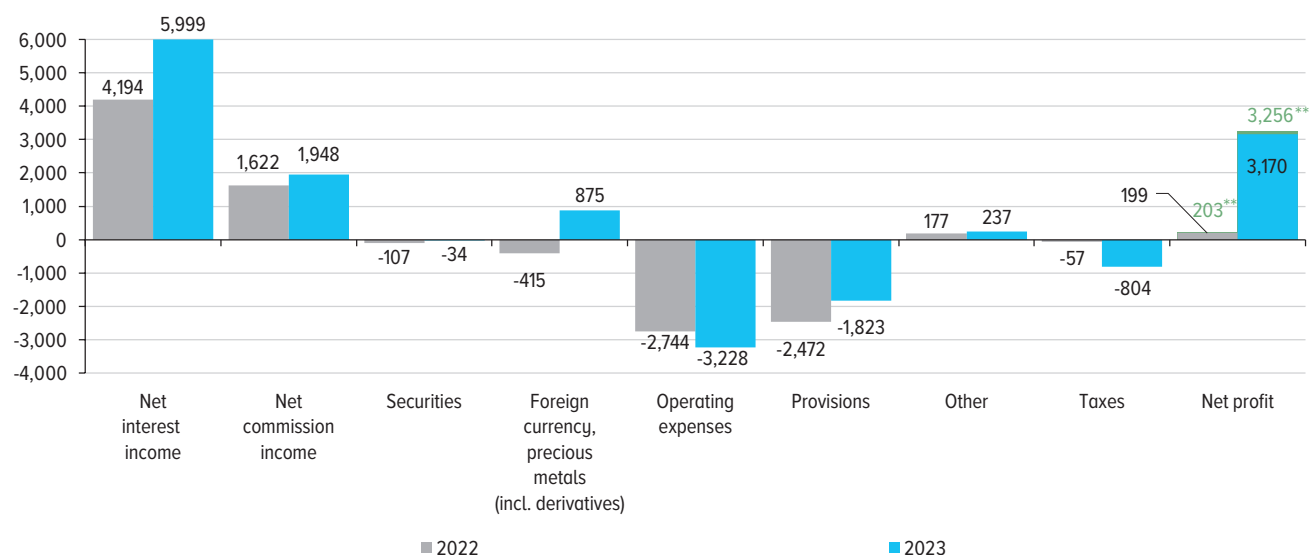
Financial performance. As of the end of 2023, the banking sector earned ₮3.3 trillion¹¹ (return on capital – 25.0%). It is noteworthy that in 2022, its profit approximated ₮0.2 trillion, and return on capital was 1.8%. Over 2022–2023, the sector's profit averaged ₮1.7 trillion, which is 27% less than in 2021.

In 2023, profit was supported by one-off factors, including gains of about ₮0.5 trillion from revaluation of the long-term open foreign currency position (vs a loss of nearly ₮1 trillion in 2022). Furthermore, banks released part of the reserves formed in 2022 (the reserves totalled ₮1.8 trillion in 2023 vs ₮2.5 trillion in 2022).

In addition, amid the growth of business and transactions, net interest and fee incomes surged by 43%, or ₮1.8 trillion and by 20%, or ₮0.3 trillion, respectively, compared to 2022.

Change in components of banking sector profits*
(₮ bn)

Chart 22



* Change in components of profits does not include data on NB TRUST (PJSC) (Bank of Non-core Assets (BNA). The components 'Foreign currency, precious metals (incl. derivatives)' and 'Provisions' are adjusted for revaluation of provisions for corporate loans in foreign currency based on proxy estimates according to Reporting Form 0409303. 'Other' (including 'Taxes', among other things) does not include dividends received from subsidiary banks.

** Net profit, BNA included.

¹⁰ Adjusted for foreign currency revaluation at the exchange rate as of the beginning of the year.

¹¹ Net profit adjusted for dividends from resident subsidiary banks.

Capital adequacy. The sector's capital adequacy¹² edged down from 12.7% to 12.2% due to a more significant increase in risk-weighted assets compared to capital. Regulatory capital surged by 18.4%, or ₺2.5 trillion, driven mostly by profit. However, the expansion of capital was limited by negative revaluation of debt securities (approximately ₺0.2 trillion) that is not included in net profit. Besides, banks paid significant dividends of nearly ₺0.9 trillion, with ₺0.6 trillion of this amount accounted for by state-owned banks that transferred about 50% to the budget. Risk-weighted assets increased by 23.6%, driven by rapidly growing lending, accumulated macroprudential buffers, and revaluation of foreign currency loans amid the depreciation of the ruble by 28%.

Non-residents' share in overall authorised capital. Over 2023, the number of operating CIs where non-residents were shareholders decreased from 108 to 96. CIs' overall authorised capital expanded by 12.0% to ₺3,409.9 billion as of the end of 2023.¹³ In 2023, non-residents reduced their investment in operating CIs' authorised capital by 9.0% to ₺335.5 billion. The share of foreign capital¹⁴ in the authorised capital of operating CIs equalled 7.0% as of 1 January 2024, which is 2.0 percentage points less than in 2022.

1.2.2.2. NON-GOVERNMENTAL PENSION FUNDS

As of the end of 2023, operating NPFs numbered 37.

NPF's overall assets totalled ₺5,334.9 billion as of the end of 2023 Q3¹⁵ (+7.8% over 2023), NPFs' capital – ₺917.4 billion (+39.4%), and NPFs' net profit – ₺378.2 billion (+158.3%).

As of the end of 2023,¹⁶ NPFs' investment portfolio of pension resources totalled ₺5,162.5 billion, including the pension savings portfolio of ₺3,325.0 billion and the pension reserve portfolio of ₺1,837.5 billion.

As of the end of 2023, participants in voluntary pension schemes numbered 6.3 million¹⁷ (+0.2%), including 1.5 million (-1.3%) who received non-government pensions. Pension payments under non-government pension schemes¹⁸ increased by 6.2% over the reporting period to total ₺107.2 billion.

The number of insured persons holding their savings in NPFs edged down by 0.8% to 36.3 million as of the end of 2023. Of this number, 776,500 persons received pensions during the reporting period, which is 29.8% more year-on-year. Pension payments under the mandatory pension insurance programme¹⁹ were up by 26.5%, to reach ₺51.4 billion. As in the previous year, one-time payments accounted for the largest share of pensions, namely 81.6%, or ₺42.0 billion.

¹² The indicator is calculated based on the figures of CIs that shall comply with the relevant requirements.

¹³ For the purpose of calculating non-residents' equity stake in the banking system, overall authorised capital means the total value of registered authorised capital and the issues completed by CIs incorporated as joint-stock companies as of 1 January 2024.

¹⁴ Calculated by the Bank of Russia according to the procedure stipulated by Article 18 of Federal Law No. 395-1, dated 2 December 1990, 'On Banks and Banking Activities'.

¹⁵ The figures are based on accounting (financial) statements as of 7 November 2023.

¹⁶ The figures are based on specialised depositories' statements as of 7 February 2024.

¹⁷ Hereinafter in this Subsection, the statistics are given according to Form 0420253 'Progress Report on a Non-governmental Pension Fund's Operations'; the reporting as of the end of 2023 is based on the data as of 7 February 2024.

¹⁸ Including the payments of surrender values under terminated contracts and to assignees.

¹⁹ Including payments to insured persons' assignees.



1.2.2.3. INSURANCE AGENTS

As of 1 January 2024, insurance agents registered in the Russian Federation numbered 211, including 132 insurance companies, 58 insurance brokers, and 21 mutual insurance companies.

In 2023, the overall amount of insurance premiums increased by 25.8% to a record high of ₽2,285.1 billion,²⁰ and the total number of signed insurance contracts – by 24.7% to 300.9 million.

The overall amount of ELI and ILI premiums surged by 53.0% to ₽560.3 billion. Insurance premiums in ELI increased by 42.2% to ₽352.4 billion, and premiums in ILI by 75.7% to ₽207.9 billion but still did not rebound to the level of 2021 after the decline in 2022. Premiums in credit life insurance were up by 50.9% to total ₽204.9 billion.

There was a surge in automobile insurance premiums, which was driven by, among other factors, the recovery of sales of new Russian and Chinese motor vehicles, expanded demand for mini insurance policies with limited risks and a franchise, as well as the continuing rise in prices for motor vehicles and spare parts. CMTPLI and comprehensive motor insurance premiums increased by 18.8% to ₽324.4 billion and by 21.4% to ₽270.6 billion, respectively.

Voluntary health insurance premiums rose by 18.6% to ₽253.5 billion, whereas accident and disease insurance premiums declined by 3.4% to ₽200.1 billion.

Premiums in insurance of legal entities' and individuals' property²¹ were up by 4.1% to ₽133.9 billion and by 39.3% to ₽117.4 billion, respectively.

Payments under insurance contracts increased by 16.9% to ₽1,044.4 billion, driven by growing payments in ELI and ILI, as well as higher prices for goods and services influencing the size of insurance payments.

Premiums under outward and inward reinsurance contracts rose by 20.0% to ₽168.2 billion and by 3.5% to ₽164.8 billion, respectively.

Performance in insurance business improved. As of the end of 2023, the loss ratio declined to 51.5%, while the cost ratio rose to 40.6%. As a result, the combined loss ratio equalled 92.1%.

Insurers' net profit as of the end of 2023 expanded to ₽322.3 billion, driven by, among other things, positive foreign currency revaluation of assets, higher prices for financial instruments, and rising interest incomes. Profit in insurance, other than life insurance, notably increased. Returns on capital and assets equalled 24.8% and 6.5%, respectively.

As of the end of 2023, insurers' overall assets and capital expanded by 14.6% to ₽5,268.9 billion and by 23.9% to ₽1,398.1 billion, respectively. Regulatory capital²² that is calculated based on a more conservative method and takes into account risks associated with both assets and liabilities totalled ₽1,126.7 billion.

²⁰ In this Subsection, the statistics based on insurers' reporting for 2023 are given as of 15 February 2024. The figures based on accounting (financial) statements as of the end of 2023 are given according to the information as of 6 March 2024.

²¹ Except for vehicles, cargoes, and agricultural insurance.

²² Pursuant to Bank of Russia Regulation No. 781-P, dated 16 November 2021, 'On the Requirements for Insurers' Financial Stability and Solvency'.

Insurance companies' overall authorised capital expanded by 5.8% to ₽240.7 billion as of the end of the year.²³ In 2023, non-residents reduced their investment in operating insurance companies' authorised capital by 39.5% to ₽14.7 billion. The share of foreign capital²⁴ in licensed insurance companies' authorised capital equalled 4.8% as of 1 January 2024, declining by 4.8 percentage points year-on-year.

1.2.2.4. MICROFINANCE MARKET PARTICIPANTS

As of the end of 2023, MFOs numbered 1,009, of which 37 were microfinance companies and 972 – microcredit companies.

Over 2023, MFOs lent ₽902 billion to consumers,²⁵ which is 29% more year-on-year. During the period under review, the PDL²⁶ segment expanded by 17%, the IL segment (excluding the POS segment)²⁷ – by 47%, and the POS segment – by 6%.

In 2023, MFOs lent ₽105 billion to SMEs,²⁸ which is 50% more year-on-year.

Similarly to the consumer segment, the market in the SME segment was expanding owing to the online lending channels. Over 2023, the share of microloans issued online in total disbursements to consumers increased by 8 percentage points to reach 79%. The proportion of microloans issued online to SMEs in total disbursements to businesses surged to 40%, which is 27 percentage points more year-on-year.

As of 31 December 2023, MFOs' principal portfolio totalled ₽443 billion (+22% over the year), with consumer microloans amounting to ₽361 billion (+24%) and SME microloans – ₽82 billion (+11%).

Overdue debt in the market in general was below the level of 2022. As of 31 December 2023, the share of NPL 90+²⁹ in the portfolio edged down by 1.4 percentage points to 33.4%, which could be associated with the introduced macroprudential measures partially limiting lending to over-indebted individuals as well as the cession of claims on principal. The amount of the cession increased by 0.5 percentage points compared to 2022, accounting for 8% of the total amount of microloans issued over 2023.

As of the end of the year, pawnshops numbered 1,888; CCCs – 1,410; ACCCs – 595; and HSCs – 39.

Over 2023, the core assets of CCCs and pawnshops increased by 6.5% to ₽46 billion and by 10% to ₽53 billion,³⁰ respectively, whereas those of ACCCs contracted by 25% to ₽11 billion.

²³ For the purpose of calculating foreign equity stake in operating insurance companies' authorised capital, overall authorised capital means the total value of registered authorised capital and the issues completed by insurers incorporated as joint-stock companies as of 1 January 2024, as well as the total of the minimum amounts of guarantee deposits of foreign insurers' branches.

²⁴ Calculated by the Bank of Russia according to the procedure stipulated by Article 6 of Law of the Russian Federation No. 4015-1, dated 27 November 1992, 'On the Organisation of Insurance Business in the Russian Federation' and Bank of Russia Ordinance No. 5878-U, dated 5 August 2021, 'On the Procedure for Calculating the Foreign Capital Stake (Quota) in the Authorised Capital of Insurance Companies, the Procedure for Issuing the Bank of Russia's Preliminary Permit as Set Forth by Clause 3.1 of Article 6 of the Federal Law 'On the Organisation of Insurance Business in the Russian Federation', the Application Form and the List of Documents Needed to Obtain this Permit, and the Procedure for Submitting such Application and Documents Attached Thereto to the Bank of Russia'.

²⁵ In this Subsection, the consumer segment does not comprise data on self-employed persons.

²⁶ Payday loans – a segment of consumer microloans issued in accordance with Federal Law No. 353-FZ, dated 21 December 2013, 'On Consumer Loans' for up to 30 days in the amount of no more than ₽30,000.

²⁷ Instalment loans, medium-term consumer microloans – a segment of consumer microloans issued in accordance with Federal Law No. 353-FZ, dated 21 December 2013, 'On Consumer Loans' for more than 30 days and/or in the amount of over ₽30,000.

²⁸ In this Subsection, the SME segment comprises data on self-employed persons.

²⁹ Non-performing loans when payments of principal and interest are 90 days or more past due.

³⁰ Due to the dates of the receipt of their reporting, the data on pawnshops are given as of 30 September 2023.



1.2.2.5. PROFESSIONAL SECURITIES MARKET PARTICIPANTS

As of the end of the year, PSMPs numbered 513, including 175 that were put on the unified register of investment advisers.

Over 2023, PSMPs–NFIs³¹ net profit after tax totalled ₹0.1 trillion. As of the end of the year, the industry's total assets reached ₹1.7 trillion, with ₹0.5 trillion as its capital and reserves and ₹1.2 trillion as its liabilities.³²

The overall number of PSMPs–NFIs' and PSMPs–CIs' brokerage clients was up by 33.7% over the year to reach 39.0 million as of the end of 2023, with the number of active clients growing by 52.6% to 4.5 million. The number of trust management clients edged down by 5.2% to 0.8 million.

The overall amount of brokerage clients' portfolios surged by ₹7.7 trillion, or 52.4%, to reach ₹22.2 trillion. The value of trust management clients' investment portfolios was up as well, namely by 31.9% to ₹2.4 trillion. The value of securities held (recorded) in depositories increased by ₹15.2 trillion, or 19%, over the year, totalling ₹95.4 trillion (for details, see [Subsection 1.2.2.7. 'Infrastructures'](#)).

Opened IIAs numbered 6.0 million, including 5.7 million opened under brokerage agreements. Besides, CIs accounted for a considerable proportion of the opened IIAs, namely 83.4% or 5.0 million. The total value of assets in IIAs with PSMPs–CIs and PSMPs–NFIs increased by 21.8% to ₹0.5 trillion, with 86.7% of this amount held in brokerage accounts.

1.2.2.6. COLLECTIVE INVESTMENT MARKET PARTICIPANTS³³

As of 1 January 2024, there were 2,645 operating UIFs and 282 licensed MCs.

Key indicators of the collective investment market surged in 2023. UIFs' overall NAV soared by 61.8% to reach ₹12.4 trillion as of the end of 2023.

As before, closed-end funds for qualified investors focusing on legal entities and large private investors were the largest UIFs in terms of the amount of their assets. These funds' NAV surged by 63.3% to total ₹10.5 trillion as of the end of the year, which is 84.6% of UIFs' overall NAV. As to all other types of funds, their NAV also rose over the year. In particular, open-end funds focusing on retail investors and exchange-traded funds increased NAV by 33.0% and 151.1%, respectively.

As of the end of the year, the overall number of UIFs' investors increased by 29.3% to 12.0 million.³⁴ As before, in 2023, the number of investors was the largest in exchange-traded UIFs. As of the end of the year, such investors numbered 7.7 million, accounting for 64.3% of the total number of investment unit holders at UIFs.

³¹ The figures of accounting (financial) statements are given for PSMPs licensed as of 31 December 2023 to operate as a broker, a dealer, or a forex dealer, manage securities, or carry out depository activity. The figures are given excluding the data on PSMPs licensed as registrars and on investment advisers who do not combine investment advisory activity with any other professional activity in the securities market, as well as the reporting data of JSC DOM.RF and FBSC AMC Ltd. due to the specifics of these organisations' activities.

³² The financial results are given based on recent data from NFIs' accounting (financial) statements.

³³ Except NPFs. The information about NPFs is given in [Subsection 1.2.2.2. 'Non-governmental pension funds'](#).

³⁴ Excluding additional funds with blocked assets.



1.2.2.7. INFRASTRUCTURES

EXCHANGES

There are six exchanges in the Russian Federation. PJSC Moscow Exchange remains the largest one, with its overall trading amount growing by 24% in 2023 to ₽1,310 trillion (including ₽23.0 trillion of transactions for purchase and sale of shares, depository receipts, and units).

On PJSC SPB Exchange, the amount of trading in 2023 plummeted by a factor of 3.1 year-on-year to ₽4.5 trillion (including ₽2.7 trillion of transactions for purchase and sale of shares, depository receipts, and units). Trading in foreign securities on PJSC SPB Exchange ceased after unfriendly states enacted the restrictions in November 2023.

As of the end of 2023, SPIMEX remained the leading exchange in terms of trading in the commodity segment of the Russian exchange spot market and trading in physically delivered derivatives for commodities as an underlying asset.³⁵ The overall amount of trading on SPIMEX increased by 29% over the year to exceed ₽1.87 trillion. The segment of petroleum products accounted for 85% of the total amount of transactions, or ₽1.62 trillion.

ACCOUNTING INFRASTRUCTURE ORGANISATIONS

In 2023, the overall value of securities held in Russian depositories rose by 19%, or ₽15.2 trillion, reaching ₽95.4 trillion. The value of securities recorded in accounts in the register of securities holders increased by 18% over 2023 to total ₽56.1 trillion. This was driven primarily by growth in the overall value of Russian shares and the weakening of the ruble against foreign currencies, which caused an increase in the ruble value of securities denominated in foreign currencies.

1.2.2.8. NATIONAL PAYMENT SYSTEM PARTICIPANTS

As of 1 January 2024, NPS participants included 362 funds transfer operators³⁶ (including 60 e-money operators), 27 PSOs,³⁷ 43 payment infrastructure operators, seven federal postal service organisations,³⁸ payment agents, 3,231 bank payment agents (subagents), including 90 bank payment agents engaged in payment aggregator operations, 42 payment application providers, 207 information exchange service operators, and 10 foreign providers of payment services.

As of 1 January 2024, there were 27 payment systems operating in the Russian Federation.

In 2023, the systemically important Bank of Russia PS was functioning steadily without interruptions. As compared to 2022, funds transferred³⁹ through the Bank of Russia PS increased by 5.7% to ₽3,532.5 trillion and exceeded GDP 21 times. The number and amount of transactions via the rapidly developing SBP soared 2.4 and 2.2 times, respectively. This surge was the reason

³⁵ For details about trading in derivatives for commodities as an underlying asset, see [Subsection 1.2.1. 'Monetary aggregates. Situation in the financial and commodity exchange markets'](#).

³⁶ Including VEB.RF and the Bank of Russia.

³⁷ Including the Bank of Russia and NSPK JSC.

³⁸ JSC Russian Post, FSUE Post of Crimea, SUE of the Donetsk People's Republic POST OF DONBASS, SUE of the Lugansk People's Republic 'Post of the Lugansk People's Republic', SUE Post of Kherson, SUE Post of Tavria, SUE BaikonorSvyazInform.

³⁹ Including operations to implement monetary policy, settlements in the interbank and financial markets, and payment card transactions.



for a significant rise in the total number of transfers through the Bank of Russia PS, which increased by a factor of 1.8, reaching 8.9 billion transactions.

Money transfers through the systemically important NSD PS amounted to ₹99.9 trillion in 2023 vs ₹117.3 trillion in 2022. As to the structure of money transfers in the NSD PS, transfers conducted within on-exchange transactions accounted for 48.0% and transfers in the over-the-counter market – for 32.6%.

Cashless transactions carried out by funds transfer operators—CIs upon their clients⁴⁰ orders and their own transactions numbered 91.1 billion and totalled ₹1,455.6 trillion in 2023, compared to 79.5 billion payments amounting to ₹1,592.3 trillion in 2022.

1.2.2.9. PLATFORM OPERATORS

OPERATORS OF INFORMATION SYSTEMS USED FOR ISSUING DIGITAL FINANCIAL ASSETS AND DIGITAL FINANCIAL ASSET EXCHANGE OPERATORS

As of 1 January 2024, operators of information systems used for issuing DFAs numbered 10.

Over 2023, ISOs offered 304 DFA issues worth ₹65 billion.

The first issues of hybrid digital rights comprising both utilitarian digital rights and DFAs took place on the platforms.

An important step in the advancement of the DFA market was the registration of the first DFA exchange operator. DFA exchange operators support transactions with DFAs by receiving and matching buy and sell orders. They can communicate with several operators of information systems where digital rights are issued. As a result, the financial product becomes more attractive to investors, and its liquidity increases.

FINANCIAL PLATFORM OPERATORS

As of 1 January 2024, FPOs numbered nine.

In 2023, the amount of transactions conducted on financial platforms more than doubled year-on-year, totalling ₹89.3 billion. Bank deposit agreements were still the most demanded instrument among all products offered by financial platforms, accounting for approximately 90% of the overall amount of conducted transactions. Constituent territories of the Russian Federation continued to offer main and additional issues of government bonds for individuals complying with the sustainable development criteria (specifically, bonds of Moscow and the Kaliningrad Region). Corporate issuers were also offering their bonds over the year. As of the end of 2023, one of the largest mobile communication operators started to offer its corporate bonds using financial platforms.

The number of financial consumers surged nearly ninefold over 2023 to total 1.3 million as of 1 January 2024, with the proportion of active clients of financial platforms equalling 4%.

⁴⁰ Individuals and legal entities, other than CIs (including individual entrepreneurs).



INVESTMENT PLATFORM OPERATORS

As of 1 January 2024, IP operators numbered 78.

Funds raised in the IP market amounted to ₽33.4 billion in 2023, which is 1.6 times more year-on-year.

There were 123,300 investors and 47,700 borrowers registered on IPs as of the end of 2023, compared to 54,600 and 60,500, respectively, as of the end of 2022. Investors were mostly individuals (97% of the total number of active investors), whereas borrowers were predominantly SMEs (engaged in wholesale and retail trade, real estate transactions, and others) accounting for nearly 96% of the funds raised through these platforms.

In 2023, investors of one of the IPs for the first time took part in purchasing a DFA issue worth over ₽10 million.

1.2.2.10. CREDIT RATING AGENCIES

As of 1 January 2024, there were four Russian CRAs operating in the financial market.

In 2023, credit ratings assigned by CRAs were the most accessible indicator of credit risk. The number of credit ratings was up by 16.3% from 1,774 to 2,063.

As of the end of 2023, Russian CRAs' clients included 1,027 rated entities. Of this number, 151 entities received credit ratings simultaneously from two CRAs, 20 entities – from three CRAs, and one entity – from four CRAs.

The highest demand for Russian CRAs' credit ratings was demonstrated by non-financial, credit, and insurance organisations: 41%, 28% and 9%, respectively. Russian CRAs' credit ratings were assigned to approximately 57% of operating CIs and 64% of insurance agents.

1.2.2.11. CREDIT INFORMATION SYSTEM PARTICIPANTS

The number of credit history makers, the title parts of whose credit histories are stored in the CCCH, edged up by 1.4%, reaching 343.3 million, including 138.1 million unique ones, as of the end of the year.

Over 2023, a continuing upward trend was observed in the number of requests regarding CHBs keeping credit history makers' credit histories and requests to generate, cancel or change a credit history maker's code (additional code) sent by credit history makers and users.

The number of requests sent to the CCCH, including by credit history makers and users and divisions of the Russian Federal Bailiff Service, increased by 14.8 million, or 25.2% to total 73.9 million since the launch of the CCCH.

Credit history makers sent their requests to the CCCH mostly through the UPPS. In 2023, the requests numbered about 5.8 million. The Bank of Russia started to provide information from the CCCH based on requests via the UPPS from 31 January 2019.



1.2.3. COMPETITION IN THE FINANCIAL MARKET

As assessed by the Bank of Russia, the level of competition in the financial market remained almost the same in 2023. This was largely associated with the established trends and the long-standing structure of the Russian financial market. Nevertheless, similarly to previous years, the competitive environment across segments¹ varied notably, with some of them being highly concentrated, while others – moderately concentrated or highly competitive.

As before, digital transformation, which helped enhance the efficiency, improve the quality of available services, and create new systems, was the most important factor influencing the financial market and competition in it. Ecosystems with expanded product ranges of both financial and non-financial systems were becoming more popular, which made it possible to offer comprehensive packages to clients and transformed market participants' business models. All this helped financial institutions more accurately identify clients' needs and predict their behaviour, as well as assess external factors. A special role was played by numerical data processing methods and complex algorithms, including AI that may boost the level of competition, on the one hand, but can become a serious challenge to it as well, on the other hand.²

As in 2022, the segments of traditional banking services remained highly concentrated, which was largely associated with the scale effect, the network effects of the largest market participants, and a faster advancement of their digital services and systems. This was also attributed to the development of multi-service ecosystems and provision of digital services by the largest market participants, as well as consumers' access to comprehensive packages encompassing a wide range of their interests, frequently in a seamless format.

In particular, concentration in the retail lending segment increased slightly due to growth in the leading company's share, while concentration in the retail deposit segment remained at a high but stable level. Contrastingly, concentration in the corporate lending and corporate deposit segments remained moderate and edged down as of the end of the year.

As in 2022, the segment of payments and money transfers was the most concentrated one. Concentration at the intra-network level among CIs was still high, and one CI continued to dominate the market in both payments and money transfers. At the inter-network level (among payment systems), the share of the Mir payment system continued to grow compared to 2022.

The sector of insurance services stayed relatively low-concentrated and stable for the most part. Similarly to 2022, a lower level of concentration was observed in the segment of insurance other than life insurance, whereas concentration in life insurance was higher due to this segment's dependence on the banking sales channel.

The segment of investment services was highly concentrated. Competition among banking groups and non-bank brokers remained high. As before, banking groups were the market leaders by number of clients-investors. As to the segments of brokerage and trust management services, there were no significant changes in the level of concentration there.

More detailed information about measures promoting competition is given in [Subsection 2.3.10. 'Development of competition in the financial market'](#).

¹ Broken down by type of financial services: lending, borrowing, payments and money transfers, investment services, and insurance services.

² The Bank of Russia's consultation paper [Artificial Intelligence in the Financial Market](#).

2.

2. THE BANK OF RUSSIA'S ACTIVITIES

2.1. ENSURING PRICE STABILITY

2.1.1. MONETARY POLICY OBJECTIVES AND KEY MEASURES

MONETARY POLICY OBJECTIVES AND PRINCIPLES

The goal and principles of the Bank of Russia's monetary policy remain unchanged. The main goal of the Bank of Russia's monetary policy is to ensure the strength of the ruble by maintaining price stability, including for creating conditions for balanced and steady economic growth.¹ Price stability implies steadily low inflation. Securing price stability, the Bank of Russia helps create the conditions favouring the development of the Russian economy. Low and stable inflation improves the affordability of domestic borrowings and makes the internal environment more predictable. These are crucial conditions to ensure successful transformation of the Russian economy caused by the enactment of external financial and trade restrictions. Implementing its monetary policy, the Bank of Russia mitigates the scale of cyclical fluctuations of output in the economy, thus creating conditions for balanced economic growth. Furthermore, price stability protects households' incomes and savings against a significant and unpredictable devaluation.

Beginning from 2015, the Bank of Russia has been implementing its monetary policy following the inflation targeting strategy. The comprehensive analysis carried out within the Bank of Russia's [Monetary Policy Review](#) in 2021–2023 proves the efficiency of this strategy as it increases public welfare and helps successfully overcome crises. According to the findings of the studies, the current goal, principles and instruments of monetary policy are generally in line with the current economic developments.

Implementing the inflation targeting strategy, the Bank of Russia adheres to the following main principles. The Bank of Russia sets and announces the target – maintaining annual inflation close to 4%. The inflation target is effective on a permanent basis. After unprecedented sanctions were imposed in 2022, the Bank of Russia assumed a slower and more gradual return of inflation to the target for the economy to adjust more smoothly to the new environment.

The Bank of Russia pursues the floating exchange rate regime. A floating exchange rate smooths out the impact of external factors on the economy and is an essential condition for efficient implementation of monetary policy. Given the capital controls in place since 2022, the ruble exchange rate is now dependant on the ratio between importers' demand for foreign currency and exporters' supply thereof more than before. The Bank of Russia neither sets any targets or limits for the level of the exchange rate or the pace of its movements nor conducts foreign exchange operations to influence the dynamics of the exchange rate. These capital controls are solely a policy instrument helping maintain financial stability and are aimed at offsetting the effect of the imposed sanctions. These restrictions are predominantly of non-economic and bilateral nature.

¹ Articles 3 and 34.1 of Federal Law No. 86-FZ, dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)' (hereinafter, Federal Law No. 86-FZ).

To achieve the inflation target, the Bank of Russia uses the key rate and communication as its main monetary policy instruments. Revising the key rate, the Bank of Russia influences interest rates in the economy, and their movements in turn impact domestic demand and inflation. Any key rate decision is accompanied by an explanation of its logic and, generally, by a signal regarding possible further monetary policy decisions. The explanation of the adopted decisions and the announcement of future intentions influence inflation expectations. The latter in turn guide economic agents in their decisions on interest rates, borrowings, savings, consumption, investment, wages, and prices.

The effect of monetary policy decisions on price dynamics is not immediate: it takes time and involves a long chain of interconnections. Therefore, making its monetary policy decisions, the Bank of Russia relies on the macroeconomic forecast that the Bank of Russia prepares based on an in-depth analysis of a wide range of data. However, decisions on monetary policy are always made when there is no complete certainty. Hence, the Bank of Russia places a high emphasis on the rationale behind its decisions. To this end, the Bank of Russia uses a broad variety of model-based techniques and a range of macroeconomic forecast scenarios.

Society's understanding of and confidence in the monetary policy pursued are crucial for its efficient implementation. Therefore, the Bank of Russia seeks to promptly and amply communicate the information on the objectives, principles, measures and results of its monetary policy. The Bank of Russia continuously takes efforts to improve the outreach of its monetary policy and make its communication more targeted.

In 2023, the Bank of Russia implemented its monetary policy in accordance with the announced principles and taking into account the specifics of this period. The Bank of Russia's key rate decisions were aiming to bring inflation back to the target in 2024.

BANK OF RUSSIA KEY RATE DECISIONS



In 2023 H1, the Bank of Russia was keeping the key rate at 7.50% per annum

The economy was rebounding and continued to quickly adapt to the sanction pressure. Companies were successfully transforming their operations. Business activity trended upwards. Corporate lending was surging. Domestic demand was restoring quickly, including as a result of fiscal policy measures. Government investment supported investment demand. Growth in households' incomes and a faster expansion of retail lending boosted consumer demand.

However, there were still some factors hindering further rapid expansion of the supply of goods and services. The main constraint was still labour market tightness. Staff shortages were becoming more acute. Geopolitical tensions, the sanctions, and the slowdown in the world economy were exacerbating the conditions and prospects of Russia's external trade.

In such a situation, current price pressures, including the underlying component, were gradually intensifying from decreased levels. In 2023 Q2, current price growth rates exceeded 4%. Households' inflation expectations and businesses' price expectations stayed elevated.



In 2023 H1, the Bank of Russia was keeping the key rate at 7.50% per annum, while noting a gradual acceleration of current price growth. In its official forecast released in February, the Bank of Russia expected inflation to be 5–7% in December 2023 compared to December 2022. The monetary policy decisions were made so as to bring inflation back to the target in 2024.



From July, the Bank of Russia was raising the key rate to return inflation to the target in 2024

By mid-2023, the Russian economy generally rebounded to the pre-crisis level. Further on, its deviation upwards from a balanced growth path was increasing. Credit activity remained high, although monetary conditions were tightening as the key rate was raised. Signs of a slowdown in lending emerged as late as the end of the year. Consumer demand was pushed up by high lending growth rates, rising real wages, and households' adjustment to a new product range. Demand from the public sector remained high as well.

Moreover, substantial supply-side constraints persisted. The labour market was tightening even more. To further expand production, companies were hiring employees, which was increasing their labour costs. The situation was exacerbated by workers' low interregional and intersectoral mobility. By the end of the year, unemployment dropped below 3%. Moreover, the utilisation rates of production capacities reached historical peak levels.

The steady expansion of domestic demand surpassed the potential to ramp up supply, which was aggravating price pressures. In such conditions, it was simpler for companies to pass through higher costs to prices. In addition, the contraction of exports and elevated demand for imports amid growing domestic demand were considerable factors behind the ruble weakening. The pass-through of the depreciation to prices was accelerating due to high inflation expectations. Annual inflation was speeding up, exceeding the Bank of Russia's target beginning from August. As of the end of 2023, inflation equalled 7.4%.

Proinflationary risks were soaring throughout the year. The main one of them was a potential expansion of the gap between rising demand and capacities to ramp up supply. Persistently high growth rates in lending and households' low propensity to save could provoke a surge in demand. According to the Bank of Russia's opinion, a possible increase in staff shortages and a deficit of available production capacities could be additional constraints on the expansion of supply. Moreover, the risks of inflation acceleration were increasing because of elevated inflation expectations and deteriorating external conditions. Fiscal policy also remained an important factor for inflation dynamics.

In order to dampen proinflationary risks and bring inflation back to the target, from July 2023, the Bank of Russia was raising the key rate, including at its unscheduled meeting in August. Overall, from July through December 2023, the key rate increased by 8.50 pp to 16.00% per annum. The Bank of Russia noted that it was necessary to maintain tight monetary conditions for a long time to be able to tame persistent inflationary pressures. The regulator forecast that the key rate would return to its neutral range of 6.00–7.00% per annum no earlier than 2026. According to the Bank of Russia's estimates, the monetary policy pursued was to reduce inflation to 4.00–4.50% in 2024 and stabilise it close to the target further on. Following the tightening of monetary policy, inflationary pressures started to weaken gradually. By the end of 2023, the acceleration of current price growth discontinued, although it remained considerable. Imports and the ruble exchange rate adjusted, loan and deposit rates were up, savings were increasing steadily, and the expansion of consumer lending was slowing down.



2.1.2. MONETARY POLICY INSTRUMENTS

In 2023, in compliance with its inflation targeting strategy, the Bank of Russia continued to apply monetary policy instruments for the main signal of the strategy to be translated to the interbank money market. The operational objective of monetary policy is to keep the RUONIA rate close to the Bank of Russia key rate. During the year, the spread between the two rates remained negative but minor.

In 2023 H1, the banking sector's liquidity surplus¹ was contracting gradually from ₺3.5 trillion in the January averaging period² to ₺1 trillion in the June averaging period. In 2023 H2, the liquidity balance changed: there was a small surplus of liquidity in summer and in the December averaging period and a small deficit in autumn.

In 2023, the liquidity balance formed not only as a result of factors independent of the Bank of Russia's decisions (hereinafter, autonomous factors), but also the increase in the required reserve ratios.

The change in the amount of cash in circulation had the most notable effect on liquidity in 2023 H1, causing its outflow. The demand for cash remained higher than seasonal averages, including due to the financing of economic activity in the new Russian regions and higher social payments from the budget. In 2023 H2, cash was gradually returned to banks owing to rising deposit rates.

Budget operations in turn had a neutral effect on the banking sector's liquidity in 2023 H1. The expenditures were financed from tax payments and OFZ sales. The resumption of operations mirroring fiscal rule-based operations³ associated with the use of the NWF's resources and the Federal Treasury's operations to deposit temporarily available budgetary funds with banks were soothing the impact of the budget on banks' liquidity. In 2023 H2, the flows of budgetary funds were influencing liquidity diversely. From mid-August, non-mirrored operations for replenishing the NWF's resources were no longer neutral and resulted in an outflow of liquidity. Contrastingly, in December, the Government started non-mirrored operations to convert the NWF's resources to finance expenditures beyond the framework of the fiscal rule. This ensured an inflow of liquidity into the banking sector and a structural liquidity surplus.

In 2023, the expansion of the required reserves was caused by the increase in the ratios⁴ as well as in banks' liabilities and the foreign currency revaluation of the latter. The resulting growth in banks' correspondent accounts was an important factor behind the reduction in the surplus and the subsequent deficit of liquidity – over the year, balances in correspondent accounts increased from ₺2.5 trillion to ₺4.7 trillion (on average over an averaging period).

¹ Calculated as the difference between the Bank of Russia's liabilities to CIs on liquidity absorbing instruments and the Bank of Russia's claims on CIs on liquidity providing instruments, adjusted for the difference between correspondent accounts and the averaged amount of required reserves. Data are given on average over a required reserves averaging period (hereinafter, averaging period).

² To comply with the reserve requirements, banks are to maintain the required amount of funds in their correspondent accounts with the Bank of Russia on average over an averaging period. The Bank of Russia sets these periods on an annual basis. The required reserves averaging periods in 2023 were specified in the [Monetary Policy Guidelines for 2023–2025](#) (Appendix 14).

³ According to the fiscal rule effective in 2023, if oil and gas revenues exceed their baseline level over a month, the surplus is transferred to the NWF; if they are below the baseline level over a month, the NWF's resources are used to finance budget spending.

⁴ The required reserve ratios for ruble liabilities (except for liabilities of banks with a basic licence) were raised from 3% to 4.5% and those for foreign currency liabilities – taking into account the additional differentiation by currency – from 5% to 6% (for foreign currencies other than unfriendly states' currencies) and to 8.5% (for unfriendly states' currencies).

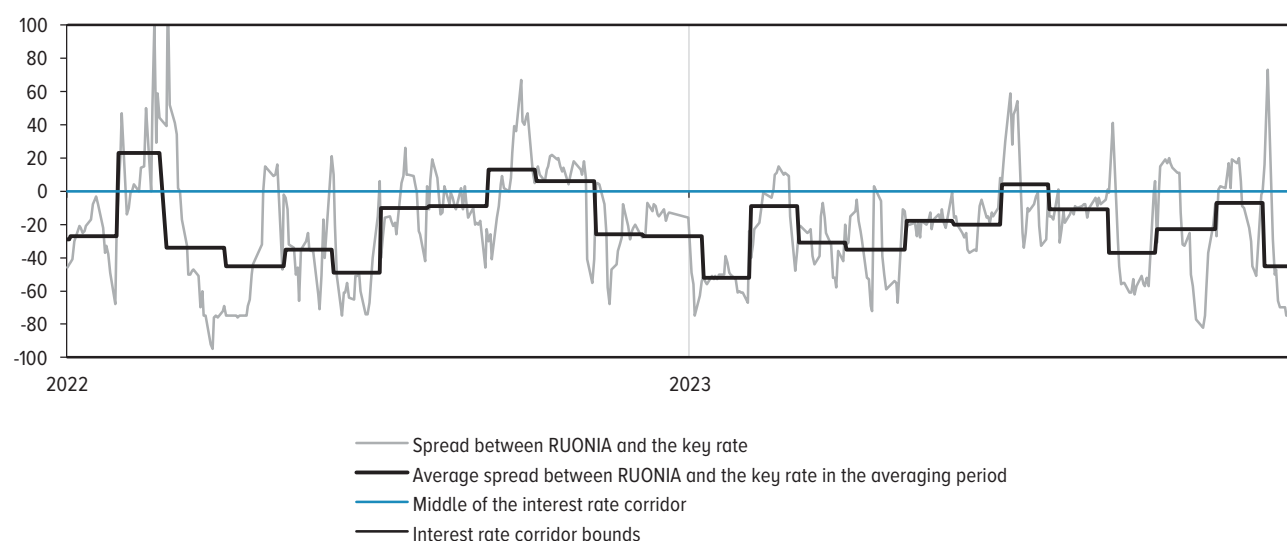


Throughout 2023, one-week deposit auctions were the main operations to regulate the banking sector liquidity. At the beginning of the year, the Bank of Russia absorbed approximately ₪4 trillion a day by holding these auctions. The contraction of the surplus caused a decline in absorbed amounts across the averaging periods to about ₪1.5–2 trillion.

At the end of the averaging periods, the Bank of Russia regularly carried out fine-tuning deposit auctions. This helped decrease the supply of liquidity from CIs and thus promote the conditions for achieving the operational objective.

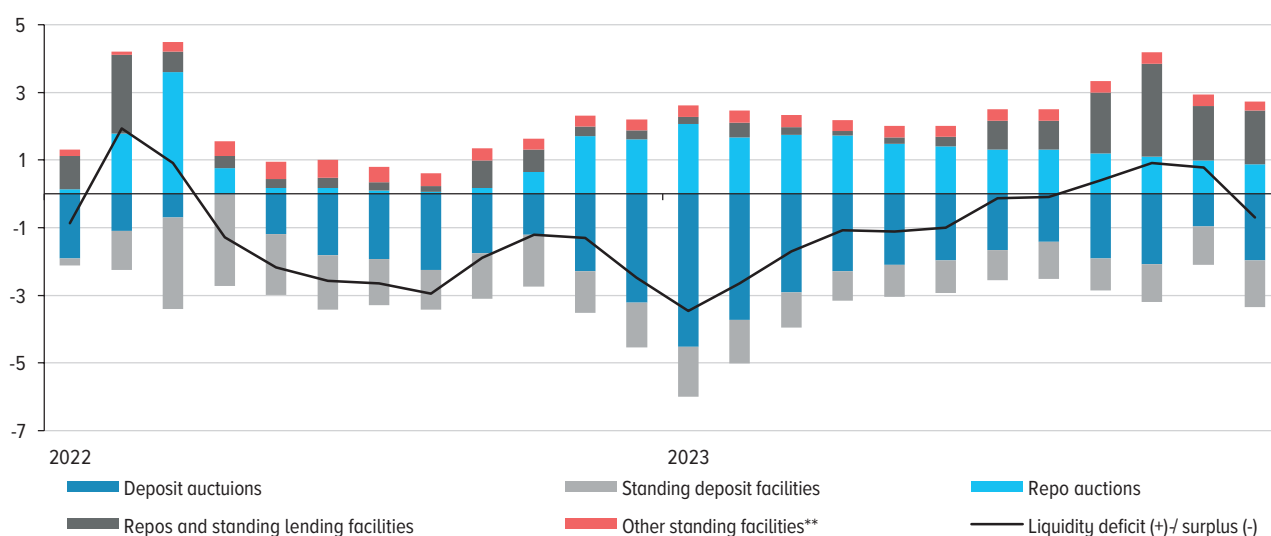
Interest rate corridor and RUONIA (basis points)

Chart 23



Structure of Bank of Russia operations (by required reserve averaging period)* (₪ tn)

Chart 24



* Bank of Russia claims on credit institutions under repos and lending / Bank of Russia liabilities to credit institutions under deposits.

** Specialised facilities and CNY/RUB sell/buy FX swaps.

In addition, the Bank of Russia conducted long-term repo auctions, considering some banks' demand for them. As their demand decreased, the Bank of Russia decided to reduce the limit at one-month repo auctions (to ₹0.1 trillion from July) and discontinue one-year repo auctions (from August).

In 2023, the interest rate corridor, the bounds of which depend on interest rates on overnight standing facilities, continued to limit the range of fluctuations in market rates in the overnight segment within 200 basis points and was driving them closer to the key rate.

Over 2023, the spread between RUONIA and the key rate averaged -23 basis points, and its volatility – 28 basis points. Daily turnover in the short-term segment of the market reached about ₹400 billion on average, with large banks still accounting for the greatest proportion of borrowings.

In 2023 H2, the Bank of Russia's decisions to raise the key rate expected by market participants increased the volatility of interest rates. Before the dates of such decisions, banks were seeking to borrow funds at current interest rates in the money market thus pushing them above the then-effective key rate. Some banks were raising Bank of Russia standing lending facilities. CIs were holding the funds raised in their correspondent accounts to comply with the reserve requirements. As banks were seeking to ensure compliance with the reserve requirements ahead of the key rate increases, they expanded the supply of liquidity in the money market after the decisions to raise the key rate, which caused a reduction in interest rates in this segment. As a result, there was a growing number of cases when money market rates significantly deviated from the key rate.

In 2023, CIs continued to use Bank of Russia standing facilities on a daily basis, including by making overnight deposits and raising money through repos and loans. Funds in overnight deposits averaged ₹1.1 trillion. The average daily amount of borrowed funds was slightly smaller, specifically ₹0.01 trillion as overnight repos, ₹0.9 trillion as secured loans at the interest rate that was 100 basis points above the key rate, and ₹0.03 trillion as secured loans at the rate exceeding the key rate by 175 basis points.

On 16 October 2023, the Bank of Russia launched [the primary and supplementary mechanisms of liquidity provision](#). The primary mechanism is used to implement the monetary policy objectives and manage the banking sector liquidity in general. The primary mechanism comprises intraday and overnight loans, repos, and standing lending facilities for one to 30 days at an interest rate 100 basis points above the key rate, as well as all loan and repo auctions. The supplementary mechanism that replaced the emergency liquidity facility is intended to provide liquidity in case CIs face temporary challenges. Within the supplementary mechanism, the Bank of Russia conducts repos and issues standing lending facilities for one to 180 days at an interest rate 175 basis points above the key rate.

The primary and supplementary mechanisms also set different requirements for backing. Securities and claims on loan agreements of higher credit quality may serve as collaterals for transactions within the primary mechanism, including if such collaterals have at least two credit ratings of the required level.

Overall, in 2023, the value of collaterals in the portfolios of CIs was sufficient for them to take part in the Bank of Russia's transactions.

2.2. PROTECTING FINANCIAL CONSUMERS AND ENHANCING FINANCIAL INCLUSION FOR HOUSEHOLDS AND BUSINESSES

2.2.1. PROTECTING FINANCIAL CONSUMERS AND INVESTORS, INCREASING FINANCIAL LITERACY

ANTI-CRISIS SUPPORT FOR HOUSEHOLDS AND BUSINESSES

In 2023, Federal Law No. 132-FZ¹ developed with the participation of the Bank of Russia extended the period for granting loan repayment holidays to people whose incomes decreased and entrepreneurs working in the hardest-hit industries. Creditors continued to restructure loans under their in-house programmes² as well. Overall, during 2023, banks restructured nearly 870,000 loans and microloans worth ₽454 billion to individuals and 17,400 loans totalling over ₽509 billion to SMEs.

In addition, the legislative authorities approved federal laws, developed with the engagement of the Bank of Russia, on additional support measures for servicemen participating in the special military operation and their family members providing for, among other things, suspension or termination of their obligations under loan agreements in certain cases³ and the extension of the mechanism of loan repayment holidays through 31 December 2024.⁴ Over 2023, servicemen and their family members restructured 110,400 loans worth ₽45 billion.

The Bank of Russia allowed CIs not to decrease their assessments on loans, other assets, and contingent credit obligations arising from loan agreements with servicemen and their family members made as of the latest reporting date before the mobilisation to the armed forces / the start date of the participation in the special military operation.⁵ The measure was extended through 31 January 2025.⁶

Throughout 2023, the Bank of Russia was controlling how CIs were granting loan repayment holidays to servicemen and their family members. In collaboration with the 21 largest banks, the regulator allowed backdating of loan repayment holidays and refunding of the money credited to the account to repay the debt after a serviceman's death or disability. The Bank of Russia sent supervisory instructions

¹ Federal Law No. 132-FZ, dated 14 April 2023, 'On Amending Articles 6 and 7 of the Federal Law 'On Amending the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)' and Certain Laws of the Russian Federation with Regard to the Specifics of Changing the Terms and Conditions of a Loan Agreement'.

² Including pursuant to the recommendations given in Bank of Russia Information Letter No. IN-03-59/159, dated 30 December 2022, 'On Restructuring Loans (Microloans)'.

³ Federal Law No. 160-FZ, dated 28 April 2023, 'On Amending Articles 1 and 2 of the Federal Law 'On the Specifics of Fulfilment of Obligations Under Loan (Microloan) Agreements by Persons Mobilised to the Armed Forces of the Russian Federation, Participants in the Special Military Operation and Their Family Members, and on Amending Certain Laws of the Russian Federation'.

⁴ Federal Law No. 663-FZ, dated 25 December 2023, 'On Amending Article 7.3 of the Federal Law 'On Amending the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)' and Certain Laws of the Russian Federation with Regard to the Specifics of Changing the Terms and Conditions of a Loan Agreement' and Articles 1 and 2 of the Federal Law 'On the Specifics of Fulfilment of Obligations Under Loan (Microloan) Agreements by Persons Mobilised to the Armed Forces of the Russian Federation, Participants in the Special Military Operation and Their Family Members, and on Amending Certain Laws of the Russian Federation'.

⁵ Bank of Russia Information Letter No. IN-03-23/13, dated 15 February 2023, 'On Loss Provisioning for Loans to Servicemen and Employees of the Armed Forces and Their Family Members' and Bank of Russia Information Letter No. IN-03-23/14, dated 15 February 2023, 'On Loss Provisioning for Loans to Small and Medium-sized Enterprises'.

⁶ Bank of Russia Information Letter No. IN-03-23/72, dated 28 December 2023, 'On Loss Provisioning for Loans to Servicemen and Employees of the Armed Forces and Their Family Members' and Bank of Russia Information Letter No. IN-03-23/74, dated 29 December 2023, 'On Loss Provisioning for Loans to Small and Medium-sized Enterprises'.

to 18 banks for them to stop using malpractices and carried out targeted work with some CIs to change their business processes.

In addition, the Bank of Russia recommended that banks and other creditors⁷ should restructure loans and microloans issued to people who were forced to evacuate from some border regions. Moreover, creditors were advised to forgive debts and not to foreclose on collaterals in special cases.

Besides, the Bank of Russia recommended⁸ that banks and MFOs should restructure loans and microloans issued to SMEs operating in the regions with the medium response level.⁹

Professional securities market participants were advised to extend the period during which servicemen were entitled to apply for support measures.¹⁰

PROTECTION OF CONSUMER AND INVESTOR RIGHTS



The regulation of the protection of borrowers' rights became more efficient throughout the cycle of their relationships with creditors: from signing an agreement through repayment of overdue debt

Protection of borrowers

In 2023, the Bank of Russia continued to enhance the regulation of the protection of borrowers' rights. With the engagement of the Bank of Russia, the legislative authorities adopted the federal law making the mechanism of repayment holidays¹¹ for consumer loans and microloans permanent as it had proven to be efficient during crisis periods. Borrowers are eligible for repayment holidays in the cases of a considerable decline in incomes, as well as disruption of living conditions and losses caused by an emergency.¹²

In order to increase borrowers' awareness of the costs related to consumer loans (microloans), the Bank of Russia adjusted the procedure for calculating the TCC.¹³ From 21 January 2024, the TCC shall include all costs of a borrower that actually are the terms of a loan and/or influencing the terms of a loan agreement. This will help borrowers comprehend the actual cost of credit and more easily compare the terms offered by different creditors.

⁷ Bank of Russia Letter No. 03-59-3/4843, dated 2 June 2023, 'On Measures to Support Evacuees'.

⁸ Bank of Russia Information Letter No. IN-03-59/33, dated 25 April 2023, 'On Restructuring SME Loans (Microloans)'. The recommendation was extended for 2024 pursuant to Bank of Russia Information Letter No. IN-03-59/68, dated 21 December 2023, 'On Restructuring SME Loans (Microloans)'.

⁹ According to Executive Order of the President of the Russian Federation No. 757, dated 19 October 2022, 'On the Measures Implemented in the Constituent Territories of the Russian Federation Pursuant to Executive Order of the President of the Russian Federation No. 756, Dated 19 October 2022'.

¹⁰ Bank of Russia Letter No. 018-59/12442, dated 26 December 2023 (targeted).

¹¹ Federal Law No. 348-FZ, dated 24 July 2023, 'On Amending Certain Laws of the Russian Federation'.

¹² Federal Law No. 134-FZ, dated 14 April 2023, 'On Amending Article 6.1-1 of the Federal Law 'On Consumer Loans'.

¹³ Federal Law No. 359-FZ, dated 24 July 2023, 'On Amending the Federal Law 'On Consumer Loans' and Certain Laws of the Russian Federation'.



A borrower was entitled to reject not only the services bought when a loan (microloan) was issued, but also products and works. The cooling-off period was extended from 14 to 30 days. Creditors must remind consumers of this right on the next day after signing the agreement. To protect people against unfair loan and microloan advertising, from 23 October 2023, banks and any other advertisers must disclose the TCC in their ads if they contain information on interest rates.

The Bank of Russia initiated the introduction of a limit on the increase in the interest rate on mortgage loans in the case of a borrower's refusal to buy an insurance policy.¹⁴

Borrowers who raised several loans with various banks and have faced hardships can now settle the debt according to the standard on comprehensive debt settlement¹⁵ developed by the Bank of Russia together with market participants. By the end of 2023, the mechanism provided for by the standard was applied by 11 banks, including the largest ones, which conducted over 5,000 transactions enabling the borrowers to avoid a default.

Specifically, the amendments to Reporting Form 0409126 provide for issuing consumer loans (microloans) to borrowers with increased risk levels, which will enable banks to issue loans to such customers at interest rates taking into account their risk profile and thus support the supply of credit to them while maintaining control over the total level of their debt burden.¹⁶

For creditors to retain the opportunity to determine lending terms (interest rates), from 16 August 2023, the Bank of Russia suspended the limit on the TCC¹⁷ given the changes in the market conditions and in order to ensure the efficiency of the monetary policy transmission mechanism and mitigate proinflationary risks. The limit is inapplicable through 31 March 2024.¹⁸

Borrowers repaying loans ahead of schedule are eligible for a partial refund of the premium if they reject the life and health insurance policy bought when raising the loan after 1 April 2023,¹⁹ even if the purchase of such a policy did not affect the terms of the loan agreement (insurance was an additional service).

From 26 October 2023, insurers must²⁰ specify the percentage of the insurance premium meant for paying insurance compensation in personal insurance contracts signed when a borrower raises a loan. Borrowers will thus be able to understand what percentage of the insurance premium is due to the creditor as a fee.

¹⁴ Federal Law No. 607-FZ, dated 19 December 2023, 'On Amending Articles 5 and 7 of the Federal Law 'On Consumer Loans'.

¹⁵ Bank of Russia Information Letter No. IN-03-59/31, dated 25 April 2023, 'On the Standard for Protecting the Rights and Interests of Individual Borrowers in the Course of Debt Settlement Under Loan Agreements Concluded for Purposes not Relating to Entrepreneurial Activity'.

¹⁶ Bank of Russia Ordinance No. 6621-U, dated 8 December 2023, 'On Amending Bank of Russia Ordinance No. 6406-U, Dated 10 April 2023'.

¹⁷ The Bank of Russia Board of Directors' Decision, dated 16 August 2023, 'On the Period of Suspension of the Limit on the Total Cost of a Consumer Loan (Microloan)'.

¹⁸ The Bank of Russia Board of Directors' Decision, dated 15 December 2023, 'On the Period of Suspension of the Limit on the Total Cost of a Consumer Loan (Microloan)'; Federal Law No. 467-FZ, dated 4 August 2023, 'On Amending the Federal Law 'On Protecting Rights and Lawful Interests of Individuals When Collecting Overdue Debt and on Amending the Federal Law 'On Microfinance Activities and Microfinance Organisations'; Federal Law No. 323-FZ, dated 10 July 2023, 'On Amending the Criminal Code of the Russian Federation and Articles 150 and 151 of the Criminal Procedure Code of the Russian Federation'.

¹⁹ Bank of Russia Ordinance No. 6139-U, dated 17 May 2022, 'On Minimum (Standard) Requirements for the Conditions and Procedure for Borrowers' Voluntary Life and Health Insurance Under a Loan (Microloan) Agreement, for the Scope and Content of Information Disclosed About the Contract on Borrowers' Voluntary Life and Health Insurance Under a Loan (Microloan) Agreement, and also on the Form, Ways and Procedure for Disclosing Such Information'.

²⁰ Federal Law No. 164-FZ, dated 28 April 2023, 'On Amending Article 3 of the Law of the Russian Federation 'On the Organisation of Insurance Business in the Russian Federation'.



The Bank of Russia took part in the development of the federal law²¹ enshrining the powers of the Russian Federal Bailiff Service to supervise CIs and MFOs collecting overdue debts. The legislative authorities introduced criminal liability²² for illegal debt collection practices. Furthermore, the Bank of Russia took part in the development of legislative amendments expanding the range of people eligible for out-of-court bankruptcy proceedings.²³

Countering misselling

In 2023, conduct supervision measures helped reduce the number of the most serious violation in the financial market – misselling (the sale of a financial product through its misrepresentation). The number of consumers' complaints about misselling halved over the year, with the weighted average index of misselling²⁴ dropping by 45% from 0.66 in 2022 to 0.37 in 2023.

The legislative authorities adopted Federal Law No. 481-FZ,²⁵ developed with the participation of the Bank of Russia, providing for mandatory testing from October 2024 of a consumer without the qualified investor status before purchasing a unit-linked voluntary life insurance policy. This will mitigate the risks of being deluded by unfair sellers and help eliminate misselling when life insurance contracts are sold under the guise of deposits.

Protection of depositors

In 2023, the legislative authorities approved Federal Law No. 482-FZ²⁶ developed with the participation of the Bank of Russia that is aimed at protecting depositors' interests. From 1 May 2024, consumers will be able to transfer up to ₺30 million per month online between their accounts (deposits) with various banks without a fee. This does not only solve the problem of 'payroll slavery', but also allows people to use their savings as best as possible easily transferring them to banks offering more advantageous terms. Furthermore, banks are obliged to notify customers that their deposits are maturing at least five days prior to the maturity date.

In compliance with Federal Law No. 655-FZ,²⁷ developed with the participation of the Bank of Russia, the deposit insurance system was expanded to encompass the accounts of medium-sized businesses, socially oriented non-profit organisations, labour unions, lawyers, notaries, and other individuals engaged in private practice.²⁸ An individual's debt to a bank on a loan in relation to which an insured event has occurred will not be deducted from the insurance compensation for the individual's deposit with the same bank.²⁹

²¹ Federal Law No. 467-FZ, dated 4 August 2023, 'On Amending the Federal Law 'On Protecting Rights and Lawful Interests of Individuals When Collecting Overdue Debt and on Amending the Federal Law 'On Microfinance Activities and Microfinance Organisations'.

²² Federal Law No. 323-FZ, dated 10 July 2023, 'On Amending the Criminal Code of the Russian Federation and Articles 150 and 151 of the Criminal Procedure Code of the Russian Federation'.

²³ Federal Law No. 474-FZ, dated 4 August 2023, 'On Amending the Federal Law 'On Insolvency (Bankruptcy)' and Certain Laws of the Russian Federation'.

²⁴ The ratio of the number of detected violations to the number of conducted inspections.

²⁵ Federal Law No. 481-FZ, dated 4 August 2023, 'On Amending Articles 3 and 6 of the Law of the Russian Federation 'On the Organisation of Insurance Business in the Russian Federation'.

²⁶ Federal Law No. 482-FZ, dated 4 August 2023, 'On Amending Articles 29 and 36 of the Federal Law 'On Banks and Banking Activities'.

²⁷ Federal Law No. 655-FZ, dated 25 December 2023, 'On Amending Article 189.96 of the Federal Law 'On Insolvency (Bankruptcy)' and the Federal Law 'On the Insurance of Deposits with Russian Banks'.

²⁸ The amendments became effective on 25 March 2024.

²⁹ The amendments are to become effective on 21 September 2024.



Insurance

From 1 October 2023, the Bank of Russia set minimum requirements³⁰ for the insurance of property interests in transactions using electronic means of payment. Such voluntary insurance policies shall cover not only the risk of bank card loss or damage but also other risks. The limit amounting to ₹100,000 was set for insurance compensation covering the risk of unauthorised cash withdrawals, within which an insurer must reimburse a client for losses in full.

The Bank of Russia prohibited³¹ transferring the risk of sanctions against the infrastructure to ILI and ELI clients (the regulator stipulated cases where insurers are not obliged to pay additional investment income). Under new contracts, insurers are not allowed to refuse to pay additional investment income to their clients explaining the refusal by the blocking of payments on foreign assets due to the sanctions.

Guarantee systems at pension funds

As of 31 December 2023, 28 NPFs were participants in the guarantee system for insured persons' rights, with the pension savings guarantee fund totalling ₹8.6 billion.³² Individuals' money under non-governmental pension schemes are protected within the system guaranteeing NPF clients' rights. As of 31 December 2023, the system included 37 NPFs. The pension reserves guarantee fund totals ₹879.8 million.³³ Over the period of the functioning of both systems, there were no guaranteed events related to cancelling the member funds' licences or banning them from all or some operations.

Communication with consumers

The legislative authorities adopted Federal Law No. 442-FZ,³⁴ developed with the engagement of the Bank of Russia, that obliges financial institutions to provide comprehensive, substantive answers to consumers' enquiries within 15 business days (and plus 10 days in special cases), as well as stipulates a uniform procedure for handling enquiries. This will encourage market participants to avoid unfair practices and respect consumers' rights.

CONDUCT SUPERVISION MEASURES AND RESULTS

In 2023, the Bank of Russia continued to handle consumers' complaints taking responsive measures in conduct supervision. Furthermore, the regulator was carrying out proactive conduct supervision, analysing a wide range of data from various sources, and detecting unfair practices at early stages. The measures applied included both individual ones addressing problems in a particular financial institution and systemic ones comprising recommendations to the entire segment of the financial market where problems were identified.

³⁰ Bank of Russia Ordinance No. 6494-U, dated 2 August 2023, 'On Minimum (Standard) Requirements for Voluntary Insurance of Property Interests in Transactions Using Electronic Means of Payment'.

³¹ Bank of Russia Ordinance No. 6671-U, dated 15 January 2024, 'On Amending Bank of Russia Ordinance No. 5968-U, Dated 5 October 2021, 'On Minimum (Standard) Requirements for the Conditions and Procedure for Voluntary Life Insurance with Periodic Insurance Payments (Rents, Annuities) and/or a Policyholder's Share in the Insurer's Investment Income, for the Scope and Content of Information Disclosed on Voluntary Life Insurance Contracts Providing for Periodic Insurance Payments (Rents, Annuities) and/or a Policyholder's Share in the Insurer's Investment Income, and also on the Form, Ways and Procedure for Disclosing Such Information' (registered by the Ministry of Justice on 15 January 2024; effective from 1 April 2024).

³² According to the website of DIA.RF as of 22 December 2023.

³³ According to the website of DIA.RF as of 14 June 2023.

³⁴ Federal Law No. 442-FZ, dated 4 August 2023, 'On Amending the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)' and Certain Laws of the Russian Federation and on Invalidating Certain Provisions of Russian Laws' (becomes effective on 1 July 2024).



Over 2023, the Bank of Russia received 325,300 complaints from financial consumers and investors, which is 7.7% less than in 2022.³⁵

KEY ENFORCEMENT MEASURES TAKEN IN RELATION TO FINANCIAL MARKET PARTICIPANTS¹

Credit institutions	Insurance agents	MFOs, CCCs, and pawnshops	Corporate relationship participants, PSMPs, and collective investment market participants
13 orders ² to eliminate/prevent violations	1,085 orders ² to eliminate/prevent violations	530 orders ² to eliminate/prevent violations	286 orders ² to eliminate/prevent violations
556 administrative offence reports	2,943 administrative offence reports	770 administrative offence reports	1,349 administrative offence reports
563 letters and supervisory meetings with recommendations ³	358 letters and supervisory meetings with recommendations ³	326 letters and supervisory meetings with recommendations ³	57 letters and supervisory meetings with recommendations ³

¹ Measures taken by the Bank of Russia to ensure consumer protection and financial inclusion.

² Orders to eliminate / prevent violations issued by the Bank of Russia.

³ Letters and supervisory meetings with recommendations to supervised organisations.

CONDUCT SUPERVISION RESULTS⁴

Credit institutions	Insurance agents	MFOs, CCCs, and pawnshops	PSMPs, collective investment market participants, and relevant self-regulatory organisations
254 amended internal procedures / documents of organisations	90 amended internal procedures / documents of organisations	251 amended internal procedures / documents of organisations	32 amended internal procedures / documents of organisations
Nearly ₽1,110 million refunded to customers ⁵	Nearly ₽253 million refunded to customers ⁵	Nearly ₽260 million refunded to customers ⁵	Nearly ₽34 million refunded to customers ⁵
3,800 credit histories rectified	3,800 values of the bonus-malus coefficient improved	414,400 credit histories rectified	
23 organisations adjusted TCC		33 organisations adjusted TCC	
7,400 contracts amended with regard to conditions for consumers	6 contracts amended with regard to conditions for consumers	243 contracts amended with regard to conditions for consumers	3 contracts amended with regard to conditions for consumers
10 upgraded software and hardware complexes	6 upgraded software and hardware complexes	39 upgraded software and hardware complexes	7 upgraded software and hardware complexes
22 websites with amended information	42 websites with amended information	36 websites with amended information	32 websites with amended information
		6 MFOs excluded from the state register	

⁴ According to the Bank of Russia's data.

⁵ As part of preventive and reactive conduct supervision measures.

The main contributor was a decrease in the number of complaints against CIs and securities and commodity market participants associated with the sanctions. Contrastingly, the number of widespread typical complaints against insurers and MFOs was up. In most cases, such complaints were unjustified and based on pseudo experts' advice on the internet.

³⁵ The Bank of Russia received 248,700 applications in 2023 (vs 292,200 in 2022). If an application (letter) is related to several problems and/or organisations, it is taken into account not as one but as several complaints. From 2023, the regulator introduced an enhanced method for taking into account complaints and other enquiries sent to the Bank of Russia. To ensure data comparability, the regulator made recalculations using the updated method.





The number of complaints about misselling halved as a result of the Bank of Russia's new powers and conduct supervision measures

Over the year, the number of complaints about misselling halved as a result of the extensive control measures implemented by the Bank of Russia within its powers to suspend sales and demand a buyback of products sold with a gross violation of the rules for informing consumers. An important contributor was the adjustment of supervised organisations' business processes in the course of sales of investment products as a result of conduct supervision.

To draw up proposals for combating misconduct among financial institutions providing online services, the Bank of Russia published its consultation paper [Approaches to Regulating Online Sales Channels to Protect Financial Consumers](#).

In 2023, the Bank of Russia's call centre received 254,000 phone calls and carried out 37,700 consultations in the chat of the mobile application CB Online. Visitors had 1,600 appointments with the Bank of Russia's public reception office.

Credit institutions

Over the year, the total number of complaints decreased by 5.7% to 163,700. The number of sanctions-related complaints plummeted 7.3 times. The number of complaints not associated with sanctions was up by 8.2% due to an increase in the number of complaints about fraud, primarily social engineering (by 65.8%). In 2023, the total number of complaints in two socially important categories – consumer and mortgage lending – declined by 8.6% and 17.2%, respectively.

Insurance agents

The number of complaints related to insurance issues totalled 57,300 in 2023. Net of typical requests to check the bonus-malus coefficient³⁶ accounting for a considerable percentage of applications regarding CMTPLI, the number of complaints dropped by 19.3%.

The accessibility of CMTPLI was at a high level across the country in general.³⁷ In 2023, as a result of over 130 inspections conducted by the Bank of Russia to check the procedure for signing CMTPLI contracts at insurers' offices and online, the number of complaints about refusals to conclude a CMTPLI contract declined nearly four times.

³⁶ These are generally similar complaints prepared by intermediaries for a fee, whereas individuals may adjust the bonus-malus coefficient independently for free by applying to their insurance company (if they have a valid CMTPLI policy) or the Russian Association of Motor Insurers (if they do not have a valid policy).

³⁷ In some regions still facing difficulties with the accessibility of CMTPLI, the Bank of Russia is taking action to counteract fraud (including illegal receipt of insurance compensation for fictitious insured events, deliberate exaggeration of damage) increasing the loss ratio in CMTPLI.

Microfinance market participants

In 2023, the Bank of Russia received 45,100 complaints against MFOs. Microloans raised on complainants' behalf was the most urgent issue: over the year, the number of such complaints soared by 43.9%. To counteract fraud, the Bank of Russia updated the [basic standard for MFOs](#) by including the requirements for verifying customers' data when issuing online loans. As a result, the number of complaints against cyber fraud began to decline. In 2023 Q4, their number decreased by 34.1% compared to 2023 Q1.

According to the findings of conduct supervision in 2023, the regulator removed five surrogates³⁸ from MFOs' range of products and services. Six MFOs were excluded from the state register for violations.

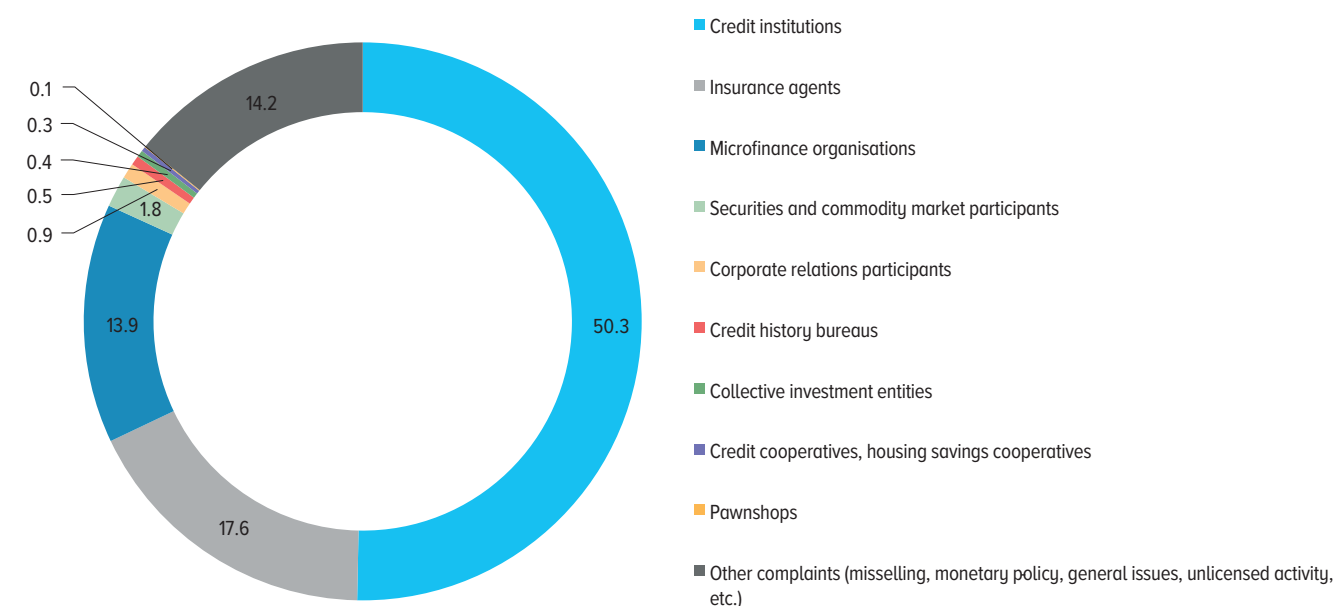
Securities market participants, collective investment market participants

Over 2023, complaints against securities market participants numbered around 6,000 in 2021, which is 3.3 times less than in 2022. The number of complaints both related and not related to the sanctions declined, specifically 6.3 times and by 31.2%, respectively. As before, the issues associated with the frozen assets, conclusion/cancellation of agreements, and opening/closing accounts remained the most relevant ones to consumers. Complaints against brokers accounted for 62.3%, which is four times less than in 2022.

The number of complaints against NPFs dropped by 20.5% as a result of a decrease in complaints caused by disagreement with the transition from the SFR to an NPF or between NPFs, and the number of complaints against UIFs' MCs was down by 26.6% owing to the decline in sanctions-related complaints.

Breakdown of complaints by principal financial market sector (participant category) in 2023*
(%)

Chart 25



* The total may deviate from 100.0% due to rounding.

³⁸ For example, a fee for connecting to a service, a debt burden optimisation service, a fee for verifying the accuracy of data provided, and sending a report on data provided to a website user's email, etc.

COUNTERING UNFAIR PRACTICES

In 2023, the Bank of Russia received over 5,600 applications from people (-32%) regarding illicit operations in the financial market, including financial pyramids. The composition of these applications changed: fewer individuals complained about money losses in pyramids, whereas more people were dissatisfied with information about companies, individual entrepreneurs or individuals who, in complainant's opinion, were offering financial services unlawfully (35% vs 19% in 2022). A lot of complaints about fraudulent online projects are sent through the form 'Report anonymously' on the Bank of Russia website.

People's applications regarding potentially illegal use of insider information and/or market manipulation numbered 235, which is 38% more YoY. Most complaints about misconduct in on-exchange trading contained data on alleged manipulation in the financial instrument, commodity and foreign exchange markets. The materials of all complaints were comprehensively analysed for potential unfair trading practices.

PROTECTION OF RETAIL INVESTORS' RIGHTS

The Bank of Russia restricted the sale of securities that might be blocked to non-qualified investors.³⁹ Nevertheless, non-qualified investors are allowed, as before, to purchase friendly states' securities that are not recorded through unfriendly countries' infrastructure and foreign securities issued by entities carrying out their activity predominantly in the Russian Federation and the EAEU.

Depositories were recommended to ensure a smooth transfer of securities to other depositories and avoid the practice of retaining clients by setting restrictive fees.⁴⁰ Brokers were advised to stipulate a procedure and terms for conducting transactions to convert unfriendly countries' currencies and specify a procedure for determining the exchange rate for such conversion in agreements that brokers sign with clients.⁴¹



Non-qualified investors' testing before they are allowed to purchase complex financial instruments increased their awareness and prudence

Over the two years following its introduction, the test mandatory before buying complex financial instruments was taken by 9.3 million non-qualified investors, more than 50% of whom passed it at the first attempt. According to the findings of the [behavioural assessment](#),⁴² the testing helps improve investors' awareness and prudence when conducting transactions, evaluate their knowledge about a particular financial instrument, and cautions them against purchasing risky products. From 1 March 2023, the number of questions in the test increased from eight to 11 for each of the blocks in order to ensure rotation.

³⁹ Bank of Russia Ordinance No. 6347-U, dated 9 January 2023, 'On Securities and Derivatives Intended for Qualified Investors'.

⁴⁰ Bank of Russia Letter No. 02-59/6714, dated 26 July 2023 (targeted).

⁴¹ Bank of Russia Letter No. 018-59/573, dated 26 January 2023 (targeted).

⁴² The Bank of Russia carried out its fifth behavioural assessment jointly with Moscow Exchange.

COMMUNICATION WITH THE FINANCIAL OMBUDSMAN

In 2023, the range of financial institutions⁴³ obliged to communicate with the financial ombudsman⁴⁴ expanded. From 11 December 2023, NPFs' clients were entitled to apply to the financial ombudsman regarding any disputes related to an unlawful transfer of their savings from the SFR to an NPF or between NPFs.

Within the agreement on information exchange, in 2023, the Financial Ombudsman Service provided the Bank of Russia with the information about malpractices revealed in the course of consideration of financial consumers' applications (over 200 cases) and financial institutions' violations of Federal Law No. 123-FZ⁴⁵ (nearly 700 cases with signs of breaches).

DEVELOPMENT AND SUPPORT OF SOCIALLY IMPORTANT TYPES OF INSURANCE SERVICES

Over the reporting period, the legislative authorities adopted Federal Law No. 278-FZ,⁴⁶ drafted with the participation of the Bank of Russia, obliging passenger taxi operators to have a CICL⁴⁷ policy insuring their third party liability to passengers.

The first stage⁴⁸ of the project to launch the service allowing online claim handling in CMTPLI started in July 2023. Car owners can file applications through the UPPS, provided that a road accident was documented according to the European Accident Statement. By the end of 2023, car owners submitted over 6,000 applications that way.

Furthermore, the option of remote communication is being implemented in CIHF⁴⁹ and CICL: during 2023, the Bank of Russia approved a number of regulations allowing electronic agreements and online claim handling.

DEVELOPMENT OF PROJECT FINANCE IN SHARED CONSTRUCTION

The mechanism of project finance in shared construction with depositing the construction participants' funds in escrow accounts and bank lending to developers is implemented as part of the national project Housing and Urban Environment.

According to the Unified Housing Construction Information System, as of 1 January 2024, 96% (+7 pp YoY) of shared construction participation projects were implemented using escrow accounts. Moreover, shared construction in nearly a half of the constituent territories of Russia is based only on this mechanism.

⁴³ Financial institutions obliged to communicate with the financial ombudsman now include insurers and CIs, MFOs, CCCs, pawnshops, and NPFs.

⁴⁴ Federal Law No. 226-FZ, dated 13 June 2023, 'On Amending the Federal Law 'On the Financial Consumer Ombudsman and Certain Laws of the Russian Federation'.

⁴⁵ Federal Law No. 123-FZ, dated 4 June 2018, 'On the Financial Consumer Ombudsman'.

⁴⁶ Federal Law No. 278-FZ, dated 24 June 2023, 'On Amending Certain Laws of the Russian Federation'.

⁴⁷ CICL – compulsory insurance of carriers' third party liability for personal injury and damage to the property of the passengers during transportation.

⁴⁸ At the first stage, online claim handling is mandatory for insurers only if they receive an application from a victim via the UPPS, provided that a road accident was documented according to the European Accident Statement. Otherwise (including when sent through the insurer's website), claims are to be settled by mutual consent of the insurer and the victim. The transition to online handling will complete on 1 January 2025 when this option will become mandatory for insurers.

⁴⁹ CIHF – compulsory insurance of a hazardous facility owner's third party liability for damage caused by an accident at such facility.



Over 2023, developers' outstanding project loans increased by 29% to exceed ₽6.1 trillion as of 1 January 2024, which is approximately 8.4% of the corporate portfolio. Project finance accounted for nearly 11.4% of the expansion of the corporate portfolio in 2023, or ₽1.4 trillion out of ₽12.3 trillion.

High demand for housing, especially in 2023 H2, significantly contributed to the increase in inflows into escrow accounts from ₽3.2 trillion in 2022 to ₽5.3 trillion in 2023. The amount of released escrow accounts under commissioned construction projects was up as well, specifically from ₽2.2 trillion in 2022 to ₽3.7 trillion in 2023. As a result, the total balance of escrow accounts expanded by ₽1.6 trillion over the year, reaching ₽5.6 trillion.

Over 2023, the weighted average interest rate on project loans rose by 2.1 pp to 6.4%. Its growth amid the overall increase in interest rates (+4.4 pp to 12.1%⁵⁰ across the corporate portfolio) was moderated by significant inflows of funds into escrow accounts.

Further development of the project finance market might be promoted by the implementation of the legislative initiative to build individual homes under construction contracts using escrow accounts.⁵¹

IMPROVING FINANCIAL LITERACY OF INDIVIDUALS AND SMALL AND MEDIUM-SIZED ENTERPRISES

In 2023, the implementation of the [Strategy for Improving Financial Literacy in the Russian Federation in 2017–2023](#) was accomplished. Its key results were the system-level integration of financial literacy into the education system at all levels and the development of an efficient management system for financial literacy programmes at the federal and regional levels.

The Bank of Russia, jointly with the Russian Government (the Ministry of Finance of Russia and other federal executive authorities), prepared the [Strategy for Improving Financial Literacy and Developing Financial Culture Until 2030](#)⁵² as well as the action plan⁵³ for its implementation.



The strategy for developing financial culture was devised and approved – it will help people form sound financial skills and attitudes

The new strategy is aimed at developing a system of values and attitudes that would help people make more conscientious and prudent financial decisions and learn how to counteract financial fraud. As before, the focus is on improving the level of education, but the priority is to promote prudent financial behaviour among working adults throughout the life cycle to enhance their financial well-being.

⁵⁰ The weighted average interest rate on ruble loans issued by CIs to non-financial organisations, other than developers.

⁵¹ On 29 November 2023, the State Duma of the Federal Assembly of the Russian Federation approved Draft Law No. 471420-8 'On Building Individual Homes Under Construction Contracts Using Escrow Accounts' (on project financing of professional contractors in private housing construction) in the first reading.

⁵² The strategy was approved by the Bank of Russia Board of Directors on 15 September 2023 and adopted by Directive of the Government of the Russian Federation No. 2958-r, dated 24 October 2023.

⁵³ The Action Plan (Roadmap) to Implement the Strategy for Improving Financial Literacy and Developing Financial Culture Until 2030 No. PM-01-59/228/12-12-11/VN-61421, dated 22 December 2023, was approved by the Bank of Russia and the Ministry of Finance of Russia.

In 2023, the Bank of Russia carried out 19,500 financial literacy events, including those addressing digital financial literacy: federal-level and regional events were attended by 13.8 million and 18.5 million people, respectively. Multimedia content on partners' resources was viewed 22 million times.

The annual catalogue Best Regional Financial Literacy Practices of 2023 comprised 143 projects and programmes of 75 constituent territories of Russia (vs 116 models, projects and programmes of 70 constituent territories of Russia in 2022).

Events for children and young people

In the 2023 academic year, financial literacy classes were integrated into the curricula of grades 10–11 of secondary schools. Now, financial literacy is taught in all grades. The Bank of Russia developed financial literacy exercises for the online education platform My School of the Ministry of Education of the Russian Federation.

Online financial literacy classes organised by the regulator for schools and colleges were viewed 5.6 million times in 2023 (vs 5 million in 2022).

Over 2023, nearly 40,000 educational specialists took an advanced professional training on financial literacy programmes for schoolchildren developed with the engagement of the Bank of Russia.

In 2023, the Bank of Russia carried out the first series of FinTrack webinars for students and professors that were viewed 2.5 million times in all Russian regions. The topics covered by the webinars were chosen considering students' requests and comprised the key issues of personal finance, including financial cybersecurity.

For orphans and children without parental care, the Bank of Russia developed a series of table games 'How to Save and Spend Money' covering various financial literacy issues in detail.

Supported by the Bank of Russia, in 2023, the authorities carried out the Financial Literacy and Entrepreneurship Olympiad for 1–9 Grade Schoolchildren,⁵⁴ the Russian Financial Literacy Olympiad for Students,⁵⁵ and the third International Olympiad on Financial Security.

Events for adults

The Bank of Russia carried out the sixth annual Russian Online Financial Literacy Test taken by over 1.9 million unique participants, almost 81% of whom coped with the tasks well and received personal certificates.

Over 2023, the Bank of Russia carried out more than 60 federal and regional training webinars for entrepreneurs about fund-raising instruments, the use of the Know Your Customer platform, and the SBP. Furthermore, the Bank of Russia and JSC Russian Small and Medium Business Corporation launched a joint educational course for the digital platform MSP.RF.

Nearly 1.1 million people took part in the Bank of Russia's investment literacy events. The Financial Navigator programme aimed at enhancing financial literacy among working-age adults, including vulnerable social groups, was implemented in 85 constituent territories of Russia.

⁵⁴ Carried out on the online education platform Uchi.ru.

⁵⁵ Carried out at the Department of Economics of the Lomonosov Moscow State University.



In the projects and programmes targeting pensioners, the Bank of Russia was paying particular attention to combating financial fraud and social engineering. In 2023, these projects and programmes encompassed 1.4 million pensioners.



The Bank of Russia's online materials on financial literacy were viewed more than 78 million times over the year

In cooperation with the Defenders of the Fatherland State Foundation to Support Participants in the Special Military Operation, the Bank of Russia carried out webinars on personal finance management, anti-fraud, and investment fundamentals.

In 2023, financial literacy videos were broadcast in the cinema network – Center Kino – across the country.⁵⁶ The Bank of Russia's social ads on financial consumer protection and financial literacy issues, including financial cybersecurity, were demonstrated in more than 36,600 locations.⁵⁷ Over 20.6 million leaflets, brochures and booklets on financial literacy were distributed.⁵⁸ The Bank of Russia's online materials on financial literacy were viewed more than 78 million times over the year.

Using the most popular formats, the Bank of Russia promoted relevant financial literacy topics in social networks that aroused interest of several million users. Jointly with the social network VK, the Bank of Russia launched the mobile game application with useful recommendations – Financial Park.

In 2023, the regulator conducted an online social advertising campaign to counter phone scammers.⁵⁹

Financial Culture (fincult.info),⁶⁰ an educational resource of the Bank of Russia, published more than 40 materials on popular fraud schemes and ways to counter them. Over 2023, 11.1 million unique visitors (931,900 visitors per month on average) used the materials offered by the resource. The Bank of Russia's efforts in the area of digital financial literacy are detailed in [Subsection 2.5.3. 'Development of information security in the banking and financial sector'](#).

Partners and collaboration

In 2023, the Bank of Russia signed agreements with the Ministry of Education, the Ministry of Science and Higher Education, and the Ministry of Finance of the Russian Federation on collaboration in the area of improvement of financial literacy among schoolchildren and students, professors, young scientists, and academic and teaching staff of higher education institutions, as well as in the area of professional development of personnel for the financial industry.

⁵⁶ Under the agreement with the Federal Fund for Social and Economic Support of the National Cinema Industry.

⁵⁷ Including outdoor screens, airports, railway stations, public transport, posters, and billboards.

⁵⁸ In cinemas and libraries, multifunctional centres and shopping malls, organisations helping orphans and pensioners, polyclinics and social support centres, as well as transport.

⁵⁹ The campaign was aimed at enhancing people's knowledge, teaching how to counteract phone fraud, and promoting the Bank of Russia's educational resource – Financial Culture (fincult.info).

⁶⁰ The website Financial Culture (fincult.info) – the Bank of Russia's financial literacy resource.

2.2.2. ENHANCING FINANCIAL INCLUSION FOR HOUSEHOLDS AND BUSINESSES

In 2023, the Bank of Russia, together with the business community, focused its efforts on the implementation of the key measures of the [Financial Inclusion Priorities for Russia in 2022–2024](#).¹

- enhancing regional collaboration and financial inclusion in rural localities and remote and sparsely populated areas;
- development of ‘simplified’ formats of financial institutions’ operation and the service of cash withdrawals through cash desks;
- further adjustment of financial service infrastructure and channels to the needs of people with disabilities, physically challenged and elderly people so as to ensure convenient and secure access to high-quality financial products; and
- improving financial inclusion for individual entrepreneurs and SMEs, with a focus on investment loans, support for companies significantly contributing to technological advancement, import substitution and innovations, as well as the use of non-bank sources of financing and technology development for businesses.²

FINANCIAL INCLUSION IN REMOTE, SPARSELY POPULATED AND HARD-TO-REACH AREAS

In 2023, the Bank of Russia continued to support the development of fixed and mobile mini service points. The total number of offline points providing reduced ranges of banking services³ increased from 782,800 to 1,118,300. The number of CIs’ agents and partners providing financial services at mobile offices more than doubled to 12,400.

The percentage of the rural population in localities where financial services are available at financial institutions’ offices, post offices, ATMs, or terminals reached 91.7% in 2023. Considering the option of receiving financial services remotely (if a locality has access to the internet), this figure was even higher – 98.7%.

The number of retail outlets providing the service of cash withdrawals through cash desks rose from 24,950 to 36,300 over the year, with nearly 26% of these outlets located in rural areas. This service is offered both by country-level and regional retail chains and by filling stations and small shops in rural localities. In 2023, the number of cash withdrawals through cash desks surged 8.5 times to 14.5 million, and their total amount – 8.7 times to ₽29.6 billion. In order to promote the option of cash withdrawals through cash desks, the Bank of Russia published [detailed instructions](#) on its website for trade and service companies and CIs to connect to the service of cash withdrawals through cash desks.

Mobile points of financial services were becoming more widespread: the number of locations serviced by CIs’ mobile offices⁴ increased by 16.1% to reach 2,484. Furthermore, from October 2023, the range of banking services available in a mobile office expanded. The requirements for the minimum headcount

¹ Approved by the Bank of Russia Board of Directors on 23 December 2021.

² According to the Bank of Russia’s Action Plan (Roadmap) for 2024 to Enhance Financial Inclusion in Rural Localities and Remote, Sparsely Populated and Hard-to-reach Areas in 2022–2024 No. PM-01-59/135, dated 8 August 2022; [the Action Plan \(Roadmap\) to Enhance Financial Inclusion for People with Disabilities, Physically Challenged and Elderly People in 2022–2024](#); and [the Roadmap for the Development of Funding for Small and Medium-sized Enterprises in 2023–2024](#).

³ Excluding cash offices and ATMs of bank payment agents (subagents).

⁴ These are mostly in rural localities.



at such an office were cancelled, which helps reduce CIs' costs for such offices.⁵ In 2023, the coverage by services provided to households by banks'⁶ field employees using mobile devices significantly expanded: as of the end of 2023, they provided services in 59 municipalities of 20 constituent territories of Russia.

As before, it was socially important to offer certain banking services in POs. From May through December 2023, the number of operating POs conducting certain banking operations increased from 27,800 to 29,600.⁷ With the participation of the regional task forces for enhancing financial inclusion in remote, sparsely populated and hard-to-reach areas, the regulator arranged communication between local authorities and Russian Post offices.

In July 2023, the Bank of Russia for the first time disclosed the results of the assessment of infrastructure availability in various localities of Russia.⁸ These data were used by the regional task forces with the participation of the Bank of Russia, local authorities, financial institutions, and telecom operators to make decisions on opening financial access points offering services most demanded by the local population. From 2023, as recommended by the State Duma dedicated committees, deputies from the respective constituent territories also joined the task forces.

From 1 June 2023, the Bank of Russia's data on over 100,000 financial institutions' offices became publicly available on Yandex Maps. These are the regulator's comprehensive official data from the reporting and registers of financial market participants on all fixed and mobile bank offices, POs with banking service points, insurers' offices, MFOs, NPFs, and other financial institutions.

The number of people accessing these data had been steadily growing from the first date of the publication and reached 12.6 million views per month.

At the end of the year, the Bank of Russia summed up the results of another survey of the heads of municipalities of 45,800 localities.⁹ In 2023, the most demanded services were cash and cashless payments for services, including utility services, mandatory payments to the budget, cash withdrawals from payment cards, and money transfers to increase bank card balances. The most accessible services were cashless money transfers to other persons, cash and cashless payments for services, including utility services, and mandatory payments to the budget. According to respondents in nearly a half of the localities, the level of financial inclusion and/or financial literacy in municipalities improved over the past year.

FINANCIAL INCLUSION FOR PERSONS WITH DISABILITIES, ELDERLY AND OTHER PHYSICALLY CHALLENGED PEOPLE

Over 2023, 78% (vs 75% in 2022) of CIs fulfilled or partially fulfilled the Bank of Russia's recommendations to create a barrier-free environment for people with disabilities, elderly and other

⁵ Bank of Russia Ordinance No. 6242-U, dated 21 September 2022, 'On the Procedure for Banks (Their Branches) to Open Mobile Offices, on the Procedure for Entering Information Thereon in the State Register of Credit Institutions, and on the List of Banking Operations Allowed to Mobile Offices'.

⁶ Members of the Bank of Russia's task force for enhancing financial inclusion in remote, sparsely populated and hard-to-reach areas.

⁷ Information on operating POs conducting certain banking operations is sent by JSC Post Bank to the Bank of Russia pursuant to Clause 1 of Minutes No. PRG-59-9-3/1144, dated 19 May 2023.

⁸ Review [Actions of the Bank of Russia's Regional Branches to Enhance Financial Inclusion in Rural Localities and Remote, Sparsely Populated and Hard-to-reach Areas: Results for 2022](#).

⁹ The survey was carried out in all constituent entities of the Russian Federation, except the Kherson Region.



physically challenged persons.¹⁰ In 2023, 89.5% of people with disabilities were completely or rather satisfied with the quality of servicing at CIs (vs 83.2% in 2021). The proportion of those who did not consider that it was more difficult for them to receive financial services, compared to other people, increased from 50.7% to 52.8%.¹¹

The Bank of Russia continued the work to enhance financial literacy among various groups of people with disabilities. The website Financial Culture (fincult.info) contains [methodological recommendations and guides](#) for financial literacy trainers and volunteers on how to teach the financial literacy fundamentals to people with mental health conditions, and training materials for this group of persons. There are also videos on financial literacy for hearing impaired children with sign language interpretation and subtitles.

DEVELOPMENT OF SME FINANCING

In 2023, the Bank of Russia was making a lot of efforts to develop further financial instruments for SMEs and enhance their accessibility. The amount of SME loans stayed high, surging by 36.9% over the year to ₹16 trillion. As of 1 January 2024, the SME loan portfolio (outstanding debt) expanded by 29.4% to total ₹12.4 trillion,¹² with its quality remaining stable.

Subsidised lending was still the main support measure for SMEs, including those dealing with innovations and technologies. The combined programme integrating the SME Lending Support Programme and the programme of Russia's Ministry of Economic Development '1764' enabled SMEs to raise subsidised loans despite the key rate increase. Bank loans issued to SMEs within the combined programme amounted to ₹99.2 billion¹³ in 2023.



Hi-tech companies focusing on import substitution and innovations were supported through the Bank of Russia's specialised lending facility

However, the requirements for banks participating in the lending support programme slightly changed: the minimum share of SME loans in the corporate portfolio was reduced from 50% to 25%.¹⁴ The Bank of Russia in turn allowed the banks participating in the programme to obtain loans within the framework of the related specialised facility not only backed by the surety of JSC Russian Small and Medium

¹⁰ According to the findings of the sixth stage of the monitoring of the fulfilment by CIs of Bank of Russia Information Letter No. IN-03-59/20, dated 12 May 2017, '[On Recommendations for Ensuring Accessibility of Credit Institutions' Services for People with Disabilities, Physically Challenged and Elderly Persons](#)' and taking into account the assessment of the fulfilment of an additional block of recommendations selected for the survey of CIs based on Bank of Russia Methodological Recommendations No. 12-MR, dated 26 April 2019, regarding offline and online servicing of people with disabilities and other physically challenged persons by CIs and NFIs; Bank of Russia Methodological Recommendations No. 11-MR, dated 9 August 2021, on ensuring additional protection of the rights of people with disabilities and other physically challenged people and on enhancing measures aimed at preventing financial losses and reducing the risk of fraudulent transactions with funds in the accounts of such customers when they receive financial services via digital (remote) channels.

¹¹ According to the survey of adults with disabilities commissioned by the Bank of Russia.

¹² Data on the SME loan portfolio are given including VEB.RF.

¹³ According to JSC Russian Small and Medium Business Corporation.

¹⁴ Approved by the Board of Directors of JSC Russian Small and Medium Business Corporation on 27 January 2023.

Business Corporation but also by OFZs,¹⁵ which expanded opportunities for banks and ensured greater flexibility for them in decision making.

The Bank of Russia's claims on banks within the specialised facility aimed at supporting SME lending¹⁶ totalled ₽252 billion as of 1 January 2024. From 2024, the overall limit on this facility was raised from ₽288 billion to ₽320 billion. The plan through 2030 is to ensure that the combined programme enables banks to annually issue loans to borrowers in the amount of up to ₽100 billion. This will support companies significantly contributing to technological advancement, import substitution and innovations.

In 2023, the Bank of Russia allowed banks to create smaller provisions for SME loans, thus encouraging them to more actively cooperate with SMEs. The regulator approved two lists of regional guarantee organisations: those whose sureties are classified as collaterals of the first quality category and those whose sureties are not taken into account for minimising the provisions.¹⁷ The measure was modified¹⁸ and extended through 30 June 2024.¹⁹

During the reporting year, SMEs made 33 bond offerings worth ₽11.99 billion and one successful IPO. Overall, from 2019, within the framework of the national project Small and Medium-sized Enterprises and Support for Individual Entrepreneurship Initiatives, SMEs made 92 bond offerings worth more than ₽35 billion, and four companies made IPOs having listed their bonds on the exchange.

Nearly a fourth of funds raised by SMEs through bond offerings is accounted for by hi-tech companies focusing on, among other things, scientific research, biomedicine, IT, and educational projects.

Over 2023, SMEs raised ₽30.5 billion through IP operators (vs ₽14.3 billion in 2022).

As part of the national project Small and Medium-sized Enterprises and Support for Individual Entrepreneurship Initiatives with the participation of the Bank of Russia, the authorities implemented the government support mechanism to partially compensate for SMEs' costs related to securities issuance on the stock exchange²⁰ and fund raising through IPs.²¹

Over the year, the number of SMEs registered in the SBP nearly tripled to reach almost 1.3 million by the end of 2023 (vs 482,000 SMEs registered in the SBP as of the beginning of 2023).

¹⁵ The related amendments to the programme were approved by the Board of Directors of JSC Russian Small and Medium Business Corporation on 9 June 2023.

¹⁶ In 2023, banks fully repaid their debt within the specialised facilities launched primarily to support SME lending in the conditions of the coronavirus pandemic consequences and the sanctions.

¹⁷ The second quality category will include sureties of all regional guarantee organisations except those specified in the lists to the Bank of Russia Board of Directors' decision.

¹⁸ Previously, the measure was introduced by the Decision of the Bank of Russia Board of Directors, dated 31 March 2023, 'On Approaches for Credit Institutions to Take into Account Regional Guarantee Organisations' Sureties and Independent Guarantees in Loss Provisioning'.

¹⁹ Decision of the Bank of Russia Board of Directors, dated 26 December 2023, 'On Approaches for Credit Institutions to Take into Account Regional Guarantee Organisations' Sureties and Independent Guarantees in Loss Provisioning'.

²⁰ Resolution of the Government of the Russian Federation No. 532, dated 30 April 2019, 'On Approving the Rules for Granting Federal Subsidies to Russian Small and Medium-sized Enterprises to Partially Compensate for Share and Bond Issuance Costs and Payments of Coupons on Bonds Placed on the Stock Exchange'.

²¹ Resolution of the Government of the Russian Federation No. 1898, dated 27 December 2019, 'On Approving the Rules for Providing Subsidies from the Federal Budget for Government Support of Russian Organisations to Partially Compensate for the Costs of Access to Collective Investment Platforms'.



2.3. ENSURING FINANCIAL MARKET RESILIENCE

2.3.1. ENSURING FINANCIAL STABILITY

2.3.1.1. MONITORING OF FINANCIAL STABILITY RISKS

EXTERNAL RISKS

In 2023, the world economy's growth continued to decelerate as the effects of monetary policy tightening by major central banks manifested themselves and the post-pandemic recovery completed. According to the IMF's assessment in January 2024, the growth rate of global GDP dropped from 3.5% in 2022 to 3.1% in 2023. By the end of 2023, inflation started to slow down in many countries. As a result, expectations of policy rate cuts by major central banks in 2024 increased.

Nevertheless, the level of global rates remained elevated. The main threat to the world economy was the risk of stubbornly high inflation, which could force major central banks to pursue tight monetary policies for longer, as well as rising financial stability risks.

Amid the sanctions and capital controls, foreign trade flows remain the key channel of the impact of global risks on the Russian economy. If the problems in the world economy become more acute, a decline in the demand and/or prices for Russian exports might have a negative effect. In addition, the Russian economy might be affected by materialisation of risks in friendly countries' financial systems, considering increased interconnections with these states.

SITUATION IN THE RUSSIAN FINANCIAL MARKET

The Russian financial market continued to adjust to the sanctions in 2023. Friendly states' currencies started to play a greater role in the Russian FX market. By the end of the year, the proportion of yuan in export earnings increased to 35.8% and that in payments for imports – to 37.0%.

The Russian organised FX market continued to actively restore in 2023, with the amount of transactions driven predominantly by increasing trading in yuan. Trading in the over-the-counter market was also expanding as a result of transactions with friendly countries' currencies, but its amount has not rebounded yet to the level of 2021. The growth of trading in friendly states' currencies in the Russian organised and over-the-counter markets was attributed to higher amounts of foreign trade settlements in these currencies.

The OFZ market expanded by 11.5% to ₽20 trillion.¹ The market increased despite the reduction in the banking sector's demand for OFZ-PD bonds in 2023 H2. The success of OFZ offerings during this period was ensured by refocusing on OFZ-PK bonds and a rise in NFIs' demand at auctions as part of trust management. Amid the monetary policy tightening, yields rose mostly on short- and medium-term government bonds (by 425 basis points on average for maturities of up to 10 years). Long-term yields were up as well, although less significantly, which inverted the yield curve. The average increase in yields for all maturities equalled 320 basis points.

¹ According to the Cbonds.ru news agency.



The corporate bond market continued to grow. Over 2023, the portfolio of bonds in circulation expanded by 27.6% to ₹25.2 trillion. The annual growth rate of the market in 2023 reached a 10-year high in both absolute and relative terms, which was partially associated with the offerings of substitute and yuan-denominated bonds. Yields on bonds included in the Moscow Exchange Corporate Bond Index RUCBTRNS rose by 4 pp to 13.9%.

Moscow Exchange's index IMOEX gained 43.9% in 2023, largely erasing the decline of 2022. Over the year, average daily share trading increased by 15% to ₹85 billion. However, the trading amount is still below the 2021 average of ₹114.6 billion.

After the downturn in the Russian stock market in 2022, the trend towards IPOs and SPOs resumed. Over 2023, companies made eight IPOs and four SPOs. Returns on investment in most IPO shares were positive.

After non-residents' exit from the Russian financial market, individuals continued to play an important role there in 2023. In particular, the proportion of private investors in share and bond trading increased by 20 pp to 79% and by 7.6 pp to 32%, respectively.

As before, individuals used ruble deposits as the main savings instrument. In 2023, households' ruble deposits were up by ₹9,142 billion, reaching ₹43,594 billion.

According to the analysis of the cryptoasset market, Russians' involvement in it is potentially high. Specifically, as of the end of 2023, Russians potentially accounted for ₹4.78 trillion² in Bitcoin and Ethereum trading on the largest crypto exchanges.

BANKING SECTOR RISKS

Credit risk. Over 2023, despite the surge in lending, there was no significant decline in the quality indicators in most loan categories, which was associated with the economic growth, among other factors.

Corporate portfolio. The cost of risk for corporate loans edged down from 1.5% in 2022 to 0.7%³ in 2023 as banks released part of the provisions formed in 2022.

The proportion of problem loans of quality categories IV and V decreased from 6.5% to 5.2%. Besides, they are largely covered by prudential provisions, specifically by individual ones for 76.8% and general ones for 121.4%. Potentially risky loans⁴ accounted for another approximately 6.6% of the portfolio. These are largely restructured loans, but risks related to such loans are generally manageable as problem loans will be maturing gradually.

² The data were provided by the blockchain analytics service Transparent Blockchain.

³ The cost of risk for banks (except NCLs and the BNA) was calculated as the ratio of net additional provisions created over the year to the average amount of the related loan portfolio before provisions.

⁴ Potentially problem loans are corporate loans of quality categories I–III that meet one of the following conditions: 1) the amount of unpaid interest on a loan is two or more times higher than the average debt over the year, multiplied by the average interest rate; 2) 10% or more of the debt was classified by banks as quality category III where, if not for the bank's justified opinion, the loan should have been classified as quality category IV. The indicator also includes potentially problem restructured loans. The data were calculated according to Reporting Form 0409303.

Retail portfolio. The proportion of problem consumer loans declined from 8.4% to 7.3%⁵ amid favourable macroeconomic conditions and the expansion of the loan portfolio. Concurrently, by the end of 2023, banks improved the consumer lending standards given the effective macroprudential limits and the increase in the macroprudential add-ons (see [Subsection 2.3.1.2. 'Macroprudential regulation measures to ensure financial stability'](#)).

The proportion of mortgages overdue for more than 90 days remained minor, namely 0.6% as of 1 January 2024. However, mortgage lending involved elevated risks as a considerable share of mortgage loans were issued to borrowers whose DSTI exceeded 80%. Therefore, the Bank of Russia was consistently tightening its macroprudential policy in relation to the riskiest mortgage lending segments (see [Subsection 2.3.1.2. 'Macroprudential regulation measures to ensure financial stability'](#)).

In 2023, the demand for retail loan restructuring remained low. Restructured loans amounted to ₽454 billion, or 1.3% of the retail portfolio, which is nearly the same as ₽455 billion, or 1.7% in 2022.

The cost of risk for the retail portfolio dropped from 2.4% in 2022 to 1.7% in 2023, which is even slightly below the historical average of approximately 2%.

Frozen assets. As a result of the sanctions, a part of Russian banks' assets were blocked. Hence, the Bank of Russia introduced a regulatory easing measure providing for a ten-year schedule of provisioning for blocked unrecoverable assets. Some banks had already fully provisioned for such assets. Besides, certain banks are making efforts to settle the amount of blocked unrecoverable assets on their balance sheets both through the netting of claims and by separating frozen assets and liabilities to foreign creditors into special legal entities.

Interest rate risk. Despite the key rate increase, the margin remained high in 2023, specifically 4.7% vs 4.0% in 2022. The reason was that returns on assets were growing faster than the cost of funding.

Returns on assets were supported by a high proportion of variable rate loans in the corporate portfolio, as well as subsidies allocated by the Russian Ministry of Finance in mortgage lending because the compensation due to banks under the subsidised programmes was linked to the key rate and was growing following its increase. The cost of funding went up less notably as banks started to actively raise interest rates only from the middle of 2023 Q3.

The increase in the key rate and, consequently, bond yields resulted in the negative revaluation of fixed coupon bonds. From June through December 2023, the actual revaluation of the entire bond portfolio totalled -₽183.5 billion,⁶ or 1.2% of the banking sector's capital. The negative revaluation of banks' bond portfolio was minor due to a high proportion of variable coupon securities, as well as because the largest percentage of bonds were recognised at amortised cost (held to maturity and not subject to revaluation).

Foreign exchange risk. Over 2023, foreign exchange risk declined amid the reduction in the 'economic' open currency position (OCP)⁷ from \$14 billion to \$6 billion, which was primarily because foreign currency assets on the balance sheet were contracting faster (-\$20 billion) than liabilities (-\$13 billion).

⁵ Car loans and unsecured consumer loans overdue for more than 90 days.

⁶ The revaluation was calculated based on the banking sector's static bond portfolio as of 1 January 2024 according to Reporting Form 0409711.

⁷ Net of the off-balance sheet position on bank guarantees, sureties, and letters of credit.



The reduction was mostly the result of the redemption of foreign currency bonds and the conversion of foreign currency assets, including frozen ones, into rubles. The decrease in foreign currency liabilities was predominantly attributed to the conversion of the funds from unfriendly states' currencies into rubles. As a result, the proportions of foreign currency assets and liabilities shrank from 15%⁸ to 12% each.

The dedollarisation of balance sheets was accompanied by changes in the structure of banks' foreign currency loans and liabilities towards friendly states' currencies, predominantly yuan.

Liquidity risk. The coverage of client funds with liquid ruble assets⁹ across the sector in general declined from 26% as of the beginning of 2023 to 21%. Banks were actively expanding lending despite the reduction in the liquidity buffer. Furthermore, the liquidity buffer is distributed unevenly across banks. The amount of liquid assets that certain banks needed to increase the coverage of client funds to 20% (from their own liquid assets) was estimated at the level of approximately ₴4 trillion as of the end of 2023.¹⁰ Nevertheless, the amount of banks' non-marketable assets that they could use as collateral to raise liquidity from the Bank of Russia remained traditionally high.

Liquid foreign currency assets contracted by \$9.7 billion to \$44.7 billion.¹¹ Given the effect of the anti-sanction measures¹² and the restrictions on foreign currency withdrawals, the cushion of foreign currency liquidity remained moderate.

The actual LCR across SICs dropped from 64% to 59% over January–December 2023. In the Bank of Russia's opinion, CIs should mitigate their liquidity loss risks by expanding their liquid assets and improving the structure of raised funds. Therefore, at the end of 2023, the Bank of Russia made the decision obliging banks, from 1 March 2024, to comply with the LCR calculated taking into account ICLs at the level of 100%¹³ (see [Addendum 5.2 'Specialised facilities and liquidity support instruments'](#)). Furthermore, the Bank of Russia devised the [concept of a national liquidity coverage ratio](#) to replace the LCR from 2026 and published the document for discussion with the banking community (see [Subsection 2.3.4.1. 'Credit institutions, banking groups, and bank holding companies'](#)).

RISKS OF NON-BANK FINANCIAL INSTITUTIONS

Insurers. In 2023, the insurance market adjusted to the new environment and demonstrated a significant recovery in insurance premiums as of the end of the year.

⁸ Adjusted for foreign currency revaluation at the exchange rate as of 1 January 2023.

⁹ Liquid ruble assets comprise funds, claims on the Bank of Russia (except the required reserves), and unpledged marketable collateral. Liquid ruble assets do not include IBL with residents as the redistribution of liquidity across resident banks does not increase the overall liquidity in the sector. The data were adjusted by the value of the assets subject to the restrictions pursuant to Executive Order of the President of the Russian Federation No. 138, dated 3 March 2023, 'On Additional Temporary Economic Measures Related to Securities Trading'. Net of balances in escrow accounts.

¹⁰ Refer to the information and analytical material [Russian Banking Sector Development in December 2023](#).

¹¹ Liquid foreign currency assets comprise funds, nostro accounts with non-resident banks, funds in accounts with CCP NCC, IBL for up to 90 days with non-resident banks (net of funds of the banks affected by the blocking sanctions of the US Department of the Treasury, holdings in unfriendly states' currencies, and/or holdings in unfriendly countries). The calculation also includes one-time adjustments for certain banks.

¹² Executive Orders of the President of the Russian Federation No. 79, dated 28 February 2022; No. 81, dated 1 March 2022; No. 95, dated 5 March 2022; No. 529, dated 8 August 2022; No. 618, dated 8 September 2022; and others.

¹³ [Press releases of the Bank of Russia, dated 15 November 2023](#) and [23 November 2023](#), and [Decision of the Bank of Russia Board of Directors, dated 15 December 2023](#).



The risks of a higher loss ratio in motor insurance declined due to a gradual expiry of the policies¹⁴ priced without taking into account the surge in prices for motor vehicles and spare parts. In 2023, the reinsurance pool in CMTPLI remained in effect, redistributing the losses under high-risk agreements across all insurers in CMTPLI. To guarantee the stability of the CMTPLI segment, the Bank of Russia set an add-on¹⁵ to the capital requirements for major companies in the segment (accounting for over 15% in the market).

In 2023, insurers were able to reinsure large and sanctions-related risks in full at Joint Stock Company Russian National Reinsurance Company (JSC RNRC), the increase in whose authorised capital to ₽750 billion was guaranteed by the Bank of Russia.

Even after the scheduled tightening of the requirements¹⁶ for insurers' financial stability and solvency in July 2023, the insurance sector maintained a large capital cushion. In 2023, the regulatory easing for insurers not making dividend payouts was applied by 60% of market participants. As of the end of 2023, nearly 30 such companies were exercising the right to write off the value of frozen assets during ten years.

Non-governmental pension funds. In 2023, NPFs' returns¹⁷ were positive and exceeded the inflation rate. Furthermore, the quality of NPFs' assets including pension savings and pension reserves remained high. Losses from the revaluation of debt securities as a result of the increase in interest rates in 2023 H2 were largely offset by higher interest income and the positive revaluation of shares. Over the year, NPFs' overall investment portfolio expanded by 7.6%, or ₽365.3 billion to reach ₽5.2 trillion.

The level of the NPF market's financial stability is sufficiently high. According to the results of the stress testing,¹⁸ none of NPFs had a deficit of equity. The Bank of Russia's monitoring did not identify a considerable increase in NPFs' investment in risky assets in 2023.

Professional securities market participants (non-bank financial institutions). Given the existing sanctions-related risks, brokerage companies continued to reduce their investment in foreign assets throughout 2023. Specifically, brokers – NFIs' investment¹⁹ in foreign shares and bonds and foreign investment funds' units (shares) plummeted from ₽24.8 billion to ₽9.7 billion. As of the end of 2023, PSMPs – NFIs' equity and client funds in unfriendly states' currencies in the ruble equivalent contracted by ₽36.0 billion to ₽73.0 billion, which is 8.5% of the total balances.

The role of the brokerage industry in the financial system was growing further: in 2023, the number of brokers – NFIs' clients increased by 16% to 3.4 million, and the assets of brokers – NFIs' clients surged by 58% to ₽11.6 trillion. Overall, brokers – NFIs remained compliant with the prudential ratios.

¹⁴ According to such policies sold before March 2022, companies were to provide insurance coverage and make insurance payments in the conditions of higher prices for motor vehicles and spare parts, which increased the risks of higher losses for insurers.

¹⁵ Bank of Russia Ordinance No. 6513-U, dated 21 August 2023, 'On Amending Bank of Russia Regulation No. 781-P, Dated 16 November 2021, 'On the Requirements for Insurers' Financial Stability and Solvency'.

¹⁶ Bank of Russia Regulation No. 781-P, dated 16 November 2021, 'On the Requirements for Insurers' Financial Stability and Solvency' increased the risk ratios for calculating a company's capital adequacy to fulfil its liabilities even in crisis scenarios.

¹⁷ As of the end of the first nine months of 2023, returns on pension savings and pension reserves before remuneration paid to NPFs equalled 10.9% and 10.1% per annum, respectively, while the inflation rate was 6.2% per annum over the said period.

¹⁸ NPFs should carry out stress tests at least every quarter using the scenarios published on the Bank of Russia website in compliance with Bank of Russia Ordinance No. 4060-U, dated 4 July 2016, 'On Requirements for the Organisation of the Risk Management System of a Non-governmental Pension Fund'.

¹⁹ The value of non-residents' securities (excluding Russian companies' securities listed abroad) held by brokers directly or indirectly (except those transferred by an organisation without derecognition under repo transactions to trust management). According to Subsection 1.3 of Reporting Form 0420415.



Specifically, the LCR was above the regulatory value among all brokers, and the CAR dropped below the minimum only for two entities that restored it above the required ratio as of the end of the year.

Leasing companies. Although the leasing industry is not directly within the scope of the Bank of Russia's regulation and supervision, it is an important part of the financial system. As of the end of 2023, leasing companies' debt to CIs approximated at least ₪4.4 trillion, or 6.0% of all corporate loans. In 2023, to monitor financial stability risks, the Bank of Russia analysed the largest leasing companies.²⁰ The companies surveyed accounted for nearly 81% of the total lease portfolio.²¹

In 2023, the realisation of pent-up demand and rising prices for leased assets entailed a fast expansion of the lease portfolio, specifically by 52.3% over the year as of 30 September 2023).²²

Overall, leasing companies' indicators of NPL 90+ and troubled assets were low. However, the quality of the lease portfolio slightly worsened, which was evidenced by an increase in available-for-sale assets under cancelled agreements on lessors' balance sheets.

As of the end of the first nine months of 2023, the surveyed leasing companies' net profit totalled ₪40.1 billion (compared to net loss of ₪110.1 billion in 2022 and net profit of ₪64.1 billion in 2021). As a result of the quick increase in the leasing business and the decline in its profitability, the ratio of equity and the lease portfolio dropped by 1.0 pp to 5.1%.

UNIT INVESTMENT FUNDS

In 2023, the Bank of Russia implemented an approach aimed at resuming transactions with investment units of UIFs whose portfolios included frozen assets. In accordance with this approach, MCs were to either separate the frozen assets (where the frozen assets accounted for more 10%) from operating UIFs into special closed-end UIFs or change the type of a UIF for a closed-end UIF. All the UIFs subject to the requirements regarding frozen assets either changed their type for a closed-end UIF or separated such assets into special closed-end UIFs. In the future, MCs shall pay to unit holders at least 90% of the revenues from the sale of the frozen assets over a settlement period.

The UIF market continued to surge. In 2023, the overall net inflow of funds into UIFs reached ₪2.9 trillion, primarily driven by closed-end UIFs (+₪2.6 trillion). In these conditions, the interconnections of the industry with other segments of the financial system and the economy expanded. In particular, real estate assets account for a substantial proportion of closed-end UIFs' investment. One of the drivers of retail²³ funds in 2023 was money market funds ensuring a net inflow of over ₪200 billion that invest in short-term bonds, deposits, and repos with the CCP.

Throughout 2023, MCs were generally compliant with the required ratios related to equity calculation. Although a number of MCs failed to comply with the requirements for equity during the year, this was not a systemic issue in the industry. As of the end of 2023, all MCs were compliant with the established requirements.

²⁰ Leasing companies are surveyed according to the Bank of Russia's Survey Programme on Monitoring of the Leasing Market and Assessment of its Key Risks. The collection and processing of information for 2023 will be completed in May 2024.

²¹ According to JSC Expert RA, the lease portfolio totalled ₪8.1 trillion as of 30 September 2023.

²² Hereinafter, the sample for the analysis comprised 17 companies that had submitted their IFRS statements over the past four quarters.

²³ Open-end and exchange traded UIFs.



DEVELOPMENT INSTITUTIONS

In 2023, the Bank of Russia continued to monitor development institutions' risks and enhance the methods to calculate their financial stability ratios (measures).

In relation to JSC DOM.RF, the Bank of Russia validated the models for the quantification of the credit risk of mortgage assets and project finance. As regards JSC Russian Small and Medium Business Corporation, the Bank of Russia assessed the efficiency of the risk management system as part of the 'umbrella' mechanism of sureties from JSC Russian Small and Medium Business Corporation. Based on the results of the work, the Bank of Russia gave its recommendations on how to improve this system further.

CONSUMER MICROFINANCE

The annual growth of the consumer microfinance market sped up from 8.9% to 24.2% over 2023. MFOs' consumer portfolio totalled ₹360.7 billion, or 2.6% of the overall portfolio of consumer loans and microloans. Amid the fast expansion of the portfolio, the cost of risk declined from 32.8% to 24.0% over the year. The weighted average capital adequacy ratios for MFOs issuing consumer microloans remained high.

2.3.1.2. MACROPRUDENTIAL REGULATION MEASURES TO ENSURE FINANCIAL STABILITY

In 2023, amid the surge in retail lending, the Bank of Russia was tightening its macroprudential policy in order to contain the increase in individuals' over-indebtedness and limit banks' and MFOs' risks.

MEASURES TO LIMIT RISKS OF UNSECURED CONSUMER LENDING

The expansion of consumer lending was mainly associated with lending to borrowers who already had high DSTI. To decrease banks' vulnerability and reduce people's debt burden, from early 2023, the Bank of Russia directly restricted risky lending through the MPLs. Over the year, the MPLs helped reduce the percentage of loans issued to households spending over 80% of their incomes to repay their debts, specifically from 36% to 17%. The proportion of unsecured consumer loans for over five years declined from 18% to 2%, and the share of microloans issued by MFOs to borrowers with DSTI above 80% contracted from 41% to 14%.²⁴

Furthermore, to encourage banks to more actively accumulate additional capital cushions to be protected in a situation of potential stress, from 1 September 2023, the Bank of Russia raised the macroprudential add-ons for high-risk consumer loans. To efficiently pursue anti-crisis policy, it is essential that banks form their capital cushions in advance. As of 1 January 2024, the macroprudential capital buffer amounted to ₹363 billion, which covers 2.7% of the consumer loan portfolio.

MEASURES IN MORTGAGE LENDING

Similarly to unsecured lending, the surge in mortgage lending was largely driven by loans to over-indebted borrowers. The proportion of loans issued to borrowers with DSTI above 80% reached 45% by the end of 2023.

²⁴ The figures for DSTI were calculated based on comparable samples of the 54 largest MFOs accounting for 82% of the microfinance market.



Moreover, the long-lasting subsidised mortgage lending programmes entailed a surge in new housing prices. As a result, the gap between new and existing housing prices considerably expanded over the past few years, reaching 44% as of 1 January 2024, although it had never exceeded 10% before the launch of the extensive government subsidised mortgage programmes. This involves risks for borrowers because, if there is a need to sell an apartment in the existing housing market, the money from the transaction might be insufficient to repay the mortgage.

In 2023, the Bank of Russia [introduced the requirement for increased provisions for mortgages](#) where the TCC was significantly below the market level. This measure helped limit the spread of risky mortgage lending practices ('subsidised mortgages from the developer', 'mortgages at close-to-zero interest rates', and so on) implying extremely low credit rates but higher housing prices.

Given the worsening of the lending standard, the Bank of Russia increased the macroprudential add-ons for mortgages thrice. From 1 October 2023, the Bank of Russia introduced restrictive add-ons for mortgages with a low down payment (the highest add-ons were set in the new housing market to take into account the gap between new and existing housing prices).

The tightening of macroprudential policy in mortgage lending will help form an additional capital buffer for banks to cover risks. As of 1 January 2024, the macroprudential capital buffer amounted to ₹213 billion, which covers 1.2% of the mortgage portfolio.

On 15 February 2024, Draft Federal Law No. 531412-8, developed with the participation of the Bank of Russia, was approved by the State Duma in the first reading – it will enshrine the Bank of Russia's right to establish MPLs in mortgage lending. The MPLs on risky loans would restrict the issue of such loans, on the one hand, and reduce the burden on banks' capital through a decrease in the restrictive add-ons, on the other hand.

IMPROVING THE DSTI CALCULATION PROCEDURE

All large and medium-sized retail banks may send the models they use to assess people's incomes in DSTI calculations when issuing a consumer loan of up to ₹1 million to the Bank of Russia for their validation from June 2023 and 1 April 2024, respectively. These models are more accurate compared to the current simplified approaches based on per capita income or CHBs' data. Furthermore, they help assess a borrower's income faster without relying on income certificates. In 2023, the Bank of Russia allowed three banks to use their own models to calculate DSTI for consumer lending.

MEASURES TO GUARANTEE SETTLEMENTS IN THE FINANCIAL MARKET

The Bank of Russia established new ratios for the CCP to decrease the CCP's concentration risk.²⁵ This was done to guarantee the fulfilment of clearing members' obligations in the financial market and prevent a domino effect (see [Subsection 2.3.4.7. 'Infrastructures'](#)).

2.3.1.3. FOREIGN EXCHANGE REGULATION AND FOREIGN EXCHANGE CONTROL

In 2023, amid the sanctions enacted by unfriendly states against the Russian Federation, the foreign exchange regulation and foreign exchange control remained essential. The Bank of Russia's efforts

²⁵ Bank of Russia Ordinance No. 6562-U, dated 2 October 2023, 'On Amending Bank of Russia Instruction No. 175-I, Dated 14 November 2016'.



in this area were aimed at maintaining the balance between the stability of the domestic FX market and the continuity of foreign trade participants' operations.

To this end, the following measures were implemented with the participation of the Bank of Russia:

- Russian exporters of goods (services, works) working under agreements signed in pursuance of intergovernmental agreements were entitled to make settlements in foreign currency received from non-residents with Russian legal entities – contractors (co-contractors) under relevant foreign trade contracts (including through accounts with foreign banks).²⁶ This right was granted for Russian legal entities not to incur currency conversion costs.
- The effective date of the provisions of Federal Law No. 353-FZ²⁷ that oblige budgeting process participants²⁸ to make settlements in the course of foreign exchange transactions from the federal budget through foreign currency accounts opened to the Federal Treasury with authorised banks and empower the Federal Treasury to act as the foreign exchange control agent was postponed from 1 January 2024 to 1 January 2026.²⁹ The postponement will extend the period during which budgeting process participants can make settlements in foreign currency through their accounts opened with the authorised banks. This will help mitigate the risks of budgeting process participants' failure to fulfil their obligations in foreign currency in the conditions of the sanction pressure.
- Federal executive authorities were entitled to open accounts with the authorised banks without holding an open tender or an open auction³⁰ and conduct foreign exchange transactions using such accounts in compliance with the foreign exchange laws of the Russian Federation.³¹ This was associated with the sanctions imposed on CIs where federal executive authorities had earlier opened accounts and the impossibility to conduct transactions through those accounts.

The Bank of Russia continued to monitor how uniform the inflow and outflow of foreign currency are to be able to promptly identify any potential imbalances that might jeopardise financial stability in the existing geopolitical environment. The legislative authorities approved Federal Law No. 647-FZ 'On Amending the Federal Law 'On Foreign Exchange Regulation and Foreign Exchange Control'', developed with the participation of the Bank of Russia, according to which, from 1 March 2024, the obligation of residents³² to submit the information on their assets and liabilities³³ on a consolidated basis to the Bank of Russia is

²⁶ Executive Order of the President of the Russian Federation No. 72, dated 6 February 2023, 'On the Special Procedure for Settlements Between Certain Resident Legal Entities in Foreign Trade Operations'.

²⁷ Federal Law No. 353-FZ, dated 14 July 2022, 'On Amending the Federal Law 'On Foreign Exchange Regulation and Foreign Exchange Control' and the Federal Law 'On the Basic Principles of State Regulation of External Trade', and on Invalidating Part 3 of Article 2 of the Federal Law 'On Amending the Federal Law 'On Foreign Exchange Regulation and Foreign Exchange Control'.

²⁸ Budgeting process participants at the federal level, federal state budgetary (autonomous) institutions whose accounts were opened with the Federal Treasury according to the budget laws of the Russian Federation.

²⁹ Federal Law No. 355-FZ, dated 24 July 2023, 'On Amending Article 5 of the Federal Law 'On Auditing' and Articles 1 and 4 of the Federal Law 'On Amending the Federal Law 'On Foreign Exchange Regulation and Foreign Exchange Control', the Federal Law 'On the Basic Principles of State Regulation of External Trade', and on Invalidating Part 3 of Article 2 of the Federal Law 'On Amending the Federal Law 'On Foreign Exchange Regulation and Foreign Exchange Control'.

³⁰ The requirement for federal executive authorities to conclude agreements with financial institutions only based on the results of an open tender or an open auction according to Federal Law No. 44-FZ, dated 5 April 2013, 'On the Contract System in State and Municipal Procurement of Goods, Works and Services' is stipulated in Article 18 of Federal Law No. 135-FZ, dated 26 July 2006, 'On the Protection of Competition'.

³¹ Executive Order of the President of the Russian Federation No. 752, dated 9 October 2023, 'On the Temporary Procedure for Opening Accounts with Authorised Banks and Conducting Foreign Exchange Transactions Using Such Accounts by Federal Executive Authorities'.

³² Residents obliged to provide the Bank of Russia with the information specified in Paragraph 5 of Part 6 of Article 22 of Federal Law No. 173-FZ, dated 10 December 2003, 'On Foreign Exchange Regulation and Foreign Exchange Control'.

³³ The information on assets and liabilities denominated in foreign currency and/or payable in Russian rubles and/or foreign currency to non-residents by such residents and/or legal entities that are subsidiaries of the said residents, as well as on non-residents' liabilities to such residents and/or legal entities.



also related to the information on their subsidiary legal entities.³⁴ From 1 March 2024, the Bank of Russia is entitled to establish the procedure for informing residents of their inclusion in this list.

In 2023, the Bank of Russia expanded the list of organisations subject to the daily monitoring of foreign currency purchases and sales in the domestic FX market. Beginning from 13 November 2023, the summary on the schedules of foreign currency purchases and sales in the Russian FX market and on the plans for asset and liability management submitted to the Bank of Russia by exporters was forwarded³⁵ on a weekly basis to the Federal Financial Monitoring Service.

The authorities ensured control over the process of resident legal entities' or resident individual entrepreneurs' cash settlements with non-residents in the course of external trade and/or under loan agreements.³⁶ The Bank of Russia recommended that CIs³⁷ should include the information on such transactions in the data on transactions and in the bank control record.³⁸

Based on the results of the monitoring of the current situation and the state of the Russian FX market, the Bank of Russia extended the restrictions on foreign currency transfers from the Russian Federation through 31 March 2024.³⁹ In March 2024, the said restrictions were extended for another six months until 9 September 2024. The restrictions imply that individuals who are residents of the Russian Federation and friendly countries may transfer no more than \$1 million or an equivalent amount in another foreign currency per month to any accounts with foreign banks. The limits on money transfers without opening a bank account also remain effective: over a month, total transfers may not exceed \$10,000 or an equivalent amount in another foreign currency. Individuals – non-residents from both friendly and unfriendly states working in Russia may transfer funds abroad in the amount of their salary.

The ban on money transfers abroad for non-resident individuals from unfriendly states not working in Russia and for legal entities from such countries remains effective as well. This ban is not applicable to:

- foreign companies controlled by Russian legal entities or individuals; and
- banks from unfriendly states conducting money transfers in rubles using correspondent accounts opened with Russian CIs if the payer and the payee have accounts with foreign banks.

In order to enhance communication between the authorised banks and individuals, the Bank of Russia entitled the authorised banks to provide the document confirming individuals' banking transactions with foreign cash and transactions with foreign currency-denominated cheques (including traveller's cheques) in electronic form.⁴⁰

³⁴ Including those established according to foreign laws and domiciled beyond the Russian Federation.

³⁵ In connection with the entry into force of Executive Order of the President of the Russian Federation No. 771, dated 11 October 2023, 'On the Mandatory Sale of Foreign Currency Earnings Received by Certain Russian Exporters Under Foreign Trade Contracts'.

³⁶ The option to make settlements in cash was provided for by Executive Order of the President of the Russian Federation No. 529, dated 8 August 2022, 'On the Temporary Procedure for Fulfilling Foreign Currency Obligations Under Bank Account (Deposit) Agreements and Obligations on Bonds Issued by Foreign Entities' and Resolution of the Government of the Russian Federation No. 2433, dated 26 December 2022, 'On Approving the Rules for Cash Settlements Between Residents and Non-residents'.

³⁷ Bank of Russia Information Letter No. IN-08-12/41, dated 5 June 2023, 'On the Specifics of Applying Certain Provisions of Bank of Russia Instruction No. 181-I in Cash Settlements with Non-residents'.

³⁸ The data on transactions and the bank control record are compiled and kept in accordance with Bank of Russia Instruction No. 181-I, dated 16 August 2017, 'On the Procedure for Residents and Non-residents to Submit Documents and Information Confirming Foreign Exchange Transactions to Authorised Banks, on Single Accounting and Reporting Forms Related to Foreign Exchange Transactions, and the Procedure and Timeframes for Their Submission'.

³⁹ Bank of Russia Order No. 03-12-4/2740, dated 31 March 2023, and Bank of Russia Order No. 03-12-4/9255, dated 29 September 2023.

⁴⁰ Bank of Russia Ordinance No. 6511-U, dated 16 August 2023, 'On Amending Bank of Russia Instruction No. 136-I, Dated 16 September 2010'.



2.3.2. TRANSACTIONS WITH THE BANK OF RUSSIA'S ASSETS IN FOREIGN CURRENCIES AND PRECIOUS METALS

Over 2023, the country's international reserves increased from \$582.0 billion to \$598.6 billion, predominantly driven by higher prices for gold in US dollars.

As a result of the restrictions imposed in 2022 by some states on transactions with the Bank of Russia's assets in foreign currencies, a considerable portion of them was blocked. The Bank of Russia retains the title to the blocked reserve assets and is making efforts to protect them.

The regulator has sufficient liquid reserve assets (assets in Chinese yuan, as well as gold bars and foreign cash held in the Russian Federation) to be able to maintain financial stability, carry out all necessary operations and tackle any other tasks that might require the use of these assets.

The opportunities to further diversify the reserve assets with currencies and financial instruments of countries not put on the list of unfriendly states are limited due to the risks that these currencies and economies might involve. The exchange rates of these currencies are highly volatile, the markets are characterised by low liquidity, and a number of such countries have capital controls, which is why such currencies and instruments cannot be used to form reserves.

These factors determine the key role of the Chinese yuan in the creation of the reserve assets. The status of the Chinese yuan as an international currency and its liquidity have notably strengthened in recent years, the infrastructure of the Russian market of the Chinese yuan has been developing, and its turnover and liquidity have increased.

The Bank of Russia has assets in Chinese yuan and, considering the active transition of Russian market participants to yuan in settlements and financial instruments, the regulator was thus able to efficiently perform its function of maintaining financial stability in 2023.

From 13 January 2023, the Bank of Russia was conducting transactions to purchase and sell Chinese yuan in the domestic market within the implementation of the fiscal rule mechanism and other operations carried out by Russia's Ministry of Finance with the NWF's resources.

At the end of January 2023, the Bank of Russia launched a standing facility to provide Chinese yuan, namely overnight FX swaps to sell Chinese yuan for rubles with their subsequent purchase. During periods of elevated demand for short-term borrowings in yuan, this instrument was popular among market participants. The total turnover of these transactions over the year reached ¥59.7 billion.

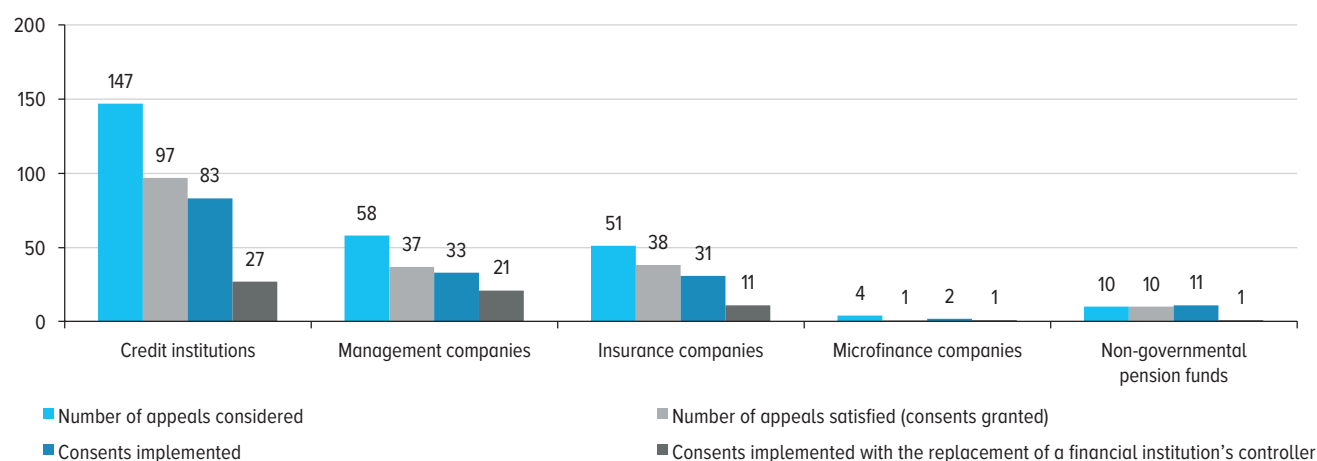
2.3.3. ADMISSION TO THE FINANCIAL MARKET

2.3.3.1. PARTICIPANTS

In 2023, over 470 participants¹ were admitted to the financial market and 160 decisions on issuing the Bank of Russia's consent to (approval of) the purchase of more than 10% of financial institutions' shares (stakes) and/or the establishment of control over shareholders (members) owning over 10% of financial institutions' shares (stakes) (including 61 that resulted in a change of an entity controlling a financial institution) were implemented.

Number of Bank of Russia consents granted in 2023 to perform transactions aimed at the acquisition of over 10 per cent of shares (stakes) in a financial institution and/or the establishment of control over its shareholders (members)
(units)

Chart 26



A legal framework was established for integrating financial institutions operating in the new regions into the Russian financial system. Specifically, the Bank of Russia stipulated the procedure for receiving a banking licence,² the procedure for obtaining the status of an MFO or a pawnshop,³ and the procedure and conditions for receiving an insurance licence.⁴

In 2023, 19 financial market participants (16 pawnshops, one microcredit company, one CCC, and one insurer) were licensed in the new regions and put on the Bank of Russia's respective registers.

¹ More detailed information on the number of financial market participants is given in [Table 10](#) and [Table 11 of Section 5.4. 'Statistical tables'](#).

² Bank of Russia Order No. OD-1223, dated 12 July 2023, 'On the Procedure and Conditions for Credit Institutions Listed in Part Two of Article 17 of Federal Constitutional Law No. 6-FKZ, Dated 4 October 2022, 'On the Accession of the Lugansk People's Republic to the Russian Federation and the Foundation of a New Constituent Territory – the Lugansk People's Republic – in the Russian Federation' to Receive Banking Licences' (effective until 1 January 2024).

³ Bank of Russia Order No. OD-1220, dated 11 July 2023, 'On the Procedure and Conditions for Obtaining the Status of a Microfinance Organisation and the Status of a Pawnshop by Entities Whose Activities are Similar to Those Specified in Clauses 11 and 18 of Part 1 of Article 76.1 of Federal Law No. 86-FZ, Dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)', Which are Registered in the Donetsk People's Republic and Entitled, According to the Laws of the Donetsk People's Republic, to Conduct Such Financial Transactions' (effective until 1 January 2024).

⁴ Bank of Russia Order No. OD-1407, dated 17 August 2023, 'On the Procedure and Conditions for Receiving an Insurance Licence by Entities Whose Activity is Similar to the Activity Specified in Clause 9 of Part 1 of Article 76.1 of Federal Law No. 86-FZ, Dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)', Which are Registered in the Donetsk People's Republic and Entitled, According to the Laws of the Donetsk People's Republic, to Conduct Such Financial Transactions' (effective until 1 January 2025).

Over the reporting period, the Bank of Russia Board of Directors approved:

- The decision to extend the support measures for CIs and NFIs and organisations providing professional services in the financial market, allowing these entities to limit access to the information sensitive to sanction risk. Besides, as part of the gradual resumption of information disclosure⁵ from 1 July 2023, in order to ensure the protection of rights of the creditors of reorganised financial market participants, the Bank of Russia prohibited non-disclosure of the information about the fact of approving the decision on reorganisation and, partly, the information on material facts affecting financial and business operations of a CI that is reorganised through merger, acquisition, or transformation.
- The decision to apply the list of offshore zones approved by the relevant decision of the Bank of Russia Board of Directors when assessing persons entitled to use financial institutions' shares (stakes).⁶

The above measures were extended⁷ through 31 December 2024.

CREDIT INSTITUTIONS

In 2023, the Bank of Russia registered:

- one newly founded bank that received a universal banking licence to conduct ruble and foreign currency operations (with the right to accept household deposits) and carry out banking operations with precious metals;
- one settlement non-bank credit institution (SNCI) licensed to conduct banking operations in rubles and foreign currency for SNCIs; and
- one NCI – CCP licensed to conduct banking operations in rubles and foreign currency for NCIs – CCPs.

The Bank of Russia issued licences to four CIs for the expansion of their activities by entitling them to conduct banking operations with precious metals.



The list of banking operations that may be conducted by mobile offices was extended

⁵ The Bank of Russia Board of Directors' Decision, dated 23 June 2023, 'On Determining the List of Information of Credit Institutions, Non-bank Financial Institutions, and Organisations Providing Professional Services in the Financial Market Subject to Disclosure Pursuant to Russian Laws or Bank of Russia Regulations, Which Credit Institutions, Non-bank Financial Institutions, and Organisations Providing Professional Services in the Financial Market are Entitled Not to Disclose from 1 July 2023 Through 31 December 2023, and on Determining the List of Information Envisaged by Russian Laws or Bank of Russia Regulations, Which the Bank of Russia is Entitled Not to Disclose on its Website from 1 July 2023 Through 31 December 2023'.

⁶ The Bank of Russia Board of Directors' Decision, dated 15 September 2023, 'On the Requirements for Credit Institutions and Non-bank Financial Institutions (Persons Entitled to Directly or Indirectly Use Shares (Stakes) Being Part of Credit Institutions' and Non-bank Financial Institutions' Equity)'.

⁷ The Bank of Russia Board of Directors' Decisions, dated 22 December 2023, 'On the Requirements for Credit Institutions and Non-bank Financial Institutions (Persons Entitled to Directly or Indirectly Use Shares (Stakes) Being Part of Credit Institutions' and Non-bank Financial Institutions' Equity)' and 'On Determining the List of Information of Credit Institutions, Non-bank Financial Institutions, and Organisations Providing Professional Services in the Financial Market Subject to Disclosure Pursuant to Russian Laws or Bank of Russia Regulations, Which Credit Institutions, Non-bank Financial Institutions, and Organisations Providing Professional Services in the Financial Market are Entitled Not to Disclose from 1 January 2024 Through 31 December 2024, and on Determining the List of Information Envisaged by Russian Laws or Bank of Russia Regulations, Which the Bank of Russia is Entitled Not to Disclose on its Website from 1 January 2024 Through 31 December 2024'.

Over the reporting period, the regulator enacted Bank of Russia Ordinance No. 6242-U⁸ simplifying the procedure for opening banks' internal structural units, such as mobile banking vehicles. All existing mobile banking vehicles were recognised as mobile offices. The list of banking operations that may be conducted by mobile offices was extended to include lending to people and money transfers on their bank accounts, cash collection and the entire range of cash services.

NON-GOVERNMENTAL PENSION FUNDS

The regulator enacted Bank of Russia Ordinance No. 6456-U⁹ adjusting the list of data to be included in the register of NPFs' licences and the list of documents needed to receive and renew an NPF's licence and stipulating the provisions to be specified in a licence when it is issued. This was associated with the launch of the system guaranteeing NPF clients' rights.¹⁰

INSURANCE AGENTS

In 2023, the Bank of Russia licensed:

- two insurance brokers to carry out insurance brokerage operations;
- five mutual insurance companies to provide mutual insurance services;
- one new insurance company to provide CMTPLI services;
- one operating insurance company to provide CMTPLI services;
- two operating insurance companies to provide services in compulsory insurance of a hazardous facility owner's third party liability for damage caused by an accident at such a facility (CIHF);
- two operating insurance companies to provide services in compulsory insurance of carriers' third party liability for personal injury and damage to the property of the passengers during transportation; and
- four operating insurance companies to provide reinsurance services.

OTHER PARTICIPANTS

In 2023, the Bank of Russia:

- approved the rules of a DFA exchange operator and put the first DFA exchange operator on the register;
- approved the rules of information systems where DFAs are issued and put seven operators of information systems used for issuing DFAs on the register;
- assigned the status of a CCP and issued one licence for clearing activities;
- registered three entities as PSOs and entered the information about them in the register of PSOs;
- put 18 entities on the register of IP operators;
- put four entities on the register of FPOs; and
- entered the information on 20 audit firms in the register of auditors providing audit services to socially important organisations in the financial market.

⁸ Bank of Russia Ordinance No. 6242-U, dated 21 September 2022, 'On the Procedure for Banks (Their Branches) to Open Mobile Offices, on the Procedure for Entering Information Thereon in the State Register of Credit Institutions, and on the List of Banking Operations Allowed to Mobile Offices' (effective from 1 October 2023).

⁹ Bank of Russia Ordinance No. 6456-U, dated 20 June 2023, 'On Amending Bank of Russia Instruction No. 187-I, Dated 4 June 2018'.

¹⁰ Pursuant to Federal Law No. 556-FZ, dated 28 December 2022, 'On Amending the Federal Law 'On Non-governmental Pension Funds' and the Federal Law 'On Insolvency (Bankruptcy)'.

The regulator admitted the first eight participants in the partnership financing experiment to the market.¹¹

For the first time, within the simplified procedure for admission (on a notification basis),¹² the Bank of Russia made 19 decisions,¹³ including 14 decisions on licensing professional securities market participants and five decisions on putting investment advisers on the unified register.

Over the period under review, the regulator enacted:

- Bank of Russia Regulation No. 805-P¹⁴ primarily aimed at harmonising the procedure for licensing exchanges and clearing houses, including establishing a register-based model for admission to the financial market, as well as excluding overlapping requirements for updating the register of exchanges and trading systems' licences and the register of licences for clearing activities;
- Bank of Russia Ordinance No. 6324-U¹⁵ developed for the Bank of Russia to perform a new function of approving IP rules and amendments to them;¹⁶
- Bank of Russia Ordinance No. 6503-U¹⁷ establishing a procedure for keeping the register of participants in the partnership financing experiment;
- Bank of Russia Ordinance No. 6454-U¹⁸ updating the requirements for exchanges' and clearing houses' governance body members and officers to have certain experience of working at financial institutions and relevant professional education (considering the specifics of work);
- Bank of Russia Ordinance No. 6176-U¹⁹ aimed at enhancing the regulator's procedure for putting entities on the register of MCs of special purpose vehicles and the procedure for removing such entities from this register;

¹¹ The experiment is carried out in accordance with Federal Law No. 417-FZ, dated 4 August 2023, 'On the Experiment in Introducing Special Regulation to Create Necessary Conditions for Partnership Financing Activities in Individual Constituent Territories of the Russian Federation and on Amending Certain Laws of the Russian Federation'.

¹² Provided for by Bank of Russia Regulation No. 798-P, dated 29 June 2022, 'On the Procedure for the Bank of Russia to License the Types of Professional Activity in the Securities Market Specified in Articles 3–5, 7 and 8 of Federal Law No. 39-FZ, Dated 22 April 1996, 'On the Securities Market' and on the Procedure for the Bank of Russia to Maintain the Register of Professional Securities Market Participants, on the Procedure for the Bank of Russia to Make a Decision on Entering (Refusal to Enter) Information on a Person in the Unified Register of Investment Advisers, and on the Procedure for the Bank of Russia to Maintain the Said Register, as well as on the Procedure for the Bank of Russia to License Investment Funds, License Management Companies to Manage Investment Funds, Unit Investment Funds and Non-governmental Pension Funds, License Specialised Depositories of Investment Funds, Unit Investment Funds and Non-governmental Pension Funds, and the Procedure for the Bank of Russia to Maintain the Registers of Such Licences'.

¹³ These decisions were made within one business day following the receipt of the application in accordance with Clause 3.10 of Bank of Russia Regulation No. 798-P, dated 29 June 2022.

¹⁴ Bank of Russia Regulation No. 805-P, dated 22 September 2022, 'On the Procedure for the Bank of Russia to License Exchanges, Trading Systems and Clearing Houses, the Procedure for the Bank of Russia to Maintain the Register of Exchanges and Trading Systems' Licences, the Register of Licences for Clearing Activities, and the Procedure for Providing Extracts from These Registers' (effective from 1 October 2023).

¹⁵ Bank of Russia Ordinance No. 6324-U, dated 14 December 2022, 'On the List of Documents Attached to the Application Based on Which the Bank of Russia Makes a Decision on Approving Investment Platform Rules and Amendments Thereto, the Requirements for Such Documents, and the Procedure for Approving Investment Platform Rules and Amendments Thereto by the Bank of Russia' (effective from 28 April 2023).

¹⁶ Provided for by Federal Law No. 259-FZ, dated 2 August 2019, 'On Investment Raising Using Investment Platforms and on Amending Certain Laws of the Russian Federation'.

¹⁷ Bank of Russia Ordinance No. 6503-U, dated 11 August 2023, 'On the Bank of Russia's Register of Participants in the Experiment to Introduce Special Regulation for Creating Necessary Conditions for Partnership Financing Activities'.

¹⁸ Bank of Russia Ordinance No. 6454-U, dated 20 June 2023, 'On the Expertise and Qualification Requirements for Persons Listed in Part 2 of Article 6 of Federal Law No. 7-FZ, Dated 7 February 2011, 'On Clearing, Clearing Activities and the Central Counterparty' and Part 2 of Article 6 of Federal Law No. 325-FZ, Dated 21 November 2011, 'On On-exchange Trading'.

¹⁹ Bank of Russia Ordinance No. 6176-U, dated 29 June 2022, 'On the Procedure for the Bank of Russia to Include Organisations in the Register of Management Companies of Special Purpose Vehicles and to Exclude Them from the Said Register' (effective from 1 October 2023).



- Bank of Russia Ordinance No. 6522-U²⁰ aimed at enhancing the regulator's procedure for putting entities on the register of operators of information systems where DFAs are issued and on the register of DFA exchange operators; and
- Bank of Russia Ordinance No. 6589-U²¹ establishing a procedure for keeping the register of PAOs.

2.3.3.2. FINANCIAL INSTRUMENTS

The data on the admission of financial instruments in 2023 reflect the main trends observed over the year in the financial market, in particular businesses' adaptation to the new environment, resumption of investment programmes and search for new funding sources, on the one hand, and rising demand from investors, primarily retail ones, on the other hand.

As a result, 2023 was a year of considerable increases in both the number and amounts of share and bond issues. The Bank of Russia and other registration organisations (registrars, exchanges, the central depository) registered 3,409 share issues and 2,280 bond issues. The details on the amounts of admitted and listed issue-grade securities and the number of effective rules for trust management of UIFs are available in [Tables 14 and 15 of Section 5.4. 'Statistical tables'](#).

In 2023, companies continued to demonstrate demand for borrowings in new currencies. As a result, in addition to bonds purchased in 2022 in US dollars, euros, Chinese yuan and British pounds, in 2023, companies started to buy bonds in UAE dirhams and Swiss francs as well.²² In 2023, the amounts of yuan-denominated bonds turned out to be smaller year-on-year, but they still exceed those of bonds both in US dollars and euros and in the additional currencies.

In 2023, the first issue of gold-denominated bonds²³ was registered in the Russian financial market.



Financial institutions almost fully transitioned to electronic registration of securities issues

The proportion of securities issues registered in electronic form continued to grow. In 2023, electronic actions related to the issue of financial and non-financial organisations' securities accounted for 96.4% and 37.33%, respectively.

²⁰ Bank of Russia Ordinance No. 6522-U, dated 8 September 2023, 'On Amending Bank of Russia Regulation No. 746-P, Dated 16 December 2020'.

²¹ Bank of Russia Ordinance No. 6589-U, dated 30 October 2023, 'On Maintaining by the Bank of Russia of the Register of Payment Acceptance Operators and on Assessment by the Bank of Russia of the Compliance of Persons Listed in Part 1 of Article 3.2 of Federal Law No. 103-FZ, Dated 3 June 2009, 'On the Acceptance of Payments from Individuals by Payment Agents' with the Qualification and Business Reputation Requirements and of Persons Listed in Part 3 of Article 3.3 of Federal Law No. 103-FZ, Dated 3 June 2009, 'On the Acceptance of Payments from Individuals by Payment Agents' with the Requirements Stipulated by Part 1 of Article 3.3 of the Said Federal Law'.

²² Bonds in Swiss francs were issued to substitute Eurobonds in this currency and, therefore, this choice was driven not only by market demand but also by the law requiring that the currency of substitute bonds shall be the same as that of Eurobonds.

²³ For the purposes of bond offering, bond yield payment, purchase and redemption (early redemption) of bonds, as well as for determining and fulfilling other financial obligations on bonds, a bond's face value is calculated in a money equivalent in Russian rubles at the official price for gold set by the Bank of Russia.

In 2023, the Bank of Russia surveyed companies regarding the problems facing issuers in the course of electronic registration of securities issues and further use of registered electronic issue documents in order to prepare proposals on how to enhance this procedure.

In 2023, registrars registered nearly 98.6% of all share issues offered upon the foundation of joint-stock companies, or 2,189 out of 2,220 issues (vs over 97% in 2022, or 1,787 out of 1,834 issues).

The number of issues and additional issues of shares registered by registrars over the year that were offered through IPs increased as well, namely from 83 in 2022 to 119 in 2023.

In order to simplify the processes of preparation and submission of issue documents to the Bank of Russia, whether in electronic or paper form, the regulator:

- Published on its website a special application for preparing a number of issue documents. The application automates this process as it checks the formatting and data logic to eliminate technical errors when documents are created and enables the creation of documents in XML format.
- Updated the list of questions and answers about securities issue, which was published earlier on its website, as well as added new ones.
- Updated the list of frequently detected violations and typical errors arising in the course of preparation of issue documents, which was published earlier on its website.



Electronic communication with collective investment market participants was launched

From 1 April 2023, the Bank of Russia transitioned to the electronic document flow with collective investment market participants in the course of admission of UIFs to the financial market.²⁴ The transition to the electronic document flow enhanced the effectiveness of the procedure for UIF admission to the financial market. Specifically, the information and document exchange between the Bank of Russia and financial market participants became faster, while collective investment market participants' costs associated with the compilation, submission and storage of paper documents decreased.

Over 2023, the Bank of Russia was interacting with the MCs of those UIFs whose assets had been blocked due to foreign countries' unfriendly actions. As of 31 December 2023, the Bank of Russia registered trust management rules of 34 new UIFs with separated blocked assets, as well as 78 amendments to UIFs' trust management rules related to the change of the UIF type to a closed-end UIF, as required by Article 5.4 of Federal Law No. 319-FZ²⁵ and the Bank of Russia Board of Directors' Decision, dated 10 February 2023. This made it possible to efficiently manage the remaining liquid assets and helped resume transactions with investment units of those UIFs from which blocked assets had been separated.

In 2023, the quantitative indicators of collective investment instruments continued to grow.

²⁴ In accordance with the procedure established by Bank of Russia Instruction No. 208-I, dated 24 May 2022, 'On the Procedure for Registering the Rules for Trust Management of a Unit Investment Fund Whose Investment Units Are Not Intended Solely for Qualified Investors and Registering Amendments and Additions Thereto, and on the Form of Reports on the Number of Additionally Issued Investment Units of a Closed-end Unit Investment Fund'.

²⁵ Federal Law No. 319-FZ, dated 14 July 2022, 'On Amending Certain Laws of the Russian Federation'.

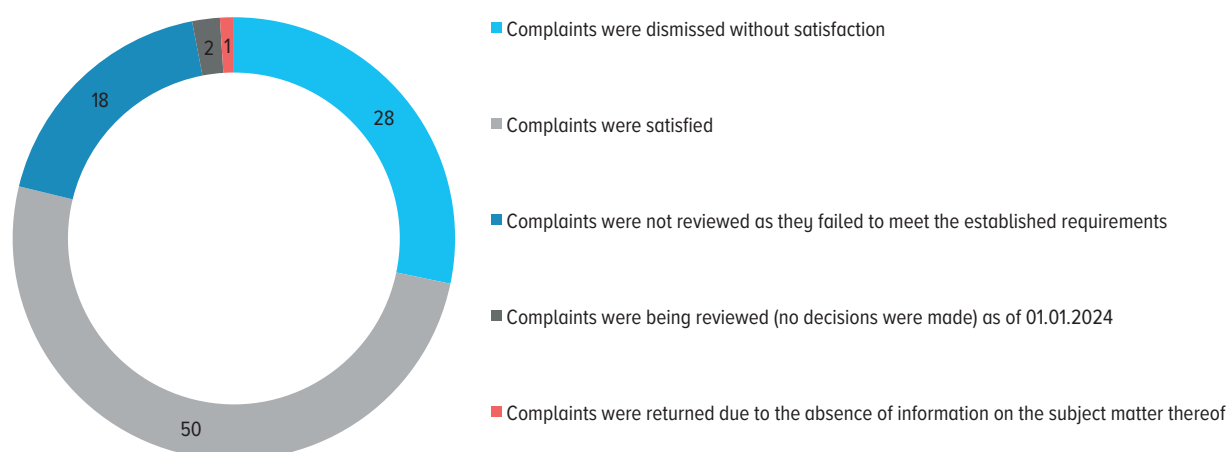
2.3.3.3. ACTIVITY OF THE BANK OF RUSSIA COMPLAINT REVIEW COMMISSION RELATED TO DECISIONS ON NON-COMPLIANCE WITH QUALIFICATION AND BUSINESS REPUTATION REQUIREMENTS

As of 1 January 2024, the number of complaints received by the Bank of Russia Commission reviewing complaints about the decisions made by Bank of Russia officials on non-compliance of a person with qualification and/or business reputation requirements established by federal laws (hereinafter, the Commission) since its inception²⁶ totalled 1,322. Of the 1,078 complaints²⁷ considered, 638 (59%) were satisfied and 440 (41%) were rejected.

In 2023, the Commission reviewed (processed) 99 complaints,²⁸ 50 of which were settled and 28 were dismissed. The complaints were considered within the timeframe stipulated by law.

Appeals to the Bank of Russia Complaint Review Commission in 2023 (units)

Chart 27



By applying to the Commission, those who disagree with the decisions on their failure to comply with the established business reputation or qualification requirements are able to challenge such decisions out of court. The number of the complaints satisfied proves that the Commission has been effectively working as an out-of-court body.

In 2023, the Commission received complaints regarding operations of CIs (16 complaints), MFOs (59 complaints), insurers (eight complaints), and other financial institutions (13 complaints).

Complaints from AML/CFT/CFP compliance officers (47 complaints), persons acting as financial institutions' sole executive bodies (29 complaints), large shareholders (sole executive bodies of large shareholders and controllers) of financial institutions (20 complaints); heads of risk management units (11 complaints), deputies of sole executive bodies (eight complaints), board of directors' members (six complaints), and the chief accountants of financial institutions (six complaints) accounted for the highest percentage in the total number of the complaints received in 2023.

²⁶ Started to work on 28 January 2018.

²⁷ The remaining ones are complaints not reviewed due to their non-compliance with the established requirements, complaints returned due to the absence of information on the subject matter, and pending complaints that were under consideration (pending) as of 1 January 2024.

²⁸ Including complaints under consideration as of 1 January 2023.

2.3.3.4. BANK OF RUSSIA LISTS OF PERSONS CONTROLLING FINANCIAL INSTITUTIONS

In order to mitigate the consequences of the restrictions enacted by unfriendly foreign states, the Bank of Russia made the decisions²⁹ extending financial institutions' right not to disclose the information on their structure and list of shareholders (members), controlling persons, and other officers through 31 December 2024.

Financial institutions continue to submit this information to the Bank of Russia for the regulator to maintain the lists of financial institutions' controlling persons and perform its control and supervision functions.

As of 1 January 2024, the lists contained 14,333 entries on persons put on the lists based on the grounds stipulated by Federal Law No. 127-FZ, dated 26 October 2002, 'On Insolvency (Bankruptcy)' (hereinafter, Federal Law No. 127-FZ).

In 2023, there were no cases where the Bank of Russia would have needed to exercise its right to recognise a person as a person controlling a financial institution.

During 2023, the Commission for complaints about putting on the lists of controlling persons (hereinafter, the Commission) received no complaints. Since its inception,³⁰ the Commission received eight complaints, all of which were rejected following their review.

Three complainants tried to challenge the Commission's decisions in court. Having examined the cases, the court of first instance dismissed claimants' appeals, and the court of appeal upheld these rulings.

²⁹ The Bank of Russia Board of Directors' Decision, dated 23 June 2023, 'On Determining the List of Information of Credit Institutions, Non-bank Financial Institutions, and Organisations Providing Professional Services in the Financial Market Subject to Disclosure Pursuant to Russian Laws or Bank of Russia Regulations, Which Credit Institutions, Non-bank Financial Institutions, and Organisations Providing Professional Services in the Financial Market are Entitled Not to Disclose from 1 July 2023 Through 31 December 2023, and on Determining the List of Information Envisaged by Russian Laws or Bank of Russia Regulations, Which the Bank of Russia is Entitled Not to Disclose on its Website from 1 July 2023 Through 31 December 2023'; and the Bank of Russia Board of Directors' Decision, dated 22 December 2023, 'On Determining the List of Information of Credit Institutions, Non-bank Financial Institutions, and Organisations Providing Professional Services in the Financial Market Subject to Disclosure Pursuant to Russian Laws or Bank of Russia Regulations, Which Credit Institutions, Non-bank Financial Institutions, and Organisations Providing Professional Services in the Financial Market are Entitled Not to Disclose from 1 January 2024 Through 31 December 2024, and on Determining the List of Information Envisaged by Russian Laws or Bank of Russia Regulations, Which the Bank of Russia is Entitled Not to Disclose on its Website from 1 January 2024 Through 31 December 2024'.

³⁰ Started to work on 1 July 2021.



2.3.4. REGULATION

2.3.4.1. CREDIT INSTITUTIONS, BANKING GROUPS, AND BANK HOLDING COMPANIES

MEASURES IMPLEMENTED BY THE BANK OF RUSSIA TO STABILISE THE SITUATION IN THE FINANCIAL MARKET AMID THE MATERIALISATION OF SANCTION RISKS

The main outcome of 2023 for the banking sector was the normalisation of its work after the deep shock of 2022. This became possible due to both the measures taken by the Bank of Russia and the adaptation of CIs and non-financial businesses to the new environment. Eventually, the economy was transformed, and banks earned large profits and expanded lending. The quick adaptation enabled a smooth exit of credit institutions from the temporary easing regime. Nonetheless, strategic solutions were integrated into the ongoing regulation.

As planned, the Bank of Russia continued to gradually wind down the support measures that had completed their role, including:

- Since the beginning of 2023, CIs and the Bank of Russia resumed disclosing reports on their websites. In addition, starting from June 2023, the Bank of Russia resumed publishing prudential reports of CIs and banking groups in an abridged format without sensitive information on its website (instead of the ban on any disclosures in 2022). This approach will also apply in 2024,¹ while the scope of disclosures will still be determined taking into consideration sanction risks.
- The postponement of loss provisioning for loans to legal entities² expired in June 2023, for loans to individuals and SMEs – in December, except for mobilised individuals³ and SMEs whose only founders are military personnel⁴ – for them, the exemption will remain valid until January 2025.
- The easing regime for the LCR⁵ ceased to apply since March 2024, which is aimed at improving the situation with short-term liquidity management. SICIs may take advantage of paid irrevocable credit lines from the Bank of Russia to fill the shortage of highly liquid assets necessary to comply with the LCR at the 100% level. The Bank of Russia developed [the concept of a new national LCR](#) (published on the Bank of Russia website on 18 February 2024 for discussion with the banking community).

Measures that remain in effect/are incorporated into the regulation:

- CIs are allowed not to take into consideration the fact of asset blocking in the course of loss provisioning.⁶ In the future, CIs will regularly recognise losses from asset blocking until the end of 2032 (at least 20% by the end of 2024).

¹ Decisions of the Bank of Russia Board of Directors, dated 26 December 2023, 'On the Requirements for the Disclosure of Reporting and Information in 2024 by Credit Institutions (Parent Credit Institutions of Banking Groups)' and 'On the List of Information About Credit Institutions' Operations Not Disclosed by the Bank of Russia on Its Website'.

² Bank of Russia Information Letter No. IN-03-23/148, dated 29 December 2022, 'On the Specifics of Application of Bank of Russia Regulations' and Bank of Russia Information Letter No. IN-03-23/12, dated 13 February 2023, 'On Non-application of Measures Against Credit Institutions Due to the Restriction on Information Disclosure'.

³ Bank of Russia Information Letter No. IN-03-23/13, dated 15 February 2023, and Bank of Russia Information Letter No. IN-03-23/72, dated 28 December 2023, 'On Loss Provisioning for Loans to Servicemen and Employees of the Armed Forces and Their Family Members'.

⁴ Bank of Russia Information Letter No. IN-03-23/14, dated 15 February 2023, and Bank of Russia Information Letter No. IN-03-23/74, dated 29 December 2023, 'On Loss Provisioning for Loans to Small and Medium-sized Enterprises'.

⁵ Bank of Russia Information Letter No. IN-03-23/152, dated 29 December 2022, 'On the Specifics of Compliance with the N26 (N27) Ratio' and Bank of Russia Information Letter No. IN-03-23/73, dated 28 December 2023, 'On Approaches to Complying with the N26 (N27) Ratio'.

⁶ Bank of Russia Information Letter No. IN-03-23/160, dated 30 December 2022, 'On Approaches to Making Loss Provisions for Blocked Assets' and Bank of Russia Information Letter No. IN-03-23/75, dated 29 December 2023, 'On Extending the Approaches Provided for by Bank of Russia Information Letter No. IN-03-23/160, Dated 30 December 2022'.

- The exemption of banks from additional contributions to the Compulsory Deposit Insurance Fund (CDIF) was extended into 2024 Q1 and Q2,⁷ so that banks could raise deposits at current interest rates during the period of the surge in the key rate. For banks to remain flexible in deposit offerings, one of the criteria for making additional payments to the CDIF – the basic return on deposits – was cancelled at the legislative level.⁸
- In order to remove factors of regulatory pressure on the Russian foreign exchange market, more flexibility was given for correcting a short OCP if it had been formed through no fault of a CI.⁹ This measure was extended into 2024 and simultaneously expanded: if the OCP limits are exceeded once, this will not be deemed to be a violation, regardless of the reasons for such occurrence.
- The list of CIs entitled to apply, before the effective date, the calculated value of the internal loss multiplier¹⁰ when measuring operational risk was expanded, and CIs were allowed to start using it from the first day of any calendar month.¹¹ However, the option for banks with high fee incomes (expenses) to measure operational risk based on the basic indicator¹² was not extended.

Federal Law No. 566-FZ¹³ drafted jointly with the Bank of Russia was adopted. According to this law, banks with a basic licence are allowed on an ongoing basis to open correspondent accounts with foreign banks from 1 January 2024. About 30 banks with a basic licence took advantage of the temporary right to open correspondent accounts with foreign banks. Settlement non-bank CIs were also temporarily entitled to open correspondent accounts with banks that were not residents of unfriendly states, regardless of whether these banks had a long-term credit rating¹⁴ or not. These innovations expand the opportunities for cross-border payments and international settlements amid sanctions.

IMPROVING REGULATION

In 2023, the regulator implemented a number of initiatives that allowed banks to maintain and increase their performance potential, enhance their reliability, and improve the quality of risk assessment.

The Bank of Russia introduced incentive-based regulation¹⁵ to support lending to projects promoting technological sovereignty and the structural adaptation of the domestic economy (TS and SA).

⁷ Decision of the DIA.RF Board of Directors, dated 19 December 2023.

⁸ Federal Law No. 655-FZ, dated 25 December 2023, 'On Amending Article 189.96 of the Federal Law 'On Insolvency (Bankruptcy)' and the Federal Law 'On the Insurance of Deposits with Russian Banks'.

⁹ Decisions of the Bank of Russia Board of Directors, dated 10 August 2023 and 26 December 2023, 'On the Requirements for Credit Institutions to Comply with the Values (Limits) of Open Currency Positions'.

¹⁰ Pursuant to Bank of Bank of Russia Regulation No. 744-P, dated 7 December 2020, 'On the Procedure for Measuring Operational Risk (Basel III) and the Bank of Russia's Supervision over Compliance with This Procedure'.

¹¹ Decision of the Bank of Russia Board of Directors, dated 22 December 2023, 'On Temporary Procedures for Measuring Operational Risk'.

¹² Pursuant to Bank of Russia Regulation No. 652-P, dated 3 September 2018, 'On the Procedure for Measuring Operational Risk'.

¹³ Federal Law No. 566-FZ, 'On Invalidating Parts Two and Nine of Article 5.1 of the Federal Law 'On Banks and Banking Activities'.

¹⁴ Decisions of the Bank of Russia Board of Directors, dated 17 March 2023 and 26 December 2023, 'On Approaches to Calculating the Required Ratios of Settlement Non-bank Credit Institutions'.

¹⁵ Bank of Russia Ordinance No. 6436-U, dated 6 June 2023, 'On Amending Bank of Russia Instruction No. 199-I, Dated 29 November 2019, 'On Required Ratios and Capital Adequacy Buffers for Banks with a Universal Licence' and Bank of Russia Ordinance No. 6443-U, dated 7 June 2023, 'On Amending Bank of Russia Regulation No. 483-P, Dated 6 August 2015'.



The eligibility criteria of such projects were established by the Government of the Russian Federation.¹⁶ Now, banks with a universal licence can lend to TS and SA projects with lower pressure on capital, which expands their opportunities to finance such projects. Over the first six months since the start of the programme, projects worth about ₽265 billion were included in the register of projects conforming to the eligibility criteria, including in such areas as infrastructure construction, the nuclear industry, and the production of electric vehicle batteries.

As to loss provisioning and claims, the Bank of Russia introduced changes improving the quality of risk assessment and reducing the operational burden on banks. Specifically, the regulator:

- Established the requirement for increased provisions¹⁷ (of up to 50%) for mortgages where the TCC was significantly below the market level in order to disincentivise banks to issue mortgage loans at near-zero rates but higher housing prices.
- Introduced conversion factors to be applied by CIs when making provisions for contingent credit obligations (CCOs), including for credit lines, letters of credit, and guarantees.¹⁸ The factors depend on the pace of CCO conversion into credit claims in case a counterparty is close to default, which helps make a more accurate risk assessment.
- Allowed banks to assess SMEs' claims and CCOs of up to ₽50 million (previously, ₽10 million) based on banks' in-house indicators of creditworthiness.¹⁹ This should promote the financing of SMEs and reduce banks' costs for assessing these claims and obligations.
- Expanded the opportunities for reducing provisions through sureties (independent guarantees) of regional guarantee organisations.²⁰
- Allowed banks applying IRB²¹ approaches to make loss provisions using risk management techniques and risk quantification models²² for SME and retail loans.

In order to enhance banks' resilience and reliability, the Bank of Russia tightened the requirements for the quality of CIs' equity (capital).²³ In particular, the regulator:

- Prohibited banks from including new foreign currency-denominated subordinated instruments in their capital in order to disincentivise the accumulation of long-term foreign exchange risk on banks' balance sheets.
- Stipulated that interest-free financing and contributions to assets shall be non-recoverable in order to prevent volatility of banks' capital.

¹⁶ Resolution of the Government of the Russian Federation No. 603, dated 15 April 2023, 'On Approving the Priority Areas of Projects Promoting Russia's Technological Sovereignty and the Structural Adaptation of the Economy and the Regulation on the Terms for Classifying Projects as Projects Promoting Russia's Technological Sovereignty and the Structural Adaptation of the Economy, on Submitting the Information on Projects Promoting Russia's Technological Sovereignty and the Structural Adaptation of the Economy, on Keeping the Register of the Said Projects, and on the Requirements for Organisations Authorised to Issue Opinions on Compliance of Projects with the Requirements for Projects Promoting Russia's Technological Sovereignty and the Structural Adaptation of the Economy of the Russian Federation'.

¹⁷ Bank of Russia Ordinance No. 6377-U, dated 15 March 2023, 'On Amending Bank of Russia Regulation No. 590-P, Dated 28 June 2017, 'On the Procedure for Credit Institutions to Make Loss Provisions for Loans, Loan and Similar Debts'.

¹⁸ Bank of Russia Ordinance No. 6465-U, dated 26 June 2023, 'On Amending Bank of Russia Regulation No. 611-P, Dated 23 October 2017, 'On the Procedure for Credit Institutions to Make Loss Provisions'.

¹⁹ Decisions of the Bank of Russia Board of Directors, dated 23 December 2022 and 22 December 2023, 'On Approaches to Assessing Credit Risk for the Purpose of Loss Provisioning'.

²⁰ Decisions of the Bank of Russia Board of Directors, dated 31 March 2023 and 26 December 2023, 'On Approaches for Credit Institutions to Take into Account Regional Guarantee Organisations' Sureties and Independent Guarantees in Loss Provisioning'.

²¹ Bank of Russia Regulation No. 483-P, dated 6 August 2015, 'On the Procedure for Measuring Credit Risk Using IRB Approaches'.

²² Bank of Russia Ordinance No. 6447-U, dated 13 June 2023, 'On Amending Bank of Russia Regulation No. 730-P, Dated 24 August 2020'.

²³ Bank of Russia Ordinance No. 6408-U, dated 10 April 2023, 'On Amending Bank of Russia Regulation No. 646-P, Dated 4 July 2018, 'On the Methodology for Measuring Credit Institution Capital (Basel III)'.



- Set the absolute value of the criterion for the materiality of indirect investments in capital sources (the aggregate limit is ₺10 billion, and the individual limit is ₺100 million). For banks to adapt to these requirements, the regulator approved a schedule for step-by-step exclusion of the excess value from capital according to the new criteria: from 1 April 2024 – in the amount of 30%, from 1 April 2025 – 60%, and from 1 April 2026 – 100%. The changes are aimed at enhancing the transparency of capital sources.
- Expanded the list of immobilised investments not related to banking activities (for example, investments in land and real estate). These will also include credit claims on buyers related to payments for real estate (from 1 April 2024).

For a more accurate risk assessment, the Bank of Russia modified the calculation of the required CARs and capital adequacy buffers of CIs and banking groups.²⁴ In particular, the regulator:

- Zeroed the capital adequacy buffers and the systemic importance buffer for 2023; however, in 2024, banks started to restore the buffers to their original values in accordance with the schedule.²⁵
- Obligated SICIs to use a finalised approach when calculating their CARs, including in segments not applying IRB approaches, which will promote fair competition among banks.
- Reduced the risk weights for correspondent account balances and short-term IBLs (for up to 90 days) in rubles and friendly countries' currencies. In addition, increased risk weights are not applied²⁶ to the claims on Russian and Belarusian banks, as well as on the Republic of Belarus, due to the deterioration of the country risk assessments. For banks applying the standard approach to calculate CARs, the risk weight was reduced from 50% to 20% for claims on CIs that are residents of the People's Republic of China and the United Arab Emirates with maturities of up to 90 calendar days in their national currencies. This measure helps redirect trade flows to partner states and boost the development of external trade.
- Reduced the risk weights from the standard 100% to 20–50% for claims in rubles/foreign currency provided there was an import credit and investment insurance contract secured by a ruble-denominated state guarantee of the Russian Federation issued for liabilities of EXIAR JSC. This measure is to stimulate import growth.
- Since 1 January 2023, banks with a universal licence began to apply a standardised approach to measure operational risk,²⁷ taking into account international approaches,²⁸ of which eight SICIs use new approaches to measure operational risk based on the calculated coefficient for calculating their CARs.

The Bank of Russia temporarily simplified a number of regulations in the new Russian territories²⁹ to make financing more affordable to borrowers, specifically it:

²⁴ Bank of Russia Ordinance No. 6393-U, dated 3 April 2023, 'On Amending Bank of Russia Instruction No. 199-I, Dated 29 November 2019'; Bank of Russia Ordinance No. 6436-U, dated 6 June 2023, 'On Amending Bank of Russia Instruction No. 199-I, Dated 29 November 2019, 'On Required Ratios and Capital Adequacy Buffers for Banks with a Universal Licence'; and Bank of Russia Ordinance No. 6394-U, dated 3 April 2023, 'On Amending Bank of Russia Regulation No. 729-P, Dated 15 July 2020'.

²⁵ Decision of the Bank of Russia Board of Directors, dated 29 December 2022, 'On a Temporary Reduction in the Minimum Value of the Capital Conservation and Systemic Importance Buffers, Profit Distribution Conditions, and Compensation and Incentive Payments'.

²⁶ Decision of the Bank of Russia Board of Directors, dated 23 December 2022, 'On the Specifics of Assessing Risk of Credit Claims and Claims for the Receipt of Accrued (Accumulated) Interest on Credit Institutions – Residents of the Russian Federation and the Republic of Belarus, the National Bank of the Republic of Belarus and the Government of the Republic of Belarus in Order to Calculate Banks' Required Ratios'.

²⁷ Bank of Russia Regulation No. 744-P, dated 7 December 2020, 'On the Procedure for Measuring Operational Risk (Basel III) and the Bank of Russia's Supervision over Compliance with This Procedure'.

²⁸ The Basel Committee on Banking Supervision Standard 'Basel III: Finalising post-crisis reforms' (December 2017).

²⁹ The Donetsk People's Republic, the Lugansk People's Republic, the Zaporozhye Region, and the Kherson Region.



- Established³⁰ a decreased risk weight of 75% for claims on corporate borrowers in the new territories, while increased risk ratios should not apply to them (until 30 June 2028).
- Waived the requirements for loss provisioning, which were difficult to comply with thus far (taking into consideration the specifics); this helped expand banks' capability to focus more on informal factors of the quality of loans, in particular when there was no appropriate reporting, in the cases where there were formal signs of the absence of real activity.³¹

In 2023, the Bank of Russia improved the regulation related to the application of IRB approaches. The regulator updated the procedure for its interaction with banks as part of the assessment (validation) of IRB approaches³² and, in particular, established a procedure for interaction after obtaining the permit to use IRB approaches. Banks using IRB approaches were allowed³³ to bring the validation and risk management divisions under control of one board member, provided that they complied with the measures aimed at preventing conflicts of interest.

The regulatory changes are set forth in the [Banking Regulation Reviews](#).

2.3.4.2. NON-GOVERNMENTAL PENSION FUNDS

From 1 January 2023, the system guaranteeing NPF members' rights³⁴ was launched at DIA.RF. This system is based on the principles of the existing systems insuring bank deposits and guaranteeing the rights of insured persons in the compulsory pension insurance system. If an NPF loses its licence or is declared bankrupt, the Government guarantees compensation for the accumulated pension savings and continued payments of the non-governmental pensions due. The maximum amount of guaranteed compensation that people may receive or transfer to another NPF was doubled in 2023 from ₽1.4 million to ₽2.8 million.³⁵ Simultaneously, the maximum non-governmental pension, which a new NPF chosen on a competitive basis will continue to pay in the case of a guaranteed event, was doubled and can now be up to four times the size of the social old-age pension.

In 2023, the Bank of Russia issued regulations ensuring the functioning of the system of guarantees. Specifically, the regulator set the base rate and the requirements for calculating the individual contribution coefficient to a guarantee fund established to pay compensation.³⁶ Besides, the requirements for the form and procedure for compiling the register of NPF commitments, needed

³⁰ Bank of Russia Ordinance No. 6436-U, dated 6 June 2023, 'On Amending Bank of Russia Instruction No. 199-I, Dated 29 November 2019, 'On Required Ratios and Capital Adequacy Buffers for Banks with a Universal Licence'.

³¹ Decision of the Bank of Russia Board of Directors, dated 13 October 2023, 'On the Procedure for Credit Institutions to Make Loss Provisions for Loans, Claims and Contingent Credit Liabilities Arising from Loan Agreements Concluded with Borrowers for Them to Do Business in the Donetsk People's Republic, the Lugansk People's Republic, the Zaporozhye Region, and the Kherson Region'; Decision of the Bank of Russia Board of Directors, dated 28 February 2024, 'On the Procedure for Credit Institutions to Make Loss Provisions for Loans, Claims and Contingent Credit Liabilities in Order to Enable Borrowers (Counterparties) to Operate in the Donetsk People's Republic, the Lugansk People's Republic, the Zaporozhye Region, and the Kherson Region'.

³² Bank of Russia Ordinance No. 6445-U, dated 13 June 2023, 'On the Procedure for Obtaining Authorisation to Use Bank Credit Risk Management Methodologies and Credit Risk Quantification Models, and the Procedure for Assessing Their Quality'.

³³ Bank of Russia Ordinance No. 6443-U, dated 7 June 2023, 'On Amending Bank of Russia Regulation No. 483-P, Dated 6 August 2015'.

³⁴ Federal Law No. 555-FZ, dated 28 December 2022, 'On Guaranteeing the Rights of Clients of Non-governmental Pension Funds Within Non-governmental Pension Schemes and Formation of Long-term Savings'; and Federal Law No. 556-FZ, dated 28 December 2022, 'On Amending the Federal Law 'On Non-governmental Pension Funds' and the Federal Law 'On Insolvency (Bankruptcy)'.

³⁵ Federal Law No. 158-FZ, dated 28 April 2023, 'On Amending Article 10 of the Federal Law 'On Guaranteeing the Rights of Clients of Non-governmental Pension Funds Within Non-governmental Pension Schemes'.

³⁶ Bank of Russia Ordinance No. 6281-U, dated 27 March 2023, 'On Requirements for a Non-governmental Pension Fund to Which the Obligation to Pay Non-governmental Pensions and Guaranteed Compensation Reserves Can Be Transferred'.



to determine the amount of compensation to NPF clients, were stipulated.³⁷ In addition, the regulator established requirements for an NPF that may assume the obligation to pay the pensions due.³⁸

In July 2023, Federal Law No. 299-FZ³⁹ drafted jointly with the Bank of Russia was adopted. Pursuant to this law, a long-term savings programme was launched on 1 January 2024. This is a new complex financial product for people, which will allow them to save money for the future as well as to be protected in challenging life situations (expensive medical treatment or loss of a breadwinner). To take part in the programme, it is necessary to sign a long-term savings agreement with an NPF. An individual making personal contributions will be able to receive government support – additional contributions in the amount of up to ₽36,000 per annum for three years. Participants in the programme may also make contributions from their pension savings in the compulsory pension insurance system and are entitled to a special tax deduction.⁴⁰ NPFs guarantee that investments do not entail any losses, while DIA.RF guarantees the safety of funds in the amount of up to ₽2.8 million.

It is possible⁴¹ to replenish individuals' long-term savings from contributions made by their employers. The procedure for transferring pension savings to the long-term savings programme was optimised, and the timeframe for considering people's applications for funds transfers and sending them notices was reduced. The Financial Consumer Ombudsman was entitled to consider appeals from people participating in the long-term savings programme for out-of-court settlement of disputes with NPFs.

In 2023, the Bank of Russia updated the requirements for NPF stress testing,⁴² which would make it possible to better assess the risks associated with the fulfilment of NPFs' obligations to their clients. In addition, the Bank of Russia has the right to provide for a special procedure in stress testing scenarios to forecast the value of assets of Russian companies involved in priority projects aimed at developing the economy of the Russian Federation under sanction pressures.

2.3.4.3. INSURANCE AGENTS

In 2023, the Bank of Russia continued to improve the regulation of the insurance market in order to ensure its stable development, encourage long-term investment in Russia's economy, and improve the quality of insurance services and the affordability of socially important types of insurance.

In 2023, the following laws drafted jointly with the Bank of Russia were adopted:

- Federal Law No. 631-FZ⁴³ on ULLI. This is a new product in the Russian market to simultaneously provide classic life insurance to clients and manage their investments in UIF units. The rights

³⁷ Bank of Russia Ordinance No. 6395-U dated 3 April 2023 'On the Form and Procedure for Compiling the Register of Commitments of a Non-governmental Pension Fund Engaged in Non-governmental Pension Provision and Registered in the System Guaranteeing the Clients' Rights to the Clients and Their Legal Successors'.

³⁸ Bank of Russia Ordinance No. 6281-U, dated 27 March 2023, 'On Requirements for a Non-governmental Pension Fund to Which the Obligation to Pay Non-governmental Pensions and Guaranteed Compensation Reserves Can Be Transferred'.

³⁹ Federal Law No. 299-FZ, dated 10 July 2023, 'On Amending Certain Laws of the Russian Federation'.

⁴⁰ Federal Law No. 58-FZ, dated 23 March 2024, 'On Amending Articles 102 and 126.2 of Part One and Part Two of the Tax Code of the Russian Federation'.

⁴¹ Federal Law No. 632-FZ, dated 25 December 2023, 'On Amending Certain Laws of the Russian Federation'.

⁴² Bank of Russia Ordinance No. 6598-U, dated 7 November 2023, 'On Amending Bank of Russia Ordinance No. 4060-U, Dated 4 July 2016' (registered with the Russian Ministry of Justice on 31 January 2024).

⁴³ Federal Law No. 631-FZ, dated 25 December 2023, 'On Amending Certain Laws of the Russian Federation'.



of a client as an investor will be protected by the law on investment funds.⁴⁴ Insurers will be able to offer ULLI to their clients starting from 1 January 2025.

- Federal Law No. 455-FZ⁴⁵ on short-term CMTPLI policies, according to which car owners were allowed, from 2 March 2024, to insure their liability for a period from one day to three months. In furtherance of the law, the Bank of Russia made the necessary changes⁴⁶ in the system of the coefficients of insurance rates.

The State Duma adopted in the first reading a draft federal law⁴⁷ on creating a guarantee system in life insurance⁴⁸ and a related draft law⁴⁹ prepared jointly with the Bank of Russia. This system will protect consumers if an insurer's licence is revoked.

The first stage⁵⁰ of the project to launch the service allowing online claim handling⁵¹ in CMTPLI started in July 2023. Car owners were allowed to submit applications through the UPPS, provided that a road accident was documented according to the European Accident Statement. By the end of 2023, more than 6,000 applications were filed that way.

A regulatory⁵² and technical⁵³ framework for the AIS of insurance⁵⁴ was formed. The Bank of Russia's subsidiary⁵⁵ established to perform the functions of the operator of the AIS of insurance began

⁴⁴ Federal Law No. 156-FZ, dated 29 November 2001, 'On Investment Funds'.

⁴⁵ Federal Law No. 455-FZ, dated 4 August 2023, 'On Amending Articles 9 and 10 of the Federal Law 'On Compulsory Motor Third Party Liability Insurance'.

⁴⁶ Bank of Russia Ordinance No. 6660-U, dated 9 January 2024, 'On Amending Annexes 2 and 4 to Bank of Russia Ordinance No. 6007-U, Dated 8 December 2021, 'On Insurance Rates in Compulsory Motor Third Party Liability Insurance'.

⁴⁷ Draft Federal Law No. 372345-8 'On Guaranteeing Rights Under Life Insurance Contracts to Protect Individuals' Interests'.

⁴⁸ Similarly to the existing systems guaranteeing deposits with CIs and assets in NPFs.

⁴⁹ Draft Federal Law No. 372380-8 'On Amending Certain Laws of the Russian Federation'.

⁵⁰ At the first stage, online claim handling is mandatory for insurers only if they receive an application from a victim via the UPPS, provided that a road accident was documented according to the European Accident Statement. Otherwise (including when sent through the insurer's website), until the end of 2024, claims are to be settled by mutual agreement between the insurer and the victim. The transition to electronic claim handling will complete on 1 January 2025 when this option becomes mandatory for insurers.

⁵¹ In accordance with Federal Law No. 327-FZ, dated 14 July 2022, 'On Amending Certain Laws of the Russian Federation'.

⁵² Bank of Russia Ordinance No. 6466-U, dated 26 June 2023, 'On the Requirements for the Operator of the Automated Information System of Insurance to Organise a Risk Management System; Bank of Russia Ordinance No. 6515-U, dated 30 August 2023, 'On Identifying Security Threats When Processing Personal Data in the Automated Information System of Insurance'; Bank of Russia Ordinance No. 6520-U, dated 7 September 2023, 'On the Procedure and Deadlines for Communicating Information to the Operator of the Automated Information System of Insurance in Accordance with Clause 5 of Article 6 of Federal Law No. 594-FZ, Dated 29 December 2022, 'On Amending Certain Laws of the Russian Federation with Regard to Establishing the Automated Information System of Insurance'; Bank of Russia Ordinance No. 6541-U, dated 25 September 2023, 'On the List of Immediate Security Threats When Processing Biometric Personal Data and Vectors of the Unified Biometric System, on Verifying and Communicating Information on the Level of Compliance of Vectors of the Unified Biometric System with the Provided Biometric Personal Data of an Individual in the Information Systems of Financial Market Organisations Performing Authentication Based on Biometric Personal Data of Individuals, Except for the Unified Biometric System, as well as Immediate Threats in the Course of Interaction of Financial Market Organisations, Other Entities, Individual Entrepreneurs with These Information Systems'; Bank of Russia Ordinance No. 6568-U, dated 6 October 2023, 'On the Scope of, the Procedure and Deadlines for the Submission by Insurers to the Automated Information System of Insurance of the Information Provided for by Clause 1 of Article 33.11 of Law of the Russian Federation No. 4015-1, Dated 27 November 1992, 'On the Organisation of Insurance Business in the Russian Federation', as well as on the Procedure for the Operator of the Automated Information System of Insurance to Refuse to Publish This Information in the Automated Information System of Insurance'; Bank of Russia Regulation No. 819-P, dated 30 June 2023, 'On the Requirements for the Operational Reliability of the Operator of the Automated Information System of Insurance'; and Bank of Russia Regulation No. 822-P, dated 30 August 2023, 'On the Requirements for the Security of Information in the Automated Information System of Insurance'.

⁵³ The Bank of Russia's transaction to purchase IT assets of the Russian Association of Motor Insurers was completed.

⁵⁴ Established in accordance with Federal Law No. 594-FZ, dated 29 December 2022, 'On Amending Certain Laws of the Russian Federation with Regard to Establishing the Automated Information System of Insurance'.

⁵⁵ Joint Stock Company National Insurance Information System (JSC NIIS).



to function.⁵⁶ From 1 April 2024, insurers should submit information on compulsory and voluntary motor insurance, as well as home insurance, to the AIS of insurance.

New requirements⁵⁷ for calculating insurance reserves that enabled a more comprehensive assessment of insurers' financial stability became applicable from 1 January 2023. As a result, companies were able to release part of their capital (and, thus, insurers' equity increased by 9% in the market in general) and use it in insurance business.

Insurers' investment potential to support the structural transformation of the economy expanded – they were given⁵⁸ additional incentives for investing in project bonds⁵⁹ of high credit quality. For insurers with a high level of financial stability, the requirements for covering risks for such investments were lowered.

To guarantee the stability of the CMTPLI segment, the Bank of Russia set⁶⁰ a capital adequacy buffer for its major participants (with a market share of more than 15%). This measure reduces the impact of financial stability risks of individual large companies on the CMTPLI segment in general.

2.3.4.4. MICROFINANCE MARKET PARTICIPANTS

Federal Law No. 176-FZ⁶¹ drafted jointly with the Bank of Russia was adopted in 2023. According to this law, state-owned (municipal) MFOs⁶² were included in the national guarantee system supporting SMEs. The law expands SMEs' access to borrowings from state-owned (municipal) MFOs as microloans are issued at low interest rates. JSC Russian Small and Medium Business Corporation was authorised to assess state-owned (municipal) MFOs' financial stability and business effectiveness with notifying the Bank of Russia of the results of such assessments.

Federal Law No. 613-FZ⁶³ became effective on 1 July 2023: it reduces the maximum amount of overpayments for a microloan from 150% to 130%, and the maximum daily interest rate – from 1% to 0.8%. This will alleviate borrowers' debt burden by decreasing current costs for debt servicing and the maximum possible amount of overpayments in case of delays.

On 20 June 2023, the State Duma adopted Draft Federal Law No. 232696-8,⁶⁴ in the first reading. It was prepared jointly with the Bank of Russia and is intended to change the procedure for admitting CCCs to the financial market. Financial market SROs of CCCs will participate in reviewing documents and their submission to the Bank of Russia for CCCs to be included in the state register and receive the CCC status. This measure is aimed at preventing unfair practices using the organisational and legal form

⁵⁶ The governing authorities (Board of Directors, committees, Audit Commission, Users Committee) were established.

⁵⁷ Bank of Russia Regulation No. 781-P, dated 16 November 2021, 'On the Requirements for Insurers' Financial Stability and Solvency' (effective from 1 January 2023).

⁵⁸ Bank of Russia Ordinance No. 6513-U, dated 21 August 2023, 'On Amending Bank of Russia Regulation No. 781-P, Dated 16 November 2021, 'On the Requirements for Insurers' Financial Stability and Solvency'.

⁵⁹ Bonds issued to finance projects promoting technological sovereignty and the structural adaptation of the Russian economy (the criteria were established by Resolution of the Government of the Russian Federation No. 603, dated 15 April 2023).

⁶⁰ Bank of Russia Ordinance No. 6513-U, dated 21 August 2023, 'On Amending Bank of Russia Regulation No. 781-P, Dated 16 November 2021, 'On the Requirements for Insurers' Financial Stability and Solvency'.

⁶¹ Federal Law No. 176-FZ, dated 28 April 2023, 'On Amending the Federal Law 'On the Development of Small and Medium-sized Enterprises in the Russian Federation'.

⁶² State-owned (municipal) MFOs mean MFOs whose founder (shareholder, member) is the Russian Federation, a constituent territory or municipality of the Russian Federation.

⁶³ Federal Law No. 613-FZ, dated 29 December 2022, 'On Amending the Federal Law 'On Consumer Loans'.

⁶⁴ Draft Federal Law No. 232696-8 'On Amending Certain Laws of the Russian Federation'.



of CCCs. It is also planned to establish qualification and business reputation requirements for CCCs' governing bodies.

During the reporting period, the Bank of Russia issued the following regulations:

- Bank of Russia Ordinance No. 6550-U⁶⁵ establishing the following from 1 October 2024:
 - A decreased amount of loss provisions for business loans secured by a surety and/or an independent guarantee of a regional guarantee organisation. This should reduce the pressure of provisions for such loans on MFOs' capital.
 - The obligation for MFOs to make increased provisions for high-risk loans depending on the size of the TCC (250% or more) in order to maintain a sufficient provisioning ratio for such loans and somewhat cool the high-risk segment.
- Bank of Russia Ordinance No. 6367-U⁶⁶ establishing special requirements for CCCs and agricultural CCCs providing loans to be repaid using maternal (family) capital. Since 13 June 2023, the list of credit cooperatives that comply with the established requirements has been published on the Bank of Russia website.

2.3.4.5. PROFESSIONAL SECURITIES MARKET PARTICIPANTS

In 2023, the Bank of Russia continued to improve the regulation of PSMPs' activity.

A law⁶⁷ drafted jointly with the Bank of Russia, aimed at improving the requirements for dealers and forex dealers and protecting the rights of their clients, was adopted. The law classifies agreements concluded by dealers with individuals on a regular basis in the over-the-counter market of securities and derivatives transactions as a regulated activity. This will allow the Bank of Russia to set the necessary requirements for this activity and monitor compliance therewith. In order to manage risks more effectively and protect investors in the forex market, it was proposed to reduce the maximum leverage for clients – individuals who are non-qualified investors from 1:50 to 1:30. This means that, when conducting transactions with a forex dealer, the amount of liabilities of such a client may not exceed his/her own funds held by the forex dealer in a nominal account more than 30 times. Forex dealers may hedge their risks associated with their activity as forex dealers.

Besides, the State Duma adopted in the first reading a draft law⁶⁸ allowing communication of information, at an investor's request, about the individual and his/her expenses related to buying and safekeeping securities from one PSMP directly to another, including using an electronic document management system. The changes proposed will improve the tax administration efficiency, increase the speed of information communication and processing, and reduce costs for both investors and financial institutions.

⁶⁵ Bank of Russia Ordinance No. 6550-U, dated 29 September 2023, 'On Amending Bank of Russia Ordinance No. 5391-U, Dated 20 January 2020'.

⁶⁶ Bank of Russia Ordinance No. 6367-U, dated 22 February 2023, 'On Establishing Requirements for Consumer Credit Cooperatives and Agricultural Consumer Credit Cooperatives with Regard to Issuing Loans, Including Mortgages, to Individuals for Buying (Building) Housing Under Agreements on Loans, Including Mortgages, for Buying (Building) Housing, Where a Down Payment, and/or Principal Repayments and Loan Interest Payments are Made Using the Funds (a Part of the Funds) of Maternal (Family) Capital'.

⁶⁷ Federal Law No. 50-FZ, dated 23 March 2024, 'On Amending the Federal Law 'On the Securities Market' and Article 11 of the Federal Law 'On Amending Certain Laws of the Russian Federation'.

⁶⁸ Draft Federal Law No. 446407-8 'On Amending Articles 3 and 5 of the Federal Law 'On the Securities Market' (approved in the first reading on 5 December 2023).

The regulator continued to improve the requirements for the financial resilience of PSMPs and encourage their investment in priority projects for developing the Russian economy amid sanction pressures. Thus, the procedure for calculating PSMPs' CAR⁶⁹ and equity⁷⁰ was updated. The regulator allowed PSMPs to calculate their CAR using risk reduction factors in relation to bonds of companies engaged in such projects. Limits were established on including these bonds in the list of assets accepted for equity calculation. In addition, CAR and equity calculations shall not take into account blocked assets. They may not be used to cover credit and market risks. The period for PSMPs to choose a method for assessing credit risk in relation to clients with a special risk level when calculating their CARs was extended until 30 September 2025.

The Bank of Russia issued Ordinance No. 6496-U⁷¹ which specifies the composition and scope of, as well as the procedure and deadlines for information disclosure by PSMPs. The regulator set additional requirements as regards the procedure for information disclosure by PSMPs and ensuring the accessibility of information and expanded the list of information to be disclosed by them. The regulator decided on the list of additional information to be disclosed by investment advisers. PSMPs were prohibited from including any guarantees or promises of their future performance or returns on investment in financial instruments in the information disclosed by PSMPs.

2.3.4.6. COLLECTIVE INVESTMENT MARKET PARTICIPANTS⁷²

In 2023, one of the main areas of the Bank of Russia's activity was to solve the problem of blocked assets in UIFs.

The Bank of Russia Board of Directors:

- established⁷³ the procedure and deadlines for separating blocked assets from retail UIFs into special closed-end UIFs (A-type closed-end UIFs),⁷⁴ which enabled investment unit holders to resume transactions with investment units of retail UIFs and retain the title to the blocked assets; and
- made a decision⁷⁵ enabling holders of investment units of UIFs including blocked foreign securities to participate in the sale of such securities to non-residents in special trading sessions.⁷⁶

In 2023, the key measures to ease the regulatory burden on MCs remained effective. This easing related to the minimum frequency of calculating the price of one investment unit of exchange-traded funds, the deadlines for bringing the composition and/or structure of UIF assets into compliance

⁶⁹ Bank of Russia Ordinance No. 6502-U, dated 11 August 2023, 'On Amending Clauses 8.1 and 8.3 of Bank of Russia Ordinance No. 5873-U, Dated 2 August 2021'; and Bank of Russia Ordinance No. 6571-U, dated 9 October 2023, 'On Amending Bank of Russia Ordinance No. 5873-U, Dated 3 August 2020'.

⁷⁰ Bank of Russia Ordinance No. 6570-U, dated 9 October 2023, 'On Amending Bank of Russia Ordinance No. 5099-U, Dated 22 March 2019'.

⁷¹ Bank of Russia Ordinance No. 6496-U, dated 2 August 2023, 'On Disclosing Information by Professional Securities Market Participants'.

⁷² Except NPFs. Information on the NPF regulation is given in [Subsection 2.3.4.2. 'Non-governmental pension funds'](#).

⁷³ Decision of the Bank of Russia Board of Directors, dated 10 February 2023, 'On the Deadline for the Management Company to Make a Decision on Changing the Type of a Unit Investment Fund, the Assets of Which Include Blocked Assets, or on Separating Such Assets into an Additional Fund, on the Requirements for the Rules of Trust Management of an Additional Fund and for Amendments and Supplements to the Rules of Trust Management of a Unit Investment Fund, the Assets of Which Include Blocked Assets, as well as the Requirements for the Activities of Management Companies, Persons Maintaining the Register of Investment Unit Holders and Depositories'.

⁷⁴ In accordance with Article 5.4 of Federal Law No. 319-FZ, dated 14 July 2022, 'On Amending Certain Laws of the Russian Federation'.

⁷⁵ Decision of the Bank of Russia Board of Directors, dated 26 December 2023, 'On Establishing the Procedure and Timeframes for Communication Between Management Companies of Unit Investment Funds and the Exchange in Order to Conduct Transactions with Foreign Securities'.

⁷⁶ In accordance with the procedure stipulated by Executive Order of the President of the Russian Federation No. 844, dated 8 November 2023, 'On Additional Temporary Economic Measures Related to Foreign Securities Trading'.



with the requirements and for liquidating UIFs, as well as the use of credit ratings. MCs had adapted to the new environment, so the Bank of Russia decided⁷⁷ not to extend most of the easing measures into 2024. Furthermore, MCs will still be allowed not to disclose information provided for by decisions of the Bank of Russia Board of Directors.⁷⁸

In 2023, in order to stimulate MCs' investment in priority projects for the economic development under sanction pressure, improve the protection of non-qualified investors, and expand UIFs' investment opportunities, the regulator issued Bank of Russia Ordinance No. 6495-U⁷⁹ that provides for:

- Including non-tradable bonds of Russian companies engaged in priority projects for the economic development in the list of permitted assets of UIFs for non-qualified investors with a limit of 5% of the value of UIFs' assets.
- Imposing restrictions on the investment of assets of UIFs for non-qualified investors in foreign financial assets related to unfriendly states, territories or infrastructures.⁸⁰ Such assets will be subject to the general limit on instruments for qualified investors in the amount of 40% of the value of UIFs' assets.
- Cancelling the requirements for the minimum investment in closed-end real estate UIFs for non-qualified investors, which simplifies non-qualified investors' access to investment in real estate, as well as expanding the list of permitted investment projects of such UIFs by including certain types of land plots in this list.

2.3.4.7. INFRASTRUCTURES

To develop further the anti-sanction regulation, the Bank of Russia took temporary measures that were effective before 30 April 2023. Specifically, the regulator:

- established⁸¹ a procedure for depositories to return Russian securities recorded in their foreign accounts; and
- set a timeframe⁸² extending the procedure for a depository to return securities held in a foreign organisation with the right to use them, upon the request from the actual holder.

⁷⁷ [Press release of the Bank of Russia, dated 20 November 2023.](#)

⁷⁸ Decision of the Bank of Russia Board of Directors, dated 23 December 2022, 'On Determining the List of Information of Credit Institutions, Non-bank Financial Institutions, and Organisations Providing Professional Services in the Financial Market Subject to Disclosure Pursuant to Russian Laws or Bank of Russia Regulations, Which Credit Institutions, Non-bank Financial Institutions, and Organisations Providing Professional Services in the Financial Market are Entitled Not to Disclose from 1 January 2023 Through 1 July 2023, and on Determining the List of Information Envisaged by Russian Laws or Bank of Russia Regulations, Which the Bank of Russia is Entitled Not to Disclose on its Website from 1 January 2023 Through 1 July 2023'; and Decision of the Bank of Russia Board of Directors, dated 23 June 2023, 'On Determining the List of Information of Credit Institutions, Non-bank Financial Institutions, and Organisations Providing Professional Services in the Financial Market Subject to Disclosure Pursuant to Russian Laws or Bank of Russia Regulations, Which Credit Institutions, Non-bank Financial Institutions, and Organisations Providing Professional Services in the Financial Market are Entitled Not to Disclose from 1 July 2024 Through 31 December 2023, and on Determining the List of Information Envisaged by Russian Laws or Bank of Russia Regulations, Which the Bank of Russia is Entitled Not to Disclose on its Website from 1 July 2023 Through 31 December 2023'.

⁷⁹ Bank of Russia Ordinance No. 6495-U, dated 2 August 2023, 'On Amending Bank of Russia Ordinance No. 4129-U, Dated 5 September 2016, 'On the Composition and Structure of Assets of Joint-stock Investment Funds and Unit Investment Funds'.

⁸⁰ Specified in Bank of Russia Ordinance No. 6347-U, dated 9 January 2023, 'On Securities and Derivatives Intended for Qualified Investors'.

⁸¹ Decision of the Bank of Russia Board of Directors, dated 17 March 2023, 'On Establishing the Procedure for a Clients' Depository to Issue an Order for the Forced Transfer of the Recording of Rights to Securities Being Transferred and the Procedure and Deadlines for a Russian Depository (a Russian Registrar) to Conduct Operations to Transfer the Recording of Rights to Securities Being Transferred'.

⁸² Decision of the Bank of Russia Board of Directors, dated 17 March 2023, 'On Setting a Timeframe for Which a Russian Depository May Extend the Deadline for the Forced Transfer of the Recording of Rights to Securities Being Transferred That are Recorded in a Holder's Depository Account (an Authorised Foreign Holder's Depository Account) Opened with a Russian Depository to a Foreign Organisation'.



As a result of the measures⁸³ taken to reduce the amount of blocked assets, Russian investors regained access to assets worth over ₺3 trillion.

In 2023, the Bank of Russia established the procedure⁸⁴ for financial market participants selling blocked assets to non-residents. Each investor may submit a bid to a broker, a trustee or a UIF MC for selling foreign securities totalling no more than ₺100,000. To acquire these assets, foreigners may use funds from C-type accounts.

The regulator created the conditions for fulfilling the obligations on the Eurobonds of the Russian Ministry of Finance to Russian holders bypassing foreign infrastructures.

The Bank of Russia developed a mechanism⁸⁵ allowing Russian investors to receive payments on Eurobonds of the Republic of Belarus.⁸⁶

In order to expand the range of potential foreign partners, Russian depositories were entitled⁸⁷ to record foreign issuers' securities publicly offered and traded in the Russian Federation in any foreign depositories⁸⁸ of friendly countries. In order to assess the risks of such an increase in the number of counterparties, a depository – NFI (except settlement depositories) calculating the minimum amount of equity shall apply a specially set ratio in relation to the amount of securities recorded in such friendly depositories.

In 2023, the Bank of Russia helped implement the option of mutual opening of accounts by Russian depositories and foreign accounting infrastructures from friendly countries. The regulator made a decision⁸⁹ to update the requirements for organisations where Russian depositories may open accounts to record rights to securities.

A simplified procedure was established⁹⁰ jointly with the Bank of Russia for opening bank accounts to foreign persons with authorised banks to involve them in direct purchases of farm produce⁹¹ in Russian on-exchange trading. These accounts may now be opened without the personal presence

⁸³ Issuance of substitute bonds, automatic conversion of depository receipts, forced transfers of securities, and the exchange of blocked funds.

⁸⁴ Executive Order of the President of the Russian Federation No. 844, dated 8 November 2023, 'On Additional Temporary Economic Measures Related to Foreign Securities Trading'.

⁸⁵ Decision of the Bank of Russia Board of Directors, dated 24 November 2023, 'On the Requirements for Professional Securities Market Participants Operating as Depositories as Regards the Recording of Rights to Government Securities of the Republic of Belarus with Nominal Value Denominated in Foreign Currency and the Transfer of Payments Thereon'; Decision of the Bank of Russia Board of Directors, dated 26 December 2023, 'On the Requirements for Professional Securities Market Participants Operating as Depositories as Regards the Recording of Rights to Government Securities of the Republic of Belarus with Nominal Value Denominated in Foreign Currency and the Transfer of Payments Thereon'.

⁸⁶ International Securities Identification Number (ISIN) – XS1634369067 or US07737JAB98.

⁸⁷ Decision of the Bank of Russia Board of Directors, dated 27 September 2023, 'On the Requirements for Professional Securities Market Participants Operating as Depositories as Regards the Recording of Rights to Foreign Issuers' Securities and the Calculation of the Minimum Amount of Equity'.

⁸⁸ Other than central depositories, international settlement and clearing organisations, settlement depositories or members of major professional associations.

⁸⁹ Decision of the Bank of Russia Board of Directors, dated 26 December 2023, 'On the Requirements for Professional Securities Market Participants Operating as Depositories as Regards the Recording of Rights to Foreign Issuers' Securities and the Calculation of the Minimum Amount of Equity'.

⁹⁰ Executive Order of the President of the Russian Federation No. 589, dated 8 August 2023, 'On the Special Procedure for Settlements Under Foreign Trade Contracts for the Supply of Russian Agricultural Products'.

⁹¹ The list of agricultural products was approved by Directive of the Government of the Russian Federation No. 2955-r, dated 24 October 2023, 'On Approving the List of Russian Agricultural Products When Making Payments Under Foreign Trade Contracts Concluded by Residents – Participants in Foreign Economic Activity with Foreign Buyers in On-exchange Trading, for the Supply of Which Special Z-type Ruble and Foreign Currency Accounts May Be Used'.



of foreigners, and their identification is possible based on their documents available. Since it is expected that foreign currency will be converted into rubles for the purposes of settlements under these contracts on the exchange as well, this will also contribute to the development of on-exchange trading in foreign currencies of friendly countries.

Federal Law No. 315-FZ⁹² drafted jointly with the Bank of Russia was adopted which should help increase liquidity and develop the domestic forex market. This law allows foreign CIs and brokers⁹³ to conduct transactions in on-exchange trading in foreign currency and derivatives, the underlying assets of which are foreign currency and/or interest rates, without dealing with Russian financial intermediaries. This will improve the effectiveness of the direct conversion of friendly countries' national currencies and further promote payments in national currencies.

Draft Law No. 442970-8⁹⁴ prepared jointly with the Bank of Russia in order to streamline the business processes of MCs and specialised depositories was submitted to the State Duma for consideration. The draft law cancels the mandatory custody by a specialised depository of precious metals in bars owned by UIFs, provided that the MC hands these assets over to CIs for safe custody. The draft law entitles the MC to transfer the functions of accounting UIFs' assets and calculating the value of net assets and the estimated value of investment units to a specialised depository. In this case, the MC remains civilly responsible while the specialised depository becomes administratively responsible for improper performance of the functions assigned to it. The draft law also entitles a specialised depository to receive information from a CI, broker, or clearing house regarding UIFs' assets.

During the reporting period, the Russian Ministry of Justice registered Bank of Russia Regulation No. 799-P.⁹⁵ This document updated the regulation of activities of securities holders' registrars. The modified regulation will enhance the involvement of representatives of the registrar industry in self-management of their activities (through the development of SRO standards), including in the development of uniform operational approaches and techniques. In turn, individuals and legal entities were allowed to open personal accounts online. In addition, registrars were obliged to notify the registered person about conducting transactions in a personal account, suspending transactions in a personal account, opening and closing a personal account using the online account of the relevant registered person.

To improve CCPs' protection against risks, the Bank of Russia set⁹⁶ new required ratios for the risk of assets concentration in a pool of assets, as well as in collateral and open positions of clearing members. For market participants to adapt to the new requirements, the new ratios will be introduced step by step to achieve the target value of 25% by 2029. The methodology for calculating a CCP's minimum skin-in-the-game was also changed: this amount shall depend on the risks inherent in the CCP's activity.

⁹² Federal Law No. 315-FZ, dated 10 July 2023, 'On Amending Article 16 of the Federal Law 'On On-exchange Trading' and the Federal Law 'On Countering the Misuse of Insider Information and Market Manipulation and Amending Certain Laws of the Russian Federation'.

⁹³ Registered in the jurisdictions listed in Directive of the Government of the Russian Federation No. 2530-r, dated 20 September 2023, 'On Approving the List of Foreign States Where Foreign Banks (Foreign Credit Institutions) Acting on Their Own Behalf and at Their Expense and Foreign Legal Entities Performing Activity Similar to Broker Activity that May be Admitted to On-exchange Trading in Foreign Currency are Registered'.

⁹⁴ Draft Federal Law No. 442970-8 'On Amending the Federal Law 'On Investment Funds'.

⁹⁵ Bank of Russia Regulation No. 799-P, dated 29 June 2022, 'On the Procedure for the Registrar of Securities Holders to Open and Maintain Personal Accounts and Accounts Not Intended for Recording Rights to Securities' (registered with the Russian Ministry of Justice on 13 January 2023).

⁹⁶ Bank of Russia Ordinance No. 6562-U, dated 2 October 2023, 'On Amending Bank of Russia Instruction No. 175-I, Dated 14 November 2016'.



In 2023, the Bank of Russia issued regulations⁹⁷ aimed at improving the quality of operational risk management of exchanges, clearing houses, CCPs, the central depository and repositories. The regulator introduced a single set of terms and identical requirements for the procedures related to operational risk management at various organisations of the trading and clearing infrastructure. In particular, the regulator stipulated the requirements for methods to identify and assess operational risk, the procedure for maintaining a database of operational risk events, determining operational risk targets, identifying software and hardware that require protection, and the functioning of backup software and hardware.

2.3.4.8. NATIONAL PAYMENT SYSTEM PARTICIPANTS

As part of the improvement of the regulation of relations in the NPS, federal laws⁹⁸ drafted jointly with the Bank of Russia were adopted and became effective (except certain provisions) in 2023. These laws form the basis for the legal regulation of transactions with digital rubles. The laws established the legal status of the digital ruble, including the list of permitted transactions with digital rubles. The Bank of Russia also issued regulations⁹⁹ that, among other things, established the digital ruble platform rules and expanded the range of money transfer methods, taking into account transactions with digital rubles.

In order to promote the conditions enabling individuals to freely transfer their funds, the legislative authorities introduced amendments prohibiting CIs, starting from 1 May 2024, from charging any fees for money transfers of up to ₽30 million between a person's accounts with different CIs.¹⁰⁰

In 2023, the authorities made amendments¹⁰¹ to laws¹⁰² in order to toughen the requirements for PAOs and introduce the self-regulation mechanism in the market for payment acceptance services rendered to individuals. The Bank of Russia was authorised to control PAOs' compliance with Federal Law No. 103-FZ and the Bank of Russia regulations enacted in accordance therewith, as well as to keep the register of PAOs¹⁰³ and exclude information about a legal entity from the register of PAOs

⁹⁷ Bank of Russia Regulation No. 827-P, dated 2 October 2023, 'On Requirements for Operational Risk Management by Exchanges, Clearing Houses, Central Counterparties, the Central Depository and Repositories'; Bank of Russia Ordinance No. 6557-U, dated 2 October 2023, 'On Amending Bank of Russia Ordinance No. 4791-U, Dated 7 May 2018'; Bank of Russia Ordinance No. 6558-U, dated 2 October 2023, 'On Amending Bank of Russia Regulation No. 463-P, Dated 12 March 2015'; Bank of Russia Ordinance No. 6559-U, dated 2 October 2023, 'On Amending Bank of Russia Ordinance No. 4905-U, Dated 12 September 2018'; Bank of Russia Ordinance No. 6560-U, dated 2 October 2023, 'On Amending Bank of Russia Regulation No. 575-P, Dated 30 December 2016'; Bank of Russia Ordinance No. 6561-U, dated 2 October 2023, 'On Amending Bank of Russia Ordinance No. 4144-U, Dated 29 September 2016'.

⁹⁸ Federal Law No. 339-FZ, dated 24 July 2023, 'On Amending Articles 128 and 140 of Part One, Part Two and Articles 1128 and 1174 of Part Three of the Civil Code of the Russian Federation'; Federal Law No. 340-FZ, dated 24 July 2023, 'On Amending Certain Laws of the Russian Federation'; Federal Law No. 610-FZ, dated 19 December 2023, 'On Amending Parts One and Two of the Tax Code of the Russian Federation and Certain Laws of the Russian Federation on Taxes and Levies'.

⁹⁹ Bank of Russia Regulation No. 820-P, dated 3 August 2023, 'On the Digital Ruble Platform'; Bank of Russia Ordinance No. 6497-U, dated 3 August 2023, 'On Amending Article 1 of Bank of Russia Regulation No. 726-P, Dated 29 June 2021, 'On Funds Transfer Rules'; Bank of Russia Regulation No. 833-P, dated 7 December 2023, 'On Information Protection Requirements for Digital Ruble Platform Participants'.

¹⁰⁰ Federal Law No. 482-FZ, dated 4 August 2023, 'On Amending Articles 29 and 36 of the Federal Law 'On Banks and Banking Activities'.

¹⁰¹ Federal Law No. 298-FZ, dated 10 July 2023, 'On Amending the Federal Law 'On the Acceptance of Payments from Individuals by Payment Agents' and Certain Laws of the Russian Federation'.

¹⁰² Federal Law No. 103-FZ, dated 3 June 2009, 'On the Acceptance of Payments from Individuals by Payment Agents'; and Federal Law No. 161-FZ, dated 27 June 2011, 'On the National Payment System'.

¹⁰³ Bank of Russia Ordinance No. 6589-U, dated 30 October 2023, 'On Maintaining by the Bank of Russia of the Register of Payment Acceptance Operators and on Assessment by the Bank of Russia of the Compliance of Persons Listed in Part 1 of Article 3.2 of Federal Law No. 103-FZ, Dated 3 June 2009, 'On the Acceptance of Payments from Individuals by Payment Agents' with the Qualification and Business Reputation Requirements and of Persons Listed in Part 3 of Article 3.3 of Federal Law No. 103-FZ, Dated 3 June 2009, 'On the Acceptance of Payments from Individuals by Payment Agents' with the Requirements Stipulated by Part 1 of Article 3.3 of the Said Federal Law'.



on legal grounds according to the procedure and within the period established by the Bank of Russia regulation.¹⁰⁴

In addition, the Bank of Russia was authorised to regulate the provision of electronic means of payment and transactions with them.¹⁰⁵

In order to ensure the stability of the NPS and enhance the transparency of NPS participants' activities, the Bank of Russia prepared methodological recommendations:

- for money transfer operators on how to organise interaction with information exchange service operators, including to identify unlawful practices in the payment services market;¹⁰⁶ and
- for CIs and payment aggregators for settlements with trade and service companies with regard to transactions conducted using electronic means of payment, which will reduce the risks of concealing dubious transactions.¹⁰⁷

In accordance with the National Payment System Development Strategy for 2021–2023, the Bank of Russia continued the development of a regulatory framework to establish a new institution – non-bank payment service providers – in the Russian payment market in addition to banks and non-bank CIs.

2.3.4.9. PLATFORM OPERATORS

In 2023, Federal Law No. 284-FZ,¹⁰⁸ drafted jointly with the Bank of Russia, was adopted. This law regulates the activities of FPOs. The law eliminates restrictions on combining the activities of an FPO and an operator of the information system where digital financial assets are issued and a DFA exchange operator. It became possible to sell bonds admitted to on-exchange trading using financial platforms with their buyback by the issuer (the issuer's agent), as well as to sell subfederal bonds to individuals without testing. This expanded the range of instruments offered to conservative investors.

2.3.4.10. ENTITIES PROVIDING PROFESSIONAL SERVICES IN THE FINANCIAL MARKET¹⁰⁹

CREDIT RATING AGENCIES

To exercise its powers granted by Federal Law No. 540-FZ,¹¹⁰ the Bank of Russia issued regulations establishing:

¹⁰⁴ Bank of Russia Ordinance No. 6654-U, dated 9 January 2024, 'On the Procedure and Timeframes for the Bank of Russia to Make a Decision to Exclude Information on a Payment Acceptance Operator from the Register of Payment Acceptance Operators, as well as on the Form of the Application for Excluding Information on a Payment Acceptance Operator from the Register of Payment Acceptance Operators, the List of Documents Attached Thereto and the Procedure for Submitting Them to the Bank of Russia'.

¹⁰⁵ Federal Law No. 369-FZ, dated 24 July 2023, 'On Amending the Federal Law 'On the National Payment System'.

¹⁰⁶ Bank of Russia Methodological Recommendations No. 12-MR, dated 11 September 2023, on interaction between money transfer operators and information exchange service operators.

¹⁰⁷ Bank of Russia Methodological Recommendations No. 13-MR, dated 12 October 2023, as regards the activities of credit institutions and payment aggregators in making settlements with trade (service) companies for transactions conducted using electronic payment facilities.

¹⁰⁸ Federal Law No. 284-FZ, dated 24 June 2023, 'On Amending Article 3.1 of the Federal Law 'On the Securities Market' and Articles 5 and 8 of the Federal Law 'On Performing Financial Transactions Using a Financial Platform'.

¹⁰⁹ Except CHBs. The regulatory measures in relation to CHBs are detailed in [Subsection 2.3.4.11. 'Credit information system participants'](#).

¹¹⁰ Federal Law No. 504-FZ, dated 19 December 2022, 'On Amending Article 7.5 of the Federal Law 'On Countering the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism' and the Federal Law 'On the Activities of Credit Rating Agencies in the Russian Federation, on Amending Article 76.1 of the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)', on and Invalidating Certain Provisions of Russian Laws'.



- requirements for the content of CRAs' methodologies, including the procedure for assessing a rated entity's creditworthiness, for checking the quality of the methodologies by CRAs and their assessment by the Bank of Russia;¹¹¹
- the procedure for the Bank of Russia to impose a ban on the assignment of credit ratings and demand the revocation (revision) of a credit rating in case of significant violations of the Russian legislation¹¹² by a CRA; and
- the list of additional information to be disclosed by CRAs, including a CRA's internal document stipulating the rules and procedures for preventing and identifying conflicts of interest, their disclosure and management.¹¹³

The above regulations were issued to improve the quality of CRAs' methodologies, ensure transparency of CRAs' activities, and, consequently, increase confidence in credit ratings assigned by CRAs.

To systematise information on rated entities that had credit ratings from two or more CRAs, the Bank of Russia issued Ordinance No. 6374-U¹¹⁴ establishing the procedure for the Bank of Russia to publish data on the results of the comparison of CRAs' national rating scales.

ACTUARIES

In 2023, the Bank of Russia updated the following requirements:¹¹⁵

- additional requirements¹¹⁶ for actuarial opinions based on the results of mandatory actuarial valuation of the activities of insurance companies and mutual insurance companies (due to changes in the rules for calculating insurance reserves in accordance with the new regulation¹¹⁷ of insurers' financial stability); and
- requirements¹¹⁸ for reports on the results of checking actuarial opinions (due to the above changes in the requirements for actuarial opinions, as well as because of the inclusion from 1 January 2024

¹¹¹ Bank of Russia Ordinance No. 6583-U, dated 23 October 2023, 'On the Requirements for the Content of the Provisions Specified in Part 7 of Article 12 of Federal Law No. 222-FZ, Dated 13 July 2015, 'On the Activities of Credit Rating Agencies in the Russian Federation, on Amending Article 76.1 of the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)', and on Invalidating Certain Provisions of Russian Laws', the Cases and Frequency of and the Timeframes for Checking the Quality of the Methodology by a Credit Rating Agency, the Requirements for Such Checks, as well as the Form of and the Procedure and Deadlines for the Credit Rating Agency to Submit a Report on the Results of the Check of the Methodology Quality to the Bank of Russia, and the Procedure for the Bank of Russia to Assess the Credit Rating Agency's Methodology for Compliance with Russian Laws and Bank of Russia Regulations'.

¹¹² Bank of Russia Ordinance No. 6538-U, dated 25 September 2023, 'On the Procedure for the Application by the Bank of Russia to Credit Rating Agencies of the Measures Provided for by Clause 3 of Part 2 and Part 2.1 of Article 15 of Federal Law No. 222-FZ, Dated 13 July 2015, 'On the Activities of Credit Rating Agencies in the Russian Federation, on Amending Article 76.1 of the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)', and on Invalidating Certain Provisions of Russian Laws'.

¹¹³ Bank of Russia Ordinance No. 6539-U, dated 25 September 2023, 'On the Requirements for Information Subject to Disclosure by a Credit Rating Agency, Including for the Content of This Information, the Procedure and Timeframe for its Disclosure, and Additional Requirements for a Credit Rating Agency to Disclose Information About Conflicts of Interest'.

¹¹⁴ Bank of Russia Ordinance No. 6374-U, dated 15 March 2023, 'On the Procedure for the Bank of Russia to Publish the Results of the Comparison of the National Rating Scales of Credit Rating Agencies'.

¹¹⁵ Bank of Russia Ordinance No. 6565-U, dated 6 October 2023, 'On Amending Bank of Russia Ordinance No. 4533-U, Dated 18 September 2017'; and Bank of Russia Ordinance No. 6566-U, dated 6 October 2023, 'On Amending Bank of Russia Ordinance No. 6009-U, Dated 13 December 2021'.

¹¹⁶ Bank of Russia Ordinance No. 4533-U, dated 18 September 2017, 'On Additional Requirements for an Actuarial Opinion Prepared Following Mandatory Actuarial Valuation of Activities of an Insurance Company or Mutual Insurance Company, Including for Its Content, Submission, and Publication'.

¹¹⁷ Bank of Russia Regulation No. 781-P, dated 16 November 2021, 'On the Requirements for Insurers' Financial Stability and Solvency' (effective from 1 January 2023).

¹¹⁸ Bank of Russia Ordinance No. 6009-U, dated 13 December 2021, 'On Requirements for Reporting the Results of Checking an Actuarial Opinion, the Procedure and Timeframe for its Submission and Publication'.



of NPFs' obligations arising from long-term savings agreements in the scope of the actuarial valuation).¹¹⁹

AUDIT FIRMS IN THE FINANCIAL MARKET

Over the reporting period, the following laws drafted jointly with the Bank of Russia were adopted:

- Federal Law No. 31-FZ¹²⁰ updating the provisions regarding the independence of audit firms and auditors when rendering audit services (participating therein); and
- Federal Law No. 355-FZ¹²¹ that exempts investment advisers engaged in investment consulting, as well as those combining this activity with any other activity that is not subject to licensing in accordance with Russian law, from the obligation to conduct an audit.

Additional requirements¹²² for the list and timeframes for an audit firm in the financial market to disclose information about its activities on its website, for the form of disclosure of such information, as well as requirements for the list and form of disclosed information about the audit firm's activities for entering data on this firm into the register of audit firms in the financial market became effective in April 2023. Nevertheless, on 23 June 2023, the Bank of Russia Board of Directors decided¹²³ to grant the right, including to audit firms in the financial market, not to disclose sensitive information. Later, this disclosure procedure was extended¹²⁴ into 2024.

In July 2023, the procedure for recognising an auditor's report on financial institutions' accounting (financial) statements¹²⁵ as inappropriate in the circumstances according to the auditing standards¹²⁶ became effective.

The Bank of Russia took part in the preparation and ratification¹²⁷ of the Agreement on Audit Activities Within the EAEU.¹²⁸ The Agreement became effective on 25 December 2023.

In the reporting period, the Bank of Russia and the SRO of auditors signed an information exchange agreement. This agreement established a legal framework for information exchange for the purposes of regulating, controlling and supervising activities of audit firms in the financial market.

¹¹⁹ Federal Law No. 299-FZ, dated 10 July 2023, 'On Amending Certain Laws of the Russian Federation'.

¹²⁰ Federal Law No. 31-FZ, dated 17 February 2023, 'On Amending the Federal Law 'On Auditing'.

¹²¹ Federal Law No. 355-FZ, dated 24 July 2023, 'On Amending Article 5 of the Federal Law 'On Auditing' and Articles 1 and 4 of the Federal Law 'On Amending the Federal Law 'On Foreign Exchange Regulation and Foreign Exchange Control', the Federal Law 'On the Basic Principles of State Regulation of External Trade', and on Invalidating Part 3 of Article 2 of the Federal Law 'On Amending the Federal Law 'On Foreign Exchange Regulation and Foreign Exchange Control'.

¹²² Bank of Russia Ordinance No. 6291-U, dated 4 October 2022, 'On Additional Requirements for the List of Information and Deadlines for an Audit Firm Included by the Bank of Russia in the Register of Audit Firms Providing Audit Services to Socially Important Organisations in the Financial Market to Disclose Information on its Activities on its Website, as well as Requirements for the Form of Disclosing Such Information, and Requirements for the List and Form of Disclosed Information' (registered with the Ministry of Justice of the Russian Federation on 3 April 2023).

¹²³ [Decision of the Bank of Russia Board of Directors, dated 23 June 2023.](#)

¹²⁴ [Decision of the Bank of Russia Board of Directors, dated 22 December 2023.](#)

¹²⁵ Socially important organisations specified in Clauses 3–5 of Part 1 of Article 5.1 of Federal Law No. 307-FZ, dated 30 December 2008, 'On Auditing'.

¹²⁶ Bank of Russia Ordinance No. 6329-U, dated 21 December 2022, 'On the Procedure for the Bank of Russia to Recognise an Auditor's Report on Accounting (Financial) Statements of Socially Important Organisations Specified in Clauses 3–5 of Part 1 of Article 5.1 of Federal Law No. 307-FZ, dated 30 December 2008, 'On Auditing' as Inappropriate in the Circumstances According to the Auditing Standards' (registered with the Ministry of Justice of the Russian Federation on 16 June 2023).

¹²⁷ Federal Law of April No. 140-FZ, dated 28 April 2023, 'On the Ratification of the Agreement on Audit Activities Within the Eurasian Economic Union'.

¹²⁸ Signed in Moscow on 19 April 2022.



2.3.4.11. CREDIT INFORMATION SYSTEM PARTICIPANTS¹²⁹

In 2023, the Bank of Russia participated in drafting a federal law aimed at protecting individuals' interests and preventing fraudulent practices of receiving loans (microloans). The relevant law¹³⁰ was signed by the President of the Russian Federation in February 2024. It allows individuals to set and lift a self-ban in their credit histories on consumer loan (microloan) agreements with CIs and/or MFOs.



The Bank of Russia developed a common technical format for CHSs to send data to CHBs

In 2023, the legislative authorities also adopted federal laws developed jointly with the Bank of Russia that:

- obliged a CHS to specify a unique agreement (transaction) identifier in a loan (microloan) agreement and update the requirements for compiling credit histories;¹³¹
- entrusted members of a syndicate of creditors with the function of a CHS if the credit manager of the syndicate of creditors is VEB.RF;¹³² and
- entrusted the single development institution in the housing sector with the function of a CHS, as well as allowed it to receive information on mortgages issued by another creditor from CHBs in order to assess the quality of the loan portfolio.¹³³

In order to improve the regulation in the credit information system, in the reporting year, the Bank of Russia issued regulations aimed at improving:

- the procedure for certain processes in the course of trading held as an auction to sell credit histories;¹³⁴
- the procedure for compiling a credit history and calculating a borrower's average monthly payment;¹³⁵

¹²⁹ The credit information system means a complex of interrelations among CHBs, CHSs, credit history users, borrowers and other persons within the scope of Federal Law No. 218-FZ, dated 30 December 2004, 'On Credit Histories' and Bank of Russia regulations issued in accordance with this law.

¹³⁰ Federal Law No. 31-FZ, dated 26 February 2024, 'On Amending the Federal Law 'On Credit Histories' and the Federal Law 'On Consumer Loans'.

¹³¹ Federal Law No. 295-FZ, dated 10 July 2023, 'On Amending Certain Laws of the Russian Federation' (including on improving the Russian laws on credit histories and specifying a unique agreement (transaction) identifier in a loan (microloan) agreement.

¹³² Federal Law No. 309-FZ, dated 10 July 2023, 'On Amending Article 5 of the Federal Law 'On Credit Histories'.

¹³³ Federal Law No. 352-FZ, dated 24 July 2023, 'On Amending the Federal Law 'On Credit Histories'.

¹³⁴ Bank of Russia Ordinance No. 6348-U, dated 9 January 2023, 'On Amending Bank of Russia Ordinance No. 4149-U, Dated 10 October 2016'.

¹³⁵ Bank of Russia Ordinance No. 6300-U, dated 24 October 2022, 'On Amending Bank of Russia Regulation No. 758-P, Dated 11 May 2021, 'On the Procedure for Compiling a Credit History' (registered with the Ministry of Justice of the Russian Federation on 23 March 2023 under No. 72684); Bank of Russia Ordinance No. 6414-U, dated 17 April 2023, 'On Amending Annex 1 to Bank of Russia Regulation No. 758-P, Dated 11 May 2021, 'On the Procedure for Compiling a Credit History'; and Bank of Russia Ordinance No. 6551-U, dated 29 September 2023, 'On Amending Bank of Russia Regulation No. 758-P, Dated 11 May 2021 'On the Procedure for Compiling a Credit History'.

- the procedure for forming, replacing and cancelling a borrower's codes (additional codes), the procedure for requesting information about CHBs storing the borrower's credit history from the CCCH, using such a code, and receiving this information from the CCCH;¹³⁶ and
- the requirements for the methodology to calculate a borrower's individual rating, for the content of information disclosed when assigning the individual rating to a borrower.¹³⁷

In the reporting year, the Bank of Russia developed technical requirements for generating credit information indicators, including those incorporating a single technical format for a CHS to send data to a CHB.¹³⁸ Starting from 1 October 2024, this will help unify the exchange of data between CHSs and CHBs, reduce their costs for adjusting software systems, and promote fair competition among CHBs, enabling market participants to select the most attractive and competitive CHBs' offers without additional costs for adjusting the formats of data exchange with such CHBs.

The Bank of Russia determined the average market cost of submitting a credit report for 2024 (₽3.11)¹³⁹ and published this value on its website. This value is to be used by qualified CHBs when calculating the maximum cost of providing data on average monthly payments.

In order to give additional time to CHSs and CHBs to adjust their information systems and fulfil the requirements of Bank of Russia Ordinance No. 6300-U,¹⁴⁰ the Bank of Russia prepared information letters:

- on non-application of enforcement measures against CHSs and CHBs for a failure to comply with Bank of Russia Ordinance No. 6300-U¹⁴¹ until 30 September 2023; and
- on extending the approaches provided for by Bank of Russia Information Letter No. IN-03-46/63¹⁴² in relation to CHSs – leasing companies¹⁴³ until 30 September 2024.

The regulator also prepared other information letters regarding the regulation of the credit information system.¹⁴⁴

¹³⁶ Bank of Russia Ordinance No. 6474-U, dated 28 June 2023, 'On the Procedure for Forming, Replacing, and Cancelling a Borrower's Codes, Including Additional Codes, the Procedure for a Borrower, a Credit History User, a Receiver to Send Requests Containing the Borrower's Code to the Central Catalogue of Credit Histories, on the Form and Procedure for Providing a Borrower, a Credit History User with Information from the Central Catalogue of Credit Histories'.

¹³⁷ Bank of Russia Ordinance No. 6475-U, dated 28 June 2023, 'On Amending Bank of Russia Ordinance No. 5970-U, Dated 5 October 2021'.

¹³⁸ According to Bank of Russia Regulation No. 758-P, dated 11 May 2021, 'On the Procedure for Compiling a Credit History' as amended by Bank of Russia Ordinances No. 6300-U, dated 24 October 2022, and No. 6551-U, dated 29 September 2023.

¹³⁹ Determined annually in accordance with Part 6 of Article 10.1 of Federal Law No. 218-FZ, dated 30 December 2004, 'On Credit Histories'.

¹⁴⁰ Bank of Russia Ordinance No. 6300-U, dated 24 October 2022, 'On Amending Bank of Russia Regulation No. 758-P, Dated 11 May 2021, 'On the Procedure for Compiling a Credit History'.

¹⁴¹ Bank of Russia Information Letter No. IN-05-46/25, dated 28 March 2023, '[On Non-application of Enforcement Measures for a Failure to Implement the Requirements of Bank of Russia Ordinance No. 6300-U](#)'.

¹⁴² Bank of Russia Information Letter No. IN-03-46/63, dated 6 May 2022, '[On Extending the Period of Non-application of Enforcement Measures Against Credit History Sources, Credit History Users, and Credit History Bureaus](#)'.

¹⁴³ Bank of Russia Information Letter No. IN-014-46/62, dated 6 December 2023, '[On Extending the Approaches Provided for by Bank of Russia Information Letter No. IN-03-46/63, Dated 6 May 2022](#)'.

¹⁴⁴ Bank of Russia Information Letter No. IN-014-46/52, dated 21 August 2023, '[On Applying Certain Provisions of Federal Law No. 218-FZ and Bank of Russia Regulation No. 758-P](#)'; Bank of Russia Information Letter No. IN-014-46/56, dated 1 November 2023, '[On Actions of Credit History Users and Credit History Bureaus When Fulfilling the Requirements of Federal Law No 377-FZ](#)'; and Bank of Russia Information Letter IN-014-46/67, dated 21 December 2023, '[On Cancelling Data of a Credit History Compiled in the Course of Supervision](#)'.



2.3.4.12. SELF-REGULATORY ORGANISATIONS

In 2023, the Bank of Russia approved the following basic standards developed by SROs in the financial market:

- The basic standard for an MFO to conduct transactions in the financial market.¹⁴⁵ When issuing microloans online, MFOs are required to check the identity of borrowers according to certain parameters, which will prevent fraud when such loans are raised using other people's personal data.
- The basic standard for conducting transactions in the financial market as part of a forex dealer's activity.¹⁴⁶ The changes expand the list of currency pairs for conducting transactions with clients and adjust the list of news agencies whose prices and historical data may be used to calculate the amount of cash collateral. This will expand opportunities for forex dealers to receive information without delays.
- The basic standard for protecting the rights and interests of individuals and legal entities receiving financial services provided by members of the SROs of Russian and foreign insurance companies.¹⁴⁷ The provisions of the basic standard are applicable to foreign insurance companies operating in the Russian Federation through their branches.
- The basic standard for an investment adviser's transactions in the financial market.¹⁴⁸ The standard establishes a new definition of an IIR and changes the list of information other than an IIR. The standard is also supplemented with a new recommendation to investment advisers: if they provide any information to an investor, in addition to investment consulting, they should specify the type of this information, i.e., whether it is analytical, advertising, or marketing information.

Overall, as of the end of 2023, there were 30 basic standards developed by SROs in the financial market and approved by the Bank of Russia that established the requirements for the activities of MFOs, CCCs, ACCCs, brokers, depositories, trustees, forex dealers, Russian and foreign insurance companies, insurance brokers, investment advisers, NPFs, registrars, joint-stock investment funds, and MCs of investment funds, UIFs and NPFs.

2.3.4.13. ASSESSMENT OF THE ACTUAL EFFECT OF REGULATORY REQUIREMENTS

In 2023, the Bank of Russia conducted an experiment to make an actual effect assessment (AEA) of the regulatory requirements. The AEA is a comprehensive retrospective analysis of the current regulation based on quantitative and qualitative data. The AEA can identify serious issues in the regulation and thus be the basis for major financial market reforms. The AEA does not only measure the regulatory impact, but is also one of the main tools of modern regulatory policy.

The experiment covered four areas of the regulation:

- Cls' internal capital adequacy assessment processes and their supervisory evaluation;
- FDs (as regards the list of underlying assets and the requirement for mandatory clearing through a CCP);
- the procedure for testing individuals – non-qualified investors by brokers; and
- the procedure for opening additional offices by Cls.

¹⁴⁵ Minutes No. KFNP-39, dated 19 January 2023.

¹⁴⁶ Minutes No. KFNP-5, dated 16 February 2023.

¹⁴⁷ Minutes No. KFNP-26, dated 3 August 2023.

¹⁴⁸ Minutes No. KFNP-37, dated 16 November 2023.



During the AEA, Bank of Russia employees:

- identified the problems that should be solved by the regulation, as well as its goals, options for achieving them, and mechanisms for monitoring the efficiency of the regulation;
- assessed the effectiveness of the regulation, that is, the progress towards the goal for which it had been introduced;
- calculated the costs for compliance with the regulatory requirements using the standard cost model; and
- analysed the consistency and relevance of the regulation, as well as the regulatory role of the Bank of Russia in these areas.

To receive information for the analysis, the Bank of Russia held targeted and public consultations with financial market participants. The consultations were carried out in the form of surveys, round tables, requests for written opinions, and public discussions of draft reports.

The Bank of Russia provided the results of its analysis in the AEA reports posted on its website in the section [‘Assessment of the actual effect of regulatory requirements’](#). The findings and proposals contained in the reports will be used to optimise the regulation in the analysed areas. In addition, they will help improve the overall approaches of the Bank of Russia to exercising its regulatory powers.

Based on the results of the experiment, the Bank of Russia decided to include the AEA business process in its activities on an ongoing basis and take measures to further develop the tools assessing the quality of the current regulation and its projects.

2.3.5. SUPERVISION

2.3.5.1. OFF-SITE SUPERVISION

2.3.5.1.1. Credit institutions, banking groups, bank holding companies

In 2023, the Bank of Russia banking supervision activity was focused on monitoring the operations of CIs, identifying bottlenecks in the operations of individual CIs and the banking system as a whole at an early stage, and minimising the consequences of unfriendly actions of foreign states and counterparties. The Bank of Russia interacted with CIs on a daily basis and analysed their performance indicators.

Taking into consideration the current economic situation, the supervisory activity of the Bank of Russia were, among other things, aimed at:

- assessing the efficiency and monitoring the transformation of business models of CIs and changes in the list of owners to identify increased risks in the activities of CIs;
- assessing the impact of sanction restrictions on the activities of CIs and their borrowers, controlling the sufficiency of a capital cushion if a CI suffers significant losses caused by the current geopolitical situation;
- monitoring new areas of development of foreign business of Russian CIs, participating in resolving problems when CIs make cross-border payments and/or establish correspondent relations for conducting transactions;
- monitoring the dedollarisation of balance sheets carried out by CIs and controlling the process of bringing the limits of OCPs to the values set by regulations;
- introducing regimes of regulatory easing for CIs, including individual ones, and controlling their exit from them, determining the exposure of CIs to risks to their financial resilience when exiting regulatory easing regimes;
- drawing up proposals to change banking regulation, taking into consideration the established practice of banking supervision in the current geopolitical situation.

While exercising its powers as a banking supervisory authority, the Bank of Russia took measures to ensure that banks fulfil their obligations to individuals and legal entities, including the possibility of receiving foreign currency in cash, and ensured control over compliance with restrictions as regards transactions with foreign currency and transfers abroad.

The Bank of Russia appointed supervisors to all CIs and authorised representatives to 89 CIs (including all SICIs).

Consolidated supervision over the activities of associations of CIs and NFIs was exercised by 25 groups of supervisors.

In 2023, the Bank of Russia continued to develop risk-based advisory supervision, which made it possible to quickly eliminate shortcomings in the activity of CIs at an early stage without applying supervisory response measures.

During **advisory supervision**, over 700 regular and working meetings were held with representatives of CIs, including their owners. The key issues included individual (temporary) regulatory easing,



finalisation by banks of their corporate documents on managing key risks, the consequences and subsequent adaptation of banks to restrictive measures taken by unfriendly countries, including their impact on the financial resilience of banks (provided that there would be a gradual exit from the regime of regulatory easing and volatility in financial markets). Close attention was also paid to working with blocked assets, using rating models within the framework of the IRB approach, assessing the need for capital at the individual and consolidated level, and developing FRRPs. The meetings were focused on the application of regulatory innovations, the results of inspections of CIs, and compliance with the requirements of the Bank of Russia regulations.

As part of its **efforts to eliminate shortcomings identified during supervisory activities**, the Bank of Russia sent letters of recommendation to CIs regarding the identified shortcomings in managing the key risks to CIs, in particular credit and market ones.

In 2023, the regulator sent clarifications to CIs regarding their requests for the procedure for applying executive orders of the President of the Russian Federation, information letters, press releases, compliance with orders and regulations of the Bank of Russia, including those issued due to actions of unfriendly countries, as well as regarding certain issues about CIs' activity.

To reduce the regulatory burden on CIs in the current conditions, the Bank of Russia did not apply measures¹ against them if, in 2023, they failed to submit information on the organisation of internal procedures for assessing capital adequacy and the results of their assessment for 2022.

Taking into consideration the significant external pressure on the Russian economy, in 2023, the supervision was focused on the planning of measures by SICIs, aimed at restoring financial stability in stressful situations, with an emphasis on independent maintenance of financial resilience without relying on governmental emergency support measures and regulatory easing. In March 2023, the Bank of Russia sent recommendations for drawing up the 2023 FRRP in order to focus on the most significant topical aspects. Such aspects included defining indicators for restoring financial resilience, choosing forecasting scenarios, developing measures and assessing their impact on CIs' performance indicators. All SICIs (taking into consideration their inclusion in banking groups) submitted their FRRPs that were reviewed by the Bank of Russia. The results of stress testing using the bottom-up method, submitted by SICIs to the Bank of Russia, were used for reviewing FRRPs as part of the supervisory process. The regulator held working meetings with SICIs to discuss the submitted materials.

After a one-year break,² in 2023, the Bank of Russia resumed **supervisory stress testing** of banks using the bottom-up method³ (bottom-up SST). The stress testing was reduced in scale: it was conducted only for SICIs, with a smaller amount of information to be provided and less calculations. The Global Crisis risk scenario parameters from the [Monetary Policy Guidelines for 2023–2025](#) were used as the stress test scenario. Among other things, the scenario assumed a significant deterioration in the global economy, increased geopolitical tension, and the imposition of new restrictions on Russian exports.

One of the important focuses of the assessment of the current bottom-up SST cycle was a detailed credit risk analysis of banks' largest borrowers. As part of this analysis, the Bank of Russia assessed more than 350 largest borrowers, including on the basis of cash flow models provided by banks,

¹ Pursuant to Article 74 of Federal Law No. 86-FZ.

² In 2022, in order to reduce the regulatory burden amid sanctions, the Bank of Russia cancelled the programme of full-scale supervisory stress testing of banks using the bottom-up method.

³ Banks calculate stress tests independently, using their own forecasting models under a single stress scenario. The Bank of Russia checks and adjusts them as well as summarises the results.

professional judgements, and corporate financial statements. Based on the results of the analysis, the Bank of Russia determined the potential amount of additional provisions for possible losses under stress for the largest borrowers and took into consideration the derived estimates in the final results of the bottom-up SST. The results of the bottom-up SST for each SICI were a quantitative assessment of the capital cushion or deficit at the end of a stress event and an analysis of the quality of banks' assessment of their risks and the process of stress testing.

In general, the results of the stress testing showed that the capital cushion accumulated by SICIs over the past years allows most of them to significantly absorb stress losses. Capital adequacy (N1.0 ratio) may decrease by 2.9 percentage points in total, but it will generally remain at the level of 10.8%, exceeding the minimum value of the ratio. The key driver of stress losses will be losses on loans amid a deterioration in the financial position of companies. These assessments did not include the support measures from the Bank of Russia and the possible application by CIs of the measures available to them to restore financial stability. In case of implementation of internal measures to restore financial stability by banks, stress would have a lesser impact on their capital.

At the end of 2023, the Bank of Russia took measures to resume a full-scale bottom-up SST in 2024. For this purpose, the methodology and template for presenting the stress test results were updated, including taking into consideration the experience of previous bottom-up SST cycles and communications with banks participating in the stress testing. The 2024 bottom-up SST covered the 28 largest banks that held more than 85% of the banking sector assets and had issued more than 90% of loans to legal entities and individuals. Stress scenario parameters, as well as templates for submitting information and recommendations for conducting stress tests, were sent to participating banks in late 2023.

In 2023, **to manage various types of risks**, the Bank of Russia was making regular assessments of assets of CIs and NFIs. The regulator surveyed the 454 largest borrowers and 64 groups of companies whose total debt burden, including their related companies, exceeded ₽49 trillion.

As part of the credit risk assessment of borrowers in the mass segment for 2023, the Bank of Russia analysed more than 13,000 loans and guarantees of legal entities, totalling ₽4 trillion, prepared 70 opinions with an assessment of retail loan portfolios totalling more than ₽2.85 trillion (about 23 million loans), including, among other things, an analysis of 407 internal regulatory documents of CIs.

An expert evaluation of secured assets accepted by CIs as loan collateral, which also included establishing the actual availability and legal status of such secured assets and making judgements about their value, is one of the elements of the comprehensive assessment of potential losses on loans. In 2023, the Bank of Russia assessed more than 14,700 assets, conducted an expert examination of more than 6,500 secured assets, and continued to develop the collateral registry.

As part of the market risk assessment in respect of 138 CIs, the regulator prepared 2,015 opinions on estimating the fair value of securities and derivatives, quality categories of security issues, the financial standing of their issuers, and an analysis of transactions with derivatives. The average monthly volume of CIs' security portfolios assessed as part of the regular analysis reached almost ₽3.24 trillion.

In 2023, as part of the assessment of the operational risk management systems in CIs, including an analysis of plans for ensuring business continuity and restoring business activity, the Bank of Russia prepared 177 opinions on 157 CIs, which included the analysis of 5,078 internal regulations.



The Bank of Russia was taking supervisory measures to ensure information security with due consideration for the current situation. In 2023, as part of control and supervisory activities with the participation of CIs, the regulator continued the practice of cyber security trainings during which it assessed the CIs' risks associated with non-compliance with recommendations for secure software development and DDoS attacks against the infrastructure of the service provider to whom CIs' technological processes had been outsourced. Based on the results of the cyber security exercises, the regulator assessed the probability and severity of the consequences of the materialisation of information security risks.

Recommendations for reducing the risks associated with the scenarios under consideration were sent to the participants in the cyber security trainings.

The Bank of Russia took measures to ensure that CIs could use information security tools enabling two-way authentication and encryption of information, which had been assessed for compliance with the requirements established by the federal executive authority for ensuring security when transferring funds within the Bank of Russia PS.

The Bank of Russia continued to ensure the use of domestic security certificates (TLS certificates) by CIs. To control operational reliability, the Bank of Russia assessed how much time CIs required for a transition to domestic security certificates.

To reduce the number of transactions involving the transfer of funds without clients' consent, the regulator exercised advisory supervision over CIs accounting for the largest amount of such transactions, as well as over CIs servicing the recipients of stolen funds (money mules). The regulator discussed the need to take measures aimed at improving information security risk management procedures.

The Bank of Russia carried out measures aimed at ensuring operational reliability of banking operations, interacted with CIs in analysing the causes and consequences of information security and operational reliability incidents, as well as with regard to failures to inform the Bank of Russia about detected information security incidents and their impact on technological processes. The Bank of Russia reviewed the materials of audits and prepared orders containing requirements to correct violations of information security; monitored the elimination of violations detected during audits; sent to CIs its opinions on the results of the review of materials submitted by them to confirm the completion of corrective actions.

Information on the measures applied to CIs is presented in [Table 33 of Section 5.4. 'Statistical tables'](#).

In 2023, the Bank of Russia did not make decisions to revoke (cancel) banking licences of CIs.

2.3.5.1.2. Non-governmental pension funds

In 2023, in the course of off-site supervision of NPFs' activities, the Bank of Russia regularly analysed their financial resilience and ability to meet obligations to clients. None of NPFs failed the stress tests. The imposition of excess profits tax⁴ for 2021–2022, which applies to six NPFs, did not affect their compliance with the requirements.

⁴ Federal Law No. 414-FZ, dated 4 August 2023, 'On Excess Profits Tax'.



In 2023, five NPFs remained on the sanctions lists. The imposed sanctions did not make any significant impact on the funds, including due to the fact that the assets and liabilities of such NPFs are mainly denominated in Russian rubles.

Due to the criticality of materialisation of sanction risks for NPFs, the Bank of Russia extended measures to support NPFs as regards the possibility of non-disclosing certain statutory information,⁵ using an updated list of offshore zones,⁶ as well as investing NPF pension reserves in substitute bonds,⁷ into 2024.

On 1 January 2023, all NPFs joined the system guaranteeing the rights of their clients.⁸ In this regard, they will be subject to mandatory regular inspections by the Bank of Russia (once every three years).⁹

For the first time since 2016, a new NPF was included in the system guaranteeing the rights of insured persons.¹⁰

Owing to the opportunity¹¹ given to NPFs to provide consulting and information services in the financial market as well as acting in the interests of other persons under agency agreements, the Bank of Russia studied such activities of NPFs. The study did not identify any significant risks. A number of NPFs already act as agents for informing clients about medicine insurance, banking services to organise the issuance of bank cards, consumer and mortgage loans, about services for distributing advertising materials and other services.

In 2023, the results of supervisory measures showed:

- A violation by one NPF of the rights of its clients under non-governmental pension provision schemes as regards reducing the minimum guaranteed return under pension agreements without the clients' consent. In order to correct the violations, the NPF compensated its clients for damages and restored the level of the minimum guaranteed return.
- Rendering by one NPF MC of consulting services not provided for in the trust management agreement, paying for these services out of pension reserves,¹² which negatively affected the generation of income for the NPF clients. In order to correct the violations, the NPF concluded a separate agreement with the MC for the provision of consulting services to be paid for out of its equity and reduced the amount of the MC's fee for managing pension reserves. In addition, the position of the Bank of Russia on the unacceptability of such practices in the activities of NPFs was communicated to the NPF SRO.

⁵ Decision of the Bank of Russia Board of Directors, dated 26 December 2023, 'On Determining the List of Information That Non-bank Financial Institutions are Entitled Not to Disclose, and Information That is Not Subject to Publication on the Bank of Russia Website'.

⁶ Decision of the Bank of Russia Board of Directors, dated 22 December 2023, 'On the Requirements for Credit Institutions and Non-bank Financial Institutions (Persons Entitled to Directly or Indirectly Use Shares (Stakes) Being Part of Credit Institutions' and Non-bank Financial Institutions' Equity)'.

⁷ Decision of the Bank of Russia Board of Directors, dated 26 December 2023, 'On the Requirements for Non-governmental Pension Funds and Management Companies of Non-governmental Pension Funds in Terms of Offering Bonds in Favour of Holders of Foreign Bonds Issued by Foreign Organisations, or a Person Exercising Rights Thereunder'.

⁸ Pursuant to Federal Law No. 555-FZ, dated 28 December 2022, 'On Guaranteeing the Rights of Clients of Non-governmental Pension Funds Within Non-governmental Pension Schemes and Formation of Long-term Savings'.

⁹ Pursuant to Clause 1.2.3 of Bank of Russia Instruction No. 202-I, dated 15 January 2020, 'On the Procedure for the Bank of Russia to Inspect Supervised Entities'.

¹⁰ Created in accordance with Federal Law No. 422-FZ, dated 28 December 2013, 'On Guaranteeing the Rights of Insured Persons in the Compulsory Pension Insurance System of the Russian Federation when Forming and Investing Pension Savings and Establishing and Making Payments out of Pension Savings'.

¹¹ Federal Law No. 5-FZ, dated 27 January 2023, 'On Amending the Federal Law 'On Non-governmental Pension Funds' and Article 27 of the Federal Law 'On Investment Funds'.

¹² A violation of Federal Law No. 75-FZ, dated 7 May 1998, 'On Non-governmental Pension Funds'.



The Bank of Russia monitored transactions for investing pension reserves and pension savings of NPFs for compliance with the best terms available to them. No violations were found.

In improving the methodology for supervisory activity, the Methodology for Monitoring Operations for Investing Pension Reserves and Pension Savings of NPFs for Compliance with the Best Terms Available to Them was supplemented with provisions regarding the assessment of transactions with new financial instruments – subordinated and concession bonds.

As part of the 2023 transition campaign, in order to prevent illegal transfers of insured persons from one fund to another, the Bank of Russia monitored the process of submitting requests to change an insurer or notifications about a refusal to change an insurer, as well as concluding contracts on compulsory pension insurance. According to information from the SFR, about 99,000 applications for an early insurer replacement were submitted in 2023 (12% less than in 2022). However, the proportion of requests for transfer to the SFR in the total number of submitted applications did not change significantly and equalled 65%.

In 2023, within the scope of its supervisory powers over NPFs' activities, the Bank of Russia:

- sent 56 orders to NPFs and their MCs, as well as to the SFR MC, to correct violations, including 10 orders based on the results of reviewing inspection reports, 28 letters as part of supervisory interaction for detecting violations of the law, as well as 423 orders and requests for providing information;
- issued an administrative offence report in respect of one NPF.

Based on the results of inspections of NPFs, the Bank of Russia sent orders to correct non-compliance with information security requirements and supervised the corrective actions.

2.3.5.1.3. Insurance agents

In 2023, the Bank of Russia's off-site supervision focused on monitoring compliance of insurance agents with insurance legislation, including new requirements¹³ for the financial stability and solvency of insurers. Close attention was also paid to identifying potential problems in the operations of individual companies at an early stage in order to prevent situations that could affect the fulfilment of their obligations and consumer confidence in the insurance market as a whole. Supervision over the activities of insurance agents was exercised amid sanction restrictions and the implementation of support measures¹⁴ taken to mitigate their consequences.

The Bank of Russia interacted with supervised entities on a regular basis, analysed their performance indicators, including in order to ensure correct application¹⁵ of regulatory easing and to identify risks that may affect companies' operations in the future. The regulator introduced new instruments for calculating a number of indicators¹⁶ used to assess the financial stability of insurers in accordance with the new

¹³ On 1 January 2023, the Bank of Russia Regulation No. 781-P, dated 16 November 2021, 'On the Requirements for Insurers' Financial Stability and Solvency' (hereinafter, Regulation No. 781-P) came into effect, establishing, among other things, new requirements for calculating insurance reserves, ensuring a better assessment of the financial resilience of insurers.

¹⁴ Only those supervisory and regulatory easing measures introduced amid sanction pressures that remained necessary as of the end of 2022 were extended into 2023.

¹⁵ Over 2023, measures of regulatory easing for companies not paying dividends were taken by about 60% of insurance companies.

¹⁶ Reserves, reinsurer's share, reinsurer's expected deficit.



rules.¹⁷ Furthermore, the regulator conducted automated reconciliation of insurers' reporting data with external information in respect of certain items.

The institution of supervisory control continued to operate (supervisors were appointed to all insurance companies). In 2023, the practice of the supervisors' participation in meetings of collegial governing bodies was expanded. It was implemented in three insurance companies incorporated into a large financial group. This increased the effectiveness of preventive insurance supervision in relation to these companies.

In 2023, as part of its supervisory powers over the activities of insurance agents, the Bank of Russia issued 67 orders to correct violations of the law and sent 303 requests for providing information. The regulator held 98 supervisory meetings, including with company owners.

Based on the supervision results, 25 insurers corrected violations of the law and unfair practices, improving their performance indicators to bring them in line with the requirements. The Bank of Russia revoked the licences of and appointed a provisional administration to one insurance company that had not corrected its violations.

In 2023, six insurance companies, two mutual insurance companies and one insurance broker voluntarily surrendered their licences, having previously fully met their obligations under the supervision of the Bank of Russia.

At the request of insurance companies, the Bank of Russia continued to submit applications to the Government Commission on Monitoring Foreign Investments. Based on these applications, permits were issued to conduct transactions with the shares of these companies.

The Bank of Russia organised the process of coordination of JSC RNRC's reinsurance rules between the national reinsurer and market participants. This was necessary for ensuring a balance of interests of JSC RNRC and insurance companies in the current environment. The application of the new reinsurance rules of JSC RNRC would also lead insurers to improve their requirements for risks accepted for insurance. Among other things, these requirements should encourage end policyholders to carry out measures aimed at reducing the probability of such risks (for example, by improving fire safety at their facilities).

In 2023, the Bank of Russia continued to consider applications from Russian insurers and, in exceptional cases, issue individual permits to conduct certain transactions with counterparties from unfriendly countries. This helped ensure the required insurance coverage for the Russian businesses amid sanctions.

In 2023, insurance companies' risks of protected information being leaked as well as risks associated with the failure to comply with the recommendations for secure software development were analysed based on the results of the cyber security trainings held by the Bank of Russia as part of its off-site supervision activities. The Bank of Russia supervised the corrective actions taken in response to violations and shortcomings detected in insurers' activities as well as the implementation of measures aimed at minimising information security risks.

¹⁷ Bank of Russia Regulation No. 781-P.



2.3.5.1.4. Microfinance market participants

In 2023, key areas of the risk-oriented approach in supervision included the development and implementation of measures for assessing MFOs' compliance with macroprudential limits, which became effective on 1 January 2023.¹⁸

In general, as part of its supervisory powers over MFOs, CCCs, ACCCs, HSCs and pawnshops, the Bank of Russia issued 1,763 orders to correct violations of Russian laws. As regards increased risks and multiple violations of the Russian law, the Bank of Russia issued 107 orders to limit fund raising, accepting new members, issuing loans, and/or performing other operations.

Information on 224 legal entities was excluded from the state register of MFOs. Seventy-five organisations lost the MFO status because of systematic violations of the Russian law, non-provision of any microloans during the year, involvement in prohibited activities, non-compliance of their officials with the established requirements, violation of the requirement for mandatory membership in SROs, while 149 organisations lost their MFO status upon their applications for voluntary exclusion of their data from the register.

Information on 249 legal entities was excluded from the state register of pawnshops. Seventy-two entities lost their pawnshop status because of multiple violations of the Russian law, concluding no loan agreements against the pledge of movable assets or custody agreements during the year, while 177 entities lost their pawnshop status upon their applications for voluntary exclusion of their data from the register.

The regulator carried out supervisory measures to ensure that MFOs complied with information security requirements. In particular, special attention was given to the procedure for concluding agreements with clients when issuing online loans, including the analysis of procedures for simplified and full identification of clients.

2.3.5.1.5. Professional securities market participants

In 2023, the Bank of Russia continued its supervisory activity aimed at monitoring the financial resilience and business continuity of PSMPs, including by checking their compliance with the CAR and the LCR. Furthermore, the Bank of Russia improved the instruments used and developed various algorithms for checking compliance with the ratios. In general, PSMPs complied with the prudential ratios in 2023. The Bank of Russia sent orders to PSMPs whose CARs fell below the allowed minimum to correct violations in calculating the ratios. Within the timeframes set by the Bank of Russia, such PSMPs fulfilled these orders and ensured their financial resilience.

During the reporting period, the Bank of Russia:

- Checked the compliance with the requirements for organising the internal control system of PSMPs. The results of these checks were used to prepare recommendations for all PSMPs.
- Analysed the compliance of PSMPs with the restrictions imposed by Executive Orders of the President of the Russian Federation No. 138, 81 and 95,¹⁹ and interacted with PSMPs to limit

¹⁸ Decision of the Bank of Russia Board of Directors, dated 21 November 2022, 'On Setting Macroprudential Limits in Relation to Certain Types of Consumer Loans and Numerical Values of Loan Characteristics Depending on Which Macroprudential Limits are Differentiated'.

¹⁹ Executive Order of the President of the Russian Federation No. 138, dated 3 March 2023, 'On Additional Temporary Economic Measures Related to Securities Trading'; Executive Order of the President of the Russian Federation No. 81, dated 1 March 2022, 'On Additional Temporary Economic Measures to Ensure Russia's Financial Stability'; and Executive Order of the President of the Russian Federation No. 95, dated 5 March 2022, 'On a Temporary Procedure for Meeting Obligations to Certain Foreign Creditors'.

practices that helped persons from unfriendly countries circumvent the restrictions imposed by these executive orders.

- Continued the practice of conducting targeted thematic audits of the provision of margin lending services by brokers. Using a developed automated solution, the regulator analysed the internal accounting data of five large brokers and identified no significant risks.
- Monitored the sanctions risks to PSMPs and took measures to mitigate them, including by extending the right not to disclose information provided for by decisions of the Bank of Russia Board of Directors.²⁰
- Completed the monitoring of the implementation of a sanctions risk mitigation plan by a large financial association. The implementation of the plan resulted in transferring the assets of this association from the foreign jurisdiction to the Russian Federation.
- Analysed the impact of frozen foreign currency and foreign securities on PSMPs' prudential ratios and checked PSMPs' compliance with the conditions of easing introduced by the Bank of Russia in calculating prudential ratios. Results of the analysis showed that none of the PSMPs were facing risks of non-compliance with the ratios or deteriorated financial resilience.

To raise clients' awareness of the services provided to them as well as the risks that may arise after concluding agreements, the Bank of Russia recommended²¹ that brokers prepare a brief summary of a brokerage agreement for clients. Based on these recommendations, SRO NAUFOR prepared a standard form of a summary of the brokerage agreement to be used by PSMPs until the Basic Standard²² is amended accordingly.

Demand for investment consulting services was growing, which manifested itself in an increase in the customer base of investment advisers and a significant number of IIRs made by them, which was largely due to the development of automated recommendation technologies. The first stage of IIR checks provided via auto-advising/auto-follow programmes by the largest investment advisers was completed. The results obtained were further processed to be used for developing an automated system for controlling investment consulting programmes.

In 2023, as part of its supervisory powers over the activities of PSMPs, the Bank of Russia:

- sent 98 orders to PSMPs to correct violations, one order on imposing a ban, 41 orders and 30 letters on preventing violations in the future, as well as 577 orders and requests for providing information;
- initiated 50 administrative proceedings against PSMPs.

The Bank of Russia monitored the activity of PSMPs as regards their compliance with information security requirements. The regulator identified no facts indicating the need for taking supervisory measures.

²⁰ Decision of the Bank of Russia Board of Directors, dated 23 December 2022, 'On Determining the List of Information of Credit Institutions, Non-bank Financial Institutions, and Organisations Providing Professional Services in the Financial Market Subject to Disclosure Pursuant to Russian Laws or Bank of Russia Regulations, Which Credit Institutions, Non-bank Financial Institutions, and Organisations Providing Professional Services in the Financial Market are Entitled Not to Disclose from 1 January 2023 Through 1 July 2023, and on Determining the List of Information Envisaged by Russian Laws or Bank of Russia Regulations, Which the Bank of Russia is Entitled Not to Disclose on its Website from 1 January 2023 Through 1 July 2023, and on Determining the List of Information Envisaged by Russian Laws or Bank of Russia Regulations, Which the Bank of Russia is Entitled Not to Disclose on its Website from 1 January 2023 to 1 July 2023'; Decision of the Bank of Russia Board of Directors, dated 23 June 2023, 'On Determining the List of Information of Credit Institutions, Non-bank Financial Institutions, and Organisations Providing Professional Services in the Financial Market Subject to Disclosure Pursuant to Russian Laws or Bank of Russia Regulations, Which Credit Institutions, Non-bank Financial Institutions, and Organisations Providing Professional Services in the Financial Market are Entitled Not to Disclose from 1 July 2023 Through 31 December 2023, and on Determining the List of Information Envisaged by Russian Laws or Bank of Russia Regulations, Which the Bank of Russia is Entitled Not to Disclose on its Website from 1 July 2023 Through 31 December 2023'.

²¹ [Bank of Russia Recommendations](#) are published on the Bank of Russia website.

²² The Basic Standard for the Protection of the Rights and Interests of Individuals and Legal Entities Receiving Financial Services Provided by the Members of the Financial Market SROs of Brokers.



2.3.5.1.6. Collective investment market participants²³

As part of its supervisory activities, the Bank of Russia helped implement the developed mechanism for separating blocked assets by MCs into special funds (A-type closed-end UIFs). Thus, the regulator sent clarifications²⁴ to the MCs regarding the above separation procedure,²⁵ interacted with the MCs to resolve disputes regarding the inclusion of various assets in the assets of A-type closed-end UIFs, and analysed the actions taken by the MCs to comply with the requirements of Federal Law No. 319-FZ. This work was aimed, among other things, at preventing practices that violate the rights of investment unit holders.

Within the timeframe specified, all MCs made their decisions on the further procedure for the operation of 123 funds with blocked assets. Moreover, most companies decided to change the fund type to closed-end (88 UIFs). The mechanism for resuming UIFs, developed by the Bank of Russia, will also apply to the funds that had to suspend operations in November 2023 due to the sanctions imposed on PJSC SPB Exchange.

The Bank of Russia conducted audits of corporate governance of a number of large MCs, following which it sent letters of recommendation to the companies and held supervisory meetings.

The regulator analysed the practices of a number of MCs in exercising corporate rights in relation to securities included in UIF portfolios. The Bank of Russia sent recommendations to SRO NAUFOR and MCs to apply a proactive approach in exercising corporate rights by MCs, which is consistent with the principle of good faith and rationality and helps improve corporate culture.

In 2023, the Bank of Russia developed a methodology for assessing the effectiveness of UIF trust management and prepared a model under which all calculations are made according to this methodology, as well as tested and verified it for 18 UIFs of six large retail and socially important MCs. Based on the results of the testing, a number of MCs were recommended to take measures aimed at improving the quality of management (investment process).

The Bank of Russia controlled the termination of contracts and the sale of property by five of 16 private MCs that managed the SFR pension savings. All five MCs with which contracts had been terminated sold the property under trust management and transferred funds in the amount of ₽3 billion to the SFR within the timeframe established by law.

In 2023, as part of its supervisory powers over collective investment market participants' activities, the Bank of Russia:

- sent 189 orders to MCs to correct violations, 120 letters on preventing violations in the future, as well as 487 orders and requests for providing information;
- initiated 43 administrative proceedings against MCs.

²³ Except NPFs. Information on supervising the activities of NPFs is given in [Subsection 2.3.5.1.2. 'Non-governmental pension funds'](#).

²⁴ Bank of Russia Information Letter No. IN-018-38/51, dated 14 August 2023, 'On Classifying Securities Composing a Blocked Fund as Blocked Assets'.

²⁵ In accordance with Federal Law No. 319-FZ, dated 14 July 2022, 'On Amending Certain Laws of the Russian Federation', if the proportion of blocked UIF assets is 10% or more, the MC should make it closed-end or separate its blocked assets into a special closed-end UIF. If the proportion of blocked assets is less than 10%, the MC has the right to separate the blocked assets into a special closed-end UIF.

The regulator carried out supervisory measures to ensure that MCs complied with information security requirements. The Bank of Russia monitored the process of correction of violations and shortcomings detected in MCs' operations in this regard. In addition, MCs were given recommendations to reduce the level of information security risk.

2.3.5.1.7. Infrastructures

In 2023, the Bank of Russia resumed full-scale supervisory activities regarding the compliance with the new regulation by accounting infrastructures.²⁶ The focus was on monitoring the dynamics of blocked assets, including monitoring compliance with the requirements for the mode of C-type depository accounts and other restrictions imposed on transactions by accounting infrastructures.

In particular, the Bank of Russia checked the legality of crediting quasi-Russian Eurobonds of Russian holders, previously purchased from foreign investors, to depository accounts with Russian depositories.

Based on the results of the check, the regulator took supervisory response measures and held an online meeting with the financial market participants engaged in depository and brokerage activities. The Bank of Russia drew PSMPs' attention to the fair and unfair practices in implementing control procedures by brokers and depositories as regards compliance with the established requirements.

In 2023, the Bank of Russia continued its systematic efforts to enhance the protection of the trading and clearing infrastructure against the impact of sanction restrictions. The regulator focused on the procedures included in the action plan to restore the financial stability of the trading and clearing infrastructure, ensure a smooth functioning of on-exchange trading and making payments, and minimise the consequences of the imposed restrictions for investors. The Bank of Russia took part in modernising, updating and testing stress scenarios, expanding access of non-resident companies from friendly states to trading, and ensuring the collection of information on foreign clearing participants by Russian infrastructures. The regulator took measures to diversify correspondent relations in the chains of custody of foreign currency balances of clearing participants and foreign securities of investors. During diversification, priority was given to organisations registered in friendly jurisdictions and in the Russian Federation.

The actions of the Bank of Russia aimed at protecting the rights of investors holding foreign securities motivated such persons to sell their securities of issuers from unfriendly countries. As a result, the amount of investments in such securities through the SPB Exchange Group infrastructure halved compared to 2022.

In 2023, in the commodity market, the Bank of Russia monitored the application by the exchange of enforcement measures against trading participants that used trading robots to purchase petroleum products in on-exchange trading. Based on the analysis of the trading participants' trading activity that was conducted by the largest exchange in the commodity market based on the criteria established according to the Bank of Russia's recommendation, the exchange took enforcement measures against 18 legal entities.

In order to improve the quality of reports submitted to the Bank of Russia by depositories and registrars, the regulator carried out the following measures:

²⁶ Executive Order of the President of the Russian Federation No. 81, dated 1 March 2022, 'On Additional Temporary Economic Measures to Ensure Russia's Financial Stability' and Executive Order of the President of the Russian Federation No. 138, dated 3 March 2023, 'On Additional Temporary Economic Measures Related to Securities Trading'.



- sent clarifications to SRO NAUFOR regarding typical mistakes made by depositories and registrars;
- revised and supplemented the measures of control over the procedure for completing reports, established at the stage of its acceptance by the Bank of Russia, reducing the probability of sending reports containing incorrect information by depositories and registrars.

The regulator took action to ensure operational reliability of infrastructures' operations.

The Bank of Russia monitored the correction of violations identified in infrastructures' operations. The regulator sent its opinions to infrastructures based on the results of reviewing the materials submitted to confirm the correction of violations and shortcomings.

The Bank of Russia continued to ensure the use of domestic security certificates (TLS certificates) by infrastructures.

2.3.5.1.8. National Payment System participants

Over 2023, the frequency of scheduled inspections of CIs, PSOs and payment infrastructure operators as regards their compliance with Federal Law No. 161-FZ²⁷ and the Bank of Russia regulations adopted in accordance therewith was restored.

The main areas of control included uninterrupted provision of payment services to individuals and legal entities, as well as aspects of compliance with information security requirements by the NPS participants. Based on the inspection results, the regulator prepared recommendations to reduce the level of information security risk.

In 2023, the most common violations detected by the Bank of Russia as part of its off-site supervision were shortcomings and violations related to the provision of payment services, including the use of electronic payment facilities, provision of incomplete information on the money transfer services provided and inaccurate reporting by money transfer operators. The regulator identified cases of insufficient control by PSOs over compliance with payment system rules by payment infrastructure participants and providers of payment infrastructure services.

As part of the supervision over the NPS participants, the regulator continued to identify high-risk areas, which may facilitate shadow economy transactions, and took a number of measures to reduce the amount of high-risk transactions.

Particular attention was paid to the issues of social significance, in particular the control over the activities of bank payment agents by the CIs that had engaged them, as well as compliance with the fees of the Bank of Russia payment system by CIs.

2.3.5.1.9. Platform service operators

In relation to ISOs, the Bank of Russia monitored their compliance with the law when publishing decisions on the issuance of DFAs. The emphasis was put on information disclosure and compliance of the content of the decisions on issuance with the requirements of the law and information system rules. Over the reporting period, 22 letters of recommendation were sent to ISOs, which were taken into consideration by them. Identifying shortcomings at the time of publication of decisions before the

²⁷ Federal Law No. 161-FZ, dated 27 June 2011, 'On the National Payment System'.



end of the applications acceptance and crediting DFAs directly to investors made it possible to prevent the materialisation of risks to investors and ISOs.

In relation to IP operators, the regulator checked critically important processes: the procedure for concluding investment agreements and conducting nominee account transactions. Disruptions in these processes may lead to financial losses for investors and damage the reputation of the market of IP operators. The system of IP operators' scoring of investment proposals of persons attracting investments was assessed separately. An unbiased assessment of investment proposals helps IP operators create a stable and transparent environment for investing on IPs. Over the reporting period, 26 orders and 21 letters of recommendation were sent to IP operators. Bottlenecks in their operations were fully eliminated.

The regulator assessed FPOs' interaction with platform participants and the registrar of financial transactions. Based on the assessment results, the regulator issued two orders, sent one letter of recommendation, following which the bottlenecks in the operations were eliminated.

In 2023, the regulator conducted a total of 77 checks of activities of platform service operators and found no significant risks or violations.

In the reporting period, the Bank of Russia reviewed the rules²⁸ established by platform service operators.²⁹ The regulator also assessed FPOs' compliance with the requirements for applying cryptographic information protection tools when conducting financial transactions on financial platforms. The measures taken ensured the timely identification of information security and operational reliability risks in the activities of platform service operators and the adoption of measures aimed at reducing the probability of their materialisation.

2.3.5.1.10. Entities providing professional services in the financial market³⁰

CREDIT RATING AGENCIES

In 2023, supervisory measures applied to CRAs and aimed at protecting the rights of rated entities and investors were carried out in the two key areas: monitoring of CRAs' activities and assessing CRAs' rating methodologies.

As part of these supervisory measures, a procedure for assessing critically important processes, namely managing conflicts of interest and establishing internal control, was accepted. Based on the results of inspections to ensure the transparency of the rating activity of CRAs, the Bank of Russia prepared an information letter with recommendations for CRAs regarding the disclosure of credit ratings and their forecasts.³¹

The Bank of Russia paid special attention to the comparison of credit rating levels assigned to one institution by different CRAs. In the reporting period, the regulator assessed new CRA methodologies developed taking into consideration the needs of financial market participants and sent targeted

²⁸ Rules of the information system in which DFAs are issued, the DFA exchange operator rules, and the financial platform rules.

²⁹ IP operators, FPOs, and ISOs in which DFAs are issued, DFA exchange operators.

³⁰ Except CHBs. See information on supervisory measures as regards CHBs in [Subsection 2.3.5.1.11. 'Credit information system participants'](#).

³¹ Bank of Russia Information Letter No. IN-018-34/58, dated 17 November 2023, '[On Disclosing Credit Ratings and Credit Rating Forecasts by a Credit Rating Agency on its Website](#)'.



recommendations to CRAs to enhance the transparency of approaches and ensure a comprehensive analysis of credit risks. Similar work was done with respect to the most widely used CRA methodologies. If no violations of the law were identified in the methodologies, the corresponding credit ratings were included in the list of those used for regulating financial institutions.

Based on the results of these activities, the regulator sent eight orders and 30 letters of recommendation to CRAs. In general, CRAs promptly eliminated shortcomings and fulfilled requirements and recommendations of the Bank of Russia. No significant risks or violations were identified in CRAs' activities.

ACTUARIES

In the reporting period, the Bank of Russia continued to monitor actuarial activities, including reviewing actuarial opinions prepared by responsible actuaries based on the results of a mandatory actuarial evaluation of the activities of NPFs and insurance companies. The regulator also analysed actuarial calculations of the amount of insurance reserves, made by actuaries. Requirements for carrying out unscheduled audits of the activity of seven actuaries were sent to actuaries' SROs based on the monitoring results.

In 2023, the Bank of Russia excluded information about two actuaries from the unified register of responsible actuaries at the request of actuaries' SROs due to violations identified in their activities.

AUDIT FIRMS IN THE FINANCIAL MARKET

In 2023, the Bank of Russia sent the first two orders to correct violations as part of its powers to supervise the activities of audit firms providing audit services to socially important organisations in the financial market.

The Bank of Russia held regular 'seasonal meetings'³² with supervised audit firms and organisations seeking the status of an audit firm in the financial market. Participants in the meetings discussed, among other things, the results of monitoring of the auditors' reports issued, auditing practices in the financial market, and procedures for admitting audit firms to the financial market.

2.3.5.1.11. Credit information system participants



The Bank of Russia launched a process of comprehensive risk-oriented supervision of CHSs

CREDIT HISTORY SOURCES

In 2023, the Bank of Russia organised and began exercising comprehensive risk-oriented supervision over compliance of CHSs³³ overseen by the Bank of Russia with the requirements of Federal Law

³² The Bank of Russia holds the meetings twice a year – before the start of the audit and after issuing audit reports.

³³ For the purposes of this subsection, CHSs include CIs, MFOs, CCCs, and IP operators.

No. 218-FZ,³⁴ dated 30 December 2004, and Bank of Russia Regulation No. 758-P.³⁵ The supervisory activity of the Bank of Russia is aimed at ensuring reliability, completeness and relevance of the data contained in the credit information system.

The regulator assessed the compliance of CHSs' activities with the new requirements for preparing and submitting credit information³⁶ to CHBs. As a result, the regulator identified cases of failure to submit, untimely submission, and submission of incorrect information to the CHBs. A set of supervisory measures was carried out with respect to the CHSs that committed violations, including enforcement measures.

During the reporting period, the regulator checked the compliance with the requirements stipulated in Bank of Russia Regulation No. 758-P for calculating the amount of the average monthly payment (AMP)³⁷ transferred by a CHS to a CHB for each loan or surety agreement concluded with an individual borrower. Clarifications regarding the procedure for calculating the AMP, as well as instructions on the need to adjust the AMP calculation, were sent to the CHSs that committed errors.

As part of its supervision activity, the regulator sent 265 orders to CHSs to correct the violations detected in their activities, 56 orders to apply measures in the form of fines and requirements to correct the detected violations, as well as three recommendations on taking measures aimed at preventing violations in the future activities of CHSs.

CREDIT HISTORY BUREAUS

As part of monitoring and supervising CHBs' activities, the Bank of Russia sent 72 orders to CHBs to correct violations detected in their activities, including five orders regarding compliance with the quality of assessment (scoring) services provided by CHBs, six orders regarding compliance with the requirements for credit information submitted to the Bank of Russia by CHBs (as regards front page information and the obligations of borrowers). In addition, the regulator initiated 16 administrative proceedings, sent a requirement to submit a plan for correcting violations in operations (one CHB), as well as a recommendation to reduce the level of information security risks (one CHB).

To check the quality of assessment (scoring) services provided by CHBs, the Bank of Russia analysed the methods for calculating the individual rating of an individual borrower and other internal documents of all qualified CHBs.³⁸ The results of the analysis were used to issue opinions on the conformity of the quality of the assessment (scoring) services provided.³⁹

In 2023, one CHB was excluded from the State Register of Credit History Bureaus due to its voluntary winding up. Credit histories stored in the liquidated CHB were accepted for storage in the CCCH. Subsequently, they were transferred to the CHB chosen through competition.

³⁴ Federal Law No. 218-FZ, dated 30 December 2004, 'On Credit Histories'.

³⁵ Bank of Russia Regulation No. 758-P, dated 11 May 2021, 'On the Procedure for Compiling a Credit History'.

³⁶ Applied since 1 November 2022.

³⁷ The average monthly payment amount is a key indicator when credit history users assess the debt burden of an individual borrower (guarantor).

³⁸ The obligation of qualified CHBs to calculate the individual rating of a borrower was introduced on 1 January 2022 in accordance with Federal Law No. 302-FZ, dated 31 July 2020, 'On Amending the Federal Law 'On Credit Histories' with Regard to Modernising the System of Credit History Compilation'.

³⁹ In accordance with Bank of Russia Ordinance No. 5970-U, dated 5 October 2021, 'On Requirements for the Methodology to Determine the Individual Rating of a Credit History Maker, for the Composition of Information to be Disclosed When Assigning Such Individual Rating, and on the Procedure for Examining the Quality of Scoring Services Provided by a Credit History Bureau'.



2.3.5.1.12. Self-regulatory organisations

SELF-REGULATORY ORGANISATIONS IN THE FINANCIAL MARKET

In 2023, after the NFA cancelled its status as a SROFM, SRO NAUFOR became the only SROFM for brokers, dealers, managers, specialised depositories, registrars, joint-stock investment funds and MCs of investment funds, UIFs and NPFs.

The Bank of Russia and the NFA signed tripartite agreements with SRO NAUFOR and SRO Association of IICA (unites investment advisers) about transferring the materials that were created during the NFA's operation and related to the activities of its members. The NFA handed over all materials to SRO NAUFOR and SRO Association of IICA within the established timeframe, and former NFA members became the members of these SROFMs.

Following the supervisory measures taken in relation to SROFMs which incorporated MFOs, CCCs and ACCCs, the Bank of Russia sent seven orders to correct violations of the requirements of the Russian legislation. No violations entailing administrative liability were detected in SROs' activities.

SELF-REGULATORY ORGANISATIONS OF ACTUARIES

The Bank of Russia continued to monitor the compliance of actuaries' SROs with the requirements of the legislation regulating relations that arise in the course of actuarial activities. In order to ensure compliance with the legislation requirements,⁴⁰ the Bank of Russia sent a recommendation to one of the SROs of actuaries to develop an appropriate mechanism for checking an actuary wishing to become a member of an actuaries' SRO for his/her membership in any other SRO of actuaries.

2.3.5.2. ON-SITE SUPERVISION

In 2023, the regulator carried out 302 audits of supervised entities, including 154 audits of CIs,⁴¹ 131 audits of NFIs,⁴² eight audits of NPS participants, four audits of SROs, three audits of CHBs, and two audits of CRAs.

The audits covered a wide range of issues related to the activities of supervised entities in accordance with the supervisory needs. Following the audits, the regulator took measures to correct the detected violations and shortcomings and prevent them.

CREDIT INSTITUTIONS

The audits detected violations of prudential regulations, including inadequate assessment of credit risk, violations of the procedure for calculating equity capital, required ratios and DSTI ratios.

The regulator identified cases of non-compliance with the legislation in the field of consumer lending, including incorrect calculation of the TCC. The regulator also detected non-compliance

⁴⁰ In accordance with Part 2 of Article 7 of the Federal Law No. 293-FZ, dated 2 November 2013, 'On Actuarial Activities in the Russian Federation', an actuary may be a member of only one SRO of actuaries.

⁴¹ As part of the audits of four CIs, the regulator audited their activities as PSMPs in addition to their banking activities.

⁴² Audits of five PSMPs (brokers, dealers, registrars, investment advisers, trust managers, depositories), three supervised entities combining the activities of a PSMP and an MC, two PSMPs and a specialised depository, 17 NPFs, 24 insurance agents (insurance companies and insurance brokers), 78 microfinance market participants (MFOs, pawnshops, CCCs, ACCCs, HSCs), one CCP, one operator of an IP.



with the AML/CFT/CFP legislation, suspicious/non-transparent transactions of clients, including misuse of maternity capital funds and governmental support funds for families with children, using electronic means of payment (electronic wallets). The regulator also detected violations of the legislation on the NPS and information security requirements.

During audits of compliance with special requirements to protect the Russian financial market, the regulator detected violations of the ban on charging fees for transactions with foreign cash, identified cases of allocating funds in rubles to individuals from their accounts at a rate below the Bank of Russia's official rate, payments of deposit interest in foreign currency, violations of restrictions on withdrawing/purchasing foreign cash by individuals, which were mainly associated with CIs. The number of such violations tended to decline.

One of the new audit areas was checking the application of credit risk management methods based on internal ratings. Such audits revealed cases of incorrect risk segmentation of corporate borrowers and untimely recognition of borrower defaults.

COLLECTIVE INVESTMENT MARKET PARTICIPANTS

Upon auditing NPFs, the regulator detected non-compliance with the requirements for maintaining pension accounts and granting funded pensions, incorrect calculation and overestimation of funds' equity, and illegal involvement of intermediaries for concluding compulsory pension insurance contracts.

Audits of MCs revealed cases of acquisition by MCs of assets for their inclusion in UIFs, which were not provided for in the investment declaration, violation of requirements for trust management of UIFs, including failure to comply with the deadline for paying compensation when redeeming the units.

INSURANCE AGENTS

During its audits, the regulator assessed the compliance of insurance companies with the requirements for calculating insurance liabilities and evaluating assets.⁴³ The regulator identified shortcomings in the organisation of internal processes of insurers (in documents, information systems and algorithms), cases of non-compliance with the procedure for assessing the value of assets and determining insurance liabilities when calculating insurers' equity. There were also violations of consumer rights: unfair practices when selling insurance products, violations when concluding and executing insurance contracts, including non-payment of investment income, failure to comply with the timeframes for returning insurance premiums and payments of cash surrender values, as well as failures to conclude electronic CMTPLI contracts. Individual violations of AML/CFT/CFP legislation were revealed as well.

MICROFINANCE MARKET PARTICIPANTS

The audits revealed the following violations: insufficient loan-loss provisioning, incorrect calculation of economic ratios and non-compliance therewith, violations of requirements for the procedure for calculating the TCC and its maximum amount, provision of materially inaccurate data in the reporting, exceeded MPLs on loans and schemes for their nominal compliance.

⁴³ In accordance with Bank of Russia Regulation No. 781-P, dated 16 November 2021, 'On the Requirements for Insurers' Financial Stability and Solvency' (came into effect on 1 January 2023).



The regulator found signs of hard selling of commercial services with a low consumption value to borrowers, cases of incorrect accrual of fines resulting in regular overcharging of borrowers. In addition, the regulator detected non-compliance with the AML/CFT/CFP legislation, shortcomings in the verification of customer data when issuing online loans, which entailed a risk of fraud (receiving money using the passport data of other people), suspicious transactions, including with signs of regular misuse of maternity capital funds.

PROFESSIONAL SECURITIES MARKET PARTICIPANTS

During its audits, the Bank of Russia detected violations of requirements for brokerage and depository activities, securities management, as well as the procedure for calculating equity and its minimum amount. In addition, the regulator discovered violations of requirements for internal accounting and reporting, internal control, auditing and risk management, individual violations in the field of information security, operational reliability, AML/CFT/CFP. The regulator also found cases of unlawful recognition of persons as qualified investors and investment of their funds in securities intended for qualified investors as part of trust management.

NATIONAL PAYMENT SYSTEM PARTICIPANTS

The audits of PSOs detected cases of insufficient control over compliance with the established payment system rules and requirements by participants and settlement centres. Failures to take the necessary measures to fix a long-term disruption in wire transfer services were revealed as well.

CREDIT RATING AGENCIES

The regulator detected violations and shortcomings in the activities of CRAs as regards rating procedures.

CREDIT INFORMATION SYSTEM PARTICIPANTS

A large number of banks and microfinance market participants that are also credit information system participants were checked for compliance with the requirements for gathering and transferring information to CHBs. As a result, the regulator found numerous violations, including failure to send information, sending incorrect and/or untimely information on borrowers and loan parameters to CHBs. Some violations were caused by technological malfunctions, including software defects.

During audits of CHBs, the regulator detected violations, including those that resulted in providing users with incorrect credit information.

SELF-REGULATORY ORGANISATIONS IN THE FINANCIAL MARKET

The regulator identified cases of insufficient control by SROs over compliance by their members that are microfinance market participants with the requirements of the legislation and basic standards.

FINANCIAL ASSOCIATIONS

A number of market participants from formalised and non-formalised financial groups were audited on a well-coordinated basis in order to make a consolidated risk assessment of interrelated business processes and operations of financial groups.



During the audits of 12 CIs, 18 NFIs, and one NPS participant as part of 12 groups (associations) of financial market participants, the regulator found that the groups had used various types of schemes and unfair practices aimed at increasing the profitability of the business of the group members, redistribution of income in favour of related parties, artificial adjustment of the performance indicators of group members (OCP, liquidity, the maximum risk per an affiliated entity – N25 ratio), as well as conducting transactions with signs of asset stripping within the group.

ORGANISING AND CARRYING OUT SUPERVISORY MEASURES BY THE BANK OF RUSSIA IN RELATION TO CREDIT INSTITUTIONS AND NON-BANK FINANCIAL INSTITUTIONS

In 2023, the regulator took 520 supervisory measures⁴⁴ (of which 304 in relation to CIs and 216 in relation to NFIs) which mainly involved monitoring of the respect for rights of financial consumers. These measures helped identify various violations, including those related to unfair practices in the sale of financial products and services.

ON-SITE SUPERVISION IMPROVEMENT

The Bank of Russia amended⁴⁵ its procedure for auditing supervised entities. In particular, the regulator specified the procedures for submitting data from software packages before starting audits and for informing supervised entities about audits (except for unannounced ones). Development of remote methods of interaction with supervised entities during audits was also provided for.

Amendments to Bank of Russia Instruction No. 195-I⁴⁶ regulating the implementation of supervisory measures came into force. The regulator established the relevant obligation and a deadline for returning the funds and other property received while carrying out supervisory measures by the Bank of Russia and supervised entities, outlined the need to ensure the confidentiality of the documents drawn up, as well as established the obligation of CIs and NFIs to take measures to exclude the data from credit histories.

⁴⁴ In accordance with Bank of Russia Instruction No. 195-I, dated 18 December 2018, 'On the Procedure for the Bank of Russia to Organise and Conduct a Control Exercise in Respect of Credit Institutions and Non-bank Financial Institutions, and the Procedure for Sending a Copy of the Statement of the Control Exercise to a Credit Institution or a Non-bank Financial Institution in Respect of Which the Control Exercise was Conducted'.

⁴⁵ Bank of Russia Ordinance No. 6385-U, dated 28 March 2023, 'On Amending Bank of Russia Instruction No. 202-I, Dated 15 January 2020, 'On the Procedure for the Bank of Russia to Inspect Supervised Entities' (effective from 17 June 2023).

⁴⁶ Bank of Russia Ordinance No. 6384-U, dated 28 March 2023, 'On Amending Bank of Russia Instruction No. 195-I, Dated 18 December 2018, 'On the Procedure for the Bank of Russia to Organise and Conduct a Control Exercise in Respect of Credit Institutions and Non-bank Financial Institutions, and the Procedure for Sending a Copy of the Statement of the Control Exercise to a Credit Institution or a Non-bank Financial Institution in Respect of Which the Control Exercise was Conducted'.



2.3.6. FINANCIAL REHABILITATION OF FINANCIAL INSTITUTIONS

BANKRUPTCY PREVENTION MEASURES FOR CREDIT INSTITUTIONS

In 2023, the Bank of Russia continued to take measures to prevent bankruptcy of financial institutions pursuant to Federal Law No. 127-FZ.



The BNA implemented the 2019–2023 strategic fundraising plan

Throughout 2023, the Bank of Russia was participating in restoring solvency of three CIs: National Bank TRUST, Promsvyazbank PJSC, and JSC Moscow Industrial bank.

In 2023, the BNA implemented a strategic five-year fundraising plan as regards troubled and non-core assets. During this work, the BNA preferred to keep the business rather than trigger a bankruptcy scenario. Only 13% of funds were received within the bankruptcy procedure. As a result, the funds raised totalled ₹519.3 billion for 2019–2023, which was 8% more than planned (₹482 billion).

In 2023, the BNA also returned part of the Bank of Russia's deposits in the amount of ₹187.2 billion, provided earlier as part of financial resolution. As of 1 January 2024, the BNA's debt to the Bank of Russia was ₹1,351.9 billion.¹

The BNA will continue to work with a number of troubled and non-core assets in 2024–2026. The BNA is planned to be liquidated in 2027.

In 2023, JSC Moscow Industrial bank merged with Promsvyazbank PJSC. Earlier, in 2022, the Russian Federation became the sole shareholder of JSC Moscow Industrial bank.

The Bank of Russia continued to recover in court the losses caused by wrongful acts (omissions) of persons controlling CIs in respect of which bankruptcy prevention measures were (had been) taken.

In 2023, arbitration courts considered disputes for recovering losses from persons earlier controlling B&N Bank, Promsvyazbank PJSC, National Bank TRUST, Rost Bank (JSC), Bank AVB, JSC Moscow Industrial bank, and JSC VOCBANK.

Judicial practice for such cases remains diverse and is still in its formative stage.

In 2023, DIA.RF participated in restoring the solvency of 13 CIs.

¹ Net of accrued interest.

INDIVIDUAL PERFORMANCE INDICATORS OF BANKS UNDER RESOLUTION

Indicator	As of 1 January 2024			
	with the participation of DIA.RF and Bank of Russia		including those where Bank of Russia holds equity stakes (BNA)	
	₽ billion	as % of banking sector	₽ billion	as % of banking sector
Assets after provisions	11,042.4	6.6	107.4	0.1
Corporate loans (loans to non-financial organisations) before provisions	5,226.9	7.4	629.7	0.9
Loans to households before provisions	930.4	2.8	16.9	0.1
Household funds (deposits)	1,515.6	3.4	0.1	0.0

No reduced-rate financing was provided as part of financial resolution procedures involving DIA.RF in 2023. Moreover, DIA.RF repaid a debt to the Bank of Russia in the amount of ₽25.2 billion. As of 1 January 2024, DIA.RF's outstanding debt to the Bank of Russia under the loans received for taking bankruptcy prevention measures was ₽1,334.2 billion.

BANKRUPTCY PREVENTION MEASURES FOR INSURANCE COMPANIES

In 2023, the Bank of Russia monitored the implementation of plans for improving financial resilience and/or solvency of four insurance companies:

- two insurance companies implemented these plans in full;
- one insurance company was in the process of implementing the plan;
- insurance licences of one insurance company were revoked during the plan implementation.

BANKRUPTCY PREVENTION MEASURES FOR NON-GOVERNMENTAL PENSION FUNDS

The regulator carried out no measures to prevent bankruptcy of NPFs in 2023.

INFORMATION FROM THE CHIEF AUDITOR OF THE BANK OF RUSSIA ON THE EFFICIENCY OF USING RESERVES OF THE FUND OF BANKING SECTOR CONSOLIDATION²

In accordance with Article 76.12 of Federal Law No. 86-FZ, the Chief Auditor of the Bank of Russia annually assesses how efficiently the money of the FBSC was used.

For the purposes of this assessment, efficiency means the achievement of goals and desired outcomes with the maximum return on available resources at the minimum resource cost.

For understanding how efficiently the FBSC funds are used, the assessment is divided into four stages:

1. Comparative efficiency of the amount of money allocated by the Bank of Russia vs the extent of damage to the economy if the scenario of a CI's bankruptcy becomes a reality.

² Information from the Chief Auditor of the Bank of Russia on the efficiency of using money of the Fund of Insurance Sector Consolidation and the Fund of Pension Sector Consolidation is not provided since no measures were taken to prevent the bankruptcy of insurance companies or NPFs, and the funds were not formed.



2. Efficiency of the use of resources to restore the CI's financial position indicators.
3. Efficiency of the use of funds by the CI under financial resolution and the BNA.
4. Efficiency of the sale of the CI's shares by the Bank of Russia given the current market conditions.

As of 1 January 2024, money allocated from the FBSC for the financial resolution of CIs totalled ₽1,354.4 billion: for the purchase of shares – ₽1 billion; as investments in deposits – ₽1,351.9 billion; and as investments in the property of the closed-end mixed UIF Spetsialny – ₽1.6 billion.

In 2023, the Bank of Russia did not make decisions on taking measures to prevent the bankruptcy of CIs with the use of FBSC funds and did not sell the shares of CIs. There was no reason for the first, second, and fourth stages of the assessment.

AMOUNT OF INVESTED FBSC FUNDS (₽ BILLION)

Entities	Investment in property	Shares	Deposits	Total
Closed-end mixed unit investment fund Spetsialny	1.6	0.0	0.0	1.6
BNA	0.0	1.0	1,351.9	1,352.9
Total	1.6	1.0	1,351.9	1,354.4

Note. Minor discrepancies between the total and the sum of values are due to the rounding.

The efficiency of the use of FBSC funds by the BNA is assessed based on the purpose of its activities which is to ensure the return of the maximum possible amount of FBSC funds through the proceeds received as a result of the bank's work with non-core assets, including troubled ones, on market principles.

To assess the efficiency of the use of FBSC funds by the BNA, two essential criteria were applied: the maximisation of proceeds from the resolution of assets and the minimisation of costs incurred for the maintenance and sale of assets.

Over 2023, the BNA received proceeds in the amount of ₽98.4 billion, or 150% of the target for the year. Over the previous five years, the amount reached 108% of the target. As of 1 January 2024, deposits in the amount of ₽504.3 billion were returned to the Bank of Russia, along with the interest of ₽46.2 billion.

Over 2019–2023, the BNA completed 272 projects and received proceeds therefrom in the amount of ₽268.9 billion, of which ₽87.3 billion were received from 107 projects in 2023. Following the sample assessment of the projects completed in 2023, it was generally possible to confirm the efficiency of the BNA's performance on these projects.

Efficiency assessment is a professional judgement by the Bank of Russia Chief Auditor's Service, driven by the analysis of the BNA activities, including the assessment of resolution of major assets by the BNA and the reasonableness of key expense items in accordance with the methodology used by the Bank of Russia Chief Auditor's Service.



2.3.7. TERMINATION OF FINANCIAL INSTITUTIONS

The Bank of Russia's monitoring of the termination of financial institutions' activities is primarily aimed at protecting the interests of creditors and depositors of liquidated financial institutions. In 2023, due to the revocation of an insurance company's licence, the regulator appointed a provisional administration. As of 1 January 2024, there were three operating provisional administrations (two in insurance companies and one in a PSMP).

CREDIT INSTITUTIONS

In 2023, the trend towards a reduction in the number of liquidated CIs continued, with their number decreasing to 318.

Refer to [Table 16 of Section 5.4. 'Statistical tables'](#) for detailed information on the number of CIs under liquidation, including with DIA.RF's participation.

As of 1 January 2024, liquidation procedures were completed in relation to 557 CIs whose banking licences had been revoked (cancelled) since 2004, when the corporate liquidator's institute was established. The average percentage of satisfied claims of creditors of these CIs¹ is 45.9%, including 58% of first priority creditors (for CIs in which DIA.RF acted as an official receiver (liquidator) – 46.5% and 57.5%, respectively).

In 2023, based on the decisions made by the Bank of Russia, the competent registering authority made an entry in the USRLE about 21 CIs due to their liquidation.

Over the reporting period, 10 court-appointed receivers were accredited to the Bank of Russia as CIs' official receivers. Accreditation of 22 court-appointed receivers was extended, and one accreditation was cancelled. As of 1 January 2024, 31 court-appointed receivers were accredited to the Bank of Russia.

NON-GOVERNMENTAL PENSION FUNDS

As of 1 January 2024, 33 NPFs were under liquidation.

Refer to [Table 17 of Section 5.4. 'Statistical tables'](#) for information on the number of NPFs under liquidation, including with DIA.RF's participation.

In 2023, liquidation proceedings were commenced against one NPF. Liquidation proceedings against two NPFs were completed and an entry was made in the USRLE about their winding up.

As of 1 January 2024, the percentage of satisfied claims of the Bank of Russia acquired as a result of the transfer of funds to the Pension Fund of the Russian Federation² in 2015–2018, taking into account receipts in 2023, was 40.22% (₽26,899 million).

¹ According to the reports submitted to the Bank of Russia.

² Since 1 January 2023, the Pension Fund of the Russian Federation was reorganised into the Pension and Social Insurance Fund of the Russian Federation, with the simultaneous merger of the Social Insurance Fund of the Russian Federation.



INSURANCE AGENTS

In 2023, the trend towards a reduction in the number of liquidated insurance companies continued, with their number decreasing to 46.

Refer to [Table 17 of Section 5.4. 'Statistical tables'](#) for information on the number of insurance companies under liquidation, including with DIA.RF's participation.

In 2023, the Bank of Russia revoked licences of 10 insurance agents. This was less than 5% of the total number of insurance market participants. One insurance company's licence was revoked due to its failure to correct the detected violations of insurance legislation. The Bank of Russia appointed a provisional administration to this insurance company the functions of which were assigned to DIA.RF. The other nine³ insurance agents voluntarily gave up their licences and ceased operations, having met their obligations.

In 2023, bankruptcy proceedings were terminated against one insurance company in which the official receiver functions were performed by DIA.RF. Another entry was made in the USRLE about the closure of business of three insurance companies where court-appointed receivers (insurance company founders) acted as official receivers (liquidators).

MICROFINANCE MARKET PARTICIPANTS

No provisional administrations were appointed to CCCs and MFOs.

During the reporting year, the Bank of Russia applied to court to declare 20 CCCs insolvent (bankrupt) in the manner prescribed by Federal Law No. 127-FZ. In addition, the Bank of Russia continued to carry out measures as part of the consideration of submitted petitions by courts.

In 2023, 137 microfinance market participants (CCCs, ACCCs, HSCs, pawnshops) were excluded from the USRLE.

PROFESSIONAL SECURITIES MARKET PARTICIPANTS

In 2023, 14 PSMP licences were revoked.⁴ On the basis of applications, 27 investment advisers were excluded from the unified register of investment advisers of the Bank of Russia.

The Bank of Russia supervised the liquidation of two PSMPs, for which the deadline for terminating their obligations, as established by the order on cancelling the licences, expired in 2023. One PSMP fully met its obligations to return cash and securities to clients (₽7.9 million and 1,400 securities were returned). In relation to another PSMP that failed to meet its obligations to clients as regards professional activities in the securities market within the established deadline, the Bank of Russia sent an application to the FTS of Russia to assess the possibility of using a simplified procedure for excluding information about the said PSMP from the USRLE.

³ Six insurance companies, one insurance broker, and two mutual insurance companies.

⁴ Including three licences revoked due to non-compliance with legal requirements of the Russian Federation and 11 licences revoked based on applications for voluntary licence surrender.

INVESTMENT FUNDS

In 2023, 144 reports on terminating UIFs were approved (47 UIFs – by the Bank of Russia, and 97 UIFs – by specialised depositories), with an entry on the exclusion of the above UIFs from the Bank of Russia's register of UIFs.

MANAGEMENT COMPANIES

In 2023, the Bank of Russia revoked six licences based on applications of MCs.

PLATFORM SERVICE OPERATORS

In 2023, four legal entities were excluded from the register of IP operators based on their applications for voluntary liquidation. One legal entity was excluded from the register of FPOs based on its application for voluntary liquidation.

The closure of these companies did not have a negative impact on the general growth in the number of platform service operators in the financial market.⁵

⁵ Over the year, the number of IP operators increased from 64 to 78, while the number of FPOs was up from six to nine.



2.3.8. COUNTERING MISCONDUCT IN THE FINANCIAL MARKET

In 2023, the Bank of Russia continued its efforts to counter unfair practices in order to protect the competitive environment and interests of financial consumers and promote mutual trust among market participants.



The Bank of Russia introduced regulation improving the effectiveness of countering the misuse of insider information and market manipulation

Amendments¹ to the Law on Insider Information² prepared jointly with the Bank of Russia were adopted. They are aimed at ensuring compliance with legislative requirements by foreign banks and brokers that have received direct access to trading in foreign currencies and foreign exchange derivatives, as well as at improving the effectiveness of internal control and measures to counter the MIIMM by market participants.

The Government of the Russian Federation issued Resolution No. 1587³ prepared jointly with the Bank of Russia, synchronising permissible cases of non-disclosure of insider information and the list of undisclosed insider information with cases of non-disclosure of information by issuers and the list of information that issuers are entitled not to disclose in accordance with the applicable legislation.⁴

The Bank of Russia issued Ordinance No. 6546-U⁵ aimed at optimising the transfer of information on the results of auditing non-standard transactions to the Bank of Russia and at reducing the burden on insider issuers.

The regulator also updated⁶ the list of insider information to synchronise it with the industry regulation.⁷ The updated list includes information on the issue of ESG bonds. In addition, starting from 2024,

¹ Federal Law No. 315-FZ, dated 10 July 2023, 'On Amending Article 16 of the Federal Law 'On On-exchange Trading' and the Federal Law 'On Countering the Misuse of Insider Information and Market Manipulation and Amending Certain Laws of the Russian Federation'; Federal Law No. 456-FZ, dated 4 August 2023, 'On Amending Certain Laws of the Russian Federation'.

² Federal Law No. 224-FZ, dated 27 July 2010, 'On Countering the Misuse of Insider Information and Market Manipulation and Amending Certain Laws of the Russian Federation'.

³ Resolution of the Government of the Russian Federation No. 1587, dated 28 September 2023, 'On the Specifics of Disclosing Insider Information Subject to Disclosure Pursuant to the Federal Law 'On Countering the Misuse of Insider Information and Market Manipulation and Amending Certain Laws of the Russian Federation'.

⁴ Resolution of the Government of the Russian Federation No. 1102, dated 4 July 2023, 'On the Specifics of the Disclosure and/or Submission of Information to be Disclosed and/or Submitted Pursuant to the Federal Law 'On Joint-stock Companies' and the Federal Law 'On the Securities Market'.

⁵ Bank of Russia Ordinance No. 6546-U, dated 28 September 2023. 'On the Form (Format) and Procedure for Insiders to Send Notifications Containing Insider Information That is Not Subject to Disclosure to the Bank of Russia'.

⁶ Bank of Russia Ordinance No. 6476-U, dated 28 June 2023, 'On Amending the Annex to Bank of Russia Ordinance No. 5946-U, Dated 27 September 2021'.

⁷ Bank of Russia Ordinance No. 6283-U, dated 30 September 2022, 'On Amending Bank of Russia Regulation No. 714-P, Dated 27 March 2020, 'On Disclosing Information by Securities Issuers'; Bank of Russia Ordinance No. 6264-U, dated 26 September 2022, 'On Requirements for Broker, Dealer, and Securities Management Activities of Professional Securities Market Participants and Activities (Transactions) of Management Companies of Investment Funds, Unit Investment Funds, and Non-governmental Pension Funds as Regards Providing the Exchange with Information on Securities Purchase and Sale Agreements Concluded by Them Not During On-exchange Trading, as Well as the Rules and Procedure for, Content of, and Timeframe for Its Disclosure by the Exchange'; Resolution of the Government of the Russian Federation No. 892, dated 31 May 2023, 'On Approving the Regulation on Providing Information on Contracts Concluded by the Parties Not During the On-exchange Trading, the Obligations Under Which Provide for the Transfer of the Title to the Goods Admitted to On-exchange Auctions, as well as on Keeping a Register of Such Contracts and Providing Information from the Said Register and Invalidating Certain Legislative Acts of the Government of the Russian Federation'.

insider information of trade organisers and PSMPs will include information on submitting notices about the intention to conclude an agreement at on-exchange trading (quotations).

The regulator optimised the procedure⁸ for commodity trading systems to provide the Bank of Russia with information on identified transactions (bids) containing the signs of MIIMM and the procedure⁹ for the Bank of Russia to conduct inspections for possible MIIMM, which helps reduce the time of the inspection in some cases.



The Bank of Russia prepared a number of recommendations for improving mechanisms of on-exchange trading in financial instruments, foreign currency, and commodities to ensure fair pricing

The Bank of Russia prepared methodological recommendations establishing the criteria of a significant deviation in the parameters of trading in financial instruments, foreign currency, and commodities.¹⁰ They help enhance the quality of identifying non-standard transactions and ease the burden on trade organisers, making them no longer obliged to classify securities by liquidity and publish the relevant lists.

The regulator prepared methodological recommendations¹¹ for CIs and NFIs to determine an active market to assess the fair value of shares traded on an exchange. They help prevent supervised entities from manipulating the market activity and liquidity criteria and solve the problem of fraudulent (artificial) pricing.

Amendments to the requirements for trading participants and their clients¹² came into force. They are aimed at improving the mechanism for the public offering of securities through the development of the institution of client stabilisation. The practice of trading participants' clients to maintain the price or demand for securities being offered for a limited period of time helps set a fair market price for securities more effectively.

On the Bank of Russia's initiative, the working group on the Code of Conduct¹³ jointly with market participants reviewed the increased volatility on the Moscow Exchange on 16 March 2023. Based on the results of the review, the Bank of Russia recommended¹⁴ that financial market participants

⁸ Bank of Russia Ordinance No. 6544-U, dated 27 September 2023, 'On Amending Bank of Russia Ordinance No. 5549-P, Dated 14 September 2020, and Annex 1 to Bank of Russia Regulation No. 437-P, Dated 17 October 2014'.

⁹ Bank of Russia Ordinance No. 6545-U, dated 27 September 2023, 'On Amending Bank of Russia Instruction No. 201-I, Dated 13 January 2020'.

¹⁰ Bank of Russia Methodological Recommendations No. 1-MR, dated 17 January 2023, for establishing criteria of a significant deviation in the commodity trading volume; Bank of Russia Methodological Recommendations No. 3-MR, dated 20 February 2023, for establishing criteria of a significant deviation in the price for securities and futures contracts; Bank of Russia Methodological Recommendations No. 4-MR, dated 20 February 2023, for establishing criteria of a significant deviation in the supply of and demand for securities; and Bank of Russia Methodological Recommendations No. 7-MR, dated 5 June 2023, for establishing criteria of a significant deviation in the foreign currency price.

¹¹ Bank of Russia Methodological Recommendations No. 11-MR, dated 7 September 2023, for credit institutions and non-bank financial institutions to determine an active market to assess the fair value of shares traded on a Russian exchange and to establish the criteria of an active market for these shares in their internal documents.

¹² Bank of Russia Ordinance No. 6353-U, dated 9 January 2023, 'On the Procedure and Conditions for Maintaining Prices, Demand, Supply or Volume of Trading in Financial Instruments, Foreign Currency, and/or Commodities in Accordance with Parts 3 and 3.1 of Article 5 of Federal Law No. 224-FZ, 'On Countering the Misuse of Insider Information and Market Manipulation and Amending Certain Laws of the Russian Federation' and on the Requirements for Trading Participants and Their Clients Involved in the Above Trading Activity'.

¹³ The Moscow Exchange Council's working group.

¹⁴ Bank of Russia Information Letter No. 018-34/8897, dated 19 September 2023, 'On Recommendations for Preventing Unfair Practices'.

compare the size of open positions and the risk taken with the current market liquidity and take into consideration the execution time of large orders.

In 2023, private investors demonstrated their increased interest in on-exchange trading (more than 80% of the trading volume in the stock market). Retail investors are prone to make investment decisions emotionally, which causes price fluctuations in on-exchange trading. This is especially true for third-tier¹⁵ securities with low capitalisation and a low free-float ratio. In 2022, there were about 12 cases of price destabilisation in the stock markets, whereas in 2023 Q3, the number of such cases reached 63.

In view of the above, the Bank of Russia continued to stabilise the pricing process and protect retail investors from unjustified losses. To prevent price fluctuations in on-exchange trading, the Bank of Russia jointly with Moscow Exchange carried out measures aimed at changing the on-exchange trading technique. In particular, new (strict) price limits were established for third-tier securities, restricting a security's growth within a trading day, and aggressiveness control for limit orders was introduced, which is aimed at minimising market participants' losses from errors when submitting large orders. The response time of a discrete auction¹⁶ was reduced in the stock market. Such an auction is triggered when the price changes sharply. Changes were also made to the trading techniques in the FX¹⁷ and derivatives¹⁸ markets.

Following the implementation of these measures, the number of cases of price destabilisation declined significantly (the number of discrete auctions held dropped by 84%: from 302 cases in August–September to 49 cases in October–November).

Prices for petroleum products had been rising during on-exchange trading on SPIMEX since 2023 Q2.

Considering the Bank of Russia's recommendations, SPIMEX took a set of measures to control the volatility of petroleum product prices. The exchange modified the design of trading, limited the price corridor, and continued to hold the trade participants liable for using trading robots to purchase petroleum products.

By the end of 2023 Q4, the price for petroleum products reached the figures of April 2023.



The court delivered two guilty verdicts in cases involving market manipulation and 51 rulings to impose administrative penalties

The number of transactions with identified signs of MIIMM was up. In this regard, the Bank of Russia increased the number of inspections carried out in 2023 to 59 (compared to 40 in 2022)

¹⁵ Third-tier securities comprise the securities that are not included in quotation lists, i.e., shares listed as Level Three.

¹⁶ A discrete auction is a type of an auction that usually consists of two stages: collecting orders and conducting transactions based on the submitted orders.

¹⁷ The exchange approved a new version of the methodology for currency fixings, taking into consideration structural changes in the FX market. The interval for calculating currency fixings was expanded from five to 15 minutes, which reduced the pressure on the exchange rate from large market participants using currency fixing in their transactions. Adjustment ratios were also updated.

¹⁸ An opening auction was launched, aimed at quoting a representative price at the beginning of trading and forming an order book, which helps stabilise volatility at the opening of trading.

([Table 35 of Section 5.4. 'Statistical tables'](#)). The number of administrative offences rose. In 2023, the court issued 51 rulings to impose administrative penalties for market manipulation under Article 15.30 of the Code of Administrative Offences of the Russian Federation (compared to 26 in 2022). Two criminal cases under Article 185.3 of the Criminal Code of the Russian Federation ended in guilty verdicts.¹⁹

The Bank of Russia continued its cooperation with law enforcement agencies to bring criminal prosecutions against persons guilty of illegal operations in the financial market. In 2023, 34 applications regarding signs of crimes were issued, with 18 of them serving as grounds for investigative authorities to initiate criminal proceedings or being added to previously initiated criminal cases. As a result of the cooperation with law enforcement agencies, 21 additional criminal cases were initiated based on applications submitted before the beginning of the reporting period. As of 31 December 2023, the Bank of Russia assisted law enforcement agencies in investigating more than 420 criminal cases on issues within its jurisdiction.

In addition, in the reporting period, the Bank of Russia sent law enforcement agencies over 1,800 reports regarding identified signs of illegal activity in the financial market. The information provided in 55 reports was used to initiate and investigate criminal cases, while 786 reports contained data used by government authorities for taking various actions within their jurisdiction.²⁰

In 2023, in accordance with the interagency regulation,²¹ the Bank of Russia sent Rosinfomonitoring and the General Prosecutor's Office of the Russian Federation 24 letters that financial transactions with signs of illegal financial activity had been identified and 38 letters that financial transactions had signs of illegal activity. Following the examination of these letters, five criminal cases were initiated.

Ungrounded procedural decisions based on information sent by the Bank of Russia may be contested. In 2023, the Bank of Russia appealed to the prosecutor's office and top officials of the investigative authorities against 197 decisions to deny criminal proceedings, made by investigative authorities. The regulator's arguments were recognised as justified in 135 cases.

The Bank of Russia stepped up its work to counter illegal activity in the financial market. To streamline the work that was being done, the interagency working group responsible for countering illegal financial transactions under the Administration of the President of the Russian Federation, approved the Approaches to Countering Illegal Activities in the Financial Market, developed jointly with the Bank of Russia, and a roadmap for their implementation.

In 2023, 5,735 entities with signs of illegal activity in the financial market, including signs of financial pyramids, were identified. This number exceeded the 2022 figure by 15.5%, but the life cycle of such projects became shorter, and their average value decreased. Detailed statistics on identified entities with signs of illegal activity in the financial market, including signs of financial pyramids, are given in [Table 36 of Section 5.4. 'Statistical tables'](#).

In order to prevent illegal activity in the financial market, the Bank of Russia promptly informs the Prosecutor General's Office of the Russian Federation, the Ministry of Internal Affairs of the Russian

¹⁹ Market manipulation.

²⁰ Decisions on initiating several criminal proceedings and/or taking other remedial actions can be made based on one report.

²¹ Regulation on information exchange between the Bank of Russia, the General Prosecutor's Office of the Russian Federation, law enforcement and other federal state agencies of the Russian Federation in identifying and suppressing illegal financial transactions of credit institutions and their customers approved by joint order No. 105/136/50/MM-7-2/117/131/98/447/12/OD-121, dated 12 March 2013.



Federation, the FAS Russia and other government agencies about all identified facts. In 2023, more than 125 criminal and over 620 civil cases were initiated, more than 1,300 other response measures²² were taken, on the basis of these materials in particular. In addition, on the Bank of Russia's initiative, access to more than 11,200 Internet resources²³ was restricted, including pages on social networks and messengers that were used by illegal participants in the financial market and financial pyramids.

In order to warn people about illegal projects, the Bank of Russia publishes a list of companies with signs of illegal activity and financial pyramids on its website. In 2023, over 4,300 companies and Internet projects were added to the list.²⁴ It took the regulator 5.4 business days on average to include such companies in the list from the moment when they were detected.

The Bank of Russia also recommended that banks pay closer attention to the companies on the list and their counterparties, and if there are grounds for applying measures under AML legislation, such measures shall include the imposition of restrictions on transactions in accounts.²⁵ This will help reduce the life cycle of financial pyramids, prevent illegal financial service providers from raising funds, and reduce damage to customers.

In 2023, the Bank of Russia continued to provide training in countering unfair behaviour in the financial market. The regulator held a number of seminars featuring Bank of Russia employees. The seminars were attended by 640 people.

Issues of improving the effectiveness of interaction between the Bank of Russia and law enforcement agencies to counter unfair practices were included in the programme of comprehensive training courses for representatives of regional law enforcement agencies. More than 1,700 people attended the training course.

²² Requests to rectify violations of law, claims to change the official name, and other measures.

²³ Information about the Bank of Russia's activity to counter online financial fraud is given in [Subsection 2.5.3. 'Development of information security in the banking and financial sector'](#).

²⁴ The list contains no data on individuals and individual entrepreneurs.

²⁵ Bank of Russia Information Letter No. IN-08-12/69, dated 27 December 2023.



2.3.9. COUNTERING THE LEGALISATION (LAUNDERING) OF CRIMINALLY OBTAINED INCOMES AND THE FINANCING OF TERRORISM

In 2023, the Bank of Russia continued to exercise its powers established by Federal Law No. 115-FZ.¹ The regulator focused on enhancing the effectiveness of the AML/CFT system, as well as optimising AML/CFT requirements to simplify the acceptance of foreign persons for servicing in the current geopolitical situation.

The KYC Platform created in 2022 on the basis of the Bank of Russia helps banks focus on high-risk customer transactions and prevent them from withdrawing funds into the shadow economy. Since the launch of this service, CIs restricted transactions in accounts of 142,000 unfair entities.

As of 31 December 2023, out of 7,000,000 Russian legal entities and individual entrepreneurs, 96.7% were classified as low-risk, 1.9% – as medium-risk, and 1.4% – as high-risk.

In 2023, compared to 2022, the use of the KYC Platform helped almost halve (from ₽26.1 billion to ₽14.6 billion) the amount of cash withdrawals using payment cards of companies and individual entrepreneurs. The amount of suspicious transactions on the basis of writs of execution dropped 2.7 times. The use of schemes to withdraw cash through notary accounts and based on decisions of labour dispute commissions was minimised. The amount of cash withdrawals in the retail and tourism sectors declined by 21% (to ₽23 billion).

Overall, the amounts of cash withdrawn on suspicious grounds and siphoned abroad were down by 11% and 15% (to ₽82 billion and ₽31 billion), respectively, in 2023 as compared to 2022.

The results of the monitoring carried out by the Bank of Russia indicated that the number of high-risk acquiring and person-to-person transactions in accounts of individuals, ensuring settlements between shadow business and Russian individuals and settlements for transactions with cryptocurrency, was up in 2023.

These transactions are carried out mainly in accounts of money mules who transfer control of their bank cards and access to remote banking services to third parties and meet the criteria of suspicious (high-risk) transactions.²

In order to counter high-risk acquiring transactions, in 2023, the Bank of Russia prepared Methodological Recommendations No. 13-MR³, dated 12 October 2023, as regards the activities of CIs and payment aggregators for them to establish a number of control procedures to identify non-standard transactions conducted using payment cards on the Internet when providing acquiring services.

Such transfers to illegal structures involve high risks of loss of funds for people. Shadow businesses themselves operated outside the legal framework or on its unregulated boundaries.

¹ Federal Law No. 115-FZ, dated 7 August 2001, 'On Countering the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism'.

² These criteria are described in Bank of Russia Methodological Recommendations No. 16-MR, dated 6 September 2021, on increasing credit institutions' focus on certain customer transactions.

³ Bank of Russia Methodological Recommendations No. 13-MR, dated 12 October 2023, as regards the activities of credit institutions and payment aggregators in making settlements with trade (service) companies for transactions conducted using electronic payment facilities.



In order to optimise the AML/CFT requirements to simplify the acceptance of foreign persons for servicing in the current geopolitical situation in 2023:

- CIs and a number of NFIs were granted the right to assign the identification of foreign legal entities and individuals to foreign financial institutions from some friendly foreign states.⁴ For such cases, the requirement for personal presence of a client (his/her representative) to open a bank account (deposit)⁵ was cancelled;
- The requirement for legalising documents issued by the competent authorities of foreign states confirming the status of non-resident banks was cancelled; it was also established that the said legalised documents should be requested from other foreign legal entities and foreign unincorporated structures in exceptional cases.⁶

Jointly with the Bank of Russia, a number of amendments were made to laws of the Russian Federation in 2023, providing that:

- Legal entities and individual entrepreneurs be excluded from the USRLE and the USRIE based on the registering authority's decision made on the grounds set out in Clause 4 of Article 7.8 of Federal Law No. 115-FZ, and that a three-year restriction be imposed on the registration of new legal entities by those individuals who were managers or members (with a membership interest of more than 50%) of legal entities at the time of their exclusion from the USRLE on the specified grounds.⁷ On these grounds, a three-year restriction is also imposed on the state registration of an individual as an individual entrepreneur;
- Individuals can make purchases worth up to ₺15,000 from foreign companies using non-personalised electronic payment facilities;⁸
- The amount of insurance premiums, which may be accepted without identification (simplified identification) be increased from ₺15,000 to ₺40,000 (an equivalent amount in a foreign currency) (with the exception of life insurance contracts), simplified identification be allowed when concluding life insurance contracts worth ₺15,000 to ₺40,000 (an equivalent amount in a foreign currency), and that the requirement to identify the beneficiary under an insurance contract to the benefit of a third party be replaced with a requirement to identify such a party as a client before making an insurance payment and/or paying the insurance amount.⁹

In 2023, the Bank of Russia also worked to improve the AML/CFT regulatory framework and update it in accordance with new legislative requirements in this area.¹⁰

⁴ The list of such states was approved by Resolution of the Government of the Russian Federation No. 2838-r, dated 14 October 2023.

⁵ Federal Law No. 308-FZ, dated 10 July 2023, 'On Amending Articles 6 and 7 of the Federal Law 'On Countering the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism'.

⁶ Bank of Russia Ordinance No. 6397-U, dated 4 April 2023, 'On Amending Certain Bank of Russia Regulations Regarding Requirements for Credit Institutions and Non-bank Financial Institutions to Identify Clients, Client Representatives, Beneficiaries, and Beneficiary Owners in Order to Counter the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism'.

⁷ Federal Law No. 519-FZ, dated 2 November 2023, 'On Amending the Federal Law 'On the State Registration of Legal Entities and Individual Entrepreneurs'.

⁸ Federal Law No. 74-FZ, dated 18 March 2023, 'On Amending Article 7 of the Federal Law 'On Countering the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism'.

⁹ Federal Law No. 260-FZ, dated 13 June 2023, 'On Amending Article 7 of the Federal Law 'On Countering the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism'.

¹⁰ Bank of Russia Ordinance No. 6396-U, dated 4 April 2023, 'On Amending Bank of Russia Ordinance No. 5075-U, Dated 22 February 2019, 'On Requirements for Internal Control Rules of Credit Institutions and Non-bank Financial Institutions Designed to Counter the Proliferation of Weapons of Mass Destruction'; Bank of Russia Ordinance No. 6397-U, dated 4 April 2023, 'On Amending Certain Bank of Russia Regulations Regarding Requirements for Credit Institutions and Non-bank Financial Institutions to Identify Clients, Client Representatives, Beneficiaries, and Beneficiary Owners in Order to Counter the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism'.

In 2023, as part of its off-site supervisory measures in the field of AML/CFT, the regulator audited 320 CIs, i.e., 87.9% of the total number of Russian CIs operating in the reporting period.¹¹

Information about measures taken in 2023 against CIs and NFIs for violating the requirements of AML/CFT and currency legislation and SEMs aimed at maintaining financial stability is provided in [Tables 38–41 of Section 5.4. 'Statistical tables'](#).

The Bank of Russia took part in the preparation of the first report on the Russian Federation's progress in improving the national AML/CFT system which was successfully completed in 2023. The report took into account the FATF recommendations given in 2019 following the mutual assessment of the Russian AML/CFT system. It was approved at the plenary meeting of the Eurasian Group on Combating Money Laundering and Financing of Terrorism in December 2023.

In 2023, Rosfinmonitoring jointly with the Bank of Russia prepared and carried out the national assessment of risks associated with the financing of the proliferation of weapons of mass destruction.

¹¹ There were 364 operating CIs in 2023 (taking into account the three CIs registered in 2023).



2.3.10. DEVELOPMENT OF COMPETITION IN THE FINANCIAL MARKET

As in 2022, the Bank of Russia continued to focus on supporting competition, which is one of the necessary conditions for a long-term balanced development of the financial market. It is worth emphasising a pronounced and stable trend towards digitalisation¹ that is increasingly influencing competition.

The regulator contributed to creating favourable competitive conditions for all market participants as part of the implementation of the [Russian Financial Market Development Programme for 2023–2025](#) and the National Plan ('Roadmap') for Developing Competition in the Russian Federation for 2021–2025 (National Plan).²

In order to create a favourable competitive environment, Federal Law No. 482-FZ³ drafted jointly with the Bank of Russia was adopted in 2023. It is aimed at enhancing customer mobility and reducing costs on switching between banks. Since 1 May 2024, individuals have been allowed to transfer funds worth up to ₺30 million monthly between their accounts (deposits) with different banks and to a special account on a financial platform without a fee.⁴

The Bank of Russia continued interagency cooperation to give banks competitive access to public funds and programmes for supporting subsidised lending to the real sector of the economy. Draft Federal Law No. 1046569-7⁵ aimed at harmonising the approaches to selecting CIs based on their credit ratings in order to even out competitive conditions for financially stable market participants was prepared jointly with the Bank of Russia to be submitted to the State Duma for consideration in the second reading.

Jointly with the Bank of Russia, the FAS Russia implemented its initiative to provide insurance companies with competitive access to banks' sales channels.⁶ A new procedure for interaction between CIs and insurance companies was established, whereby the credit rating is the key market criterion when CIs accept borrowers' insurance policies. Additional requirements were also established to ensure competition. This will help decrease barriers for insurance companies when using banks' sales channels and expand the range of insurance companies available to borrowers.

To adapt the competition legislation to the activity of digital platforms, Federal Law No. 301-FZ,⁷ dated 10 July 2023 drafted jointly with the Bank of Russia was enacted. The law defines a digital platform and sets out special criteria of a dominant position for a digital platform, which are subject to the requirement that the abuse of a dominant position,⁸ in particular creating discriminatory conditions and setting an unreasonably high or unreasonably low price, should be banned. Cooperation between the Bank of Russia and the Government of the Russian Federation as regards multi-service platforms which are ecosystems will also continue.

¹ See [Subsection 2.5.1. 'Promoting financial market digitalisation'](#).

² Approved by Resolution of the Government of the Russian Federation No. 2424-r, dated 2 September 2021.

³ Federal Law No. 482-FZ, dated 4 August 2023, 'On Amending Articles 29 and 36 of the Federal Law 'On Banks and Banking Activities'.

⁴ See [Subsection 2.4.1. 'Development of the payment services market'](#).

⁵ Draft Federal Law No. 1046569-7 'On Amending Certain Laws of the Russian Federation for the Purpose of Improving the Selection of Credit Institutions Based on Credit Ratings in Order to Invest and Deposit Funds'.

⁶ Resolution of the Government of the Russian Federation No. 39, dated 18 January 2023, 'On Permissible Agreements Between Credit Institutions and Insurance Companies, as well as Foreign Insurance Companies, and on Invalidating Certain Laws and a Particular Provision of an Legislative Act of the Russian Government'.

⁷ Federal Law No. 301-FZ, dated 10 July 2023, 'On Amending the Federal Law 'On the Protection of Competition'.

⁸ Article 10 of Federal Law No. 135-FZ, dated 26 July 2006, 'On the Protection of Competition'.



The Bank of Russia continued its work to improve the consumer choice transparency. In particular, Federal Law No. 359-FZ,⁹ dated 24 July 2023 drafted jointly with the Bank of Russia was adopted. The law sets the requirement to specify the ranges of TCC values when advertising services to provide loans. The law is aimed at preventing the practice of misinforming consumers regarding the real cost of credit.

As part of countering unfair behaviour of financial market participants, the Bank of Russia identified cases of possible 'mimicry' on the part of financial institutions when they imitated public institutions by adding the word 'state' to their names. When companies groundlessly indicate that they are related to the state, they may mislead consumers and gain non-competitive advantages. The materials were sent to the FAS Russia for it to subsequently conduct a compliance audit.

In order to expand the range of tools of the commodity exchange market and generate commodity indices based on reliable market data obtained during on-exchange trading, the legislative authorities jointly with the Bank of Russia drafted Federal Law No. 407517-8¹⁰ and put it before the State Duma. The said draft federal law makes it possible to increase the number of trade organisers providing electronic services to engage Russian companies in on-exchange trades in commodities and services. The draft law sets simplified regulatory requirements for newly created small commodity trading systems (CTS) operating exclusively in the commodity exchange market. The law eases the requirements for the amount of CTS equity capital and releases them from the obligation to organise an internal audit and prepare annual consolidated financial statements.

⁹ Federal Law No. 359-FZ, dated 24 July 2023, 'On Amending the Federal Law 'On Consumer Loans' and Certain Laws of the Russian Federation'.

¹⁰ Draft Federal Law No. 407517-8 'On Amending the Federal Law 'On On-exchange Trading'.



2.3.11. IMPROVING INSTRUMENTS AND INFRASTRUCTURE OF THE FINANCIAL AND COMMODITY EXCHANGE MARKETS

In 2023, the Bank of Russia continued its efforts to develop the instruments and infrastructure of the financial and commodity markets, taking into consideration the needs of market participants.

DEVELOPMENT OF FINANCIAL PLATFORMS

In 2023, favourable conditions were created for bank deposits due to the actual market situation, which made them the most popular products among clients on financial platforms. There was also demand for bonds for households, whose economic characteristics were close to those of bank savings accounts (as regards an investor's ability to have the invested funds reimbursed with accrued income at any time before the bond is redeemed).

DEVELOPMENT OF THE SYSTEM OF NATIONAL INDICES

In 2023, the Bank of Russia continued to develop the system of national indices. The indices are used in transactions, hedging, analytics, in economic forecasting and modelling, assessing the cost of tools, and also for the purposes of state regulation and taxation. High-quality and reliable Russian indices are needed to provide market participants and government agencies with reliable price information. The State Duma adopted in the first reading the draft laws¹ prepared jointly with the Bank of Russia. The said draft laws set requirements for the activity of administrators of indices, and also grant the Bank of Russia powers to regulate, control and supervise in this area, as well as the powers to maintain a register of administrators of indices and the methodologies developed by them. The introduction of the regulation will help improve the quality of the pricing information, increase confidence in Russian indices and replace indices provided by foreign agencies.

In March 2023, the Bank of Russia formed two working groups on financial and commodity indices, empowered to assess (as regards commodity indices – make a preliminary assessment of) the quality of the methodologies included in the register. The assessment procedure involves verifying the accuracy, reliability and reproducibility of the results of calculations made by administrators of commodity and financial indices.

As regards financial indices, in 2023, the Bank of Russia's Working Group assessed the quality of the methodologies for valuing bonds of two pricing agencies.

The Bank of Russia's Working Group for Reviewing Commodity Index Calculation Methods makes a preliminary assessment of the quality of the methods, which is subsequently sent for approval to the Interagency Working Group of the Exchange Committee of the FAS Russia, which includes the Bank of Russia and relevant federal executive authorities.

In 2023, the Interagency Working Group approved five methods for calculating Russian commodity indices, which provide for generating 100 indices for nine types of commodities, including refined gold, wheat, sugar, export sunflower oil, petroleum products (petrol, diesel fuel, jet fuel, etc.).

¹ Draft Federal Law No. 406984-8 'On Administrators of Financial Indices' and Draft Federal Law No. 406997-8 'On Amending Article 76.9-5 of the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)'.



To disclose information about the approved commodity indices and derivatives in which these indices are used to market participants, the Bank of Russia began publishing the Commodity Indices Map on its website.

PARTNERSHIP FINANCING

On 1 September 2023, a two-year experiment in partnership financing² was launched, which is conducted in four constituent territories of the Russian Federation: the Republic of Bashkortostan, the Republic of Dagestan, the Republic of Tatarstan, and the Chechen Republic.

In the course of the experiment, the Bank of Russia regulates the activity of the participants in the experiment, exercises control and supervision over the participants' compliance with the requirements of Federal Law No. 417-FZ and the Bank of Russia regulations issued in accordance therewith.

To ensure that the experiment has been launched and is being conducted, the Bank of Russia adopted all the necessary regulations: on the procedure for the Bank of Russia to keep the register of participants in the experiment,³ on the exclusion of information from the register at the participant's⁴ request, on the specifics of accounting for the participants that are CIs⁵ and NFIs,⁶ and on the procedure for informing clients.⁷

In order to provide scientific, methodological, analytical and expert support for the experiment, the Government of the Russian Federation established an Expert Council that includes Bank of Russia representatives.⁸

DERIVATIVES MARKET DEVELOPMENT

The Bank of Russia extended⁹ the deferral of the obligation to clear OTC derivatives¹⁰ through CCPs for certain financial market participants¹¹ until 1 January 2026. This will help optimise the regulatory

² Federal Law No. 417-FZ, dated 4 August 2023, 'On the Experiment in Introducing Special Regulation to Create Necessary Conditions for Partnership Financing Activities in Individual Constituent Territories of the Russian Federation and on Amending Certain Laws of the Russian Federation'.

³ Bank of Russia Ordinance No. 6503-U, dated 11 August 2023, 'On the Bank of Russia's Register of Participants in the Experiment to Introduce Special Regulation for Creating Necessary Conditions for Partnership Financing Activities'.

⁴ Bank of Russia Ordinance No. 6521-U, dated 7 September 2023, 'On the Procedure and Timeframes for the Bank of Russia to Exclude the Data on a Legal Entity from the Register of Participants in the Experiment to Introduce Special Regulation for Creating Necessary Conditions for Partnership Financing Activities in Case a Participant in the Experiment Submits a Corresponding Request'.

⁵ Bank of Russia Ordinance No. 6505-U, dated 14 August 2023, 'On the Specifics of Accounting for the Experiment Participants That are Credit Institutions Due to Their Involvement in Partnership Financing Activities'.

⁶ Bank of Russia Ordinance No. 6504-U, dated 14 August 2023, 'On the Specifics of Accounting for the Experiment Participants That are Non-bank Financial Institutions Due to Their Involvement in Partnership Financing Activities, and the Procedure for the Experiment Participants to Prepare Accounting (Financial) Statements for Non-bank Financial Institutions When Carrying Out Partnership Financing Activities'.

⁷ Bank of Russia Ordinance No. 6517-U, dated 5 September 2023, 'On the Procedure for Informing Clients of a Participant in the Experiment About its Partnership Financing Activities, on the List of Information Subject to Disclosure in Areas Where the Clients are Served and on the Experiment Participant's Website, as well as on the Procedure and Timeframes for Disclosing Such Information'.

⁸ Resolution of the Government of the Russian Federation No. 3206-r, dated 15 November 2023.

⁹ Bank of Russia Ordinance No. 6592-U, dated 1 November 2023, 'On Amending Clause 3 of Bank of Russia Ordinance No. 5352-U, Dated 16 December 2019'.

¹⁰ Issues related to the CCP clearing obligation are regulated by Bank of Russia Ordinance No. 5352-U, dated 16 December 2019, 'On Cases When Contracts That Are Derivatives Shall Be Concluded Only if the Other Party to Such Contracts is a Person Performing Functions of a Central Counterparty'.

¹¹ For legal entities without a banking licence, a licence to carry out brokerage activities, dealer activities, securities management activities, or a licence to operate as an MC of investment funds, UIFs, and NPFs.



burden on such participants and will also encourage the recovery and development of the Russian OTC derivatives market, and will further boost the development of the risk hedging culture (practices).

The Bank of Russia expanded¹² the list of indices securities from which may be used as collateral when it is required to margin OTC derivatives not subject to CCP clearing.¹³ The specified list was supplemented with individual stock indices of China, Hong Kong, Brazil, India, South Africa, and Kazakhstan.

IMPROVEMENT OF THE MECHANISM OF INDIVIDUAL INVESTMENT ACCOUNTS

A new type of a long-term IIA (Type 3 IIA) will be introduced in 2024.¹⁴ A Type 3 IIA provides for no limit on annual contributions, allows a withdrawal of funds in challenging circumstances without closing the account and losing the right to a tax deduction; a person can have up to three accounts at a time.

To further boost private investors' demand for Type 3 IIAs and long-term savings, Federal Law No. 58-FZ,¹⁵ dated 23 March 2024 was adopted. It introduces a single tax deduction for long-term savings of individuals to apply to Type 3 IIAs, non-governmental pension provision agreements, and long-term savings programmes for individuals.

¹² Bank of Russia Ordinance No. 6483-U, dated 11 July 2023, 'On Amending Annex 1 to Bank of Russia Ordinance No. 6032-U, Dated 23 December 2021'.

¹³ The issues related to the margining obligation are regulated by Bank of Russia Ordinance No. 6032-U, dated 23 December 2021, 'On Cases When the Fulfilment of Obligations Arising from Contracts Should be Collateralised as Well as on the Requirements for Such Collateral if Such Contracts that are Derivatives are Concluded Not in On-exchange Trading, and Involve a Party that is not a Person Performing the Functions of a Central Counterparty'.

¹⁴ Federal Law No. 600-FZ, dated 19 December 2023, 'On Amending Certain Laws of the Russian Federation'.

¹⁵ Federal Law No. 58-FZ, dated 23 March 2024, 'On Amending Parts One and Two of the Tax Code of the Russian Federation' (as regards introducing personal income tax deductions for long-term savings of individuals).



2.3.12. IMPROVING CORPORATE RELATIONS AND CORPORATE FINANCE

IMPROVING CORPORATE RELATIONS

The measures taken in 2022 to mitigate the negative consequences of sanctions for issuers helped them to overcome the acute phase of the crisis. When the situation stabilised, it was necessary to gradually restore the regulatory protection of investors' and shareholders' rights to the pre-sanction level so that investors could regain confidence in the financial market.



Issuers were recommencing the disclosure of information in the securities market

From July 2023, issuers have been prohibited from completely refusing to disclose information in the securities market.¹ The Bank of Russia participated in identifying the cases when an issuer has the right to limit the disclosure of information and compiling a list of the most sensitive information whose disclosure might be limited in such cases due to the risk of foreign sanctions.² This approach helps maintain a balance between the rights of shareholders and investors to access the information necessary for making investment decisions and exercising their rights, and the interests of issuers who need protection from sanction pressures, as well as ensure fair pricing of financial instruments.

Federal Law No. 625-FZ³ prepared jointly with the Bank of Russia extended into 2024 the effect of certain urgent measures aimed at simplifying the conditions for holding corporate events, ensuring the stable work of the board of directors of a joint-stock company, and fulfilling obligations under securities. Shareholders can still hold annual general meetings based on the results of 2023 remotely. In order to ensure a comfortable exit of the parties to corporate relations from the anti-crisis mode, the Federal Law extended until the end of the corporate year⁴ the rules enabling the elected board of directors of a joint-stock company to preserve its powers in case of decrease in the number of directors as stipulated by the law or the company's articles of association, as well as to transfer the board of directors' powers to a collective or sole executive authority. In addition, the Federal Law extends the use of an elevated 'threshold value' of the amount of voting shares for the purpose of contesting management decisions and obtaining access to the information about a joint-stock company.

In accordance with amendments,⁵ issuers are required to send to the Bank of Russia an electronic notification containing information that they do not disclose and/or do not submit. The form (format)

¹ Due to the termination of Resolution of the Government of the Russian Federation No. 351, dated 12 March 2022, 'On the Specifics of the Disclosure and Submission of Information to be Disclosed and Submitted Pursuant to the Federal Law 'On Joint-stock Companies' and the Federal Law 'On the Securities Market', and on the Specifics of the Disclosure of Insider Information Pursuant to the Federal Law 'On Countering the Misuse of Insider Information and Market Manipulation and Amending Certain Laws of the Russian Federation'.

² Resolution of the Government of the Russian Federation No. 1102, dated 4 July 2023, 'On the Specifics of the Disclosure and/or Submission of Information to be Disclosed and/or Submitted Pursuant to the Federal Law 'On Joint-stock Companies' and the Federal Law 'On the Securities Market'.

³ Federal Law No. 625-FZ, dated 25 December 2023, 'On Amending Article 98 of the Federal Law 'On Government Control (Supervision) and Municipal Control in the Russian Federation' and Certain Laws of the Russian Federation'.

⁴ Until 1 July 2024.

⁵ Clause 1 of Article 2 of Federal Law No. 456-FZ, dated 4 August 2023, 'On Amending Certain Laws of the Russian Federation'.



and procedure for sending such notifications were also established.⁶ The transition to a fully electronic format of interaction enables more efficient processing of incoming notifications, and the new procedure eases the burden on issuers enabling them to send one notification instead of several identical ones.

In order to protect the rights of investors amid sanctions, the Bank of Russia Board of Directors made a decision⁷ to extend through 2024 a special procedure for paying dividends on shares of Russian joint-stock companies, enabling the receipt of funds without the involvement of foreign accounting institutions.

For holders of depository receipts for shares of quasi-Russian companies who have received the status of an international company in the Russian jurisdiction, the legislative authorities provided⁸ for procedures for automatic⁹ and forced¹⁰ conversion into shares of international companies. Shares of an international company, into which depository receipts will be converted, will be traded in the Russian stock market without restrictions (unless the law provides otherwise).

The Bank of Russia took part in improving the legal regulation of the procedure for acquiring large equity stakes in public joint-stock companies.¹¹ The drafted regulation should enhance the level of protection of minority shareholders' rights and ensure a balance of interests of all participants in the acquisition procedure.

The Bank of Russia continued to take part in the work on legislative regulation of remote participation in general meetings of securities holders, including general meetings of shareholders,¹² as well as on solving problems with shareholders, information about whom was missing and who had not exercised shareholders' rights for a long time.¹³ The draft laws are aimed at making the exercise of the rights of shareholders and securities holders more convenient, as well as at reducing the costs of joint-stock companies associated with implementing corporate procedures.

The Bank of Russia carried out the annual monitoring of whether the public joint-stock companies, whose shares were admitted to on-exchange trading, introduced the principles and recommendations of the Corporate Governance Code¹⁴ in 2022. Based on the monitoring results, the Bank of Russia

⁶ Bank of Russia Ordinance No. 6547-U, dated 28 September 2023, 'On the Form (Format) and Procedure for Issuers to Send Notifications Containing Information That Cannot be Disclosed and/or Submitted to the Bank of Russia' (instead of Bank of Russia Ordinance No. 5096-U, dated 21 March 2019, 'On the Form and Procedure for Issuers to Submit to the Bank of Russia Notifications Regarding Information Which Cannot Be Disclosed and/or Provided').

⁷ [Decision of the Bank of Russia Board of Directors, dated 22 December 2023, 'On the Requirements for the Activity of Professional Securities Market Participants Engaged in the Depository Activity When They Make Pecuniary Payments for Certain Types of Financial Instruments and on the Procedure for Russian Legal Entities Having Eurobond-related Obligations to Transfer Funds to Eurobond Holders'](#).

⁸ Federal Law No. 452-FZ, dated 4 August 2023, 'On Amending Certain Laws of the Russian Federation'.

⁹ In this case, the rights to depository receipts are registered in the Russian infrastructure; the procedures are established by the [Decision of the Bank of Russia Board of Directors, dated 15 September 2023 'On Establishing the Procedure and Timeframes for the Automatic Conversion of Securities of Foreign Issuers, Certifying the Rights to the Shares of Joint-stock Companies with the Status of an International Company, into the Shares of Such Joint-stock Companies'](#).

¹⁰ In this case, the rights to depository receipts are registered in a foreign infrastructure and holders of depository receipts cannot receive shares due to the imposition of restrictions.

¹¹ Draft Federal Law No. 519694-8 'On Amending the Federal Law 'On Joint-stock Companies', the Federal Law 'On the Securities Market' and on Invalidating Certain Provisions of Russian Laws' was put before the State Duma on 25 December 2023.

¹² Draft Federal Law No. 1059849-7 'On Amending the Federal Law 'On Joint-stock Companies' and Certain Laws of the Russian Federation' (preparations for the State Duma to adopt the draft law in the second reading continued).

¹³ Draft Federal Law No. 103501-8 'On Amending the Federal Law 'On Joint-stock Companies' and Article 8 of the Federal Law 'On the Securities Market' (preparations for the State Duma to adopt the draft law in the second reading continued).

¹⁴ Recommended by the Bank of Russia for the use by joint stock companies whose securities are admitted to on-exchange trading (Bank of Russia Letter No. 06-52/2463, dated 10 April 2014).



published on its website the [Review of Corporate Governance Practices at Russian Public Companies for 2022](#). The monitoring results¹⁵ demonstrated that companies continued to follow the recommendations of the Corporate Governance Code.

During 2023, the Bank of Russia reviewed about 2,000 requests from individuals and legal entities, government authorities and other institutions as regards clarifying the issues of corporate relations and information disclosure, circulation of depositary receipts for shares of Russian joint-stock companies and Eurobonds, as well as fulfilling obligations to their owners.

The Bank of Russia reviewed 579 sets of documents associated with the acquisition of large equity stakes and 136 sets of documents about releasing issuers from the obligation to disclose information. As part of the supervision over corporate relations and information disclosure, the Bank of Russia issued over 4,500 orders and supervisory letters.

IMPROVING CORPORATE FINANCE

In 2023, corporate finance continued to play an important role in assisting companies to adapt to the current situation and the negative consequences of sanction pressures.

An important tool for such adaptation was the introduction of substitute bonds in 2022 H2. They allowed Russian investors to receive Russian bonds issued and serviced in accordance with Russian legislation in exchange for blocked Eurobonds. In 2023, 61 issues of substitute bonds were registered and 51 issues of these bonds were placed. As of the end of 2023, 84 issues of substitute bonds in total were registered, 70 of which were placed. The first issues of substitute subordinated bonds of CIs and the first issue of substitute perpetual bonds of an NFI were registered.



Russian Eurobond debtors were required to issue substitute bonds

Given that substitute bonds had become a popular and effective mechanism for substituting blocked assets, amendments prepared jointly with the Bank of Russia were introduced into Russian legislation in 2023. Russian Eurobond debtors were required to discharge their obligations to the holders of Eurobonds by issuing substitute bonds by 1 July 2024.¹⁶

In order to maintain conditions for businesses, allowing them to adapt to the current situation, the legislative authorities extended the suspension of the requirement for annual re-registration of the bond prospectus and certain measures to ease the procedure for registering issues of international companies' shares.¹⁷

¹⁵ The average level of introduction of the principles set out in the Corporate Governance Code by public joint-stock companies whose shares are admitted to on-exchange trading with and without listing was 76% and 56%, respectively.

¹⁶ Executive Order of the Russian President No. 430, dated 5 July 2022, 'On the Repatriation by Residents Participating in Foreign Economic Activity of Foreign Currency and the Currency of the Russian Federation'.

¹⁷ Federal Law No. 452-FZ, dated 4 August 2023, 'On Amending Certain Laws of the Russian Federation'.



Companies wishing to transfer their foreign business to Russia through redomiciliation faced the fact that not all foreign jurisdictions allowed the use of this tool.



Incorporation – a new tool for transferring foreign businesses to the Russian infrastructure – was launched

Pursuant to the law,¹⁸ such companies were enabled to carry out the incorporation, which involves a foreign legal entity establishing an international company in a special administrative region with the subsequent transfer of assets thereto.

In order to support borrowers, the regulator continued to prevent any events giving rise to defaults and cross-defaults on Russian and foreign bonds.

In 2023, active growth in structured bonds continued. As many as 1,244 issues were registered (vs 593 in 2022), accounting for more than a half of all bond issues¹⁹ registered in 2023. Among other things, the demand for this instrument was triggered by the fact that structured bonds were used to mitigate the consequences of sanction pressures and redistribute assets as in 2022.

In 2023, another (the third) issuer of perpetual bonds entered the market.²⁰ This was the first issuer whose perpetual bonds were issued without the condition that a compensation would be paid from the budget funds for the income that had not been received by the bond holders if the issuer decided not to pay the coupon income on such bonds. In 2023, issuers of previously issued perpetual bonds, as before, did not exercise their right to refuse to pay income on perpetual bonds.

¹⁸ Federal Law No. 452-FZ, dated 4 August 2023, 'On Amending Certain Laws of the Russian Federation'.

¹⁹ For more data on the number of registered securities issues, see [Subsection 2.3.3.2. 'Financial instruments'](#).

²⁰ This means bonds whose specifics are set out in Article 27.5–7 of Federal Law No. 39-FZ, dated 22 April 1996, 'On the Securities Market'.

2.3.13. IMPROVING THE ACCOUNTING AND THE ACCOUNTING (FINANCIAL) STATEMENTS OF FINANCIAL INSTITUTIONS

In accordance with the powers granted by Federal Law No. 417-FZ,¹ the Bank of Russia established the specifics of accounting for participants in the experiment that are CIs² and NFIs,³ due to their involvement in the partnership financing activities, as well as the procedure for participants in the experiment that are NFIs to prepare accounting (financial) statements.

Owing to the development of the DFA market and requests from its participants, special accounting regulation for DFAs was introduced, i.e., separate balance sheet accounts broken down by method of their subsequent assessment, structured by type of rights (claims) underlying them, as well as codes of statements of financial performance, which became effective on 1 January 2024.⁴ The Bank of Russia amended its regulations governing the procedure for preparing accounting (financial) statements of NFIs, CHBs and CRAs as regards disclosing information on transactions involving DFAs and utilitarian digital rights.⁵

The Bank of Russia sent recommendations for accounting transactions with the digital ruble to CIs participating in the pilot testing of the digital ruble platform.

In 2023, the Bank of Russia amended its regulations establishing the accounting procedures for CIs, NFIs, CHBs, and CRAs, and for the preparation of accounting (financial) statements by NFIs, CHBs, and CRAs, providing that:

- the accounting procedure for long-term savings agreements⁶ and the procedure for recoding them in NPF accounting (financial) statements be established from 1 January 2024;⁷

¹ Federal Law No. 417-FZ, dated 4 August 2023, 'On the Experiment in Introducing Special Regulation to Create Necessary Conditions for Partnership Financing Activities in Individual Constituent Territories of the Russian Federation and on Amending Certain Laws of the Russian Federation'.

² Bank of Russia Ordinance No. 6505-U, dated 14 August 2023, 'On the Specifics of Accounting for the Experiment Participants That are Credit Institutions Due to Their Involvement in Partnership Financing Activities'.

³ Bank of Russia Ordinance No. 6504-U, dated 14 August 2023, 'On the Specifics of Accounting for the Experiment Participants That are Non-bank Financial Institutions Due to Their Involvement in Partnership Financing Activities, and the Procedure for the Experiment Participants to Prepare Accounting (Financial) Statements for Non-bank Financial Institutions When Carrying Out Partnership Financing Activities'.

⁴ Bank of Russia Ordinance No. 6380-U, dated 24 November 2022, 'On Amending Bank of Russia Regulation No. 809-P, Dated 24 November 2022, 'On the Chart of Accounts at Credit Institutions and the Procedure for Using It'; Bank of Russia Ordinance No. 6453-U, dated 20 June 2023, 'On Amending Bank of Russia Regulation No. 486-P, Dated 2 September 2015, 'On the Chart of Accounts at Non-bank Financial Institutions and the Procedure for Using It'; Bank of Russia Ordinance No. 6469-U, dated 27 June 2023, 'On Amending Bank of Russia Regulation No. 487-P, Dated 2 September 2015'; Bank of Russia Ordinance No. 6450-U, dated 19 June 2023, 'On Amending Bank of Russia Regulation No. 612-P, Dated 25 October 2017'.

⁵ Bank of Russia Ordinance No. 6529-U, dated 18 September 2023, 'On Amending Bank of Russia Regulation No. 526-P, Dated 28 December 2015'; Bank of Russia Ordinance No. 6532-U, dated 18 September 2023, 'On Amending Bank of Russia Regulation No. 532-P, Dated 3 February 2016'; Bank of Russia Ordinance No. 6528-U, dated 18 September 2023, 'On Amending Bank of Russia Regulation No. 613-P, Dated 25 October 2017'; Bank of Russia Ordinance No. 6527-U, dated 18 September 2023, 'On Amending Bank of Russia Regulation No. 614-P, Dated 25 October 2017'; Bank of Russia Ordinance No. 6530-U, dated 18 September 2023, 'On Amending Bank of Russia Regulation No. 777-P, Dated 26 October 2021'; Bank of Russia Ordinance No. 6586-U, dated 25 October 2023, 'On Amending Bank of Russia Regulation No. 527-P, Dated 28 December 2015'.

⁶ Bank of Russia Ordinance No. 829-U, dated 17 October 2023, 'On the Procedure for Non-governmental Pension Funds to Account Long-term Savings Agreements'; Bank of Russia Ordinance No. 6581-U, dated 17 October 2023, 'On Amending Bank of Russia Regulation No. 486-P, Dated 2 September 2015'; Bank of Russia Ordinance No. 6580-U, dated 17 October 2023, 'On Amending Bank of Russia Regulation No. 487-P; Dated 2 September 2015'.

⁷ Bank of Russia Ordinance No. 6586-U, dated 25 October 2023, 'On Amending Bank of Russia Regulation No. 527-P, Dated 28 December 2015'.



- the requirements of the Federal Accounting Standard 14/2022 'Intangible Assets' be complied with and the amendments to the Federal Accounting Standard 26/2020 'Capital Investment' be implemented;⁸
- the obligations to pay insurance contributions be recognised and that insurance contributions be paid as part of a unified tax payment in accordance with requirements of the Tax Code of the Russian Federation.⁹

From 1 January 2024, the Bank of Russia established a special procedure for CIs, NFIs, CHBs, and CRAs to account blocked assets and foreign currency liabilities.¹⁰

In pursuance of the legislative requirements, in 2023, the Chart of Accounts was amended as regards the procedure for CIs to use special accounts:

- a new balance sheet account was introduced to record funds in C-type bank (correspondent) accounts opened with DIA.RF;
- balance sheet accounts used to record funds in C-type correspondent accounts opened by CIs with the NSD were excluded;
- new balance sheet accounts were introduced to record funds of resident banks in C-type bank accounts in the currency of the Russian Federation and in a special O-type account in the currency of the Russian Federation;
- a new I-type balance sheet account was introduced to record the fulfilment of obligations to residents and foreign creditors under Russia's government debt obligations in the form of government securities whose par value is denominated in foreign currency, and other obligations for securities.

⁸ Bank of Russia Ordinance No. 6529-U, dated 18 September 2023, 'On Amending Bank of Russia Regulation No. 526-P, Dated 28 December 2015'; Bank of Russia Ordinance No. 6532-U, dated 18 September 2023, 'On Amending Bank of Russia Regulation No. 532-P, Dated 3 February 2016'; Bank of Russia Ordinance No. 6528-U, dated 18 September 2023, 'On Amending Bank of Russia Regulation No. 613-P, Dated 25 October 2017'; Bank of Russia Ordinance No. 6527-U, dated 18 September 2023, 'On Amending Bank of Russia Regulation No. 614-P, Dated 25 October 2017'; Bank of Russia Ordinance No. 6530-U, dated 18 September 2023, 'On Amending Bank of Russia Regulation No. 777-P, Dated 26 October 2021'; Bank of Russia Ordinance No. 6586-U, dated 25 October 2023, 'On Amending Bank of Russia Regulation No. 527-P, Dated 28 December 2015'; Bank of Russia Ordinance No. 6468-U, dated 27 June 2023, 'On Amending Bank of Russia Regulation No. 448-P, Dated 22 December 2014'; Bank of Russia Ordinance No. 6449-U, dated 19 June 2023, 'On Amending Bank of Russia Regulation No. 527-P, Dated 22 September 2015'; Bank of Russia Ordinance No. 6450-U, dated 19 June 2023, 'On Amending Bank of Russia Regulation No. 612-P, Dated 25 October 2017'.

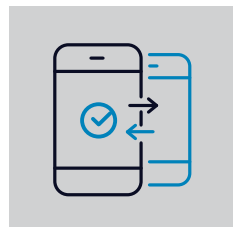
⁹ Bank of Russia Ordinance No. 6437-U, dated 6 June 2023, 'On Amending Bank of Russia Regulation No. 489-P, Dated 4 September 2015'.

¹⁰ Bank of Russia Ordinance No. 6378-U, dated 23 March 2023, 'On the Procedure for Certain Non-bank Financial Institutions, Credit History Bureaus, and Credit Rating Agencies to Account Individual Foreign Currency Assets and/or Liabilities Amid Restrictions'; Bank of Russia Ordinance No. 6379-U, dated 23 March 2023, 'On the Procedure for Credit Institutions to Account Individual Foreign Currency Assets and Liabilities Amid Restrictions'.



2.4. DEVELOPMENT OF THE PAYMENT AND SETTLEMENT SYSTEM

2.4.1. DEVELOPMENT OF THE PAYMENT SERVICES MARKET



The portion of cashless payments in retail trade reached 83.4%

The Russian payment services market not only showed resilience but also continued to develop in 2023. Tougher international sanctions did not have an adverse effect on the domestic operation of the payment infrastructure. Households and businesses still benefited from a wide range of payment instruments and solutions. Market participants actively deployed such user-friendly solutions as payment applications, stickers, QR codes, and NFC labels. Consequently, the share of non-cash payments in retail turnover continued to grow and reached 83.4% as of the end of 2023.

In the reporting year, 91.1 billion cashless transactions¹ were made worth ₽1,455.6 trillion, including 89.7 billion remote transactions amounting to ₽1,330.0 trillion. Nearly 40% of remote transactions were conducted by individuals using the internet and/or mobile communication devices. Payments made over the internet by legal entities that were not CIs accounted for 58%.

Payment cards remained a very popular payment instrument. The number of payment cards issued by Russian CIs increased by 13.3% in 2023. As of 1 January 2024, there were 449.3 million cards (or 3.1 cards per capita). Cardholders made 76.0 billion transactions worth ₽171.7 trillion inside and outside Russia over the year (up 9.3% and 10.6%, respectively). Cardholders still tended to use cards to conduct primarily cashless transactions.² Their share was 97.4% in terms of number and 79.5% in terms of value.

Card payments for goods and services were growing almost in all constituent territories of the Russian Federation much faster than cash withdrawals. Card payments for goods and services accounted for over 95% of total payment card transactions in 46 regions (32 regions in 2022). The share of card payments for goods and services in total payment card transactions was above 50% in 43 regions (37 regions in 2022).

As of 1 January 2024, 92.2% of card acceptance devices supported contactless technologies. Consumers broadly used these technologies to pay for goods and services and conducted 48.2 billion such transactions worth ₽52.9 trillion during 2023. The share of contactless transactions in the total number and value of payments for goods and services rose to 76.2% and 55.6%, respectively. This was in part due to the use of the Mir Pay application enabling a customer to pay for purchases with a smartphone his/her Mir card is linked to (available to clients of 169 CIs as of 1 January 2024).

¹ Transactions conducted according to payment orders of customers (individuals and legal entities that are not CIs, including individual entrepreneurs) of CIs as well as CIs' own transactions.

² This includes payments for goods and services, customs payments, and other cashless transactions (inter alia, card-to-card transfers, card-to-account transfers, charity payments, etc.).



In the reporting year, the banking payment infrastructure comprised 143,900 ATMs, 4.1 million POS terminals, and 454,100 cashless payment terminals.³ CIs continued to expand their networks of devices supporting cashless transactions. For instance, the number of POS terminals and cashless payment terminals increased by 6.4% and 1.7 times, respectively.

The maturity of regional payment infrastructures is one of the factors influencing accessibility of cashless payments across the country. In 2023, the number of POS terminals continued to grow almost in all Russian regions. For example, 51 regions registered over 25 POS terminals per 1,000 persons (in 2022, this figure was reported by no more than 34 regions).

The network of card acceptance devices was complemented by 129,900 cash desks and payment terminals of payment agents (subagents) and 323,400 cash desks and cash deposit machines of bank payment agents (subagents). In 2023, the infrastructure of bank payment agents (subagents) processed 212.7 million individuals' cash-in transactions totalling ₽403.7 billion. Customer-to-business (C2B) transfers prevailed in terms of number (83.6%) and customer-to-customer (C2C) transfers dominated in terms of value (59.8%).

Using electronic means of payment, CIs' clients made 4.2 billion electronic funds transfers in the amount of ₽4.3 trillion (up 21.6% and 42.5% in terms of number and value, respectively).

MIR PAYMENT SYSTEM

The number of Mir cards issued to substitute the cards of international payment systems in the domestic market increased 1.6 times over the year to reach 287.3 million cards as of 1 January 2024. Their share in the total card issue rose to 55.0%. Two-thirds of all domestic card transactions (45.7 billion) were made using Mir cards. Their share in the total value increased to 56.0% amounting to ₽87.6 trillion. Payments for goods and services accounted for over 80% of the total number of Mir card transactions.

A special focus was given to the development of social and transport applications on the platform of the national payment instrument. Mir cards may be used to pay surface transport fares nearly in all (86) constituent territories and metro fares in seven cities of the Russian Federation.

The Mir Social Card and Mir Resident Card projects were implemented in 33 constituent territories of the Russian Federation (vs 28 regions in 2022). In addition, the Virtual Social Card project was launched for users of the UPPS enabling recipients of social benefits to receive a virtual social card and use it in public transport as a concessionary ticket. Payments to the budget made in the UPPS using Mir cards are free of charge.

The special payment scheme was still available to the recipients of social benefits enabling them to pay for socially important goods with an electronic certificate.

Fuelled by the development of the loyalty programme (a cashback service) of the Mir payment system, the number of Mir cards registered in this programme doubled, reaching 138 million cards in 2023.

The regulator and its partners continued to discuss the expansion of the infrastructure for Mir cards acceptance abroad and search for alternative solutions.

³ Automatic devices enabling payment card holders to make cashless transactions with payment cards on their own (without the engagement of any authorised representative of a CI or a retail and service outlet), the design of which does not allow cash withdrawal (acceptance).

To further develop international cooperation with foreign central (national) banks, in 2023, the Bank of Russia went on sharing best practices and information with many countries to ensure a convergence of NPS supervision and observation approaches and raise the quality of payment services.



2.4.2. BANK OF RUSSIA SYSTEMS

THE BANK OF RUSSIA PAYMENT SYSTEM

The systemically important payment system of the Bank of Russia processed 8.9 billion funds transfers amounting to ₺3,532.5 trillion in 2023, showing a 1.8-fold rise in number and a 5.7% increase in value. The Bank of Russia PS handled 26.8 million transfers worth ₺14.3 trillion on average per day. The speedy funds transfers were dominating value wise (89.9%) while the SBP transfers were prevailing in terms of number (80.0%).

As of 1 January 2024, 1,477 organisations were members of the Bank of Russia PS, of which 1,069 were CIs (branches), 179 were participants that were not CIs, and 229 were Bank of Russia divisions. On average, each member of the Bank of Russia PS carried out 6.0 million transactions amounting to ₺2.4 trillion.

In 2023, the regulator facilitated the smooth operation of the Bank of Russia PS, including the seamless processing of the Federal Treasury transactions through the Treasury Single Account, by applying a comprehensive approach to ensuring the uninterrupted operation of the Bank of Russia PS and actual practical responses to material risks.

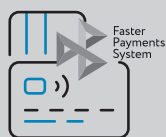
In the reporting year, banks were enabled to continue using the correspondent sub-account details of their closed branches to make payments in the Bank of Russia PS. This helped banks improve their customer service, as they did not have to change account numbers of their clients when the latter were transferred from a closed branch to another bank unit.

On 1 October 2023, new Bank of Russia PS rules came into effect whereby banks providing remote services were obliged to inform customers about funds credits via the speedy funds transfer service on a real time basis.

In 2023, the Bank of Russia PS underwent a scheduled assessment of its compliance with the Bank of Russia recommendations for risk management in payment systems. The robust compliance of the Bank of Russia PS with the Bank of Russia recommendations evidences a good quality of the Bank of Russia PS legal framework, a reliable comprehensive risk management system, and that the Bank of Russia PS efficiently meets the needs of its members.

FASTER PAYMENTS SYSTEM (SBP)

The SBP is established in the market as a user-friendly and convenient cashless payment instrument. The regulator continued to extend its functionality and implement new services in 2023.



SBP transactions more than doubled over the year

As of 1 January 2024, 221 CIs were connected to the SBP. The system showed strong growth. It processed 7.2 billion transactions worth ₺31.0 trillion in 2023, showing more than a two-fold increase year-on-year.



As of the end of the reporting year, the system was able to support the following types of transactions: C2C (including C2C-pull¹), C2B, B2C,² B2B,³ and C2G,⁴ as well as cross-border transfers between individuals via foreign correspondent banks of Russian banks participating in the SBP.

Households and businesses appreciated the convenience and the high speed of the SBP. As of 1 January 2024, every second Russian resident used the SBP to transfer money and every third – to pay for goods and services.

The SBP is accessible via various remote banking channels. Large CIs are obliged to provide access to the SBP in their mobile applications and web interfaces. To pay for goods, a client may set up an auto pay from a bank account, use an NFC label or a QR code.



Payments for goods and services in the SBP more than quadrupled in both number and value

Payments for goods and services in the SBP develop most dynamically and help businesses significantly cut their cash handling costs. C2B transactions grew more than four times in number and value relative to 2022.

The number of retail and service outlets accepting payments via the SBP increased 2.7 times to 1.5 million in 2023 (vs 559,000 as of late 2022). It became easier for them to get connected to the system due to the use of an agent-based solution.

In April 2023, the SBP started to support cross-border funds transfers through foreign correspondent banks of CIs without their official registration as indirect participants of the payment system. Seven Russian banks supported cross-border funds transfers as of the end of the reporting year. The SBP cross-border transfers were available to clients of 41 banks from four CIS countries.

The Bank of Russia Board of Directors made a number of decisions⁵ on the SBP fees in 2023. Given the social importance of payments for housing and public utility services, the relevant fees and the maximum amounts of these payments were reduced, with effect from 1 May 2023:

- the maximum transfer fee charged by a bank from a payee is set at 0.2% of the transfer amount but no more than ₺10;
- the interbank fee is set at 0.1% of the transfer amount but no more than ₺5;
- no transfer fee is charged from individuals as before.

¹ C2C-pull – customer-to-customer pull – payments from one individual to another individual initiated by the payee.

² B2C – business-to-customer – payments from legal entities to individuals.

³ B2B – business-to-business – payments from legal entities to legal entities.

⁴ C2G – customer-to-government – payments from individuals to government.

⁵ Decisions of the Bank of Russia Board of Directors, dated 17 March 2023 and 22 December 2023.



Additionally, banks will charge individuals zero fees for Me2Me⁶ transfers within the monthly ceiling of ₺30 million set by law, with effect from 1 May 2024. The fee banks may charge individuals for Me2Me transfers above the said monthly ceiling should not exceed 0.5% of the excess amount and ₺1,500 per transfer.

From 1 May 2024, if the amount of funds transfers from an individual to another individual served by different banks exceeds ₺100,000, the payer's bank should not charge more than 0.5% of the excess amount per calendar month and ₺1,500 per transfer.

The zero fees set by the Bank of Russia for all C2C transfers in the SBP for banks were extended for an unlimited period.

FINANCIAL MESSAGING SYSTEM OF THE BANK OF RUSSIA (SPFS)



The SPFS became the main financial messaging channel for domestic correspondent banking. The total number of messages in the SPFS doubled relative to the 2022 traffic.

The SPFS remained in great demand among foreign participants. As of the end of the reporting year, the number of its users reached 556 organisations, over a quarter of which were non-residents (159 foreign institutions from 20 countries). The number of financial messages sent by non-resident users increased 2.2 times in 2023 compared to 2022.

As decided by the Bank of Russia, from 1 October 2023, all Russian banks must use the SPFS or similar Russian solutions to exchange financial information on domestic transactions in order to mitigate risks.

To improve information security in the Bank of Russia PS and the SPFS, in 2023, all participants of these systems implemented information security tools supporting two-way authentication and information encryption⁷ provided by the Bank of Russia. Communication channels are encoded with cryptographic algorithms stipulated in the national standards of the Russian Federation. For the same purpose, the Bank of Russia approved a standard⁸ establishing uniform rules for Russian financial institutions to prepare, store, and use unique digital footprints of devices and a set of parameters enabling the unambiguous identification of a user's device involved in banking and other financial transactions. This makes it possible for financial institutions to early identify those devices, which have been previously involved in suspicious transactions, and to suspend unauthorised transactions.

⁶ Me2Me – me-to-me.

⁷ At the level of a data link or a network, according to the Reference Model for Open Systems Interconnection under Clause 1.7, Section 1, GOST R ISO/IEC 7498-1-99.

⁸ Bank of Russia Standard STO BR BFBO-1.7-2023 came into effect on 17 April 2023.

2.4.3. DIGITAL RUBLE

In 2023, the regulator put into operation a digital ruble platform (hereinafter, the Platform) and drafted a digital ruble regulatory and legal framework. This enabled pilot testing of the digital ruble on real transactions made by a limited number of participants and users, namely 13 banks, about 600 clients of these banks, and nearly 30 retail and service outlets.

The Platform architecture was built on innovative technologies supporting smooth and secure operation of the system in accordance with the requirements for critical information infrastructures in the Russian Federation.

As for information security, a special focus was given to operational reliability and cyber resilience. The regulator prepared information protection requirements¹ the Platform participants must comply with when transacting in digital rubles to counter unauthorised funds transfers.²

The Platform supports the following digital ruble transactions: opening and topping up of digital ruble accounts, funds transfers from digital ruble accounts to bank accounts, C2C transfers, payments and refunds for goods and services, and smart contracts (auto pays). In 2023, 17,500 transactions, including 3,000 auto pays, were conducted on the Platform after the launch of its pilot testing.

The Bank of Russia, the Ministry of Finance of the Russian Federation, and the Federal Treasury explored the Platform's functionality as to whether it was feasible to use digital rubles in budgeting.

In 2023, the Bank of Russia Board of Directors approved fees for transactions on the Platform. These transactions, regardless of their amount, will be free of charge for individuals. For businesses, the fee for accepting payments in digital rubles will be 0.3%, which is several times lower than the payment card charges and even the SBP fees. Given the step-by-step implementation of the digital ruble, the regulator established a grace period until 31 December 2024 when no fees would be charged from legal entities to ensure the further development of the Platform.

¹ Bank of Russia Regulation No. 833-P, dated 7 December 2023, 'On Information Protection Requirements for Digital Ruble Platform Participants'.

² Bank of Russia Ordinance No. 6620-U, dated 6 December 2023, 'On Amending Bank of Russia Regulation No. 683-P, Dated 17 April 2019'.



2.4.4. CASH CIRCULATION

The Bank of Russia ensures resilient and uninterrupted operation of the cash circulation system.

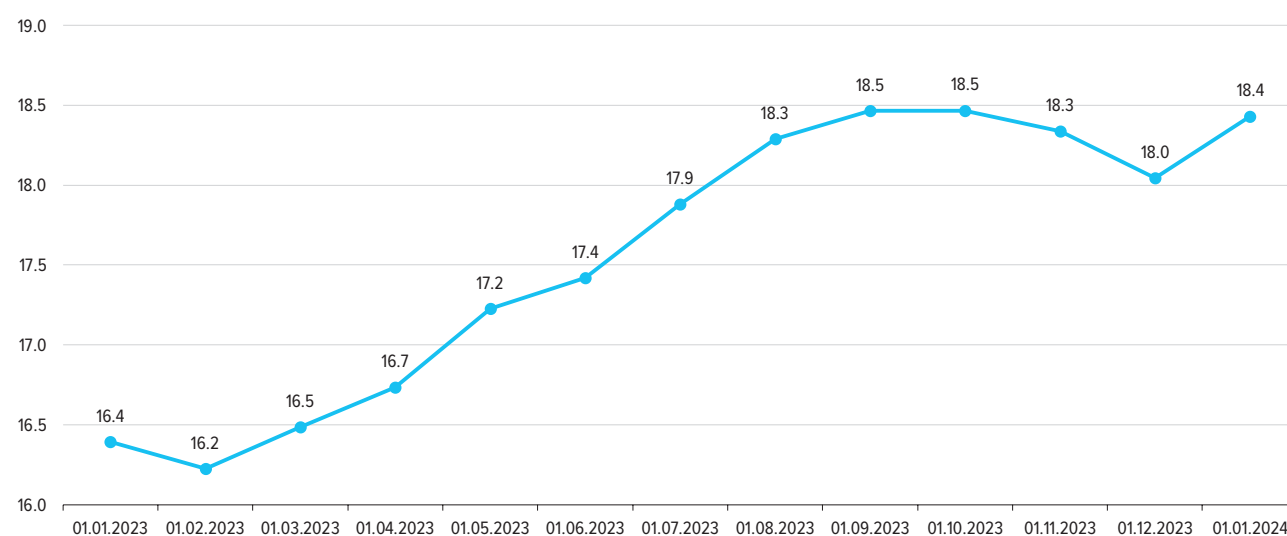
In 2023, ₽2,037.8 billion in cash were issued for circulation, where ₽2,034.6 billion accounted for banknotes and ₽3.2 billion – for coins.

As of 1 January 2024, the Bank of Russia banknotes and coins in circulation, including precious metal coins, totalled ₽18,430.1 billion, including 8.2 billion banknotes in the amount of ₽18,303.7 billion, 72.2 billion coins worth ₽125.9 billion, and precious metal coins amounting to ₽0.5 billion. In the total amount of cash in circulation, banknotes made up 99.3% and coins – 0.7%. In the total number of banknotes and coins in circulation, the former accounted for 10.2% and the latter – 89.8%.

In 2023, the number of banknotes in circulation increased by 0.8 billion and the number of coins (excluding precious metal coins) rose by 0.9 billion.

Cash* in circulation
(₽ tn)

Chart 28



* Data include precious metal coins.

The Bank of Russia monitored the cash turnover and analysed the banknote structure of cash in circulation to make sure it matched the needs of the economy.

The share of 5,000-ruble banknotes in the banknote structure of cash expanded from 84.0% to 86.4% in the reporting period. Concurrently, the share of 1,000-ruble banknotes decreased from 9.1% to 7.6%. The shares of the other banknotes changed by no more than 1%.

In 2023, the cash turnover through Bank of Russia divisions and CIs rose by 13.7% as compared with the previous year to ₽123.8 trillion (vs ₽108.9 trillion in 2022).

In 2023, the Bank of Russia divisions provided cash services to 2,609 CIs and their units and to 158 non-bank institutions.



The Bank of Russia continued to develop cooperation with CIs to maintain the availability of cash for Russian households and businesses. The regulator placed its own cash reserves in banks' vaults so that banks could use them to provide cash services to their clients. As of 2023 year-end, 94 units of four CIs were engaged in the said arrangement.

The regulator continued to develop the Bank of Russia Coin Platform – an information service supporting the direct communication between CIs regarding the delivery and receipt of coins. In 2023, the number of regions where the Bank of Russia Coin Platform was operating increased from 21 to 26 and the number of participants – from 277 to 302. In the reporting year, the regulator held the Coin Week event to return coins held by households to circulation. Over 20 million coins worth ₽83 million were collected during the Coin Week.

To ensure resilient cash circulation amid sanction pressures, the Bank of Russia enhances its technological sovereignty in cash handling. In 2023, the regulator continued to equip its divisions with domestic coins handling machines, banknote and coin counters and vacuum packaging machines. To repair foreign equipment, Russian companies arranged manufacturing of its individual spare parts. The Bank of Russia accepted for operation the first industrial prototype of a Russian high-capacity counting and sorting machine as part of import substitution of the key technological equipment.

The level of counterfeiting is steadily low. In 2023, there were two counterfeits per one million banknotes in circulation (vs four counterfeits in 2022).

In the reporting year, 12,425 counterfeit coins and banknotes were detected in the banking system of the Russian Federation, withdrawn from circulation, and handed over to police: specifically, counterfeit 5,000-ruble banknotes numbered 8,856; 2,000-ruble banknotes – 671; and 1,000-ruble banknotes – 2,438. The share of counterfeit 5,000-ruble banknotes in the total number of counterfeits increased to 71.3% (by 9.3 pp); the portion of 2,000-ruble banknotes decreased to 5.4% (by 13.6 pp), and that of 1,000-ruble banknotes rose to 19.6% (by 3.7 pp).

Counterfeit banknotes of the Bank of Russia detected by CIs accounted for 39.6% of the total number of counterfeits (vs 38.6% in 2022).

In 2023, Bank of Russia divisions and CIs detected and handed over to police 1,438 counterfeit banknotes of foreign countries (groups of foreign countries) (vs 1,811 banknotes in 2022).

The Bank of Russia completed the upgrade of the 5,000-ruble banknote in 2023. Now, the note has a new design and improved security features.

In 2023, the Bank of Russia issued 44 types of commemorative coins (four gold coins, 28 silver coins, and 12 base metal coins) and six types of investment coins (five gold coins and one silver coin).



2.5. TECHNOLOGY DEVELOPMENT AND INNOVATION SUPPORT IN THE FINANCIAL MARKET

2.5.1. PROMOTING FINANCIAL MARKET DIGITALISATION

In 2023, the Bank of Russia continued its efforts to create conditions for the development of the existing and the rollout of new digital technologies and implement digital infrastructure projects aimed at improving the quality and accessibility of financial services to households and businesses, promoting competition and innovations in the financial market, and lowering costs incurred by financial institutions.

UNIFIED BIOMETRIC SYSTEM

In 2023, policymakers continued to develop the regulation of remote identification and/or authentication processes using the Unified Biometric System (UBS). To this end, 18 regulations were adopted with the participation of the Bank of Russia.

To ensure the authentication of individuals using their biometric personal data and pursuant to Federal Law No. 572-FZ,¹ the information systems of six CIs received accreditation from the Russian Ministry of Digital Development, Communications and Mass Media.

In 2023, bank branches continued to streamline and set up biometric data collection processes. More than 180 banks, namely 12,000 banking service points, were technically equipped to register biometric data in the UBS as of 2023 year-end. Bank branches registered over 775,000 biometric samples of individuals (facial images and voices) in the UBS. Services based on remote identification solutions were provided by 87 banks.

To ensure the convenient registration in the UBS, the UPPS Biometrics application was developed and put into use, enabling people to register on their own, among other things. With its use, over 97,000 biometric samples were registered in the UBS.

The Bank of Russia continued to develop UBS-based services. For instance, biometric data may now be used to receive an enhanced qualified electronic signature and to pay for purchases. First biometric payments were piloted.

DIGITAL PROFILE²



Individuals used the Digital Profile 55 million times

The regulator continued to develop the Digital Profile infrastructure supporting a simple and fast exchange of data required for receiving remote services between individuals, government, and businesses.

¹ Federal Law No. 572-FZ, dated 29 December 2022, 'On the Identification and/or Authentication of Individuals Using Biometric Personal Data, and on Amending Certain Laws of the Russian Federation and Invalidating Certain Provisions of Russian Laws'.

² According to Resolution of the Government of the Russian Federation No. 103, dated 2 February 2024, 'On Amending Resolution of the Russian Government No. 710, Dated 3 June 2019', the Digital Profile pilot project was extended until 31 December 2025.

In March 2023, the regulator expanded the list of participants and enabled the use of the Digital Profile to receive data on legal entities and individual entrepreneurs.³ As of 2023 year-end, the Digital Profile was used by a CI and an insurance company to render financial services to businesses, as it provided seven types of data.

In 2023, 66 banks, 29 MFOs, eight insurance companies, three FPOs, three MCs, an NCI, an NPF, and DIA.RF used the Digital Profile to fill out credit questionnaires and/or receive loans, including mortgage loans, obtain insurance services (including the purchase of CMTPLI and comprehensive and collision insurance policies), microloans, financial platform services, and other financial services. Organisations may receive 37 types of data from the Digital Profile subject to consent of a relevant individual. Individuals gave their consent to the processing of personal data as part of the experiment 55 million times.

FINANCIAL PLATFORMS (MARKETPLACE)

As of 2023 year-end, nine FPOs were recorded in the Bank of Russia's register, making it possible for financial consumers to purchase financial products of various financial institutions online anywhere at any time. Any financial institution or a securities issuer, which has joined a financial platform, may offer its products to people nearly all over the country. Clients do not need to come to an office to obtain services. To streamline and speed up the conclusion of agreements, financial platforms started to implement the Bank ID service in cooperation with large banks.

Financial platforms extended their product lines for conservative investors by issuing new bonds especially structured and designed for individuals. As a rule, these bonds are used to finance high-priority social projects. For instance, in summer 2023, Moscow used a financial platform to place subfederal bonds. The proceeds were supposed to be used to replace diesel buses with electric vehicles to reduce air pollutant emissions. The Kaliningrad Region issued bonds to finance its environmental and social projects, including urban improvement initiatives. The first corporate issue of such bonds was arranged by a telecom company to raise finance for the development and upgrade of its digital infrastructure.

AI IN THE FINANCIAL MARKET

In November 2023, the Bank of Russia published the [Artificial Intelligence in Financial Market consultation paper](#). The document describes the issues of application, conditions for the development of, and potential risks associated with AI, and sets out the Bank of Russia's approach to AI regulation in the Russian financial market. The Bank of Russia follows a technology-neutral approach but finds it essential to promote conditions for the AI development given the risk-based approach to its regulation.

Feedback from financial market participants was collected until 15 December 2023. Based on consultation outcomes, the Bank of Russia will plan its future efforts to promote the AI development in the financial market.

³ Resolution of the Government of the Russian Federation No. 346, dated 4 March 2023, 'On Amending Resolution of the Government of the Russian Federation No. 710, Dated 3 June 2019', 'On Conducting an Experiment to Improve the Quality and Connectedness of Data in Public Information Resources'.



OPEN APIS AND COMMERCIAL CONSENT MANAGEMENT PLATFORM

Having analysed the feedback and the outcome of the discussion of the [Concept of Open API Implementation in the Financial Market](#) with market participants, the regulator intends to apply a hybrid approach to the implementation of Open APIs – Open Finance with Open Data Elements. Moreover, the Bank of Russia jointly with the Russian Ministry of Digital Development, Communications and Mass Media established an approach whereby the Commercial Consent Management Platform should be built on the UPPS infrastructure. The generic technical architecture of the Commercial Consent Management Platform is being elaborated.

An Open API Implementation Expert Board was established in 2023 in collaboration with the FinTech Association. The Expert Board includes members of the FinTech Association, representatives of the Bank of Russia, and external experts from other financial and non-financial institutions. The Expert Board aims to formulate consolidated proposals for the Open API implementation, including those based on the actual information communication via partner APIs. Together with the Expert Board members, the regulator sets priorities in developing Open APIs standards (including those to be used by non-financial companies on a recommendation basis as part of the Open Data model).

To ensure the deployment of the Concept of Open API Implementation in the Financial Market, a draft federal law was developed whereby Open APIs should be implemented based on the Open Finance model and must be used in individual sectors of the financial market, namely the banking, investment,⁴ insurance, and microfinance sectors.

REGULATORY SANDBOX

The Bank of Russia made some improvements in the regulatory sandbox in August 2023. The implementation of new processes reduced the time for considering projects three times and simplified the application procedure for piloting projects. Since then, 11 applications have been received. Projects under five of them have been piloted.

EXPERIMENTAL LEGAL REGIMES

To ensure the effectiveness of the mechanism of experimental legal regimes in the financial market, the Bank of Russia and other stakeholders prepared draft law No. 341257-8⁵ facilitating the establishment of the experimental legal regimes in the financial market, including such areas as AML/CTF and digital currencies. The draft law was submitted to the State Duma in April 2023.

CROSS-BORDER SETTLEMENTS USING DIGITAL RIGHTS

To provide Russian exporters and importers with an alternative cross-border settlement tool and to support the financial and production sectors, Federal Law No. 45-FZ⁶ was adopted permitting the use of digital rights as consideration in foreign trade operations.

⁴ The investment sector includes the operators of information systems issuing DFAs, management companies, and brokers.

⁵ Draft Federal Law No. 341257-8 'On Amending Certain Laws of the Russian Federation Following the Adoption of the Federal Law 'On Experimental Legal Regimes in the Field of Digital Innovations in the Russian Federation' (with regard to the development and testing of digital innovations in the financial market)'.

⁶ Federal Law No. 45-FZ, dated 11 March 2024, 'On Amending Certain Laws of the Russian Federation'.



FINTECH ACTIVITIES

In 2023, regular fintech trainings were held for Bank of Russia employees, financial market participants, representatives of government and law enforcement authorities, CIs, the national banks of the EAEU member states, students, and young specialists. The regulator arranged 66 events welcoming 12,800 attendees.

The Forum of Innovative Financial Technologies FINOPOLIS 2023 held by the Bank of Russia was attended by over 8,200 people. The Forum's business programme included more than 80 events. Russian fintech leaders presented their solutions in 75 expo booths and in the FINOLAND interactive digital space. The Forum hosted events included in the Youth Programme FINOPOLIS.365 (attended by over 10,000 people).

The Fintech Hub of the Bank of Russia held ten training courses and events in 2023. Together with other stakeholders, it developed training courses in the following areas: Machine Learning: No-code Text Clustering, Open APIs, Fintech and Innovations in Payments, and Payment System Services. The Fintech Hub of the Bank of Russia participated in the annual Big Challenges Hackathon organised by the Sirius University. The training programmes offered by the Fintech Hub of the Bank of Russia welcomed over 4,000 people, evaluated 1,689 attendees, and developed more than 75 innovative concepts.

The total number of attendees of these fintech events exceeded 35,000 people in 2023.



2.5.2. DIGITALISATION OF REGULATION AND SUPERVISION

SUPTECH AND REGTECH DEVELOPMENT

Under the approved SupTech¹ and RegTech² roadmap,³ in 2023, the Bank of Russia implemented the following measures:

- A sentiment analysis tool was deployed to ensure the assessment of risks incurred by supervised entities and the admission of applicants to the financial market. This tool made it possible to receive promptly additional information on microfinance market participants, identify potential material risk events in relation to supervision and consumer protection, and take necessary supervisory measures.
- The financial market participant card in the Consolidated File system was improved. Now, the Bank of Russia staff can use advanced search settings to find supervised entities by type of activities, view information on the members of the boards of directors and executive boards of CIs, and changes in their ratings, including outlook.
- The Concept of External Information Security Audit of Supervised Entities was adopted. Approaches to enhancing the external information security audit were formulated and coordinated with the audit community to ensure the robust and accurate assessment of information security compliance in the banking and financial sector.

IMPLEMENTATION OF PERSONAL ACCOUNTS FOR PARTICIPANTS IN THE INFORMATION EXCHANGE WITH THE BANK OF RUSSIA,⁴ IMPROVEMENTS IN PROCESSES FOR COLLECTING REPORTS OF FINANCIAL INSTITUTIONS

Federal Law No. 457-FZ⁵ came into force providing for, among other things, the verification of powers of financial market participants and Bank of Russia officers against substitute MRPA.⁶

The interagency working group⁷ developed a single MRPA template (version 003). The Russian Ministry of Digital Development, Communications and Mass Media published the description and a sample of the single template in the UPPS.

Having surveyed SROs⁸ and financial market associations, the Bank of Russia prepared a list of 988 powers, which was included in the classifier of powers kept by the Russian Ministry of Digital Development, Communications and Mass Media in the FGIS URRIS.⁹ Financial market participants may exercise these powers to execute MRPA to exchange data between each other and with other participants of the electronic document workflow.

¹ SupTech (Supervisory Technology) is a technology used by regulators to enhance the effectiveness of their control and supervision of financial market participants.

² RegTech (Regulatory Technology) is a technology used by financial institutions to enhance the effectiveness of regulatory compliance.

³ [SupTech and RegTech Development Guidelines for 2021–2023](#).

⁴ The external portal of the Bank of Russia's Unified Platform for external interaction.

⁵ Federal Law No. 457-FZ, dated 4 August 2023, 'On Amending Certain Laws of the Russian Federation'.

⁶ Electronic MRPA.

⁷ The interagency working group includes representatives of the Russian Ministry of Digital Development, Communications and Mass Media, the FTS of Russia, the Bank of Russia, the Federal Chamber of Notaries, the Federal Treasury, and business experts.

⁸ SROFs.

⁹ Federal Government Information System Unified Regulatory and Reference Information System.



In September 2023, the Bank of Russia made improvements in its IT systems enabling information exchange participants to use the single MRPA template in their communication with the regulator via personal accounts. Also, information exchange participants may now submit MRPA to the Bank of Russia's MRPA warehouse for storage and future use only once in addition to the baseline scenario whereby MRPA are submitted to support each electronic document bearing signatures.

As of 1 July 2023, all CIs and head offices (MCs) of bank holding companies switched to submitting reports to the Bank of Russia via their personal accounts.¹⁰

In 2023, the rate of user satisfaction with the personal account service was sustainably high (above 90% based on surveys) thanks to regular communications regarding the existing functionality, which was confirmed by the survey results.

NFI TRANSITION TO XBRL-BASED ELECTRONIC COLLECTION AND PROCESSING OF REPORTING DATA

In 2023, the Bank of Russia continued to use the XBRL format to collect reports, including accounting (financial) reports.¹¹ The regulator improved the XBRL taxonomy to meet the updated requirements for reports to be submitted by NFIs¹² and entities providing professional services in the financial market,¹³ which had already switched to XBRL reporting, and for reports to be filed by SROs. The above entities have been scheduled to commence XBRL reporting in 2024 and 2025.

The Bank of Russia released a final XBRL taxonomy (version 5.3), a preliminary XBRL taxonomy (version 6.0), and related materials and guidance.

To check XBRL reporting processes and IT systems of reporting companies and to test its XBRL taxonomy and technological platform, the Bank of Russia conducted a pilot project to collect test reporting data from SROs operating in the financial market, NPFs, insurance companies, insurance brokers, mutual insurance companies, PSMPs, MCs, CHBs, and CRAs.

The Bank of Russia published its XBRL taxonomy (to exchange data with FGAs¹⁴ and other stakeholders) (version 5.2.1.0) for DIA.RF to file the accounting (financial) reports and statistics of liquidated insurance companies with the Bank of Russia. In 2023, the regulator continued to improve its XBRL taxonomy (to exchange data with FGAs and other stakeholders) due to the update of the requirements for the accounting (financial) reports of insurance companies in 2024.

As the Bank of Russia was launching its XBRL taxonomy of responses to the enquiries following any ad hoc regulatory changes, which were subject to immediate control, four versions of the XBRL taxonomy were released (version 5.2.0.2 relating to the update of control metrics, versions 5.2.0.3, 5.2.0.4 and 5.2.0.5).

¹⁰ Before 1 July 2023, CIs and head offices (management companies) of bank holding companies submitted their reports as electronic messages with message authentication codes through Bank of Russia regional branches (decentralised collection) rather than via their personal accounts – the key channel of electronic communication between market participants and the Bank of Russia.

¹¹ eXtensible Business Reporting Language.

¹² Insurance companies, mutual insurance companies, NPFs, PSMPs, trade organisers, clearing houses, joint-stock investment funds, management companies, insurance brokers, specialised depositories, investment platforms operators, FPOs, operators of information systems issuing DFAs, and DFA exchange operators.

¹³ CHBs, CRAs.

¹⁴ Federal government authorities.



With the Bank of Russia's assistance, the Autonomous Non-profit Organisation XBRL Implementation and Development Centre continued to work on the voluntary certification of software for the developers of XBRL solutions. In 2023, the above organisation issued four certificates as part of the voluntary certification and three protocols of fragmented tests, and published the relevant information on its website.

FACILITATING ELECTRONIC DOCUMENT CREATION AND STORAGE

In 2023, the Bank of Russia used the System of Interagency Electronic Document Workflow, personal accounts on the Bank of Russia website, and the Bank of Russia Online Reception to exchange documents with the federal authorities, financial market participants, and individuals, respectively.

The regulator stores documents primarily in an electronic form in the existing databases of the electronic document management system. The further development of a legally sound electronic document workflow at the Bank of Russia is connected with the implementation of the project The Creation of an Automated Electronic Document Storage System, which is included in the Bank of Russia's project portfolio. As part of this project, the regulator intends to create a multipurpose technology for storing electronic documents, which is resilient to changes in basic soft- and hardware solutions and meets the modern requirements of the law on archives. To facilitate the implementation of the project, in 2023, the Bank of Russia updated an internal regulation¹⁵ on archiving documents resulting from the Bank of Russia's operations.

¹⁵ Bank of Russia Instruction No. 211-I, dated 27 December 2023, 'On Archiving and Filing Documents at the Bank of Russia'.



2.5.3. DEVELOPMENT OF INFORMATION SECURITY IN THE BANKING AND FINANCIAL SECTOR

In 2023, the Bank of Russia Board of Directors approved the [Guidelines for the Advancement of Information Security in the Financial Sector for 2023–2025](#).

The document largely focuses on financial consumer protection and boosting confidence in digital technologies. It reflects the strategic vision of information security development in the financial sector.

Federal Law No. 243-FZ¹ empowers the Bank of Russia to monitor the execution of action plans for financial institutions to switch to using mainly Russian software in critical IT infrastructures and to control the purchases of foreign business continuity software and related services made by financial institutions to ensure the continuity of banking and other financial services.

Drafted with the involvement of the Bank of Russia, Federal Law No. 408-FZ² came into effect in the reporting period. This law lists the Ministry of Internal Affairs of the Russian Federation as a participant in the data exchange with the Bank of Russia. It stipulates that the former can receive information from the database of the latter on actual and attempted unauthorised funds transfers, and provide the latter with information on committed misconduct related to actual and attempted unauthorised funds transfers.

To implement this law, the Ministry of Internal Affairs of the Russian Federation and the Bank of Russia entered into an electronic data exchange agreement.

In 2023, Federal Law No. 369-FZ,³ drafted with the involvement of the Bank of Russia, was adopted. The law improves the theft prevention (anti-fraud) framework. The law establishes:

- a two-day cooling-off period when a bank will refrain from transferring money to a suspicious account;
- denial of access to remote banking services for persons involved in cashing out of stolen funds, if the information about their misconduct has been received from the Russian Ministry of Internal Affairs;
- refunds to clients if banks transfer funds to accounts recorded in the Bank of Russia's database of actual and attempted unauthorised funds transfers.

To improve the information security methodology related to the financial sector, the Bank of Russia issued regulations setting requirements for:

- operational reliability of the operator of the AIS of insurance;⁴
- information protection during funds transfers and compliance control by the Bank of Russia;⁵
- information protection to be ensured by the operator of the AIS of insurance.⁶

¹ Federal Law No. 243-FZ, dated 13 June 2023, 'On Amending the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)'.

² Federal Law No. 408-FZ, dated 20 October 2022, 'On Amending Article 26 of the Federal Law 'On Banks and Banking Activities' and Article 27 of the Federal Law 'On the National Payment System' (came into force on 21 October 2023).

³ Federal Law No. 369-FZ, dated 24 July 2023, 'On Amending the Federal Law 'On the National Payment System' (to come into effect on 25 July 2024).

⁴ Bank of Russia Regulation No. 819-P, dated 30 June 2023, 'On the Requirements for the Operational Reliability of the Operator of the Automated Information System of Insurance'.

⁵ Bank of Russia Regulation No. 821-P, dated 17 August 2023, 'On the Requirements for the Protection of Information Relating to Funds Transfers and on the Procedures for the Bank of Russia to Control Compliance with the Requirements for the Protection of Information Relating to Funds Transfers'.

⁶ Bank of Russia Regulation No. 822-P, dated 30 August 2023, 'On the Requirements for the Security of Information in the Automated Information System of Insurance'.



Moreover, the regulator prepared methodological recommendations for NFIs to calculate compliance scores relating to the requirements for technological information protection measures and the application software of automated systems and applications.⁷

In the reporting period, a number of Bank of Russia standards were adopted, establishing:

- a simplified communication procedure between information exchange participants and the FinCERT owing to the use of standardised data exchange processes;⁸
- uniform rules for financial institutions with regard to preparing, storing, and using unique digital footprints of electronic devices and a set of parameters that make it possible to accurately identify a user's device involved in banking and other financial operations.⁹

The regulator continued to cooperate with the information security experts from the BRICS central (national) banks. The parties shared information on actual cyberattacks, the trainings of information security officers of the central (national) banks, and developed information security and cyber resilience analytics.

The Bank of Russia continued to hold cybersecurity trainings. In 2023, 373 financial institutions took part in these trainings. The participants were trained to respond to cyber incidents and promptly exchange recent information on cyber threats with the Bank of Russia.

To counter mobile phones scams, the Bank of Russia sent the communication providers information on more than 575,000 illicitly used telephone numbers for verification and response.

The Bank of Russia reported 34,677 internet domains to the Russian Prosecutor General's Office to limit access to them. To prevent online financial fraud, the Bank of Russia collaborated with domain registrars to block fraudulent resources. The regulator reported 3,639 online resources involved in financial crimes to the domain registrars over the reporting period.



Thefts prevented by the regulator totalled ₺5,798.35 billion

In 2023, unauthorised transactions accounted for 0.00119% in total funds transfers (vs 0.00097% in 2022). This was below the target set by the Bank of Russia for the portion of such transactions in total transactions (0.005%). The regulator prevented 34.77 million theft attempts worth ₺5,798.35 billion.

⁷ Methodological Recommendations of the Bank of Russia No. 8-MR, dated 20 June 2023, on calculating compliance scores relating to the requirements for technological information protection measures and the application software of automated systems and applications in order to prepare compliance reports on information protection at NFIs.

⁸ Bank of Russia Standard STO BR BFBO-1.5-2023 'Safety of Financial (Banking) Operations. Managing Incidents Related to Information Security Threats and Operational Reliability Incidents, on the Forms and Terms of the Bank of Russia's Cooperation with Credit Institutions, Non-bank Financial Institutions, and National Payment System Participants upon Detection of Incidents Related to Information Security Threats and Operational Reliability Incidents'.

⁹ Bank of Russia Standard STO BR BFBO-1.7-2023 'Safety of Financial (Banking) Operations. Ensuring Safety of Financial Services Using the Technology of Device Digital Footprints'.



The average rate of satisfaction of households and businesses with the security of financial services is 66.9% and 68.8%, respectively

In 2023, the regulator conducted the survey Public satisfaction with the security level of financial services provided by credit and financial institutions, which covered more than 395,000 individuals and over 8,000 companies. The average rate of satisfaction of households and businesses with the security of financial services rendered by credit and financial institutions was 66.9% and 68.8%, respectively, across Russia.

The Bank of Russia regularly updated the Antifraud subsection in the Information Security Section on its website posting information for individuals on how to avoid falling victim to scams. The information was reposted in the regulator's social media accounts.

The Bank of Russia also prepared information and communication materials (posters, videos) to raise public awareness of techniques and tactics used by scammers to steal money. These materials were sent to federal and regional executive authorities so that they make them available in transport and social facilities across the Russian Federation.

According to the Strategy for Improving Financial Literacy and Developing Financial Culture Until 2030,¹⁰ the efforts to raise public awareness of the secure use of digital technologies focus on two key areas – financial cyber literacy and financial cyber security.

In 2023, the professional standard Information Security Specialist for Credit and Financial Institutions came into effect.¹¹

The standard served as the basis for a master's programme which was developed at the Bank of Russia's initiative and offered to students.¹²

The regulator held a practice-focused training CyberCourse for employees of financial institutions, universities, and law enforcement authorities (more than 5,000 trainees).

¹⁰ Approved by the Bank of Russia Board of Directors at its meeting on 15 September 2023 and adopted by Directive of the Government of the Russian Federation No. 2958-r, dated 24 October 2023.

¹¹ Order of the Russian Ministry of Labour and Social Protection No. 739n, dated 28 November 2022, 'On Approving the Professional Standard Information Security Specialist for Credit and Financial Institutions'.

¹² At the Financial University under the Government of the Russian Federation.



2.6. PROMOTING SUSTAINABLE DEVELOPMENT

2.6.1. DEVELOPMENT OF THE SUSTAINABLE FINANCE MARKET AND INFRASTRUCTURE, CREATION OF CONDITIONS AND OPPORTUNITIES FOR COMPANIES' ESG TRANSFORMATION

The sustainable finance market continued to develop. The Moscow Exchange Sustainability Sector increased by nearly 50% over the year to ₽435 billion¹ as of the end of December 2023.

In 2023, the Bank of Russia continued to promote the sustainability agenda based on the soft regulation.

The Bank of Russia prepared sustainability disclosure recommendations for financial institutions and published them on its website.² The recommendations specify the sustainability disclosure structure, content, procedure, and deadlines, and provide important quantitative and qualitative metrics of financial institutions' sustainability efforts. The recommendations were prepared based on the approaches used by the IFRS Foundation³ in developing the IFRS S1⁴ and IFRS S2⁵ standards and on the disclosure standards applied by friendly countries such as China and Brazil.

The Bank of Russia [audited](#) sustainability disclosures made by Russian public joint-stock companies (PJSCs) in 2022.⁶ More than a third of listed PJSCs stated in their reports that they had been guided by [the Bank of Russia recommendations](#).⁷ The portion of such companies increased by 12 pp relative to the previous year. In addition, 90% of the listed PJSCs disclosed sustainability-related information in their annual and/or sustainability reports they published or sent to the Bank of Russia.

In 2023, the Bank of Russia made efforts to raise investor awareness and prevent the selling of conventional financial products as 'green' or sustainable. To this end, the Bank of Russia advised⁸ financial institutions against selling sustainable financial products unless they inform clients about the grounds for labelling these products sustainable, their features, benefits, and risks. The recommendations aim to prevent greenwashing.⁹

In 2023, the regulator released recommendations for financial institutions on incorporating the ESG factors and sustainable development issues into their corporate governance procedures.¹⁰

¹ At a par value (net of the redemption at par).

² Bank of Russia Information Letter No. IN-02-28/44, dated 13 June 2023, '[On Recommendations for Financial Institutions on Sustainability Related Disclosures](#)'.

³ International Sustainability Standards Board.

⁴ General Requirements for Disclosure of Sustainability-related Financial Information.

⁵ Climate-related Disclosures.

⁶ The audit covered 68 listed PJSCs whose shares were included in Listing Levels 1 and 2 by the Moscow Exchange and the SPIMEX as of 30 June 2023, and those whose shares were admitted to on-exchange trading without listing.

⁷ Bank of Russia Information Letter No. IN-06-28/49, dated 12 July 2021, '[On Recommendations for Public Joint-stock Companies on the Disclosure of Non-financial Information Pertaining to Their Activities](#)'.

⁸ Bank of Russia Information Letter No. IN-02-28/38, dated 24 May 2023, '[On Recommendations for Financial Institutions on Providing \(Disclosing\) Information About Sustainable Finance Products to Customers](#)'.

⁹ Greenwashing is an unfair practice to convey false or misleading information that a company's operations and/or financial products are ESG-conscious and sustainable, and a failure to disclose or the disclosure of incomplete ESG- and sustainability-related information to deceive consumers and obtain unjustified benefits.

¹⁰ Bank of Russia Information Letter No. IN-02-28/145, dated 28 December 2022, '[On Recommendations for Financial Institutions on Incorporating ESG Factors and Sustainable Development Issues into Their Corporate Governance Procedures](#)'.



The Bank of Russia analysed Russian and foreign sustainability rating practices and published the [Model Methodology of ESG Ratings](#) consultation paper¹¹ on its website in 2023. Having discussed the methodology with market participants, the Bank of Russia prepared recommendations for ESG rating providers for developing an ESG ratings methodology and assigning such ratings¹² to enhance the transparency and comparability of ESG ratings. Supervising CRAs as the main ESG market participants,¹³ the Bank of Russia notes that they gradually adopt these recommendations. For instance, 58% of the indicators specified therein were factored in, on average, as of 2023 year-end.

¹¹ Released on 17 January 2023.

¹² Bank of Russia Information Letter No. IN-02-05/46, dated 30 June 2023, '[On Recommendations for Developing an ESG Ratings Methodology and Assigning Such Ratings](#)'.

¹³ Entities supervised by the Bank of Russia providing ESG ratings as an additional service that is unregulated by the Bank of Russia.



2.6.2. ESG RISK ANALYSIS AND MANAGEMENT

As part of its financial stability mandate, the Bank of Russia continued to assess climate risks and analyse their impact on financial institutions in 2023. The current speed of climate changes and the high carbon intensity of Russian exports negatively affect the sustainability of the Russian economy given an increasing number of natural disasters and the pace of the development of the climate agenda and climate transition. Materialisation of physical climate risks and climate transition risks in the corporate sector gives rise to systemic risks in the financial sector.

Therefore, the Bank of Russia prepared (based on market participants' opinions) recommendations for financial institutions to take climate risks into account and published them on its site.¹

The recommendations cover all stages of climate risk management at financial institutions, including the identification, analysis, assessment, and monitoring of these risks. Financial institutions are advised to use a scenario analysis to measure and manage climate risks, among other tools.

In 2023, the Bank of Russia conducted the second climate stress test to assess the resilience of the Russian economy and the financial sector to structural changes in the global economy. These structural changes included energy transition and a consequent reduction in global carbon consumption, as well as the introduction of greenhouse gas emissions pricing following the development of the national and global climate regulation. The stress test results show that most of the major non-financial companies and sectors remain resilient in the stress scenario. Given the structural changes in the economy, no recapitalisation of banks is needed, although there is a drop in the capital adequacy.

In addition, the Bank of Russia continued [monitoring environmental strategies of major Russian non-financial companies](#). It examined non-financial reports of 67 companies from nine sectors, including the oil and gas, metal making, chemical, and transport sectors. To measure corporate environmental and social risks, the regulator developed an E-ranking based on the estimated degree of companies' sustainability disclosures, goals and environmental impacts.

¹ Bank of Russia Information Letter No. IN-018-35/60, dated 4 December 2023, '[On Recommendations for Financial Institutions to Take Climate Risks into Account](#)'.



2.6.3. DEVELOPMENT OF THE CARBON EMISSIONS TRADING SYSTEM

In 2023, the Bank of Russia continued to promote the development of the infrastructure for on-exchange trading in carbon units.

October saw the registration of amendments to the Rules for Organised Trading at NAMEX¹ commodity auctions, which enable trading participants to conclude carbon unit transactions on exchange with the engagement of the operator of the carbon unit register. The rules simplified and boosted the process of carbon units on-exchange trading.

In November 2023, NAMEX held a unilateral auction to sell 2,735 carbon units. The number considerably exceeded the volume of trades piloted in 2022 when only 20 carbon units were sold.

¹ National Mercantile Exchange, Joint-Stock Company (NAMEX), a member of the MOEX Group.



2.6.4. INTEGRATING APPROACHES HELPING ACHIEVE SUSTAINABLE DEVELOPMENT GOALS INTO BANK OF RUSSIA OPERATIONS

The Bank of Russia examined its priorities in integrating the sustainable development agenda into its operations until 2025. The key sustainable development areas still include responsible consumption and social sustainability.

In 2023, the Bank of Russia took measures to cut energy costs and improve energy efficiency at its facilities. A number of facilities started to deploy solar power sources to reduce daily energy consumption.

To improve waste management, a waste sorting practice was actively used to accumulate recyclables (paper, polyethylene, metals, etc.). The regulator made efforts to reduce waste from cash circulation and recycle cash. In 2023, waste from the destruction of disinfected worn-out banknotes accounted for 43.7% of their total weight. Metal waste from the destruction of defective coins was fully recycled.

The Bank of Russia procures electric vehicles to cut greenhouse gas emissions and protect the environment. In 2023, Bank of Russia facilities based in the Moscow metropolitan area purchased electric cars and installed charging stations.

In 2023, the Bank of Russia concluded agreements with social and environmental responsibility addenda. These agreements accounted for 98%.

The portion of Bank of Russia's purchases meeting environmental and social criteria (green standards) edged up to 54% relative to 2022.

The Bank of Russia hires, promotes, and rewards its employees on the basis of gender equality.

In 2023, men comprised 48% and women 52% of the Bank of Russia's staff. Female employees accounted for 40% and 34% of managers and top managers, respectively. Of those who got a promotion, women made up 54% and men 46%.

As part of its awareness-raising efforts to support the Sustainable Development Goals, the Bank of Russia created a video library of lectures on ecology and an eco-friendly way of life, launched the Discover Wild Russia initiative, held inclusivity and diversity trainings, and developed the Unconscious Biases online course for all the employees.

In 2023, the Bank of Russia carried out a regular employee engagement survey whereby 78% of respondents found the inclusivity and diversity agenda important and relevant for the Bank of Russia; 70% of respondents believed the Bank of Russia ensured equal professional and career opportunities for all the employees; and 83% of respondents regarded the Bank of Russia as a socially and environmentally responsible employer.

2.7. OTHER ACTIVITIES

2.7.1. INFORMATION POLICY

In 2023, the Bank of Russia shifted its information policy focus from anti-crisis measures to development. The regulator was actively clarifying its position on the basic activities, explaining the logic behind the decisions made, debunking myths, and warning about possible financial market risks. To create an environment of trust and increase the audience reach, the Bank of Russia used various communication channels and formats and expanded its direct dialogue with the general public.

In the reporting year, significant structural changes in the economy were still taking place. In such conditions, the regulator promptly communicated its monetary policy decisions to households and gave easy-to-understand explanations of current economic events, reasons behind them and their implications, which decreased uncertainty and helped stabilise the situation. In 2023, the comprehensive analysis of monetary policy for the inflation targeting period was completed ([Bank of Russia's Monetary Policy Review](#)). The Bank of Russia carried out extensive public discussion of the obtained research results in all Russian regions. That was an open dialogue with representatives of public organisations, businesses, the academic community, and government authorities where critical questions were asked and direct answers were provided.

In 2023, a large-scale information campaign regarding the development and introduction of the digital ruble was launched. The regulator actively used media to clarify the specific aspects of the digital ruble, the opportunities it would provide, and the main benefits for households, government authorities, and businesses. The launch and further progress of the pilot testing of the digital ruble in real transactions were described in a separate communication. This allowed the public to promptly obtain accurate first-hand information about the progress of the project. The Bank of Russia website provided answers to frequently asked questions about the digital ruble and debunked the most popular myths surrounding the new form of the national currency. A logo was developed to make the digital ruble recognisable. After the adoption of the digital ruble, the logo will become an important design element which will help consumers better navigate their banks' mobile applications.

Financial security and warning households about cyber fraud risks are still among the key issues of the Bank of Russia's information policy. In 2023, the number of fraudulent schemes mentioning the Bank of Russia substantially increased. To protect households from fraudsters, the regulator promptly exposed criminal schemes using mass media and social networks. The Bank of Russia regularly disclosed fraudsters' popular tricks and methods for people to be able to protect themselves from them, publishing relevant information on its official website in the special section Antifraud. As a result, those fraudulent schemes became widely known to the public and fraudsters stopped using them. Furthermore, during 2023, the Bank of Russia informed the general public about how new legislative measures can protect household funds from cyber fraudsters.

To encourage a direct dialogue with the public, the Bank of Russia enabled comments in its Telegram channel in March 2023 (as of the end of 2023, the channel had over 148,000 subscribers). People actively expressed their opinions on various aspects of the Bank of Russia's activity and the operation of the financial market and asked questions. More than 55,700 comments in total were received in 2023. The overall number of subscribers to the Bank of Russia's pages in social networks and the Financial Culture website (fincult.info) increased by 42% and reached almost 436,000 people in 2023. The regulator implemented joint projects with the UPSS, RuStore, the State Duma, Rosstat, the Ministry



of Finance of the Russian Federation, RusQuality, the Federal Agency for Youth Affairs, JSC DOM.RF, and the Association of Financial Analysts.

The Bank of Russia paid special attention to promoting financial topics in the regions. To improve knowledge of finance, in 2023, all federal districts held seminars Finance in Simple Terms for regional journalists and bloggers. The seminars which took place in Moscow, St Petersburg, Vladivostok, Nizhny Novgorod, Yekaterinburg, Novosibirsk and Sochi were attended by 250 people. The key topics included the Bank of Russia's monetary policy, protection of financial consumer rights, countering fraud in finance, cyber hygiene, and cyber security.

2.7.2. ECONOMIC RESEARCH

In the reporting year, the Bank of Russia conducted research in accordance with the [Bank of Russia Agenda for Economic Research in 2023–2025](#) on the following topics: monetary policy, financial sector development and prudential policy, new challenges to the Russian economy and the Bank of Russia policy, statistical research and methodological studies. The research results were published in the [Research section](#) of the Bank of Russia website.

The Bank of Russia's key tasks still included studying the Russian economy, in particular assessing the effect of various indicators on inflation. A number of works devoted to the analysis of inflationary processes were published as part of the Working Paper Series ([Measuring Fiscal Impulse and its Heterogeneous Effect on Inflationary Processes in Russian Regions](#), [Does CPI Disaggregation Improve Inflation Forecast Accuracy?](#), [The Impact of Negative News on Public Perception of Inflation](#)). The regulator continued to publish working papers on inequality in Russia ([Inequality and Monetary Policy: THRANK Model](#), [Inflation and Income Inequality: Relationship Research in the Regional Aspect](#), [Inequality and Economic Growth in Russia: Econometric Analysis](#)).

An important research project completed in 2023 was the [Bank of Russia's Monetary Policy Review](#) (hereinafter, the Review). The Review included a comprehensive analysis of the Bank of Russia's monetary policy over the inflation targeting period. The research results confirmed that the inflation targeting strategy had not only created conditions for balanced growth of the Russian economy, but had also helped successfully overcome crises.

Components of inflation targeting include managing inflation expectations. This topic was addressed in the paper [Visible Prices and Their Influence on Inflation Expectations of Russian Households](#) and an [analytical note](#) devoted to the assessment of the effect of inflation expectations on respondents' decisions on consumption and financial asset purchases.

Another important area of the Bank of Russia's research in 2023 was the analysis of the efficiency of its anti-crisis policy measures. The draft report systematises data on the crises of 2014–2025, 2020 and 2022, analyses how actively market participants applied the Bank of Russia's regulatory easing measures, and contains a preliminary assessment of the effect of such easing on lending. The report also contains conclusions for anti-crisis policy. A detailed description of the methods and results of the assessment of the measures' efficiency is provided in the [report](#).

Other relevant topics of the Bank of Russia's published studies include [projecting household demand for the digital ruble](#), analysis of ([corporate](#) and [consumer](#)) lending and [credit risk](#), as well as [assessment of structural transformation costs and risks related to the transition to a low-carbon economy](#).

The Bank of Russia's employees published research articles in Russian and foreign peer-reviewed journals, including the Russian Journal of Money and Finance, Voprosy Ekonomiki, the Quarterly Journal of Finance, the Russian Journal of Economics, the Journal of Economic Asymmetries, and the Journal of Globalization Studies.

In 2023, the Bank of Russia's employees spoke at Russian and foreign scientific conferences to which participants are admitted on a competitive basis. In November 2023, the Bank of Russia's employees participated in the 3rd Young Scientists Congress which was held in the Sirius Federal Territory.



The Bank of Russia continued cooperation with Russian universities. In particular, the Bank of Russia and the New Economic School (NES) held several joint seminars: [Macroeconomic Stability Aspects: How Fiscal Policy Impacts Monetary Policy](#), [Russia's Economy and Financial Sector amid Structural Transformation](#), [Real Estate Market: Driver of Economic Growth or Source of Potential Risks](#). In addition, researches from various universities (HSE, MGIMO University, Lomonosov Moscow State University, etc.) participated in the discussion of research projects at the Bank of Russia and conducted research together with the Bank of Russia's employees.



2.7.3. STATISTICAL ACTIVITIES

According to the [Bank of Russia Statistical Services Development Programme in Macroeconomic Statistics for 2021–2025](#), the regulator's work in 2023 was aimed at building new sets of statistics and metadata, developing a data-driven culture and using modern methods for distributing the data and providing access to users, creating fundamentals of intellectual data processing, expanding cooperation with statistical authorities and other organisations.

The Bank of Russia published statistical data on its website taking into account the restrictions on the disclosure of the most sensitive information. Nevertheless, for a number of publications, the formats were restored in full or in part, including the format of publications on Russia's external trade in goods and services and the format of the publication Depository Corporations Survey. The updated format includes materials describing the condition of the foreign exchange and derivatives markets: Turnover Structure of Foreign Exchange and Derivatives Market and Gross Volume of Open Positions in Over-the-counter Derivatives Market.

In 2023, the Bank of Russia continued developing the information base. The regulator issued Ordinance No. 6363-U¹ which, among other things, approves a new form of federal statistical survey (FSS) and the procedure for submitting it and updates the procedure for compiling and submitting data under the applicable FSS forms.

The Bank of Russia continued to provide the ministries and agencies concerned with statistics under information exchange agreements and in accordance with individual requests. In turn, the Bank of Russia's statistical accounting database was expanded by including the data of Russian ministries and agencies obtained under information exchange agreements.

As part of the national project Housing and Urban Environment, including the federal project Mortgage that it involves, the Bank of Russia provided the Russian Government with mortgage lending indicators every month. Together with Rosstat and the Ministry of Construction, Housing and Utilities of the Russian Federation, the regulator took part in the pilot calculation of the housing affordability index of the national project Housing and Urban Environment.

The Bank of Russia continued its joint work with the Russian Ministry of Finance, the Federal Treasury and Rosstat within interagency working groups to harmonise the statistics of the System of National Accounts (SNA), monetary statistics, external sector statistics and government finance statistics.

Jointly with Rosstat, the regulator improved the reporting discipline of respondents submitting primary statistical data in accordance with the FSS forms approved by the Bank of Russia.

The Bank of Russia increased the scope of released official statistics. In 2023, the Bank of Russia supplemented the lending data published monthly with information about the structure of SME lending broken down by interest rate type and benchmark. The regulator also started to issue monthly publications on lending to legal entities and individual entrepreneurs, including SMEs, simultaneously broken down by federal district and type of activity (according to the OKVED 2 classification).

¹ The Bank of Russia Ordinance No. 6363-U, dated 16 February 2023, 'On Preparing and Approving Statistical Methodology, a List of Respondents, Federal Statistical Survey Forms and the Procedure for Respondents to Compile and Submit to the Bank of Russia Primary Statistical Data in Accordance with These Forms for Preparing the Balance of Payments of the Russian Federation, International Investment Position of the Russian Federation, External Trade Statistics of the Russian Federation, External Debt of the Russian Federation, Direct Investments in the Russian Federation and Direct Investments from the Russian Federation Abroad'. The Ordinance has been applied since primary statistical data were submitted for 2023 Q3.



In 2023, the Bank of Russia started to publish the [Money Supply Estimate](#) every month based on banks' routine reporting. The Estimate is published almost a month ahead of the reporting data on the monetary aggregates.

In 2023, following surveys of CIs, the Bank of Russia supplemented the data published on money supply components with respect to transferable deposits by adding data on interest-bearing current accounts (savings accounts).

The content of publications of statistics was enriched. In response to requests from the general public relating to the ESG agenda, in accordance with the advanced standards of international initiatives to fill in the gaps in statistical data, the Bank of Russia expanded the scope of statistics published by starting to release information on sustainability bonds on its website every month from mid-2023.

Regular statistical data were released on the Bank of Russia website together with brief and expanded commentaries as well as interactive dashboards. The brief commentary [Review of the Housing Mortgage Loan Market](#) was supplemented with information on the housing mortgage loan market across the Russian regions.

Enhancing the interaction with users of statistical information, in 2023, the Bank of Russia held training events and organised outreach activities for representatives of federal executive authorities, including in the Russian constituent territories, as well as for the academic and financial business communities, students and university teachers.

As part of the training programmes for employees of central (national) banks, in 2023, the regulator held a series of international webinars on organising the Bank of Russia's statistical activities. The webinars addressed such issues as preparing monetary statistics and the practice of the compilation of the external sector statistics, including preliminary estimate of individual items of the balance of payments and external debt. The trainings were aimed at creating unified methodological approaches to producing statistical information on monetary indicators and external sector statistics to improve international comparability of statistical data, including at the EAEU central (national) banks.

2.7.4. DATA MANAGEMENT AT THE BANK OF RUSSIA

In 2023, the Bank of Russia focused on optimising the processes of drawing up and submitting reports. The regulator aimed to decrease CIs' regulatory burden and costs on preparing reports and adjusting them to the Bank of Russia's new requirements. Several meetings were held with representatives of the banking community to discuss how to increase the transparency of the procedure for issuing regulations on reports and the effective dates of the amendments to the reports.

To optimise the regulatory burden, the Bank of Russia, with the involvement of the banking community, issued Bank of Russia Ordinance No. 6406-U.¹ According to the Ordinance, from 1 April 2024, ten reporting forms no longer need to be submitted, three reporting forms are to be submitted only if the relevant transactions have been carried out, and the submission period for six reporting forms has been extended. Since 1 July 2023, CIs have been submitting their reports via their online accounts and 43 forms no longer have to be signed directly by the head of a CI.

The Bank of Russia continued implementing the data-centric approach when developing requirements for CIs' reports. This approach is to rationalise the reports collected. It provides that the same data can be used for multiple purposes if such data are consistent and interrelated; unified register-based and reference information can be used to ensure data comparability; data quality should be improved by applying transparent algorithms used to prepare the data; and overlapping and excessive information should be excluded.

The Bank of Russia issued an ordinance relating to NPS participants² in order to systematise the requirements for such participants' reporting by uniting all forms in one document.

According to the documents issued,³ the requirements for reports of NFIs, CHBs and CRAs were updated. The key changes include the cancellation from January 2024 of depositories' obligation

¹ Bank of Russia Ordinance No. 6406-U, dated 10 April 2023, 'On the Forms, Timeframes and the Procedure for Credit Institutions (Banking Groups) to Submit Reports to the Central Bank of the Russian Federation and on the List of Data on the Operations of Credit Institutions (Banking Groups)'.

² Bank of Russia Ordinance No. 6740-U, dated 27 June 2023, 'On the Forms and Methods for Compiling Reports of Payment System Operators, Payment Infrastructure Operators and Funds Transfer Operators and the Procedure and Deadlines for Submitting Such Reports to the Central Bank of the Russian Federation'.

³ Bank of Russia Ordinances No. 6243-U, dated 21 September 2022, 'On the Procedure and Timeframes for Submission to the Bank of Russia of Reports of Investment Platform Operators, Financial Platform Operators, Operators of Information Systems Used for Issuing Digital Financial Assets and Digital Financial Asset Exchange Operators, on the Form of Reports of Investment Platform Operators and the List of Data Included in Such Reports, and on the List and Form of Reports of Financial Platform Operators'; No. 6244-U, dated 21 September 2022, 'On the Content of Reports of Credit Rating Agencies, on the Form, Timeframes and Procedure for Them to be Compiled and Submitted to the Bank of Russia'; No. 6246-U, dated 21 September 2022, 'On Amending Bank of Russia Ordinance No. 5522-U, Dated 3 August 2020'; No. 6247-U, dated 21 September 2022, 'On Amending Bank of Russia Ordinance No. 6054-U, Dated 10 January 2022, 'On the Forms, Timeframes and Procedure for Compilation and Submission to the Bank of Russia of Reports on Transactions with Funds by Individual Non-bank Financial Institutions'; No. 6267-U, dated 27 September 2022, 'On the Forms, Procedure and Timeframes for Compilation and Submission to the Bank of Russia of Reports by Credit History Bureaus'; No. 6269-U, dated 27 September 2022, 'On the Forms, Timeframes and Procedure for Non-governmental Pension Funds to Compile and Submit Reports to the Bank of Russia, Including on the Requirements for Reports on Mandatory Pension Insurance'; No. 6270-U, dated 27 September 2022, 'On the Scope, Forms, Timeframes and the Procedure for Compilation and Submission of Reports by a Specialised Depository'; No. 6282-U, dated 30 September 2022, 'On the Scope, Forms, Timeframes and Procedure for Professional Securities Market Participants, Exchanges and Clearing Houses to Compile and Submit Reports and Other Information to the Bank of Russia'; No. 6292-U, dated 5 October 2022, 'On the Scope, Forms, Procedure and Timeframes for Joint-stock Investment Funds, Management Companies of Investment Funds, Unit Investment Funds and Non-governmental Pension Funds to Compile and Submit Reports to the Bank of Russia'; No. 6296-U, dated 24 October 2022, 'On the Forms, Procedure and Timeframes for Individual Non-bank Financial Institutions, Credit Rating Agencies and Credit History Bureaus to Submit Accounting (Financial) Statements to the Bank of Russia'; No. 6315-U, dated 14 November 2022, 'On the Scope, Timeframes and Procedure for Insurers to Compile and Submit Reports to the Bank of Russia'; No. 6506-U, dated 15 August 2023, 'On Amending Bank of Russia Ordinance No. 3608-U, Dated 26 March 2015, 'On the Timeframes and Procedure for Housing Savings Cooperatives to Compile and Submit Reports to the Bank of Russia'; No. 6507-U, dated 15 August 2023, 'On Amending Bank of Russia Ordinance No. 3927-U, Dated 30 December 2015'; and No. 6606-U, dated 15 November 2023, 'On Amending Bank of Russia Ordinance No. 6282-U, Dated 30 September 2022'.



to submit to the Bank of Russia detailed information on mortgages⁴ issued to individuals and the cancellation of reporting form 0420458 'Data on the Broker's Uncovered Positions' for brokers. A decision was made that financial market SROs⁵ start collecting reports in accordance with the updated requirements from 1 April 2024.

To promote the development of financial market participants' data governance systems, in 2023, the Bank of Russia published the report [The State and Development Prospects of Financial Market Participants' Data Governance Systems](#). Taking into account the specifics of the financial market, at the initial stage, the Bank of Russia proposes providing methodological help to market participants and developing a methodology for assessing the maturity of their data governance systems. The Bank of Russia launched an initiative to create a working group to develop further data governance systems of financial market participants.

To optimise information flows, the Bank of Russia concluded an agreement with JSC DOM.RF in 2023. The agreement allows the regulator to obtain additional data on mortgage loans granted to individuals, without requesting this information from CIs.

Taking into account users' demand for data released, the Bank of Russia expanded the list of statistics on NFIs published on its website. The statistics on investment funds, MCs and insurers now include 83 more, 170 more and 126 more parameters, respectively.

In 2023, to create conditions for the application of AI, the Bank of Russia established the Centre of Expertise for Artificial Intelligence and Advanced Analytics. The tasks that required integration of AI into the Bank of Russia's business processes included, in particular, forecasting regional inflation, the operation of the KYC platform, identifying significant news in the information flow, and classification of payments.

The Bank of Russia's AI experts shared practical experience on external platforms. The Bank of Russia delivered a course of lectures Practical Application of Artificial Intelligence Methods at its Joint Department at HSE.

⁴ Reports in accordance with Form 0420415 'Report of a Professional Securities Market Participant, Clearing Company and Exchange on Securities and Digital Rights' and reports in accordance with Form 0420459 'Securities Register'.

⁵ Bank of Russia Ordinance No. 6245-U, dated 21 September 2022, 'On the Content, Forms, Procedure and Timeframes for Self-regulatory Organisations in the Financial Market to Submit Reports to the Bank of Russia'.



2.7.5. IMPROVEMENT OF MONEY MARKET BENCHMARKS

The Bank of Russia is the administrator of RUONIA and is in charge of all the administration stages, including the methodology, the formation of the list of RUONIA panel banks, collection of data, the calculation and publication of the interest rate benchmark, as well as ensuring the compliance of RUONIA with the IOSCO Principles for Financial Benchmarks. At the Bank of Russia, control over the compliance with the international requirements is exercised by the RUONIA Oversight Committee with the involvement of the representatives of the NFA. According to the Independent Practitioner's Assurance Report, the RUONIA methodology complies with the IOSCO Principles for Financial Benchmarks.¹ In addition to RUONIA overnight, the Bank of Russia also publishes the RUONIA Averages and the RUONIA Index. The Bank of Russia considers the RUONIA group rates as reliable interest rates and, in line with best international practices, recommends using RUONIA and the RUONIA Averages when developing financial products.



The transition from the MosPrime Rate to the RUONIA benchmarks was complete

In 2023, the transition from the MosPrime Rate² to the RUONIA benchmarks³ completed. The conversion of the existing transactions from the MosPrime Rate to RUONIA using the above adjustment for the spread included two stages: the conversion upon agreement between the parties from 1 January 2023 to 30 March 2023 and the mandatory conversion of all the remaining MosPrime Rate-linked transactions in accordance with the decision of the National Clearing Centre on 7 April 2023. The NFA calculated and published the MosPrime Rate until 30 June 2023. From 10 April 2023, new MosPrime Rate-based transactions could no longer be concluded in the derivatives market. During the transition, the effective MosPrime Rate-based contracts used RUONIA Averages adjusted for the five-year median spread⁴ between the two benchmarks registered as of 30 December 2022.

After abandoning the MosPrime Rate, ruble-denominated interest rate swaps mainly use two floating rates – RUONIA and the Bank of Russia key rate. Following the transition, in early April 2023, open positions in ruble-denominated interest rate swaps linked to RUONIA rates increased 2.8 times⁵ reaching ₽343 billion. From July 2023, securities account transactions were actively reconcluded in the money market in accordance with RUONIA rates.

The Bank of Russia actively promoted the use of the RUONIA benchmark and its Averages in financial products. For example, in March 2023, the Bank of Russia met with representatives of the most active credit market participants to discuss the issues of the transition from the Bank of Russia key rate to the RUONIA Averages in loan agreements and the methods to solve such issues. In September 2023,

¹ [Bank of Russia Statement of Compliance with the 'Principles for Financial Benchmarks' of the International Organization of Securities Commissions in its Administration of RUONIA.](#)

² The MosPrime Rate was calculated by the NFA.

³ To inform financial market participants about the upcoming transition from the MosPrime Rate to the RUONIA group rates, the Bank of Russia sent Information Letter No. IN-05-35/118, dated 30 September 2022, 'On Substituting MosPrime Rate Benchmarks with RUONIA Averages in Financial Products' to financial market participants and published it on its website.

⁴ The data were published on the Bank of Russia website.

⁵ Compared to March 2023.



at the 6th International Banking Forum 'Treasury', the Bank of Russia's representatives spoke about the results of the transition from the MosPrime Rate to the RUONIA group rates in the over-the-counter market.

Information about the use of RUONIA rates in various banking products (derivatives, bonds and loans) was presented at the meeting of the Moscow Exchange Bond Issuers Committee in October 2023. The NSD systems enable an automatic calculation of accumulated coupon income for instruments based on RUONIA Averages.

Issuers of bonds linked to RUONIA already include two Russian CIs. In 2023, a foreign bank joined the list of issuers.

2.7.6. INFORMATION TECHNOLOGY DEVELOPMENT AT THE BANK OF RUSSIA

An important stage in the Bank of Russia's IT development in 2023 was the commissioning of the digital ruble platform. The platform allowed the banks connected to it as well as the banks' clients to open digital ruble accounts and perform transactions in them.

In accordance with the Guidelines for the Development of Information Technologies of the Bank of Russia, in 2023, the regulator continued to ensure stable operation of IT systems effectively using computing resources. To this end, instruments for the registration of conditions for the issue and circulation of CIs' savings certificates and certificates of deposit as well as instruments for recording, storing and processing information on the activity of financial institutions' provisional administrations were transferred to the core business support platform. Instruments to form reports on statistics of lending to legal entities and individual entrepreneurs were transferred to the application platform Unified Data Warehouse. To enhance the reliability of data transmission, the integration services platform consolidates around 60 flows of the Bank of Russia's external and internal information exchange with supervised organisations and federal executive authorities, among others.

The Bank of Russia continued to expand electronic interaction with organisations in the reporting year. CCPs were enabled to submit reports on concluded transactions provided for by the Bank of Russia's regulations via their online accounts.¹ A new format of MRPA developed by the Ministry of Digital Development, Communications and Mass Media of the Russian Federation can now be used. The Bank of Russia also created a storage of MRPA.²

The Bank of Russia now has more opportunities for online communication with CIs when processing loan applications. Users can enter information on collateral types in their online accounts. Such information is automatically processed when the collateral is accepted and assessed. Liquidity providing operations secured by non-marketable assets and securities with issue identification can be flexibly customised.

The regulator created the Software Downloading Centre enabling the Bank of Russia's supervised organisations and clients to independently download updated versions of the Bank of Russia's public software.

The Bank of Russia can exchange information with the Russian Ministry of Internal Affairs to comply with the requirements that information on unauthorised money transfers be communicated to the law enforcement authorities.³

Seven⁴ new data sources were added to the Unified Data Warehouse expanding the Bank of Russia's research and forecasting potential. The data sources are used for calculating and analysing macroeconomic indicators. When the statistics of the banking sector are generated, the new indicators

¹ The online account of a participant of information exchange with the Bank of Russia.

² In compliance with Federal Law No. 476-FZ, dated 27 December 2019, 'On Amending the Federal Law 'On Electronic Signatures' and Article 1 of the Federal Law 'On the Protection of Rights of Legal Entities and Individual Entrepreneurs as Part of State Control (Supervision) and Municipal Control' to become effective on 1 September 2024.

³ In compliance with Federal Law No. 408-FZ, dated 20 October 2022, 'On Amending Article 26 of the Federal Law 'On Banks and Banking Activities' and Article 27 of the Federal Law 'On the National Payment System'.

⁴ SPARK, Rosstat, the FTS of Russia, the Russian Federal Security Service, the Russian Federal Service for State Registration, Cadastre and Cartography (Rosreestr), the Russian Ministry of Finance, and RuData.



of the balance of payments and international investment position (FISIM,⁵ foreign currency and price revaluation for securities transactions) are calculated automatically. The regulator enabled processing and enriching data on foreign portfolio investments from reports of financial market participants. This reduces the time required for preparing and improves the quality of the statistics on the balance of payments and international investment position of the Russian Federation published on the Bank of Russia website with respect to portfolio investments from the Russian Federation abroad.

The system for the automation of the processing of NFIs' reports started to apply instruments allowing Bank of Russia employees to independently customise control parameters for reports of various forms. This allows reports to be checked quickly and enables swift responses when violations are identified. By using a single digital dossier of supervised organisations, the regulator automated interaction of its structural units when assessing the credit risk of the largest borrowers and groups of companies. The Bank of Russia added an option to update the information about them by using data obtained by the Risk Analysis Service during the inspections.

The application Collection of Electronic Documents enables centralised processing of documents that MFOs and pawnshops submit to the Bank of Russia via their online accounts as part of the procedure for FIs' admission to the market. The regulator enabled automated analysis and updating of information about the structure of FIs' assets.

To improve control over compliance with its regulations, the Bank of Russia automated the processing of new reporting forms relating to the audits of issuing and cash transactions at the Bank of Russia's structural units and of the results of the monitoring of banknote sorting into fit / worn-out ones.

The mechanism for compiling accounting documents to be subsequently signed was automated. The calendar of internal transactions was implemented. It allows customisation and scheduled calculations of wages, depreciation and amortisation of fixed and intangible assets, and other procedures.

To increase operational performance, the Bank of Russia develops process robotisation on the basis of a Russian platform. In 2023, the regulator robotised routine procedures of such processes as HR records management, electronic document exchange with executive authorities, and statistical data exchange with supervised organisations. Software robots verify whether information protection tools are available and help employees root individuals' requests and ensure timely responses to them.

⁵ FISIM – financial intermediation services indirectly measured.

2.7.7. BANK OF RUSSIA TRAINING EVENTS FOR EXTERNAL AUDIENCE

TRAINING FOR RUSSIAN FINANCIAL MARKET PARTICIPANTS



The Bank of Russia trained over 98,000 representatives of the external audience

In 2023, the Bank of Russia trained over 98,000 people, including participants of the Russian and foreign financial markets, representatives of government authorities, law enforcement agencies, retail chains' and CIs' cashiers, SME representatives, and university students.

In 2023, Russian financial market participants continued their training under the Business Reputation programme aimed at raising awareness about the current requirements for the business reputation of executives, officers and owners of financial institutions, as well as about their responsibility for the decisions they make. The total number of the participants in the trainings was over 3,500 people.

SME representatives attended a training event devoted to operation of stock market instruments, crowdfunding platforms, factoring, and the SBP. Around 40,000 people took part in the training event.

Over 2,500 representatives of the credit and financial sector underwent a hands-on training course in information security.

More than 5,500 cash desk employees of CIs were trained to work with Bank of Russia banknotes and coins that had signs of counterfeit money, looked dubious, or were possibly not legal tender. The regulator delivered a pilot course on foreign banknotes and coins for over 1,400 cashiers.

More than 900 cashiers of trade and service companies located in the new constituent territories of the Russian Federation attended a training on how to determine whether Bank of Russia banknotes and coins were genuine and legal tender.

TRAINING PROGRAMMES FOR GOVERNMENT AUTHORITIES

In 2023, the Bank of Russia held the seminars Topical Issues of Financial Market Development for representatives of the Federation Council of the Federal Assembly of the Russian Federation.

The regulator continued pilot training for representatives of regional executive authorities about the Bank of Russia's functions. The training was attended by 564 representatives of the executive authorities of the Republics of Dagestan and Bashkortostan, the Primorye Territory, the Karachayevo-Circassian Republic, the City of St Petersburg, and the Leningrad, Kostroma, Murmansk, Nizhny Novgorod and Novosibirsk Regions.

In 2023, the Bank of Russia held a number of training events for over 600 employees of the Academy of Management of the Ministry of Internal Affairs of the Russian Federation and the Moscow Academy of the Investigative Committee of the Russian Federation.



More than 1,400 people participated in the comprehensive training courses for representatives of regional law enforcement authorities. Over 1,500 employees of law enforcement authorities underwent a practice-focused training on information security.

PROGRAMMES FOR STUDENTS

In 2023, the Bank of Russia launched a series of webinars on financial literacy FinTrack attended by more than 36,200 students from 88 Russian regions.

Jointly with universities, the regulator held seminars on economic research 'Russian Economy and Financial Sector amid the Structural Transformation' and 'Real Estate Market: Driver of Economic Growth or Source of Potential Risks?' and organised Summer Macroeconomic School 'Monetary Policy Review'. Over 800 representatives of the academic community took part in the training.

The Bank of Russia held a number of youth programmes, events and master classes for over 600 students on topics relating to the Bank of Russia's activity.

In the reporting year, the regulator continued to implement the training programmes of the Bank of Russia's Fintech Hub for students on the distributed ledger theories, Open APIs, machine learning, financial technologies, and innovations in payments. Over 1,500 people attended the trainings.

INTERNATIONAL TRAINING PROJECTS

The international training programme Shaping the Dialogue comprised webinars on the Bank of Russia's experience in consumer protection, oversight and supervision of the payment system, data governance, and machine learning. More than 400 foreign colleagues from 18 European, Asian, African and Latin American countries took part in the events.

The Bank of Russia continued to implement a joint training programme for representatives of the EAEU member states' central (national) banks. Over 60 various training events (seminars, webinars, onsite trainings, and video conferences) were held and attended by approximately 3,000 people.

In 2023, the regulator successfully implemented the programme Achieving a Company's Goals by Increasing Potential for the executives of the National Bank of the Republic of Kazakhstan and the Central Bank of the Republic of Uzbekistan.

IMPROVING LEGISLATION TO DEVELOP THE TALENT POOL IN THE FINANCIAL SECTOR

The State Duma adopted in the first reading Draft Federal Law No. 470800-8,¹ developed jointly with the Bank of Russia. It is aimed at aligning the provisions of the federal laws regulating qualification requirements for specific categories of financial market specialists with Federal Law No. 238-FZ, dated 3 July 2016, 'On Independent Qualification Assessment'.

¹ Draft Federal Law No. 470800-8 'On Amending Certain Laws of the Russian Federation' (approved by the State Duma in the first reading on 21 February 2024).



2.7.8. INTERNATIONAL COOPERATION

In 2023, the Bank of Russia exchanged experience with partners and participated in discussing topical issues at important international events.



The Bank of Russia continued to deepen the integration within the EAEU and the Union State

In terms of cooperation with the **EAEU**, the regulator continued implementing the Treaty on the Eurasian Economic Union,¹ the Concept of Creating a Common EAEU Financial Market² and the Action Plan for Harmonising the Financial Market Laws of the EAEU Member States.³

To ensure smooth operation of the common financial market of the EAEU member states,⁴ the Bank of Russia initiated a dialogue on mutual recognition of credit ratings of the national CRAs. In November 2023, Russia's ACRA JSC was accredited by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market. Therefore, assets and financial instruments of Russian and foreign issuers having a credit rating assigned by ACRA JSC become more attractive to Kazakh investors.

Jointly with the Bank of Russia, the EAEU completed the work on the Agreement on mutual recognition of bank guarantees for public (municipal) procurement.⁵ The Agreement is aimed at eliminating restrictions on suppliers' access to public procurement in the EAEU internal market.

The Bank of Russia continued to be a member of the EAEU Consultative Committee for Macroeconomic Policy and made a significant contribution to the development of the Main Guidelines of Macroeconomic Policy for 2024–2025.

Together with the EAEU Consultative Committee for Statistics, the Bank of Russia continued to harmonise the approaches to the accounting of mutual trade in services between EAEU member states. At the Bank of Russia's initiative, the EAEU agreed methodological approaches to the assessment of trade in services to increase data comparability.

At a bilateral track of the EAEU, the Bank of Russia and the Russian Ministry of Finance signed memoranda on cooperation to improve households' financial literacy with financial market regulators and financial agencies of the Republic of Armenia and the Republic of Belarus.

Cooperation on the **CIS** integration agenda continued. With the participation of the Bank of Russia the member states developed and signed the CIS Agreement on Free Trade in Services, Establishment, Activity, and Implementation of Investment. The Agreement is aimed at eliminating trade barriers

¹ Signed on 29 May 2014 in Astana (the Republic of Kazakhstan).

² Approved by Decision No. 20 of the Supreme Eurasian Economic Council, dated 1 October 2019.

³ Approved by Order No. 27 of the Eurasian Economic Commission Council, dated 23 November 2020.

⁴ As part of the implementation of the Strategic Directions for Developing the Eurasian Economic Integration until 2025.

⁵ Signed in Moscow on 29 August 2023.

between the CIS member states and ensuring effective operation of the free trade zone. The Bank of Russia participated in the preparation of the information and analytical review Development of the Insurance Services Market in the CIS Member States in 2022 on the platform of the Interstate Coordination Council of Heads of Insurance Supervisory Authorities of the CIS Member States and continued cooperation with the CIS member states to form a legal framework for the CIS insurance market.

Within the **Union State**, the Bank of Russia was involved in the development of the law 'On Compulsory Motor Third Party Liability Insurance'.⁶ The document establishes grounds for the mutual recognition of motor third party liability insurance policies issued in the Russian Federation and the Republic of Belarus. To implement the provisions of the law, the relevant amendments to Russian and Belarusian legislation are being prepared.

In accordance with the 2021–2023 main guidelines for the implementation of the Treaty on the Establishment of the Union State, the two countries continued to hold events under the union programmes relating to the financial market regulators.

The members of the **Eurasian Council of Central (National) Banks** exchanged experience in monetary policy, financial stability, statistics, banking regulation and supervision. The Bank of Russia presented the results achieved by the Working Group on Coordination of National Payment Systems Development, shared its experience in projects involving digital currencies of central banks and staff training. During a meeting of the Advisory Board for Financial Consumer Protection and Financial Inclusion, the Bank of Russia presented updated draft recommendations relating to the requirements for minimum disclosures on deposits and loans (microloans).

The central banks of the **BRICS** countries continued to implement the priority cooperation agendas proposed by the Bank of Russia when Russia chaired BRICS in 2020. The Bank of Russia participated in the preparation of a new issue of the BRICS Economic Bulletin and reports on information security, central banks digital currencies and climate data. The Bank of Russia initiated cooperation in the area of financial technologies, including a study on regulatory fintech sandboxes in the BRICS countries. The Bank of Russia joined another testing of the mechanism for providing liquidity within the BRICS Contingent Reserve Agreement. In late 2023, the Bank of Russia presented to its BRICS partners priority areas of the BRICS central banks cooperation when Russia chairs the association in 2024.

The **SCO** was gradually increasing the share of national currencies of the SCO member states in mutual settlements. The Bank of Russia participated in surveying companies in the financial market and other parties involved in external trade as well as the financial market regulators of the SCO member states to identify barriers in cross-border settlements in national currencies.⁷ The Bank of Russia participated in the preparation of a report on increasing accessibility of digital financial services presenting its experience in making financial services more affordable and secure for households and businesses.

The Bank of Russia participated in the work of the **APEC** forum. For the annual meeting of the APEC ministers of finance, the Bank of Russia provided information about its experience in launching

⁶ Adopted by Resolution No. LXIV-7, dated 19 June 2023, of the Parliamentary Assembly of the Union State of Russia and Belarus.

⁷ Decision of the SCO Heads of State Council No. 5, dated 16 September 2022, approved the SCO roadmap for gradually increasing the share of national currencies in mutual settlements.



the digital ruble project and regulating DFAs. At the Asia-Pacific Financial Forum, the Bank of Russia's experts and representatives of other APEC economies discussed the financing of the energy transition, securities market development and financial innovations.

The Bank of Russia participated in the annual sessions of the **IMF** and the **World Bank Group**. The topics discussed involved the development prospects of the world economy and global challenges, including inflation growth, fragmentation of the world economy, debt-related issues, climate change and digitalisation. The key issue on the agenda was the revision of the quotas of the IMF member states and the update of the IMF's credit instruments that are necessary for maintaining the economic stability and providing aid to vulnerable countries. The Bilateral Borrowing Agreement between the IMF and Russia was extended for a year, until 31 December 2024.

The Bank of Russia's experts participated in the events organised by the working bodies of the **Economic and Social Commission for Asia and the Pacific (ESCAP)** – the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development and the Advisory Group on Financing the Sustainable Development Goals – presenting the mega-regulator's experience in sustainable development.

The Bank of Russia continued to participate in the preparation of the updated System of National Accounts Manual and Balance of Payments and International Investment Position Manual developed under the auspices of the IMF and the **UN Statistics Division**.

As part of the initiatives of the **World Trade Organization (WTO)** and the **UN Conference on Trade and Development (UNCTAD)**, the Bank of Russia's representatives were involved in discussing improvements of the database of statistics on external trade in services, the development of methodological approaches and instruments to survey enterprises and households in the area of economy digitalisation as well as the measurement of indicators of cross-border electronic trade in goods and services.

As a member of the **G20** Finance Track, the Bank of Russia participated in the meetings of the ministers of finance and central bank governors and their deputies, ensuring that Russia's opinion was taken into account in the final documents and presenting the country's position on financial regulation. The discussion was focused on the following topics: challenges relating to technological innovations, including the issues of cryptoasset regulation, financing sustainable development, combating financial risks associated with the climate change, global cross-border payments, strengthening the sector of non-bank financial intermediaries and increasing financial inclusion.

Furthermore, the Bank of Russia participated in the activity of the G20 working groups. In particular, the Sustainable Finance Working Group (SFWG) continued implementing the Sustainable Finance Roadmap. The Bank of Russia provided the SFWG with information about the progress of the roadmap implementation in Russia.

The Framework Working Group (FWG) prepared the Report on Macroeconomic Implications of Climate Change and Measures to Mitigate It reviewing the opinions of the member countries, including Russia, on the main challenges and areas of further work on the climate agenda.

The Bank of Russia continued participation in the G20 Data Gaps Initiative. The Bank of Russia was included in a number of working subgroups on topical issues concerning greenhouse gas emissions and



carbon footprint, digital money, climate-related physical and transition risks, financial inclusion, as well as data exchange and availability of data sources to statistics compilers.

In 2023, the Bank of Russia continued cooperation with the **Financial Stability Board (FSB)**, the **International Association of Insurance Supervisors (IAIS)** and the **Regulatory Oversight Committee (ROC)** participating in focus surveys and preparing information materials on financial stability issues and climate risks.

In 2023, the Bank of Russia joined the **IFSB**⁸ as an associate member. The Bank of Russia's membership of the IFSB will create favourable conditions for the development of partnership financial services in the Russian Federation and interaction with foreign regulatory authorities in this area and provide access to the IFSB expertise in the application of the standards.

The Bank of Russia was developing cooperation with the **GPFI** participating in the GPFI's research and preparing papers on financial inclusion. The Bank of Russia reported on the progress of the implementation of the national plan to increase the efficiency and reduce the cost of cross-border money transfers.⁹ The Bank of Russia was involved in the development and adoption of the Financial Inclusion Action Plan for 2024–2026 identifying two priority areas – digital financial inclusion and SME financing.



The independent infrastructure of international settlements substantially strengthened and expanded

In 2023, the Bank of Russia continued to develop the **international settlement system** applying an updated approach. The transformation of the payment infrastructure became more consistent and deepened in 2023 compared with 2022 H1 when settlement channels were arranged amid high external pressure and when restrictive measures and the foreign counterparties' response to them were difficult to predict.

One of the basic areas of the transformation was the **development of the network of correspondent relations**. Regardless of the sporadic expansion of the scope of financial sanctions, correspondent relationships with the residents of friendly jurisdictions were successfully developing in terms of both numbers and quality. The average monthly number of active accounts with banks of friendly countries in the currencies of such countries increased almost 1.5 times in 2023 as compared with 2022 and the turnover on such accounts more than doubled. This was due to the application of an individual approach to using various types of financial institutions, various types of accounts, currencies, financial information exchange systems, and other elements of the settlement infrastructure.

⁸ An international standard-setting authority for the Islamic financial services industry including banking, insurance and capital markets.

⁹ The plans are adopted by the GPFI members every two years.

To formalise and further expand the capacities of the settlement infrastructure, necessary legislative work was carried out. In particular, a law¹⁰ was developed and signed in December 2023 that allows banks with a basic licence to open correspondent accounts with foreign banks on a permanent basis. Settlement NCIs, whether they have international ratings or not, were also allowed to open foreign correspondent accounts with banks of friendly countries. Federal Law No. 308-FZ¹¹ also helps develop interbank relationships. It allows Russian banks to assign client identification to foreign financial institutions and open bank accounts for clients without them being present in person. This will enable banks to open accounts for foreign legal entities and private individuals (for example, investors, tourists and medical institutions' clients) online.¹²

Another area of the transformation is the **expansion of foreign banks' market presence**. All the CIs that belonged to the investors from the key friendly states maintained their presence in the Russian market. Taking into account that foreign financial institutions are becoming increasingly interested in entering the Russian market, a draft law was developed that allows banks from friendly countries to open branches in the Russian market.¹³ The situation for Russian banks in friendly countries is similar: with the involvement of regulators of a number of partner countries, the Bank of Russia made efforts to ensure presence of Russian commercial banks in the local markets. This will increase the resilience of the current settlement system.

Ensuring access to liquidity in the currencies of friendly countries is another area of work.

As of late 2023, the Moscow Exchange spot market offered ten currencies¹⁴ of friendly countries against the Russian ruble with respect to instruments ensuring actual supplies of foreign currencies to be subsequently used in external trade. Additionally, market participants have access to a number of derivatives that facilitate hedging of potential foreign exchange risks.¹⁵ With the involvement of the Bank of Russia, foreign banks and brokers from 32 friendly countries were allowed to be admitted to on-exchange trading in foreign currencies as well as foreign exchange and interest rate derivatives.¹⁶

All of the above areas of the payment infrastructure transformation and ongoing interaction and communication with foreign regulators, banks and other market participants helped significantly change the currency composition of Russia's external trade settlements. In 2023, the proportion of the Russian ruble in export and import settlements with all partner countries as well as the share of friendly countries' currencies substantially increased. As a result, the share of currencies of unfriendly countries in the structure of settlements plummeted and they no longer prevail.

¹⁰ Federal Law No. 566-FZ, dated 12 December 2023, 'On Invalidating Parts Two and Nine of Article 5.1 of the Federal Law 'On Banks and Banking Activities'.

¹¹ Federal Law No. 308-FZ, dated 10 July 2023, 'On Amending Articles 6 and 7 of the Federal Law 'On Countering the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism' (effective since 21 July 2023).

¹² As of 31 December 2023, residents of 25 jurisdictions were able to open accounts with Russian banks remotely.

¹³ Undergoing an interagency approval procedure.

¹⁴ Chinese yuan, Hong Kong dollar, Belarusian ruble, Turkish lira, Kazakh tenge, Armenian dram, Uzbek sum, Kyrgyz som, Tajik somoni and South African rand.

¹⁵ Including in Indian rupees and UAE dirhams.

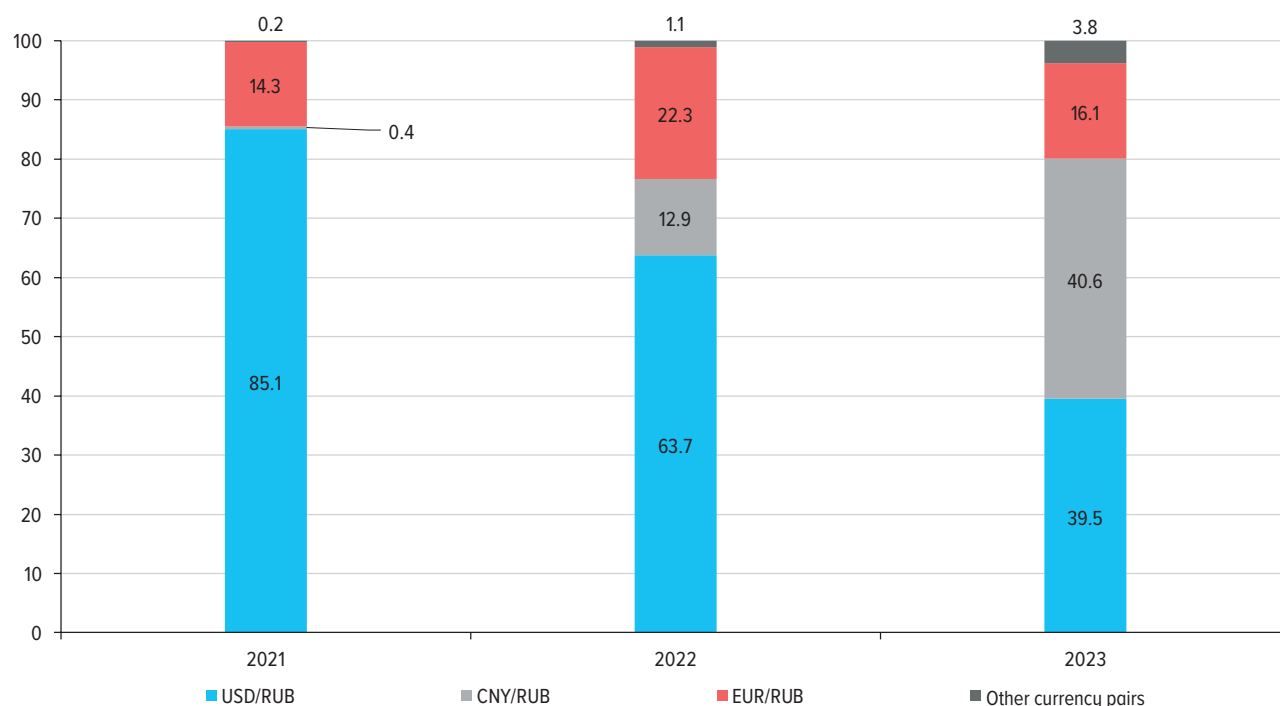
¹⁶ In accordance with Federal Law No. 315-FZ, dated 10 July 2023, 'On Amending Article 16 of the Federal Law 'On On-exchange Trading' and Federal Law 'On Countering the Misuse of Insider Information and Market Manipulation and Amending Certain Laws of the Russian Federation'; Directive of the Government of the Russian Federation No. 2530-r, dated 20 September 2023, 'On Approving the List of Foreign States Where Foreign Banks (Foreign Credit Institutions) Acting on Their Own Behalf and at Their Expense and Foreign Legal Entities Performing Activity Similar to Broker Activity that May be Admitted to On-exchange Trading in Foreign Currency are Registered'.



Currency pairs in spot trading on Moscow Exchange

Chart 29

(%)

CURRENCY COMPOSITION OF SETTLEMENTS OF THE RUSSIAN FEDERATION
FOR EXPORT OF GOODS AND SERVICES

(WITH ALL COUNTRIES, %)

	2021	2022	2023
In Russian rubles	14.4	27.7	39.1
In currencies of friendly countries	1.0	8.5	29.2
In currencies of unfriendly countries	84.6	63.8	31.8

CURRENCY COMPOSITION OF SETTLEMENTS OF THE RUSSIAN FEDERATION
FOR IMPORT OF GOODS AND SERVICES

(WITH ALL COUNTRIES, %)

	2021	2022	2023
In Russian rubles	28.2	28.0	29.9
In currencies of friendly countries	4.2	15.4	35.6
In currencies of unfriendly countries	67.6	56.6	34.5



2.7.9. IMPROVING LEGISLATION

In 2023, more than 70 federal laws developed with the active participation of the Bank of Russia were adopted to improve the legislative regulation of the financial market.

The legislative framework for the digital ruble platform was created. Federal Laws No. 339-FZ¹ and No. 340-FZ² enabled parties to civil-law transactions to perform cashless settlements in digital rubles as part of civil-law relationships and stipulated the procedure for digital ruble transfers. Federal Law No. 610-FZ,³ effective since 1 January 2025, amends the Russian Tax Code to integrate the digital ruble into the system of tax regulation and tax control. Introduction of the digital ruble also brought about a change in the legal status of the Bank of Russia. The Bank of Russia is now the operator of the digital ruble platform which is part of the NPS.

A large set of federal laws were aimed at enhancing the protection of financial consumers' rights. Specifically, Federal Law No. 359-FZ⁴ improved the procedure for calculating the total cost of a consumer loan (microloan), which allows borrowers to precisely assess their costs for servicing a loan (microloan). In particular, the law expands the list of payments which creditors should include in the TCC calculation. The list covers all payments that actually affect the loan terms (interest rates, maturities, etc.). To reduce the risk of hard selling of additional services by creditors, the cooling-off period when a borrower may reject any extra services was substantially extended from 14 to 30 days.

To support households which concluded a consumer loan (microloan) agreement and face hardships, the legislative authorities adopted Federal Law No. 348-FZ⁵ on the mechanism of loan repayment holidays for consumer loan (microloan) borrowers. The law entitles borrowers who concluded a consumer loan agreement to request the creditor to provide a grace period of up to six months.⁶

In addition, on 1 May 2024, provisions of Federal Law No. 482-FZ,⁷ will take effect that oblige banks to perform fee-free transfers of monetary funds of no more than ₺30 million per month between an individual's accounts with different banks. Thus, CIs will not be able to create conditions making it more difficult for individuals to freely transfer their funds between banks (setting increased fees for cash withdrawals, closing of accounts and money transfers from an individual's account opened with one bank to his/her account with another bank, etc.).

To combat fraudulent transactions to steal households' money using social engineering methods, Federal Law No. 369-FZ⁸ was adopted that comes into force on 25 July 2024. The law introduces a mechanism to suspend a transaction so that an individual has time to refuse to make the money

¹ Federal Law No. 339-FZ, dated 24 July 2023, 'On Amending Articles 128 and 140 of Part One, Part Two and Articles 1128 and 1174 of Part Three of the Civil Code of the Russian Federation'.

² Federal Law No. 340-FZ, dated 24 July 2023, 'On Amending Certain Laws of the Russian Federation'.

³ Federal Law No. 610-FZ, dated 19 December 2023, 'On Amending Parts One and Two of the Tax Code of the Russian Federation and Certain Laws of the Russian Federation on Taxes and Levies'.

⁴ Federal Law No. 359-FZ, dated 24 July 2023, 'On Amending the Federal Law 'On Consumer Loans' and Certain Laws of the Russian Federation'.

⁵ Federal Law No. 348-FZ, dated 24 July 2023, 'On Amending Certain Laws of the Russian Federation'.

⁶ The maximum amount of a loan to which the relevant right applies is to be determined by the Russian Government. Before the Russian Government makes a relevant decision, the maximum amounts for various categories of a loan (microloan) apply as established by Federal Law No. 348-FZ.

⁷ Federal Law No. 482-FZ, dated 4 August 2023, 'On Amending Articles 29 and 36 of the Federal Law 'On Banks and Banking Activities'.

⁸ Federal Law No. 369-FZ, dated 24 July 2023, 'On Amending the Federal Law 'On the National Payment System'.



transfer if needed. If a bank fails to prevent a money transfer to a fraudulent account entered into the Bank of Russia's special database, the bank is obliged to reimburse the individual for the money.

From 1 July 2024, Federal Law No. 442-FZ⁹ will come into force: it establishes a uniform procedure for CIs, NFIs and CHBs to examine applications from individuals and legal entities. The law empowers the Bank of Russia to forward individuals' applications (except for certain categories of applications) to the specified institutions for them to examine the applications on the merits and provide a well-grounded response to the applicant.

An important new development was Federal Law No. 417-FZ.¹⁰ It enables the provision of financial services in accordance with the partnership financing model which is popular in a number of Russian republics with a considerable share of Muslim population (the Republic of Bashkortostan, the Republic of Dagestan, the Republic of Tatarstan, and the Chechen Republic) and has specific ethical aspects of investing. On 1 September 2023, these regions launched a two-year experiment in special regulation of partnership financing. The Bank of Russia regulates the activity of participants in the experiment and exercises control and supervision over their compliance with Russian legislation. The experiment is aimed at forming a legal framework for the development of Islamic financial instruments in Russia and attracting foreign investments, predominantly from the countries that are members of the Organisation of Islamic Cooperation.

Several federal laws adopted in 2023 were aimed at improving banking operations. In particular, Federal Law No. 83-FZ¹¹ entitles depositors to file electronic requests for deposit insurance payments to DIA. RF and expands the list of methods for receiving the payments, including by transferring money using the details of the national payment instrument.

Federal Law No. 566-FZ,¹² vested banks with a basic licence with a permanent right to open correspondent accounts with foreign banks. Amid the sanctions against major banks, this will enable banks with a basic licence to service external trade transactions and make cross-border money transfers.

Federal Law No. 655-FZ¹³ expands the deposit insurance system to cover the funds in bank accounts (deposits) of medium-sized enterprises (including those licensed to perform educational or medical activities), socially oriented non-profit organisations and trade unions, as well as funds in bank accounts (deposits) of attorneys, notaries and other individuals who opened bank accounts (deposits) to perform professional activity provided for by the federal law.

Federal laws were adopted to stimulate households' long-term savings. Specifically, Federal Law No. 299-FZ¹⁴ provides that individuals should form long-term savings based on an agreement with

⁹ Federal Law No. 442-FZ, dated 4 August 2023, 'On Amending the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)' and Certain Laws of the Russian Federation and on Invalidating Certain Provisions of Russian Laws'.

¹⁰ Federal Law No. 417-FZ, dated 4 August 2023, 'On the Experiment in Introducing Special Regulation to Create Necessary Conditions for Partnership Financing Activities in Individual Constituent Territories of the Russian Federation and on Amending Certain Laws of the Russian Federation'.

¹¹ Federal Law No. 83-FZ, dated 18 March 2023, 'On Amending the Federal Law 'On the Insurance of Deposits with Russian Banks'.

¹² Federal Law No. 566-FZ, dated 12 December 2023, 'On Invalidating Parts Two and Nine of Article 5.1 of the Federal Law 'On Banks and Banking Activities'.

¹³ Federal Law No. 655-FZ, dated 25 December 2023, 'On Amending Article 189.96 of the Federal Law 'On Insolvency (Bankruptcy)' and the Federal Law 'On the Insurance of Deposits with Russian Banks'.

¹⁴ Federal Law No. 299-FZ, dated 10 July 2023, 'On Amending Certain Laws of the Russian Federation'.



an NPF from their voluntary contributions and the savings accumulated earlier in the compulsory pension insurance system, with financial support from the Government to encourage long-term savings.

Federal Law No. 600-FZ¹⁵ establishes a mechanism of new long-term type 3 IIAs. Type 3 IIAs have no limit on annual contributions and allow investors to have up to three such accounts simultaneously. In addition, UIF MCs are empowered to open and keep type 3 IIAs to maintain records of the units of open-end UIFs managed by such UIF MCs, and investors may withdraw the funds from their type 3 IIAs ahead of schedule to pay for expensive medical treatment without closing the account. The Russian Government was authorised to determine the categories of financial instruments that may not be purchased using the funds held in type 3 IIAs.

From 1 January 2025, Federal Law No. 631-FZ¹⁶ introduces a new insurance product with an investment component – ULLI involving investment to purchase UIFs' investment units. Under ULLI contracts, a person can purchase units of open-end UIFs and, where investment exceeds ₺10 million, units of closed-end UIFs intended for qualified investors. As part of ULLI, an insurer may either issue investment units independently, provided that it is licensed as an MC, or act as an intermediary between a policyholder and a contracting MC.

Federal Law No. 158-FZ¹⁷ increases the maximum amount guaranteeing individuals' rights under non-governmental pension schemes to ₺2.8 million.

As for the NPS regulation, Federal Law No. 298-FZ¹⁸ was adopted to enhance control over payment agents and expand the requirements for entities accepting individuals' payments. The law stipulates that PAOs get the right to accept individuals' payments from the date when the relevant legal entity is entered into the register of PAOs kept by the Bank of Russia. According to the law, SROs of PAOs should be established and vested with specific control functions as well as functions to collect reports. Control (supervision) over PAOs that are SRO members is exercised by the Bank of Russia jointly with SROs.

To reduce negative consequences of the continuing unfriendly actions of foreign states and international organisations, Federal Law No. 625-FZ¹⁹ extended a number of special powers of the Bank of Russia and a number of measures in the area of corporate relations.

To implement the Information Security Doctrine of the Russian Federation approved by the Russian President, Federal Law No. 243-FZ²⁰ was adopted. It provides that financial institutions should gradually switch to predominantly Russian software, domestic radioelectronic products and telecommunication equipment at critical information infrastructures they own. The transition should be based on the plans to be agreed upon and controlled by the Bank of Russia.

¹⁵ Federal Law No. 600-FZ, dated 19 December 2023, 'On Amending Certain Laws of the Russian Federation'.

¹⁶ Federal Law No. 631-FZ, dated 25 December 2023, 'On Amending Certain Laws of the Russian Federation'.

¹⁷ Federal Law No. 158-FZ, dated 28 April 2023, 'On Amending Article 10 of the Federal Law 'On Guaranteeing the Rights of Clients of Non-governmental Pension Funds Within Non-governmental Pension Schemes'.

¹⁸ Federal Law No. 298-FZ, dated 10 July 2023, 'On Amending the Federal Law 'On the Acceptance of Payments from Individuals by Payment Agents' and Certain Laws of the Russian Federation'.

¹⁹ Federal Law No. 625-FZ, dated 25 December 2023, 'On Amending Article 98 of the Federal Law 'On Government Control (Supervision) and Municipal Control in the Russian Federation' and Certain Laws of the Russian Federation'.

²⁰ Federal Law No. 243-FZ, dated 13 June 2023, 'On Amending the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)'.



Federal Law No. 623-FZ²¹ establishes the procedure for the state registration of issues of securities (shares and bonds) of legal entities bringing their constituent documents into line with Russian legislation, since new constituent territories were added to the Russian Federation in 2022. The law extends the deadlines for legal entities to bring their constituent documents into line with Russian legislation.

Federal Law No. 422-FZ²² establishes a legal mechanism for organisations conducting transactions with funds or other assets to implement SEMs to prohibit (limit) financial transactions and/or freeze (block) funds or other assets of blocked persons, as well as financial transactions conducted on behalf and/or to the benefit of the blocked persons. The law determines a list of companies obliged to implement SEMs and a number of their obligations (in particular, to submit information on the implemented SEMs to supervisory authorities) and liability for violating the requirements to apply SEMs.

Along with the work related to participation in the preparation and consideration of these federal laws, in 2023, the Bank of Russia issued 195 regulations registered with the Ministry of Justice of the Russian Federation. The Ministry of Justice also registered 47 regulations issued by the Bank of Russia in 2022. Moreover, in accordance with federal laws, in 2023, 69 regulatory decisions were adopted by the Board of Directors of the Bank of Russia and posted on its website.

To raise awareness and promote understanding, the Bank of Russia prepared 77 information letters and sent them to organisations supervised by the Bank of Russia and/or the Bank of Russia's regional branches. The Bank of Russia prepared 19 methodological recommendations for informational and instructional purposes.

²¹ Federal Law No. 623-FZ, dated 25 December 2023, 'On Amending Article 19.1 of the Federal Law 'On Enacting Part One of the Civil Code of the Russian Federation'.

²² Federal Law No. 422-FZ, dated 4 August 2023, 'On Amending Certain Laws of the Russian Federation'.



2.7.10. ADDRESSING ADMINISTRATIVE AND LEGAL ISSUES

In 2023, the Bank of Russia officials initiated 11,906 administrative proceedings.

In this connection:

- following the review of the administrative cases, Bank of Russia officials issued 8,628 resolutions (taking into account the pending cases initiated over the previous periods); and
- commercial courts examined 1,346 applications to impose administrative liability on NFIs under Part 3 of Article 14.1 and Article 14.36 of the Code of Administrative Offences of the Russian Federation (taking into account the pending cases initiated over the previous periods).

In 2023, Bank of Russia officials examined 200 complaints against resolutions on administrative cases and rulings to deny administrative cases. Following the review, the Bank of Russia made 26 decisions to uphold the complaints and 174 decisions to dismiss the complaints.

In 2023, following the examination of administrative cases, Bank of Russia officials and courts imposed 4,227 fines totalling ₽544,767,700. Over the year, the budget of the Russian Federation received ₽250,156,500¹ as payments of administrative fines, including:

- ₽236,014,800 paid voluntarily by entities subject to administrative liability; and
- ₽14,141,700 collected from entities subject to administrative liability in an enforcement procedure.

¹ The difference between the amounts of imposed and paid administrative fines within the above period was mainly because the entities held liable violated the final payment deadline, which is the basis for the Bank of Russia to send relevant materials to the Russian Federal Bailiff Service for the enforced collection of administrative penalties, as well as due to bankruptcy and/or forced liquidation of the organisations supervised by the Bank of Russia that were subject to administrative liability.



2.7.11. ADDRESSING JUDICIAL ISSUES

In 2023, as part of its functions to control and supervise CIs and NFIs, the Bank of Russia filed 297 legal claims, including:

- two claims for recognition of CIs as insolvent (bankrupt) and their forced liquidation;
- 230 claims for recognition of NFIs as insolvent (bankrupt) and their forced liquidation; and
- 65 claims on disputes associated with imposing supervisory response measures on NFIs.

In 2023, in the specified court cases, 313 claims filed by the Bank of Russia were upheld (taking into account the pending cases initiated over the previous periods), including one claim against a CI and 312 claims against NFIs.

Over the reporting period, 16 claims were filed to challenge the Bank of Russia's actions and decisions as part of its supervision over CIs. With respect to this category of disputes, there were no upheld claims (taking into account the pending cases initiated over the previous periods).

Over the year, 670 claims were filed in the cases relating to the Bank of Russia performing regulation and exercising control and supervision over professional services provided in the financial market. In this category of disputes, 47 claims were upheld in 2023 (taking into account the pending cases initiated over the previous periods), of which 46 claims were against decisions (resolutions) in the cases on imposing administrative liability, including on officials, in particular rulings to deny administrative proceedings and one claim was against the Bank of Russia's decision regarding registration of an additional issue of shares owing to the issuer's violation of shareholder rights.

Amendments to the federal legislation brought about a new category of court cases associated with the Bank of Russia's assessment of the level of risk of legal entities and individual entrepreneurs performing suspicious transactions, the disclosure of this assessment on the KYC platform, and the application of Federal Law No. 115-FZ 'On Countering the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism' as part of these powers. In 2023, in this category of cases, 72 claims were raised against the Bank of Russia, none of which was upheld in the reporting period.

Furthermore, 111 suits arising out of business and other operations were brought against the Bank of Russia, including property-related suits worth ₽2,475,122,180. Overall, 22 suits were upheld in court (taking into account the pending cases initiated over the previous periods), including property-related suits totalling ₽1,000,440.

The Bank of Russia filed 87 suits arising out of business and other operations, including property-related suits, totalling ₽284,918,000. Overall, in 2023, 76 suits in this category were upheld in court (taking into account the pending cases initiated over the previous periods), including property-related suits, totalling ₽53,383,500.

In 2023, 21 suits arising out of employment relations were filed against the Bank of Russia, four of which were upheld (taking into account the pending cases initiated over the previous periods).



3.

3. ORGANISATIONAL DEVELOPMENT OF THE BANK OF RUSSIA

3.1. TRAINING AND DEVELOPMENT OF BANK OF RUSSIA PERSONNEL

DEVELOPMENT OF PROFESSIONAL COMPETENCIES

The Bank of Russia's portfolio comprises nearly 400 professional training programmes in 34 areas.¹ Data management and analytics, information and financial technologies, and cybersecurity remained the most demanded areas in the Bank of Russia's staff training structure in 2023. The new areas include implementation of a sustainable development agenda covering such issues as environment protection, energy efficiency, human engineering, climate risks, decarbonisation, and others.

The Bank of Russia developed and launched the comprehensive country study programme New Horizons: Greater Eurasia for the employees engaged in international communication. The programme is carried out in partnership with the specialised institutions of the Russian Academy of Sciences, major Russian universities, and specialised expert entities. It encompasses such topics as socio-political regimes and main economic development problems in China, Central Asia (CIS), the Middle East, South Asia, and Southeast Asia (ASEAN).

Invited by the Bank of Russia, representatives from federal executive authorities also joined the programme.

STAFF ASSESSMENT

The Bank of Russia assesses professional and management competencies of its personnel on a regular basis. This assessment is an integral part of the procedures for executive succession planning, appointment to executive positions, evaluating professional knowledge, and personnel development planning. Over the reporting period, the Bank of Russia introduced a primary assessment procedure for selecting candidates as part of its efforts to enhance the approaches to creating talent pools.

In 2023, the Bank of Russia carried out another cycle of the 360 Degree Feedback assessment.² More than 6,700 managers received feedback from the people who work with them. To support managers, the Bank of Russia developed a special online platform where users can get professional recommendations on how to improve relevant leadership skills and access a library of training materials. Furthermore, the Bank of Russia automated the process for making an individual development plan.

For the leaders interested in the use of assessment tools for supporting their management decisions, the Bank of Russia carried out a special training programme – the Practice of Assessment for Leaders.

¹ The top-priority areas in the development of Bank of Russia employees' professional competencies in 2023 were data management and analytics, information and financial technologies, and cybersecurity; the key areas for managers were efficient decision-making and communications.

² 360 Degree Feedback is a system for managers to receive feedback from the people who work with them (their immediate superior, colleagues, and subordinates) regarding the level of their management competencies.

The Bank of Russia made an extensive assessment of professional competences for both its own employees and the staff of financial and non-financial institutions, as well as the participants in the Internship at the Bank of Russia programme.

DEVELOPMENT OF LEADERSHIP AND MANAGEMENT COMPETENCIES

Considering the complexity of the tasks performed in 2023, the regulator determined the development path for its managers and integrated leadership practices that are critical for efficient work amid growing uncertainty into all its leadership training programmes. In 2023, based on these practices, the Bank of Russia developed 10 new programmes and carried out over 65 training programmes. The key topics of the year were efficient decision-making and appropriate communications.

In addition, the Bank of Russia created a number of training programmes for senior executives aimed at developing systemic thinking, strategic visioning, and creative approaches to addressing tasks through the study of the country's history and culture.



3.2. PROJECT AND PROCESS MANAGEMENT DEVELOPMENT

In 2023, the Bank of Russia continued to implement important projects, including those aimed at ensuring smooth functioning of the Bank of Russia and import substitution taking into account the current situation.

As of the end of 2023, the Bank of Russia's project portfolio comprised 169 projects, 83% of which included an IT component.

In the course of the implementation of the projects, the key results achieved were as follows:

- The Bank of Russia completed the transition to the mechanism for accepting all reporting forms from CIs, bank holding companies, and NPS participants via online accounts of participants in the information exchange with the Bank of Russia. This helped reduce financial market participants' costs for submitting their reporting to the Bank of Russia's regional branches on removable media. The regulator completed the transition to the mechanism for communication with NCIs – CCPs via online accounts of information exchange participants through a secure channel for smooth data transmission.¹
- The Bank of Russia robotised 43 business processes on domestic software.
- The Bank of Russia's data on financial access points became publicly available on Yandex Maps (see [Subsection 2.2.2. 'Enhancing financial inclusion for households and businesses'](#)).
- The Bank of Russia started communicating information from its database about actual and attempted unauthorised money transfers to the Ministry of Internal Affairs of Russia in electronic form.² This simplified the investigations of money thefts from individuals.

In the area of process management, the Bank of Russia continued to enhance its performance and optimise costs associated with its business processes and their further digitalisation.

Specifically, in 2023, the Bank of Russia:

- proceeded with optimising its supervision and inspection procedures by reducing the number of supervised entities and developing remote supervision;
- continued to centralise accounting functions at interregional accounting centres' level;
- was further reducing the network of cash settlement centres; and
- accomplished the centralisation of the function of financial institutions liquidation, which was needed in view of the optimisation of control procedures.

¹ In accordance with the requirements of Federal Law No. 7-FZ, dated 7 February 2011, 'On Clearing, Clearing Activities and the Central Counterparty' with regard to the implementation of the Bank of Russia's functions and Bank of Russia Ordinance No. 5864-U, dated 16 July 2021, 'On the Requirements for the Format, Procedure and Channels for Transmission of Information by the Central Counterparty to the Bank of Russia and the Composition of Such Information'.

² In accordance with the requirements of Federal Law No. 408-FZ, dated 20 October 2022, 'On Amending Article 26 of the Federal Law 'On Banks and Banking Activities' and Article 27 of the Federal Law 'On the National Payment System'.

The Bank of Russia was integrating digital technologies most demanded in the market into the business processes, including those robotising routine manual operations, supporting data analysis-based decision making, as well as AI and machine learning technologies. The regulator evaluated the digitalisation potential and prioritised the integration of digital technologies into the Bank of Russia's business processes.



3.3. CHANGES IN THE ORGANISATIONAL STRUCTURE

In 2023, the Bank of Russia continued to enhance its organisational structure, optimise the headcount, centralise its business processes and make them more efficient.

The reorganisation of the head office was continued:

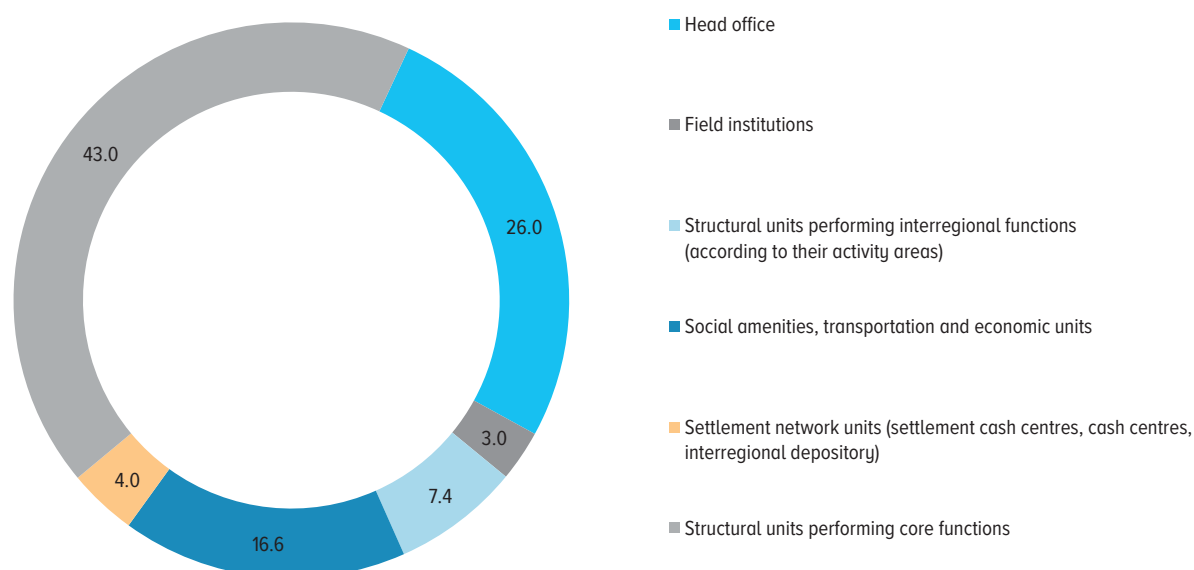
- In order to actively develop correspondent relationships among Russian banks and counterparties from friendly countries in the conditions of existing economic restrictions enacted by a number of foreign countries and companies, as well as in view of changes in the structure of international settlements, the Bank of Russia reorganised the International Cooperation Department into the International Settlements Department and the Department for Cooperation with International Organisations.
- To increase the efficiency of its regulation and supervision, the Bank of Russia consolidated the functions of combating illegal operations and unfair practices within its dedicated departments. The Department for Countering Misconduct was abolished and its functions were transferred to the Financial Market Infrastructure Department and the Microfinance Market Department, with the latter renamed the Non-bank Lending Department.

As part of the development of a single system for managing tools protecting information against malicious codes and unauthorised access, the regulator established cybersecurity competence centres and cybersecurity monitoring centres performing the business processes based on the interregional principle.

In 2023, the Bank of Russia continued to implement the measures initiated in previous years. As part of the centralisation of the accounting and reporting functions, the regulator established the Interregional Accounting Centre in the Siberian Federal District. The Bank of Russia resumed the programme intended to optimise the regional branches' settlement network, as a result of which seven cash settlement centres were liquidated. The regulator created new units performing these business processes based on the interregional principle.

Number of Bank of Russia personnel by structural unit as of 1 January 2024
(as a percentage of total Bank of Russia personnel)

Chart 30



Overall, as of 1 January 2024, the Bank of Russia comprised the head office, seven main branches with their 77 internal divisions (divisions – national banks), one interregional depository, 50 cash centres and cash settlement centres, 58 units performing interregional functions (in specific areas), 95 field institutions, the Representative Office of the Bank of Russia in the People's Republic of China, and auxiliary units.



3.4. INTERNAL AUDIT AND OPERATIONAL RISK MANAGEMENT AT THE BANK OF RUSSIA

The key objectives of internal audit are to enhance the Bank of Russia's activity and submit independent and reliable information to the Bank of Russia's executives and the National Financial Board on the compliance of the Bank of Russia's units with the laws of the Russian Federation, the regulations and other documents of the Bank of Russia, on the performance by the Bank of Russia's units of their respective functions, and on the operation of the risk management and internal control systems.

The Bank of Russia carries out internal audit following a risk-based approach to promptly respond to changes in the conditions of the regulator's activity. Over 2023, the Bank of Russia conducted 72 internal audit procedures.

The audit assessed whether the Bank of Russia achieved the goals and objectives within the National Payment System Development Strategy for 2021–2023, including the advancement of payment services and infrastructure. The operation of the Bank of Russia PS was considered.

The audit analysed the anti-sanction measures implemented by the Bank of Russia in foreign exchange regulation and control.

The audit of forecasting macroeconomic conditions of monetary policy and the RUONIA administration by the Bank of Russia, as well as the monitoring of transactions with assets in foreign currencies and precious metals were continued.

The audit examined various areas of the supervisory activity, including the issue of consents to the acquisition of CIs' shares (stakes); control over compliance of the financial position of CIs' shareholders (members) with the established requirements; admission of financial market operators as well as control and supervision over their activities; and organisation of financial monitoring.

Furthermore, the Bank of Russia's engagement in the development of competition in the country's insurance market was audited. The audit assessed how efficiently the Bank of Russia was exercising its powers¹ to supervise the activities of the united Russian association of insurers engaged in government supported agricultural insurance.

The audit evaluated the efficiency of using the resources of the FBSC.²

The audit assessed cash flow forecasting and analysed the issues related to cash services at CIs' offices using the Bank of Russia's cash.

The audit evaluated the reliability of internal financial control and the accuracy of the Bank of Russia's budget reporting.

The business processes related to the operation of the Bank of Russia were also analysed as part of the internal audit. The efficiency of internal security at the Bank of Russia's facilities was audited in the reporting year. The audit analysed the measures implemented to ensure smooth functioning

¹ Pursuant to Part 6 of Article 9 of Federal Law No. 260-FZ, dated 25 July 2011, 'On Government Support in Agricultural Insurance and on Amending the Federal Law 'On the Development of Agriculture'.

² The Fund of Insurance Sector Consolidation and the Fund of Pension Sector Consolidation were not formed.

of the critical information infrastructure in the conditions of sanctions. The audit scrutinised cybersecurity processes and evaluated progress of the action plans for eliminating cyber vulnerabilities. A number of issues of the Bank of Russia's financial and business performance were audited.

The internal audit results confirm that the Bank of Russia's units generally perform their respective functions properly and comply with the laws of the Russian Federation, the regulations and other documents of the Bank of Russia. The Bank of Russia implements measures to eliminate identified defects and address pain points.

As part of the implementation of the Bank of Russia's Internal Audit Development Concept for 2021–2025, the regulator was actively developing consulting services related to both current and strategic issues. Consulting services were provided to the Bank of Russia's units to fulfil practical and methodological tasks related to critical business processes and business continuity management. By rendering consulting services, the internal audit helps reduce the Bank of Russia's costs.

The Bank of Russia pays attention to operational risk management and adheres to modern standards and best practices in this area. In 2023, the regulator continued its efforts to update the profile of the Bank of Russia's operational risks considering the alterations in the internal and external environments and to enhance the methodology for managing business continuity and organising internal control at the Bank of Russia.



3.5. PROCUREMENTS BY THE BANK OF RUSSIA

In 2023, the Bank of Russia continued its efforts to ensure technological sovereignty in terms of consumed products, while maintaining competition in procurements. In order to readjust the methodology of procurements, the regulator amended¹ Bank of Russia Regulation No. 632-P, dated 1 March 2018, 'On the Procurement at the Central Bank of the Russian Federation (Bank of Russia)'.

The Bank of Russia maintained efficient centralisation of its procurement processes and continued to conclude long-term contracts providing for cost allocation over the next period from three to five years. Following the procurement processes, the Bank of Russia signed 1,300 contracts (vs 1,252 in 2022 and 1,647 in 2021) totalling ₽36.6 billion (vs ₽18.8 billion in 2022 and ₽25.3 billion in 2021). The major part of the signed contracts enabled the regulator to support the implementation of large construction and infrastructure projects, as well as reject foreign manufacturers' technical assistance and conclude services contracts with domestic specialists.

Highly competitive procurements that attracted four or more bids accounted for 25.0% in 2023, compared to 23.5% in 2022 and 25.3% in 2021. The average number of bidders per procurement equalled 2.9, which is close to 3.0 in 2022 and 3.2 in 2021.

In the reporting year, 1,523 suppliers, including 525 new ones, took part in the Bank of Russia's procurements. Contracts signed with SMEs based on the results of the tenders and procurements from a single supplier accounted for 33.9% (in value terms) in 2023, compared to about 51% in 2022 and nearly 50% in 2021.

Over 2023, the procurement bidders sent 16 complaints to the Bank of Russia's independent collegial body for handling such complaints (vs nine in 2022 and 25 in 2021), with one complaint cancelled later at the supplier's initiative. Following the review, four complaints were recognised as justified.

The Bank of Russia held the fifth annual Conference of the Bank of Russia's Suppliers in the form of offline discussions with representatives of Russian regions' businesses. The event aimed to explain the procurement process to regional suppliers that had never participated in the Bank of Russia's procurements before.

¹ Bank of Russia Ordinance No. 6493-U, dated 31 July 2023, 'On Amending Bank of Russia Regulation No. 632-P, Dated 1 March 2018, 'On the Procurement at the Central Bank of the Russian Federation (Bank of Russia)'; and Bank of Russia Ordinance No. 6616-U, dated 1 December 2023, 'On Amending Bank of Russia Regulation No. 632-P, Dated 1 March 2018, 'On the Procurement at the Central Bank of the Russian Federation (Bank of Russia)'.



4.

4. ANNUAL FINANCIAL STATEMENTS OF THE BANK OF RUSSIA. AUDITORS' REPORTS AND THE DECISION OF THE NATIONAL FINANCIAL BOARD

INTRODUCTION

The Annual Financial Statements include information on banking operations and other transactions conducted by the Bank of Russia to perform its functions set out in Federal Law No. 86-FZ, dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)' (as amended) (hereinafter, the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)').

The Annual Financial Statements for 2023 presented below (hereinafter, the financial statements) comprise the following:

- Annual balance sheet;
- Statement of financial performance;
- Statement of actual profit and its allocation or of actual incurred losses;
- Statement of Bank of Russia reserves and funds;
- Statement of Bank of Russia management of securities and equity stakes in organisations constituting the Bank of Russia's property;
- Statement of Bank of Russia securities transactions on exchanges;
- Statement of Bank of Russia personnel costs;
- Statement of capital investment budget performance.

The principal objectives of the Bank of Russia are to:

- protect the ruble and ensure its stability;
- upgrade and strengthen the Russian banking system;
- ensure the stability and development of the National Payment System;
- develop the Russian financial market;
- ensure the stability of the Russian financial market.

ANNUAL BALANCE SHEET AS OF 31 DECEMBER 2023


(in millions of rubles)

	Note	2023	2022
ASSETS			
Assets in foreign currencies and precious metals	4	50,878,106	39,033,812
Loans and deposits	5	6,290,151	4,730,797
Securities	6	437,072	469,645
Claims on the IMF	7	3,667,640	2,842,329
Other assets	8	245,589	146,671
Total assets		61,518,558	47,223,254
LIABILITIES			
Cash in circulation	9	18,321,231	16,348,149
Funds in accounts with the Bank of Russia	10	15,819,435	15,405,486
Obligations to the IMF	11	3,328,299	2,542,657
Other liabilities	12	220,512	184,245
Total liabilities		37,689,477	34,480,537
CAPITAL AND PROFIT			
Capital, total, of which:	13	23,688,638	12,742,717
Authorised capital		3,000	3,000
Reserves and funds		25,548,442	14,602,429
Previous years losses		(1,862,804)	(1,140,995)
Reporting year losses		0	(721,717)
Reporting year profit	13	140,443	0
Total liabilities, capital and profit		61,518,558	47,223,254

Governor of the Bank of Russia

Bank of Russia Chief Accountant

27 March 2024



Elvira Nabiullina**Irina Granovskaya**

STATEMENT OF FINANCIAL PERFORMANCE FOR 2023

(in millions of rubles)

	Note	2023	2022
INCOME			
Interest income	14	668,938	525,321
Net income from operations with securities, foreign currency and precious metals		161,199	0
Income from equity stakes in credit institutions and other organisations		16,410	4,979
Other income	15	12,748	10,914
Total income		859,295	541,214
EXPENSES			
Interest expenses	16	436,893	382,603
Net expenses on operations with securities, foreign currency and precious metals		0	670,838
Cash turnover management expenses	17	12,562	14,578
Net expenses on the formation of provisions	18	53,274	3,590
Other operating expenses	19	64,935	57,381
Bank of Russia personnel costs	20	151,188	133,941
Total expenses		718,852	1,262,931
FINANCIAL RESULT			
Reporting year loss		140,443	(721,717)

STATEMENT OF CHANGES IN CAPITAL AND PROFIT FOR 2023

(in millions of rubles)

	Capital				Profit
	Authorised capital	Reserves and funds	Losses	Total capital	
Balance as of 31 December 2021, after tax for 2021	3,000	17,345,039	(1,140,995)	16,207,044	0
Loss for 2022	0	0	(721,717)	(721,717)	0
Transferred to reserves and funds in 2022 from other sources, excluding profit	0	9,683	0	9,683	0
Paid from reserves and funds in 2022	0	(2,752,293)	0	(2,752,293)	0
Balance as of 31 December 2022, before tax for 2022	3,000	14,602,429	(1,862,712)	12,742,717	0
Taxes and duties, including those paid in advance in 2022	0	0	(92)	(92)	0
Balance as of 31 December 2022, after tax for 2022	3,000	14,602,429	(1,862,804)	12,742,625	0
Profit for 2023	0	0	0	0	140,443
Transferred to reserves and funds in 2023 from other sources, excluding profit	0	10,962,564	0	10,962,564	0
Paid from reserves and funds in 2023	0	(16,551)	0	(16,551)	0
Balance as of 31 December 2023, before tax for 2023 and allocation of profit for 2023	3,000	25,548,442	(1,862,804)	23,688,638	140,443
Taxes and duties, including those paid in advance in 2023	0	0	0	0	(96)
Profit for 2023 after taxes and duties paid in accordance with the Tax Code of the Russian Federation	0	0	0	0	140,347
Profit for 2023 to be transferred to the federal budget in accordance with Article 26 of Federal Law No. 86-FZ, dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)'	0	0	0	0	(105,261)
Transferred from profit for 2023 retained by the Bank of Russia	0	17,543	17,543	35,086	(35,086)
Balance as of 31 December 2023 after tax and allocation of profit for 2023 in 2024	3,000	25,565,985	(1,845,261)	23,723,724	0

Information on the reserves and funds of the Bank of Russia is disclosed in the Statement of Bank of Russia Reserves and Funds.



NOTES TO ANNUAL FINANCIAL STATEMENTS FOR 2023

(in millions of rubles)

1. BANK OF RUSSIA ACCOUNTING AND FINANCIAL REPORTING FUNDAMENTALS

The Bank of Russia carries out accounting records and compiles its financial reporting in accordance with the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)', Federal Law No. 402-FZ, dated 6 December 2011, 'On Accounting', Bank of Russia Regulation No. 567-P, dated 19 December 2016, 'On the Chart of Accounts for Accounting Purposes at the Central Bank of the Russian Federation (Bank of Russia) and the Procedure for Using it', Bank of Russia Regulation No. 522-P, dated 21 December 2015, 'Bank of Russia Accounting Policy for Accounting Purposes' (hereinafter, the Accounting Policy), and other Bank of Russia regulatory documents issued in pursuance of the said federal laws.

The financial statements were compiled on the basis of the annual accounting statements of the Bank of Russia, accounting registers, and information set out in Bank of Russia regulations on the accounting at the Bank of Russia and other Bank of Russia regulations.

These financial statements do not include the financial statements of credit institutions and other organisations, where the Bank of Russia holds equity stakes and/or whose activities it controls, as well as of legal entities established by the Bank of Russia. Under Russian law, the Bank of Russia is not required to compile consolidated financial statements that include the financial statements of credit institutions and other organisations where it holds equity stakes and/or whose activities it controls, as well as of legal entities established by the Bank of Russia.

These financial statements were compiled in the currency of the Russian Federation, the Russian ruble (hereinafter, rubles), or in millions of rubles.

The financial statements cover a period from 1 January through 31 December 2023.

Bracketed figures in tables are negative values.

For the purposes of these financial statements, Bank of Russia operations with credit institutions and the State Development Corporation VEB.RF are jointly referred to as operations with resident credit institutions.

2. BANK OF RUSSIA ACCOUNTING POLICY FOR ACCOUNTING PURPOSES, ACCOUNTING ITEMS AND METHODS OF THEIR APPRAISAL

Assets (claims) and liabilities are recorded at their initial value as of the moment of their acquisition or occurrence. The initial value does not change until their retirement, sale, or redemption, unless otherwise provided for by the Russian legislation, the Accounting Policy, and Bank of Russia regulations or other documents. The specifics of any subsequent appraisal (revaluation) of assets (claims) and liabilities are described in this Note.

(a) PRECIOUS METALS

Assets (claims) and liabilities denominated in precious metals are entered in the books at the value of the precious metals according to the book prices for refined precious metals established by the Bank



of Russia (hereinafter, the book price) as of the date of a transaction with precious metals and shall be revalued according to changes in book prices.

Assets (claims) and liabilities denominated in precious metals are reflected in the books as of the end of the reporting year at fair value calculated by the Bank of Russia.

Bank of Russia claims and liabilities with respect to the delivery of precious metals in forward transactions under signed contracts are recorded to off-balance sheet accounts at book prices from the transaction date to the date of delivery of the precious metals or the settlement date, whichever is earlier, and revalued as the book prices change.

(b) FOREIGN CURRENCY ASSETS AND LIABILITIES

Foreign currency assets (claims) and liabilities are entered in the books as of the date of the operation or transaction in foreign currency at the official exchange rate of the foreign currency against the ruble set by the Bank of Russia as of that date (hereinafter, the official exchange rate).

Foreign currency assets (claims) and liabilities are revalued as the official exchange rate changes, except for amounts received, advances paid and down payments made under business transactions with non-resident companies (for goods delivered, works performed or services rendered), as well as the amounts of down payment in Bank of Russia transactions related to its equity stakes in other companies which are not subject to revaluation.

Bank of Russia claims and liabilities denominated in foreign currency under signed foreign currency purchase and sale forward contracts are posted to off-balance sheet accounts at the official exchange rates from the transaction date to the first settlement date stipulated by transaction terms and are revalued as official exchange rates change.

(c) SECURITIES

Investments in debt securities are categorised as follows, depending on the purpose of the purchase:

- *Appraised at fair value through profit or loss*. These include securities purchased to be sold in the short term (up to one year) whose fair value can be determined reliably;
- *Held to maturity*. These include securities that the Bank of Russia intends to hold to maturity, regardless of the period between the purchase date and the maturity date;
- *Available for sale*. These include securities that are not categorised as *Appraised at fair value through profit or loss* or *Held to maturity* when purchased.

Securities are accounted for at their initial value, which includes the purchase price (purchase value) and, for securities *Available for sale* or *Held to maturity*, material additional expenses (costs) directly associated with their purchase. Expenses (costs) exceeding 5.0% of the transaction value are recognised as material.

Securities are entered in the accounts in the currency of their denomination.

The price of securities purchased in a currency other than that of their denomination is determined at the official exchange rate as of the purchase date, or at a cross rate calculated using official exchange rates.



The balance sheet value of securities after their initial recognition changes by the amount of interest income (interest expenses) accrued, amounts of partial redemption of the nominal value of securities and coupon payments, and for securities *Appraised at fair value through profit or loss* and *Available for sale*, where their fair value can be determined reliably, with due regard to their revaluation at fair value.

The amount of discount and interest (coupon) income less the premium amount is recognised as interest income. A discount on the security means a positive difference between the nominal value (current face value) of the security and its initial value less interest (coupon) income included in the purchase price.

The amount of premium in excess of interest (coupon) income is recognised as interest expense. A premium on the security means a negative difference between the nominal value (current face value) of the security and its initial value less interest (coupon) income included in the purchase price.

Interest income and expenses are accrued on a uniform basis from the purchase date of securities and during their remaining maturity, unless otherwise specified in Bank of Russia regulations.

Interest income on securities where there is no uncertainty as to the receipt of the said income, as well as interest expenses on securities are recognised as income or expenses, respectively, on the last business day of the month when the securities are retired (sold) or redeemed (partially redeemed), and when interest (coupon) income is paid by the issuer. Interest income on securities where the receipt of the income is recognised to be uncertain is recorded to separate off-balance sheet accounts for unreceived interest income and is recognised as income when the funds are actually received.

The fair value of securities is measured using representative quotes (prices) from information systems available to the Bank of Russia, or securities prices disclosed (provided) by trade organisers or organisations that provide price information services to the Bank of Russia, or available in open data sources. Valuation models based on market data are used to estimate the fair value of securities that do not have representative quotations (prices).

The securities revaluation amount is the difference between the fair value of securities of a corresponding issue (issuer) and their balance sheet value, net of the revaluation reflected in the corresponding balance sheet accounts.

Securities categorised as *Held to maturity* are not subject to revaluation; they are reflected in the financial statements net of impairment provisions.

Upon the retirement (sale) of securities, the price of such securities shall be determined using the FIFO method, which stipulates that the retirement (sale) of securities is recorded in the accounts in the order of their acquisition. The price of retired (sold) securities includes the price of securities that were acquired first.

The financial result of the retirement (sale) or redemption of securities is calculated as the difference between the balance sheet price of the security as of the retirement date, inclusive of accrued interest income (for securities in the category *Appraised at fair value through profit or loss*, net of revaluation amounts), and the contractual redemption price or retirement (sale) price, and is recorded to the income or expenses on securities operations in the statement of financial performance. For securities in the category *Available for sale*, alongside showing the retirement (sale) or redemption of securities, the amount of the accumulated revaluation of retired securities is transferred to accounts for income or expenses from securities transactions in the statement of financial performance.

Securities transferred by the Bank of Russia in reverse transactions, including securities in repo transactions, are recognised in the same category of securities, in which they were recognised before the transaction, in separate balance sheet accounts. Funds raised by the Bank of Russia in repo transactions are recognised in Bank of Russia balance sheet accounts for funds raised.

Securities received by the Bank of Russia in reverse transactions, including securities in repo transactions, are recorded to off-balance sheet accounts and revalued at the fair value on the last working day of the month. Funds provided by the Bank of Russia in repo transactions are accounted for in Bank of Russia balance sheet accounts for funds placed.

Income received or expenses incurred by the Bank of Russia in reverse transactions are recorded in the financial statements as *Interest income* or *Interest expenses* items of the statement of financial performance, respectively.

(d) INVESTMENTS

Bank of Russia investments in the authorised capital of credit institutions and other organisations are accounted for at their initial price as of the date of transfer of the title to shares (stakes), as specified in the documents confirming the transfer of the title to the shares (stakes).

The initial value of shares (stakes) entered in the books includes the purchase price (purchase value) and material additional expenses (costs) directly associated with their purchase.

Expenses (costs) exceeding ₺25,000 are recognised as material. Immaterial additional expenses (costs) directly related to the purchase of shares (stakes) are included in expenses on securities trading.

Bank of Russia investments in credit institutions' shares acquired for the purpose of participation in bankruptcy prevention measures and transferred to trust management are accounted for in balance sheet accounts for assets transferred to trust management; in the financial statements these investments are recorded to the *Securities* item of the annual balance sheet.

Foreign currency investments in legal entities' shares (stakes) denominated in foreign currency are accounted for in rubles at the official exchange rate as of the date when the title to the shares (stakes) is transferred or at the official exchange rate as of the date when they are paid up with a prepayment.

The value of shares (stakes) denominated in a foreign currency is not subject to further revaluation following a change in the official exchange rate.

Bank of Russia investments in the units of a unit investment fund set up in order to implement bankruptcy prevention measures at financial institutions with the participation of the Bank of Russia are accounted for at their initial value as of the date on which the Bank of Russia's title to the units is transferred, as indicated in the documents confirming the transfer of title to the units. The initial value of units entered in the books equals the amount of funds paid for the units of the unit investment fund.

Bank of Russia investments in the units of a unit investment fund set up in order to implement bankruptcy prevention measures at financial institutions are recognised in the financial statements at their initial value net of impairment provisions.



(e) LOANS AND DEPOSITS

Loans, including subordinated loans, provided to credit institutions, state corporations, other legal entities, and deposits placed, *inter alia*, in accordance with federal laws and decisions of the Bank of Russia Board of Directors, are recognised in the financial statements as part of the principal, including accrued interest whose receipt is regarded as certain, net of impairment provisions. Interest income where there is uncertainty as to its receipt is recorded to off-balance sheet accounts for unearned interest income and is recognised as income when the funds are actually received.

The Bank of Russia issues loans against the pledge of securities, pledge of receivables on loan agreements and/or sureties, as well as unsecured loans based on the decision of the Bank of Russia Board of Directors.

Securities received as collateral for issued loans are appraised at their market value determined as of the transfer date of these securities as collateral on a Bank of Russia loan, using the adjustment ratios established by the Bank of Russia, and are not subject to further revaluation.

Claims under loan agreements received as collateral for issued loans are accounted for at the value determined according to the procedure defined by the loan agreement, adjusted by the adjustment ratios established by the Bank of Russia.

The value of collateral for Bank of Russia loans provided against sureties is calculated as the amount of loan debt plus the interest to be paid for the anticipated period of use of the loan, calculated based on the conditions of the loan agreement signed with the Bank of Russia.

For accounting purposes, the value of collateral in the form of a surety issued by one guarantor, which is received by the Bank of Russia for several loans, is determined as the maximum amount of such guarantor's liability for the performance by a borrowing credit institution of its obligations under Bank of Russia loans.

Within the framework of implementing measures aimed at stabilising the financial market of the Russian Federation, the Bank of Russia places funds as part of bankruptcy prevention measures at credit institutions using the money of the Fund of Banking Sector Consolidation.

(f) LOSS PROVISIONS FOR BANK OF RUSSIA OPERATIONS

To cover possible financial losses if risks materialise under Bank of Russia claims and liabilities (including contingent ones), which arise in the course of the Bank of Russia's performing its functions in accordance with Russian laws, the Bank of Russia makes the following provisions for: credit and other similar exposures (hereinafter, exposures), including those on securities held to maturity; claims on interest income under exposures reflected on balance sheet accounts (hereinafter, claims on interest income); investments in the units of a unit investment fund set up in order to implement bankruptcy prevention measures at financial institutions; funds deposited by the Bank of Russia with credit institutions to compensate for the part of losses (expenses) incurred by credit institutions under transactions with other credit institutions whose banking licences have been revoked; securing obligations to participants in the Bank of Russia's Pension Plan; amounts paid by the Bank of Russia to the Pension and Social Insurance Fund of the Russian Federation in accordance with Russian laws to compensate for the shortage of pension savings; amounts transferred by the Bank of Russia to the Pension and Social Insurance Fund of the Russian Federation in the event of the forced winding



up of a non-governmental pension fund; and receivables under the business activity of the Bank of Russia.

Provisions are made in the currency of the Russian Federation. Bank of Russia provisions are made on the basis of decisions by the Bank of Russia Board of Directors and are recognised as Bank of Russia expenses.

Given a decrease in the amount of claims and liabilities in the event of their full or partial repayment, mitigation of the risk of possible financial losses thereunder, the corresponding part of the provisions made for the claims and liabilities should be reduced and posted (recovered) to Bank of Russia income.

Provisions are used to cover financial losses under liabilities in the event that risks thereunder materialise and to write off claims the Bank of Russia cannot recover after it has undertaken all necessary and sufficient legal and actual measures to recover them and to exercise the rights arising from the availability of collateral for these claims, including when an entry on the debtor's registration in connection with its liquidation is made in the Unified State Register of Legal Entities.

Provisions for exposures as well as exposures to credit interest income are made by the Bank of Russia when the risk of possible financial loss (credit risk) arises as a result of a borrower's default on or improper fulfilment of obligations in accordance with the terms and conditions of agreements or other documents confirming the provision and placement of funds by the Bank of Russia or as a result of the revocation of the borrower's banking licence.

The Bank of Russia determines the level of credit risk and, if needed, makes provisions in the amount corresponding to the identified credit risk level for the following exposures: loans issued by the Bank of Russia (*inter alia*, under opened credit lines); deposits placed by the Bank of Russia; funds placed by the Bank of Russia under repo operations; and securities held to maturity. When assessing credit risk, the Bank of Russia evaluates the financial standing of a borrower and the quality of its debt servicing.

Provisions for exposures of the Bank of Russia in rubles and foreign currency are made on a case-by-case basis or for portfolios of homogeneous credit claims (on a portfolio basis).

For exposures having no individual signs of impairment and meeting the criteria for the formation of portfolios of homogeneous credit claims, provisions are made on a portfolio basis.

Provisions for exposures pooled in the portfolios of homogeneous credit claims are made for a portfolio as a whole and reflect the amount of possible financial losses that may result from the overall impairment of homogeneous exposures pooled (grouped) in the same portfolio. When determining criteria for attributing credit claims to the portfolio of homogeneous credit claims, the Bank of Russia may take into account the following properties of exposures: the type of exposures, emergence of exposures as a result of transactions under a single agreement; placement of funds on similar conditions; placement of funds in compliance with certain federal laws; the net settlement of debt obligations under several transactions; and other properties of transactions.

The amount of provisions for exposures is determined taking into account the value (amount) of collateral provided under concluded agreements calculated using adjustment ratios (discounts) (Note 2(e)).



The Bank of Russia makes provisions for investments in the units of a unit investment fund set up in order to implement bankruptcy prevention measures at financial institutions with the participation of the Bank of Russia; the amount of these provisions is determined taking into account the fact that the value of investments in the said units net of provisions shall not exceed the value of the net assets of the unit investment fund.

Loss provisions for the funds deposited by the Bank of Russia with credit institutions to compensate, pursuant to federal laws, for the portion of losses (expenses) sustained by credit institutions in transactions with other credit institutions whose banking licences have been revoked (hereinafter, the compensation deposit) are made when credit institutions write off the compensation deposit in whole or in part.

Provisions to secure Bank of Russia obligations to participants in its Pension Plan are made to secure the fulfilment of supplementary pension obligations to Bank of Russia employees in accordance with the terms and conditions of the Pension Plan. The amount of provisions to be made is determined by the excess of the forecast value of pension obligations over the anticipated balance of the Bank of Russia pension fund as of the end of the year following the reporting one.

Provisions for the amounts of compensation paid by the Bank of Russia to the Pension and Social Insurance Fund of the Russian Federation for the shortage of pension savings are formed when, in accordance with Russian laws, the Bank of Russia, as a result of compensating for the shortage of pension savings, acquired claims which, in the event of the bankruptcy of a non-governmental pension fund, that is not a participant fund in the guarantee system of the rights of insured persons, or in the event of its forced liquidation, shall be satisfied using the equity (assets securing statutory activity, if the non-governmental pension fund is a non-profit organisation) of such non-governmental pension fund.

Provisions for the amounts of funds transferred by the Bank of Russia to the Pension and Social Insurance Fund of the Russian Federation are made if an arbitration court issues a ruling, upon the Bank of Russia's application, on the forced liquidation of a non-governmental pension fund which has not been registered in the system guaranteeing the rights of insured persons because of the cancellation of its licence.

Provisions to cover possible financial losses under receivables from economic activity determined in the values established by the Bank of Russia's regulation governing the procedure for the Bank of Russia to write off assets, receivables and other expenditures are formed for receivables recognised in the books in the balance sheet accounts for settlements with employees with regard to imprest amounts (in respect of the amounts of shortages); settlements with suppliers, contractors, and buyers; or settlements with other debtors where such receivables involve the risk of possible financial loss due to the default on (improper performance of) obligations by the Bank of Russia's debtor under the contract for the delivery of goods, performance of works, or provision of services.

Bank of Russia assets, for which provisions are made, are accounted for in the financial statements net of the amount of provisions made.

(g) FIXED ASSETS

Bank of Russia fixed assets are defined as tangible property having a service life of over 12 months and a value exceeding the limit set by the Bank of Russia for recognising property as fixed assets



which are used as tools for the provision of services or management of a Bank of Russia unit, as well as in the cases stipulated by health and safety, technical and maintenance, and other special technical standards and requirements.

Since 1 January 2016, the limit value of property to be entered into the books as fixed assets has been set by the Bank of Russia at over ₹100,000 per accounting unit put into operation from 1 January 2016. Property entered into the books as fixed assets before 1 January 2016 is accounted for as part of fixed assets.

Fixed assets are recognised in the financial statements at their residual value, i.e., at the purchase price including revaluation less accrued depreciation, in the *Other assets* item of the balance sheet.

Bank of Russia fixed assets have been revalued in accordance with Russian Federation Government resolutions. The latest revaluation was made as of 1 January 1997.

Depreciation allowances are made each month, beginning on the first day of the month following the month a fixed asset is put into operation, at the rate of one-twelfth of the annual sum, and are continued throughout its entire service life. They are discontinued from the first day of the month following the month when the cost of the asset was fully repaid, or the asset was retired.

The maximum amount of accrued depreciation equals the balance sheet value of a fixed asset, which means the initial or current (replacement) value of the asset (including revaluation).

Fixed assets put into operation prior to 1 January 2002 are subject to the following rates of depreciation:

(%)

	2023	2022
Buildings and other facilities	1–5	1–5
Equipment (including computers, furniture, vehicles, etc.)	1–4	1–5

Fixed assets put into operation from 1 January 2002 are subject to the following rates of depreciation:

(%)

	2023	2022
Buildings and other facilities	1–25	1–25
Equipment (including computers, furniture, vehicles, etc.)	2–50	2–50

Expenses for the repair and maintenance of fixed assets are recorded to the financial statements in the *Other operating expenses* item of the statement of financial performance.

Income or expenses following the retirement of fixed assets are calculated as the difference between their balance sheet value (including accrued depreciation) and retirement cost and are recorded to the statement of financial performance in the *Other income* or *Other operating expenses* items.

(h) INTANGIBLE ASSETS

Intangible assets are identifiable objects whose initial value may be accurately measured. These do not have a physical form and are meant for long-term use (i.e., during a service life of over 12 months). They are not intended for sale within 12 months and are capable of bringing further economic benefits, which the Bank of Russia is entitled to get, whereas any other entities have only limited access to such economic benefits.

Intangible assets are accounted for in the financial statements at their residual value, i.e., at the purchase price net of accrued amortisation, in the *Other assets* item of the annual balance sheet.

Amortisation allowances are made each month, starting on the first day of the month following the month intangible assets are put into operation, at the rate of one-twelfth of the annual sum, and are continued throughout their entire service life. They are discontinued from the first day of the month following the month when the cost of the asset was completely repaid, or the asset was retired.

The maximum amount of accrued amortisation equals the balance sheet value of intangible assets.

The following rates of amortisation are applied to intangible assets put into operation beginning on 1 January 2002:

(%)

	2023	2022
Intangible assets	8–92	8–92

The service life of intangible assets is established on the basis of the duration of Bank of Russia rights to the results of intellectual work or means of identification, and the period of control over intangible assets; and the expected service life of intangible assets during which the Bank of Russia intends to derive economic benefits (or use them in its work).

Income or expenses arising following the retirement of intangible assets are calculated as the difference between their balance sheet value (including accrued amortisation) and the retirement value, and are recorded to the statement of financial performance in the *Other income* or *Other operating expenses* items.

(i) CASH IN CIRCULATION

The Bank of Russia is the sole issuer of cash and the organiser of cash circulation. Banknotes and coins put into circulation are shown in the financial statements at their nominal value, exclusive of ruble cash at Bank of Russia tills, Bank of Russia ATMs and cash in transit, as well as cash held by the Bank of Russia and dispensed to provide cash services to credit institutions.

(j) FUNDS IN ACCOUNTS WITH THE BANK OF RUSSIA

Funds in accounts with the Bank of Russia are comprised of federal government funds, funds in the treasury single account, resident banks' correspondent accounts, required reserves of credit institutions deposited with the Bank of Russia, credit institutions' and other organisations' deposits taken by the Bank of Russia, regional and local government budget funds and government extra-budgetary



funds, and funds of organisations that are federal or public property. Funds in accounts with the Bank of Russia are reflected in the financial statements at their nominal value, inclusive of interest accrued.

(k) CAPITAL

The Bank of Russia's capital consists of:

- authorised capital. Under Article 10 of the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)', the Bank of Russia has authorised capital in the amount of ₽3 billion;
- various reserves and funds created to enable the Bank of Russia to perform the functions stipulated by the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)'. Information about the sources and use of Bank of Russia reserves and funds is contained in the Statement of Bank of Russia Reserves and Funds, which is part of these financial statements;
- loss.

(l) RECOGNITION OF BANK OF RUSSIA INCOME AND EXPENSES

Income and expenses are formed as a result of conducting transactions in rubles, foreign currency and precious metals and are recorded on an accrual basis, that is, they are posted as soon as they occur, rather than after the funds (or their equivalents) have been actually received or paid.

Records across accounts for income and expenses are maintained in rubles.

Income and expenses are recorded in the period to which they relate.

Expenses on the replenishment of supplementary pension funds for Bank of Russia employees are recorded to the statement of financial performance, after they have been incurred, based on the actuarial valuation of pension obligations of the Bank of Russia.

Income in the form of dividends due for Bank of Russia stakes in legal entities' authorised capitals is recorded in the books based on information on the decision to pay dividends made by the legal entity's authorised body.

Income (expenses) received (incurred) and accrued for previous reporting periods is (are) recorded to the financial statements in the items of the statement of financial performance for the reporting period with corresponding economic content.

Interest income and interest expenses are accrued during the period of placement (attraction) of funds on a uniform basis, unless otherwise stipulated by Bank of Russia regulations.

The receipt of interest income on all exposures with regard to borrowers against which claims, according to the provisioning procedure, are classified into groups that are below the groups involving no credit risk or insignificant or moderate credit risk, is deemed to be uncertain for accounting from the date of the classification.

(m) FINANCIAL PERFORMANCE

Financial performance: profit or loss is calculated in accordance with the legislation of the Russian Federation as the difference between total income and expenses of the Bank of Russia for the reporting year, as reflected in the books.

(n) TAXATION OF THE BANK OF RUSSIA

The Bank of Russia pays taxes and duties in compliance with the Tax Code of the Russian Federation. It has drawn up and approved its accounting policy for the purposes of taxation, which sets out the applicable tax accounting principles and methods, alongside the rules on, and procedure for, creating a tax base for the calculation of taxes and duties to be paid by the Bank of Russia.

(o) TRANSFER OF PROFIT TO THE FEDERAL BUDGET

Pursuant to Article 26 of the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)', after the Annual Financial Statements have been approved by the Board of Directors, the Bank of Russia transfers 75% of the actual annual profit retained after the payment of taxes and duties under the Tax Code of the Russian Federation to the federal budget.

(p) CLAIMS ON THE IMF AND OBLIGATIONS TO THE IMF

Pursuant to the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)', the Bank of Russia serves as a depository for IMF funds in the currency of the Russian Federation and performs operations and transactions stipulated by the IMF's Articles of Agreement and contracts with the IMF.

The Bank of Russia keeps records of the Russian Federation's claims on the IMF (including the Russian Federation's quota in the Fund) and its obligations to the IMF.

Claims on the IMF include the Russian Federation's quota in the Fund; funds in the Russian Federation's account with the IMF's Special Drawing Rights Department (SDR Department); and loans provided by the Bank of Russia to the IMF under the New Arrangements to Borrow (NAB), inclusive of interest accrued.

IMF quotas are subscriptions of all member states, which are paid in national and foreign currencies. The portion of the quota paid in a foreign currency constitutes a position on the reserve tranche. Quotas are denominated in Special Drawing Rights (SDRs).

The SDRs are reserve assets created by the IMF. The SDR value is posted daily based on the basket of currencies, consisting of the US dollar, euro, Chinese yuan, Japanese yen and pound sterling.

Obligations to the IMF are represented by the ruble balances in the IMF's Number 1 and 2 Accounts with the Bank of Russia and by the obligations on SDRs received by the Russian Federation during previous issues of SDRs by the IMF, inclusive of accrued interest.

The IMF's Number 1 Account is used for financial operations and trades. The IMF's Number 2 Account is used to pay for the administrative expenses of the IMF representative office in the Russian Federation and is replenished by withdrawing funds from the IMF's Number 1 Account.



The accounting of claims on the IMF and obligations to the IMF as well as interest accrual is performed in line with IMF recommendations and Bank of Russia regulations. In order to maintain the total of Bank of Russia ruble-denominated obligations to the IMF in SDR terms at the ruble exchange rate set by the IMF, the balances in the IMF's Number 1 and 2 Accounts are revalued on a monthly basis on the first working day of the month following the reporting month. The total exchange rate differences accrued on the IMF's Number 1 Account are recognised in correspondence with the account for recording the part of the quota paid in rubles. The total exchange rate differences accrued to the IMF's Number 2 Account are recorded to the Bank of Russia's income or expenses. At the end of the IMF's fiscal year (30 April) and by the decision of the IMF or at the request of the Bank of Russia, the amount of the accrued exchange rate differences from the revaluation of the IMF's Number 1 Account is recorded to the increase (decrease) in the balance of the IMF's Number 1 Account; and the revaluation of the IMF's Number 2 Account is recorded to the increase (decrease) in this account's balance.

SDR-denominated claims on the IMF and obligations to the IMF are revalued at the official exchange rate of the SDR to the ruble set by the Bank of Russia.

3. IMPACT OF ECONOMIC CONDITIONS ON BANK OF RUSSIA FINANCIAL STATEMENTS

Bank of Russia annual balance sheet indicators and financial performance in 2023 were shaped amid the recovery of business and consumer activity, elevated sanctions pressure against Russia's economy and financial system, the ruble's weakening, and monetary tightening.

The balance under the *Assets in foreign currencies and precious metals* grew by 30.3% (from ₹39,033,812 million to ₹50,878,106 million) over 2023 due to a considerable positive exchange rate revaluation amid a weaker ruble and higher gold prices. Over 2023, the USD/RUB exchange rate set by the Bank of Russia increased by 27.5%, the EUR/RUB exchange rate – by 31.1%, the CNY/RUB exchange rate – by 27.1%, and the fair value of gold grew by 45.0% over the same period. The Bank of Russia conducted net foreign exchange sales worth ₹832.8 billion in the course of mirroring fiscal rule-based operations and net investment of the National Wealth Fund's resources.

In 2023, the value of Bank of Russia claims on credit institutions increased. The balance under the *Loans and deposits* item increased by 33.0% (from ₹4,730,797 million to ₹6,290,151 million). Amid lower structural liquidity surplus, higher volatility of client payments, and the uneven distribution of funds among credit institutions, demand for Bank of Russia standing lending facilities increased at the end of the year. Concurrently, the Bank of Russia reduced the amount of funds provided via one-month and 12-month repo auctions.

There were no considerable changes recorded in Bank of Russia assets in the *Securities and Other assets* items.

In 2023 in general, amid the recovery growth of Russia's GDP by 3.6% in real terms and by 10.1% in nominal terms, Bank of Russia assets increased by 30.3% (from ₹47,223,254 million to ₹61,518,558 million).

In 2023, the balance under the *Cash in circulation* item was up by 12.1% (from ₹16,348,149 million to ₹18,321,231 million). High demand for cash was observed in 2023 H1 due in part to the need to service economic activity in Russia's new regions as well as higher volume of social payments financed by the budget. In 2023 H2, amid growing deposit rates, cash gradually returned to the banking sector.



The balance under the *Funds in accounts with the Bank of Russia* item grew negligibly by 2.7% (from ₹15,405,486 million to ₹15,819,435 million). Balances of NWF resources denominated in foreign currency and gold in accounts with the Bank of Russia shrank as NWF resources were used to make net investments in Russian economy and finance the budget deficit. At the same time, the balance in the ruble accounts of the Russian Federation Government with the Bank of Russia increased. This was due to the gap in time when money was withdrawn from the NWF and was actually credited to the accounts of budget-funded institutions at banks as part of budget expenditures.

Credit institutions' funds with the Bank of Russia increased slightly, while the structure of Bank of Russia liabilities changed. On the one hand, balances in bank correspondent accounts and required reserves accounts increased. This was due to several increases in required reserve ratios over the year,¹ as well as the growth in the reservable base and its positive exchange rate revaluation (in terms of reserve requirements for banks' foreign currency liabilities). At the same time, in 2023, a reduction in the structural liquidity surplus was accompanied by a decline in credit institutions' funds in Bank of Russia deposits.

In 2023, no considerable changes were seen in the *Other liabilities* item. Thus, over 2023, total Bank of Russia liabilities rose by 9.3% (from ₹34,480,537 million to ₹37,689,477 million).

As of the end of 2023, the Bank of Russia posted a positive financial result (profit) (vs the negative financial result (loss) generated in 2022). The factors causing the profit at the end of the reporting year are shown in the Statement of Actual Profit and its Allocation or of Actual Incurred Losses.

4. ASSETS IN FOREIGN CURRENCIES AND PRECIOUS METALS

The *Assets in foreign currencies and precious metals* item mainly comprises foreign currency claims on foreign financial institutions and foreign issuers of securities, as well as precious metals in physical form, coins and commemorative medals.

The change in the *Assets in foreign currencies and precious metals* item was mainly due to the growth in the official exchange rates of foreign currencies against the ruble and prices for precious metals as of the end of the reporting year (Note 3).

5. LOANS AND DEPOSITS

(in millions of rubles)

	2023	2022
Loans and deposits with resident banks, total, of which:	5,671,457	3,714,810
issued using the money of the Fund of Banking Sector Consolidation	1,351,983	1,539,108
issued and placed under certain federal laws	349,065	349,083
Funds placed with resident banks in repo transactions	862,019	1,471,490
Other, total, of which:	1,344,999	1,079,189
issued and placed under certain federal laws	1,336,333	1,061,493
Provisions	(1,588,324)	(1,534,692)
Total	6,290,151	4,730,797

¹ In 2023, the Bank of Russia adjusted required reserve ratios on three occasions: from 1 March (press release, dated 13 February 2023), from 1 April (press release, dated 21 March 2023), and from 1 June (press release, dated 23 May 2023).



The item *Loans and deposits with resident banks* mostly reflects ruble-denominated debt under Bank of Russia loans backed by securities, receivables under loan agreements or sureties, including accrued interest,² and under Bank of Russia deposits placed as part of bankruptcy prevention measures using the money of the FBSC. The increase in the item was mostly due to higher demand demonstrated by credit institutions for Bank of Russia loans secured by the pledge of receivables under loan agreements provided as part of standard refinancing instruments.

The item *Loans and deposits with resident banks, total, of which: issued using the money of the Fund of Banking Sector Consolidation* reflects debt under deposits placed to provide financial assistance to a credit institution which is to undergo bankruptcy prevention measures with the participation of the Bank of Russia using the resources of the FBSC. The decrease in the item is conditioned on the partial repayment of the debt on earlier placed deposits.

The item *Loans and deposits with resident banks, total, of which: issued and placed under certain federal laws* shows outstanding subordinated loans provided by the Bank of Russia to Sberbank in 2008 and 2014 as part of statutory measures implemented by the Russian Federation to support the national financial system.

The value of collateral received under loans issued to resident credit institutions, including sureties, was ₹3,212,303 million (2022: ₹1,085,101 million).

The item *Funds placed with resident banks in repo transactions* reflects funds deposited by the Bank of Russia with resident banks in repos, including accrued interest. The decrease in the item was conditioned on the decline in the total volume of transactions.

Securities received by the Bank of Russia in repo transactions with resident banks are recorded to off-balance sheet accounts at fair value which, as of 31 December 2023, totalled ₹861,288 million (2022: ₹1,470,847 million).

The item *Other, total, of which: issued and placed under certain federal laws* reflects outstanding amounts under Bank of Russia loans provided to the State Corporation Deposit Insurance Agency (hereinafter, the DIA) to implement bankruptcy prevention measures at banks (in accordance with Article 18956 of Federal Law No. 127-FZ, dated 26 October 2002, 'On Insolvency (Bankruptcy)') in the amount of ₹1,334,154 million (2022: ₹1,059,314 million), a compensation deposit of ₹2,179 million (2022: ₹2,179 million) placed by the Bank of Russia with a credit institution in accordance with Federal Law No. 173-FZ, dated 13 October 2008, 'On Additional Measures to Support the Financial System of the Russian Federation', in order to partially compensate for this credit institution's losses (expenses) that were caused by the default of a borrower whose banking licence had been revoked. The change under this item was due to a rise in outstanding amounts on loans provided by the Bank of Russia to the DIA.

Provisions totalling ₹1,588,324 million were made for loans issued, deposits and other funds placed (2022: ₹1,534,692 million), of which:

- provisions for outstanding amounts on unsecured loans, loans secured by receivables under loan agreements or sureties, pledged securities, and other deposits placed in the total amount of ₹1,355,808 million (2022: ₹1,428,991 million);

² Assets providing for the receipt of interest income are reflected in the financial statements as part of the principal, including accrued interest whose receipt is recognised as certain.



- provisions for the DIA's debt on funds provided by the Bank of Russia to implement bankruptcy prevention measures at banks in the amount of ₺227,748 million (2022: ₺100,933 million);
- provisions for outstanding amounts on other loans issued, deposits and funds placed with resident banks totalling ₺4,768 million (2022: ₺4,768 million).

6. SECURITIES

(in millions of rubles)

	2023	2022
Debt obligations Held to maturity	212,836	212,834
Debt obligations Available for sale	181,830	222,847
Other securities, total, of which:	42,406	33,964
Securities acquired to participate in bankruptcy prevention measures, total, of which:	2,574	2,969
units of unit investment funds	1,583	1,978
shares of resident credit institutions	991	991
Other investments in corporate securities (other equity stakes of the Bank of Russia)	40,273	32,160
Provisions for other securities	(441)	(1,165)
Total	437,072	469,645

Debt obligations held to maturity include OFZs set to mature in 2044.

Debt obligations available for sale represent Bank of Russia investments in securities issued by the Ministry of Finance of the Russian Federation. As of 31 December 2023, the fair value of securities was ₺181,830 million (2022: ₺222,847 million). The decrease in the balance under the item was mostly associated with partial repayment of the principal on securities as well as the decline in their market prices as of the end of the reporting period.

As of 31 December 2023, the fair value of securities was determined using their latest market prices provided by the trade organiser.

Provisions for other securities were created for investments in the units of a unit investment fund set up in order to implement bankruptcy prevention measures at financial institutions in the amount of ₺441 million (2022: ₺1,165 million).

Information on securities is disclosed in the Statement of Bank of Russia Management of Securities and Equity Stakes in Organisations Constituting the Bank of Russia's Property.

7. CLAIMS ON THE IMF

(in millions of rubles)

	2023	2022
Funds in the Russian Federation's account with the IMF SDR Department	2,110,952	1,628,970
The Russian Federation's total quota with the IMF, total, of which:	1,552,729	1,207,890
quota with the IMF paid in rubles	1,140,929	845,109
IMF reserve tranche position	440,067	342,335
revaluation of the Russian Federation's quota with the IMF paid in rubles, (negative)/positive differences	(28,267)	20,446
Other claims on the IMF	3,959	5,469
Total	3,667,640	2,842,329



The quota of the Russian Federation in the IMF in SDR terms (SDR12,903.7 million or 2.71% of all IMF quotas) did not change in 2023. The ruble equivalent of the quota and the item *Funds in the Russian Federation's account with the IMF SDR Department* went up mostly due to the increase in the official exchange rate of the SDR against the ruble.

8. OTHER ASSETS

(in millions of rubles)

	2023	2022
Fixed assets (at residual value), total, of which:	81,954	80,915
Buildings and other facilities	54,992	54,713
Equipment (including computers, IT and data processing systems, furniture, transport vehicles and other)	26,962	26,202
Miscellaneous assets, total, of which:	163,635	65,756
Compensation from the Bank of Russia to the Pension and Social Insurance Fund of the Russian Federation for shortfall in pension savings	39,843	39,850
Bank of Russia claims on credit institutions with revoked banking licences	38,873	38,873
Construction projects in progress	6,283	6,429
Settlements with suppliers, contractors and buyers Intangible assets (at residual value)	4,081	1,340
Bank of Russia funds contributed to the authorised capitals of organisations	3,246	3,628
	1,510	1,510
Profit tax advance payments	91	92
Other	150,955	54,925
Provisions	(81,247)	(80,891)
Total	245,589	146,671

The table below shows the movement of fixed assets and changes in depreciation allowances:

(in millions of rubles)

	2023	2022
Fixed asset value net of accrued depreciation		
Balance as of 1 January	216,452	207,507
Receipt	10,789	11,311
Retirement	(4,254)	(2,366)
Balance as of 31 December	222,987	216,452
Accrued depreciation		
Balance as of 1 January	135,537	127,879
Depreciation allowances	9,241	9,848
Accrued depreciation of retired fixed assets	(3,745)	(2,190)
Balance as of 31 December	141,033	135,537
Fixed asset residual value as of 31 December	81,954	80,915



Fixed asset structure and value net of accrued depreciation:

(in millions of rubles)

	2023	2022
Buildings and other facilities	76,857	75,570
Equipment	64,994	62,809
Computers, office equipment and furniture	42,138	40,199
IT and data processing systems	31,534	31,389
Transport vehicles	5,752	4,813
Other	1,712	1,672
Total	222,987	216,452

The change in the *Fixed assets* item was largely driven by the *Equipment; Computers, office equipment and furniture; Buildings and other facilities* categories and was mainly associated with the replacement and modernisation of engineering support systems, works performed to upgrade the payment system infrastructure of the hardware complexes in the Collective Data Processing Centre and to scale up the data storage subsystem of the Bank of Russia Private Cloud, and also free of charge receipt and transfer of real estate.

The item *Compensation from the Bank of Russia to the Pension and Social Insurance Fund of the Russian Federation for shortfall in pension savings* reflects claims acquired by the Bank of Russia as a result of the transfer of funds calculated in accordance with Parts 1 and 2 of Article 6 of Federal Law No. 422-FZ, dated 28 December 2013, to the Pension and Social Insurance Fund of the Russian Federation, as well as the indemnity reserve funds and pension savings funds of insured persons who are entitled to receive a fixed-term pension payment, formed as of the cancellation date of the licences of the non-governmental pension funds, in fulfilment by the Pension and Social Insurance Fund of the Russian Federation of its obligations under compulsory pension insurance agreements.

The item *Bank of Russia claims on credit institutions with revoked banking licences* reflects Bank of Russia claims on credit institutions with revoked banking licences, listed in the register of creditors' claims and subject to settlement using the credit institution's property that constitutes bankruptcy assets.

The item *Provisions* reflects provisions totalling ₽81,247 million (2022: ₽80,891 million) created for:

- Bank of Russia claims on credit institutions whose banking licences were revoked, totalling ₽38,873 million (2022: ₽38,873 million);
- Bank of Russia claims formed following the compensation to the Pension and Social Insurance Fund of the Russian Federation for shortfall in pension savings in the amount of ₽39,843 million (2022: ₽39,850 million);
- other assets totalling ₽2,531 million (2022: ₽2,168 million).

9. CASH IN CIRCULATION

The increase in the item *Cash in circulation* was due to the growing demand for cash funds among households and businesses.



10. FUNDS IN ACCOUNTS WITH THE BANK OF RUSSIA

(in millions of rubles)

	2023	2022
Funds of resident credit institutions, total, of which:	8,729,762	8,125,887
funds in correspondent accounts	4,787,113	3,028,550
deposits	3,383,927	4,951,404
required reserves deposited with the Bank of Russia	271,712	145,932
Federal government funds and funds in the treasury single account	6,724,812	7,044,956
Other	364,861	234,643
Total	15,819,435	15,405,486

The item *Funds of resident credit institutions, total, of which: deposits* comprises funds in Russian rubles raised from resident credit institutions, including accrued interest. The change in the item was due to the decline in funds raised from resident banks as of the end of the reporting year.

The increase in the item *Funds of resident credit institutions, total, of which: required reserves deposited with the Bank of Russia* was mainly due to the recalculation of required reserves deposited in their respective account and was caused by the difference between the value of reservable liabilities in April 2022 and in January 2023, as well as the difference between required reserve ratios applied to them.

The item *Federal government funds and funds in the treasury single account* mostly comprises the funds of the federal budget kept in accounts with the Bank of Russia under bank account agreements concluded with the Federal Treasury, including in foreign currency and gold accounts opened for the National Wealth Fund. The change in the item was mainly conditioned on the reduction of balances of funds in the accounts of the National Wealth Fund. The said factor was partially offset by the growth of official exchange rates of foreign currencies against the ruble and gold prices as of the end of the reporting year.

The item *Other* comprises deposited funds raised from the DIA totalling ₺114,479 million (2022: ₺11,252 million).

11. LIABILITIES TO THE IMF

(in millions of rubles)

	2023	2022
Liabilities on the funds provided to the Russian Federation as a result of the SDR allocation by the IMF	2,185,803	1,696,386
Balances in IMF Number 1 and 2 Accounts with the Bank of Russia	1,142,496	846,271
Total	3,328,299	2,542,657

The liabilities on the funds provided to the Russian Federation under SDR allocations at the IMF did not change in 2023 in SDR terms, totalling SDR18,039.4 million or ₺2,170,721.1 million (2022: SDR18,039.4 million or ₺1,688,633.9 million), net of accrued interest. The increase in the ruble equivalent of the liabilities resulted from the growth of the official exchange rate of the SDR against the ruble.



The increase in the item *Balances in IMF Number 1 and 2 Accounts with the Bank of Russia* was mainly due to the revaluation caused by an increase in the SDR/RUB exchange rate established by the IMF.

12. OTHER LIABILITIES

(in millions of rubles)

	2023	2022
Assets of the Bank of Russia pension fund	142,978	148,408
Other	77,524	35,827
Provisions	10	10
Total	220,512	184,245

Pursuant to the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)', the Bank of Russia Board of Directors sets up a supplementary pension fund for its employees. The fund is created without forming a separate legal entity and is financed by the Bank of Russia. This takes into account the fact that Bank of Russia employees are not covered by the guarantees to which civil servants of the Russian Federation are entitled. The Bank of Russia is implementing the Pension Plan with defined benefits that are open-ended (lifetime) in nature. The eligibility criteria for receiving a supplementary pension are determined by Bank of Russia regulations.

Obligations under the Bank of Russia pension fund and the adequacy of its resources are subject to an annual actuarial assessment carried out by a responsible actuary.

The item *Provisions* shows provisions for Bank of Russia potential losses with regard to pension savings to be transferred by the Bank of Russia to the Pension and Social Insurance Fund of the Russian Federation totalling ₺10 million (2022: ₺10 million).

13. CAPITAL AND PROFIT

The Bank of Russia had a positive financial result (profit) in 2023 (2022: negative financial result (loss)).

The factors causing the profit in the reporting year are shown in the Statement of Actual Profit and its Allocation or of Actual Incurred Losses.

14. INTEREST INCOME

(in millions of rubles)

	2023	2022
Interest income from securities, loans, deposits and other placements, total, of which:	565,329	483,658
from Bank of Russia funds issued and placed under certain federal laws	22,467	22,467
from Bank of Russia funds placed as part of bankruptcy prevention measures	7,240	7,742
Other, total, of which:	103,609	41,663
issued and placed under certain federal laws	10,535	19,711
Total	668,938	525,321



The item *Interest income from securities, loans, deposits and other placements* mainly reflects interest income from debt securities, from Bank of Russia loans issued against the pledge of receivables under loan agreements, from securities secured by sureties, from Bank of Russia unsecured loans issued to support SME lending, from deposits, as well as interest income from funds provided to credit institutions under repo transactions.

The item *Interest income from securities, loans, deposits and other placements, total, of which:*

- *from Bank of Russia funds issued and placed under certain federal laws* reflects interest income from subordinated loans provided to Sberbank (Note 5);
- *from Bank of Russia funds placed as part of bankruptcy prevention measures* reflects interest income from deposits placed to provide financial assistance to credit institutions which are to undergo bankruptcy prevention measures with the participation of the Bank of Russia using the resources of the FBSC (Note 5).

The item *Other, total, of which issued and placed under certain federal laws* includes interest income from loans provided to the DIA (Note 5).

15. OTHER INCOME

(in millions of rubles)

	2023	2022
Fees for Bank of Russia services provided to clients, total, of which:	8,147	6,883
fees for settlement services	7,930	6,749
Fines and penalties received	196	1,125
Other	4,405	2,906
Total	12,748	10,914

16. INTEREST EXPENSES

(in millions of rubles)

	2023	2022
Interest expenses on deposits taken	317,846	309,140
Other, total, of which:	119,047	73,463
Interest expenses on the balances of funds of the National Wealth Fund	3,101	0
Total	436,893	382,603

The item *Interest expenses on deposits taken* reflects interest expenses on funds deposited by resident banks with the Bank of Russia, as well as interest expenses on deposits taken from the DIA.

The item *Other, total, of which: interest expenses on the balances of funds of the National Wealth Fund* as of 31 December 2023 reflects interest expenses on funds in the accounts of the National Wealth Fund determined on the basis of the yield of indices of government securities and money market rates in



the respective currency including interest paid in December 2023 to the income of the federal budget in the amount of ₽2,684 million. In 2022, due to negative yields on certain securities indices and interest rates, the total amount of accrued interest had a zero value.

17. CASH TURNOVER MANAGEMENT EXPENSES

This item includes expenses for the manufacture, promotion, destruction and anti-counterfeit protection of banknotes and coins, as well as the purchase and delivery of packaging materials and accessories necessary for the processing of cash. Decline in expenses was due to a lower volume of manufactured banknotes and coins.

18. NET EXPENSES ON THE FORMATION OF PROVISIONS

(in millions of rubles)

	2023	2022
Increase in provisions for funds provided to the DIA	126,815	10,170
Increase in provisions for other assets	373	1,151
Decrease in provisions to secure obligations to participants in the Bank of Russia's Pension Plan	0	(1,366)
Decrease in provisions for claims to compensate to the Pension and Social Insurance Fund of the Russian Federation for the shortage of pension savings and for potential losses in terms of funds of NPFs, which are not participants in the guarantee system for the rights of insured persons	(7)	(223)
(Decrease)/increase in provisions for securities	(724)	73
Decrease in provisions for funds provided to resident credit institutions	(73,183)	(6,215)
Total	53,274	3,590

The increase in provisions for funds provided to the DIA was mainly associated with the increase in the DIA's debt.

The increase in provisions for other assets was mainly due to provisioning for overdue receivables.

The decrease in provisions for securities was due to partial redemption of the units and the increase in the net asset value of a unit investment fund set up to implement bankruptcy prevention measures at financial institutions.

The decrease in provisions for claims to compensate to the Pension and Social Insurance Fund of the Russian Federation for the shortage of pension savings and for potential losses in terms of funds of NPFs, which are not participants in the guarantee system for the rights of insured persons, occurred in connection with the Bank of Russia's receipt of funds from the DIA as a result of fulfilment by liquidated non-governmental pension funds of Bank of Russia claims acquired in accordance with the legislation



of the Russian Federation as a result of the transfer of funds by the Bank of Russia to the Pension and Social Insurance Fund of the Russian Federation (Note 8).

The decrease in provisions for funds provided to resident credit institutions was associated with the full or partial repayment of outstanding amounts on credit claims and with a reduced risk ratio on individual borrowers.

The decrease in provisions for funds provided to resident credit institutions was mainly associated with a reduced risk of possible financial losses on individual borrowers.

19. OTHER OPERATING EXPENSES

(in millions of rubles)

	2023	2022
Expenses on IT maintenance and services	11,541	11,874
Depreciation allowances	11,381	11,870
Expenses on the maintenance of buildings	5,331	5,064
Security expenses	5,055	4,619
Repair expenses	2,997	2,468
Expenses on the delivery of bank documents and valuables	2,341	2,188
Postage, telegraph and telephone expenses, and expenses on renting communication lines and channels	1,938	1,903
Taxes and duties paid	1,419	1,638
Expenses involved in the use of titles to intellectual property	859	1,081
Asset contribution	0	872
Other	22,073	13,804
Total	64,935	57,381

In 2022, the item *Asset contribution* reflects expenses related to the payment for the contribution to DIA assets based on the decision by the Bank of Russia Board of Directors.

The item *Other expenses* mainly reflects expenses related to the purchase of equipment and accessories put into operation (use), business travel and representative expenses, expenses on the disposal (sale) and writing-off of Bank of Russia assets, expenses on personnel training, and expenses on subscriptions to purchase publications, including periodicals, etc.



20. PERSONNEL COSTS

For explanation, see the Statement of Bank of Russia Personnel Costs.

21. POST-ACCOUNTING DATE EVENTS

According to the decision of the Bank of Russia Board of Directors, the profit retained by the Bank of Russia was allocated in the following way: ₹17,543 million to cover losses, ₹16,140 million to the Bank of Russia Reserve Fund, and ₹1,403 million to the Bank of Russia Social Fund (Statement of actual profit and its allocation or of actual incurred losses, Statement of Bank of Russia reserves and funds).

STATEMENT OF ACTUAL PROFIT AND ITS ALLOCATION OR OF ACTUAL INCURRED LOSSES FOR 2023

(in millions of rubles)

	2023	2022
Profit for the reporting year (loss for the reporting year)	140,443	(721,717)
Taxes and duties paid from the profit under the Tax Code of the Russian Federation, total, of which:	(96)	(92)
- for the reporting year	(95)	(91)
- additional profit tax payments for previous years	(1)	(1)
Profit (loss) after the payment of taxes and duties under the Tax Code of the Russian Federation	140,347	(721,809)
Profit to be transferred to the federal budget in accordance with Article 26 of Federal Law No. 86-FZ, dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)'	(105,261)	0
Profit retained by the Bank of Russia, total		
of which allocated:	35,086	0
to cover losses	17,543	0
to the Bank of Russia Social Fund	1,403	0
to the Bank of Russia Reserve Fund	16,140	0

In accordance with Article 11 of the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)', the Bank of Russia's profit is calculated as a difference between total income from banking operations and transactions stipulated by the legislation of the Russian Federation, including the said Federal Law, income from equity stakes in organisations and other income from Bank of Russia activities and total expenses associated with the fulfilment of Bank of Russia functions stipulated by Article 4 of the said Federal Law, including expenses for supporting Bank of Russia operations, and its organisations and employees.

As of the end of 2023, the financial result was positive (profit). The profit was mainly associated with the positive revaluation of securities, for which in 2022, negative revaluation was recognised as part of the financial result.



The end-year profit received by the Bank of Russia is allocated according to the procedure established by Article 26 of the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)'. In accordance with the said item, once the Annual Financial Statements have been approved by the Board of Directors, the Bank of Russia transfers to the federal budget 75% of the actual annual profit retained after the payment of taxes and duties under the Tax Code of the Russian Federation.

According to the decision of the Bank of Russia Board of Directors, the profit retained by the Bank of Russia is allocated to cover losses arising as a result of Bank of Russia operations in previous periods; and to the Bank of Russia Social and Reserve Funds.³

STATEMENT OF BANK OF RUSSIA RESERVES AND FUNDS FOR 2023

(in millions of rubles)

	Reserve fund	Social fund	Revaluation reserves	Growth in the value of property after revaluation	Total
Balance as of 31 December 2021	82,694	2,216	17,252,163	7,966	17,345,039
Transferred to reserves and funds in 2022 from other sources, excluding profit	0	0	9,683	0	9,683
Reserves and funds used in 2022	0	0	(2,752,293)	0	(2,752,293)
Balance as of 31 December 2022	82,694	2,216	14,509,553	7,966	14,602,429
Transferred to reserves and funds in 2023 from other sources, excluding profit	0	0	10,962,564	0	10,962,564
Reserves and funds used in 2023	0	0	(16,551)	0	(16,551)
Balance as of 31 December 2023, before profit allocation for 2023	82,694	2,216	25,455,566	7,966	25,548,442
Transferred from profit for 2023 retained by the Bank of Russia ¹	16,140	1,403	0	0	17,543
Balance as of 31 December 2023 after the allocation of 2023 profit in 2024	98,834	3,619	25,455,566	7,966	25,565,985

¹ Allocation of the actual profit for the reporting year is reflected on the Bank of Russia's balance sheet in the current year.

Pursuant to Article 26 of the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)', once the Annual Financial Statements have been approved by the Board of Directors, the Bank of Russia allocates to various reserves and funds its profit retained after the payment of taxes and duties under the Tax Code of the Russian Federation, transferring a part of this profit to the federal budget, and covering losses arising as a result of Bank of Russia operations in previous years.

The procedure for the allocation of the profit retained by the Bank of Russia is established by the Bank of Russia Regulation on the procedure for allocating profit retained by the Bank of Russia.

Pursuant to the Bank of Russia Ordinance on the Bank of Russia Reserve Fund, the Bank of Russia created the Reserve Fund to ensure that the Bank of Russia duly performs the functions assigned to it by law. The Bank of Russia Reserve Fund is formed from allocations made from the Bank of Russia's profit. Pursuant to the decision of its Board of Directors, the Bank of Russia may also transfer funds from its Social Fund to replenish its Reserve Fund. Funds from the Bank of Russia Reserve Fund are used

³ In accordance with the Bank of Russia Regulation on the procedure for allocating profit retained by the Bank of Russia.



in accordance with a decision by the Bank of Russia Board of Directors. In 2023, funds from the Bank of Russia Reserve Fund were not used.

In accordance with the procedure for allocating the profit retained by the Bank of Russia and the decision by the Bank of Russia Board of Directors on the allocation of the profit for 2023, ₽16,140 million were transferred to the Bank of Russia Reserve Fund.

Pursuant to the Bank of Russia Ordinance on the Bank of Russia Social Fund, this fund is designed to cover expenses on social needs, which are not financed through the Bank of Russia's expense budget. The Bank of Russia Social Fund is formed from allocations made from the Bank of Russia's profit. Pursuant to the decision of its Board of Directors, the Bank of Russia may also transfer funds from its Reserve Fund to replenish its Social Fund. Funds from the Bank of Russia Social Fund are used in accordance with a decision by the Bank of Russia Board of Directors. In 2023, funds from the Bank of Russia Social Fund were not used.

In accordance with the procedure for allocating the profit retained by the Bank of Russia and the decision by the Bank of Russia Board of Directors on the allocation of the profit for 2023, ₽1,403 million or 4.0% of the profit retained by the Bank of Russia were transferred to its Social Fund.

Due to the loss posted in 2022, no allocations were made either to the Bank of Russia Social Fund or to its Reserve Fund.

Pursuant to the Bank of Russia Accounting Policy, assets (claims) and liabilities denominated in precious metals, including precious metals in commemorative and investment coins, are entered in the books at the value of precious metals at the book prices for refined precious metals, as established by the Bank of Russia as of the date of the operation (transaction), and are revalued as book prices change. Pursuant to the Bank of Russia Accounting Policy, debt obligations categorised as *Available for sale* are subject to revaluation at the fair value of the securities. Foreign currency exchange rate differences result from the revaluation of assets (claims) and liabilities denominated in foreign currency, caused by changes in the official exchange rates of foreign currencies against the ruble. In 2023, the positive revaluation posted to the accounts of revaluation reserves as part of the capital totalled ₽10,962,564 million (2022: ₽9,683 million); the negative revaluation written off on account of the previously accrued revaluation totalled ₽16,551 million (2022: ₽2,752,293 million).

The increase in the value of property because of revaluation is the revaluation of fixed assets made in compliance with the Russian Government Resolutions in 1992, 1994, 1995, 1996, and 1998.

STATEMENT OF BANK OF RUSSIA MANAGEMENT OF SECURITIES AND EQUITY STAKES IN ORGANISATIONS CONSTITUTING THE BANK OF RUSSIA'S PROPERTY FOR 2023

(in millions of rubles)

	2023	2022
Securities, total, of which:	437,072	469,645
Russian federal government debt obligations	394,666	435,681
Shares acquired to participate in bankruptcy prevention measures	991	991



Bank of Russia investments in debt obligations of the Government of the Russian Federation are categorised under securities available for sale and held to maturity (Note 6).

The Bank of Russia's portfolio included OFZs acquired by the Bank of Russia from credit institutions, including as a result of settling credit institutions' outstanding obligations under repo transactions with the Bank of Russia.

Shares purchased to participate in bankruptcy prevention measures represent investments in the authorised capital of NB TRUST.

STATEMENT OF BANK OF RUSSIA SECURITIES TRANSACTIONS ON EXCHANGES FOR 2023

(in millions of rubles)

Exchange	Volume of Bank of Russia own securities trading (including repos)		Volume of Bank of Russia securities trading on the instruction of its clients	
	2023	2022	2023	2022
Public Joint-Stock Company Moscow Exchange MICEX-RTS, Moscow Exchange, Moscow	9,117,683	62,247,646	2,523,726	3,130,556
Stock company Saint-Petersburg Currency Exchange, SPCEX SC, Saint Petersburg	100	15	101,016	0
Total volume of Bank of Russia securities transactions (trading) on exchanges	9,117,783	62,247,661	2,624,742	3,130,556

The column *Volume of Bank of Russia own securities trading (including repos)* shows summary data on the volumes of the Bank of Russia transactions conducted in 2023 to purchase securities in the first leg of repos in the currency of the Russian Federation.

The column *Volume of Bank of Russia securities trading on the instruction of its clients* shows summary data on the sale of Russian government securities by the Bank of Russia on the instructions of the Russian Ministry of Finance under an agency agreement.

STATEMENT OF BANK OF RUSSIA PERSONNEL COSTS FOR 2023

(in millions of rubles)

	2023	2022
Compensation expenses and other payments	121,176	108,195
Charges on compensation expenses and other payments	30,012	25,746
Total Bank of Russia personnel costs	151,188	133,941



Bank of Russia personnel costs increased by ₺17,247 million or 12.9% compared to 2022, with compensation-related expenses and other payments to Bank of Russia personnel up by ₺12,981 million or 12.0%. Charges on compensation expenses and other payments grew by ₺4,266 million or 16.6%.

Compensation expenses and other payments to Bank of Russia personnel include: salary payments, additional payments for participation in inspections, other increments and benefits established by Bank of Russia regulations, monthly and year-end bonuses, outstanding performance bonuses, payments for annual leaves and study leaves, one-off allowances for annual paid leaves, payments of regional coefficients and interest allowances for employees working in the Extreme North and similar regions in accordance with the legislation of the Russian Federation, one-off allowances upon old age retirement, financial support to compensate for spending on improving living conditions, allowances in emergencies and other situations, benefits to employees living (working) in regions affected by the radiation following the Chernobyl nuclear power plant disaster, benefits to employees taking parental leave until their child reaches the age of three, allowances for temporary disability due to a disease or injury paid for the first three days of disability, holiday travel expenses to employees working in the Extreme North and similar regions and to their non-working family members for the payment of their round-trip tickets, and for expenses incurred in moving to a new place of residence in a different region upon the expiration of their employment agreement, compensation for the expenses incurred by employees and their family members due to moving to another region to work at another Bank of Russia branch, and other benefits.

The average number of Bank of Russia employees increased by 662 in 2023 (1.5%) to 45,230.

The average monthly income per employee was ₺223,259 in 2023 (2022: ₺202,303).

Insurance contributions constituted 24.6% of total compensation and other benefit-related expenses paid to employees (2022: 23.6%). Charges to the Pension and Social Insurance Fund of the Russian Federation for compulsory social insurance against on-the-job accidents and occupational diseases were made at the fixed rate of 0.2%.

STATEMENT OF CAPITAL INVESTMENT BUDGET PERFORMANCE FOR 2023

(in millions of rubles)

	Approved for 2023	Actual amount in 2023	Actual amount in 2022
Ensuring the functioning of payment, operational, information and analytical, and information and telecommunications systems	6,861	6,500	4,039
Construction (reconstruction) and logistics	7,114	5,580	1,722
Ensuring the security of payment, operational, information and analytical systems, and information and telecommunications systems; and protection of facilities	2,837	2,800	1,936
Cash turnover management	1,244	1,173	2,264
Acquisition of means of transport, medical and other equipment and tools	1,064	947	559
Other capital investment	2	2	2
Total capital expenses	19,122	17,002	10,522



In 2023, capital investment of the Bank of Russia grew by ₽6,480 million.

In the structure of capital investment, investment in *Ensuring the functioning of payment, operational, information and analytical systems, and information and telecommunications systems* made up the biggest part (38.2%). The share of capital investment in *Construction (reconstruction) and logistics* accounted for 32.8%, in *Ensuring the security of payment, operational, information and analytical systems, and information and telecommunications systems, and protection of facilities* – 16.5%; in *Cash turnover management* – 6.9%; and in *Acquisition of means of transport, medical and other equipment and tools* – 5.6%.

Capital investment in *Ensuring the functioning of payment, operational, information and analytical systems, and information and telecommunications systems* increased by ₽2,461 million. The increase in expenses was due to the modernisation of the payment system infrastructure and the creation of a digital ruble platform. Funds were also used to scale up the resources of the Bank of Russia Private Cloud, develop personal accounts of information exchange participants, remote work services, maintain the functioning and development of existing information and computing and analytical systems and technical infrastructure of the Bank of Russia, including import substitution, installing (replacing) equipment of the computing infrastructure at Bank of Russia structural units.

Capital investment in the *Construction (reconstruction) and logistics* grew by ₽3,858 million. Funds were used to purchase an administrative building, to build (reconstruct) and equip office buildings and other facilities, to set up engineering and technical systems and installations for the maintenance of buildings and facilities, and to purchase replacement equipment, tools and furniture to replace those with expired service life.

Capital investment in *Ensuring the functioning of payment, operational, information and analytical systems, and information and telecommunications systems* increased by ₽864 million. Funds were mainly used to replace expired and obsolete systems, including fire alarm, video security and surveillance, and control and access systems, as well as to acquire technical means for data protection and secure design devices.

Capital investment in *Cash turnover management* were used to build transport vehicles for the transportation of Bank of Russia valuables, to replace banknote-processing machines and cash-office hardware, to modernise video systems for the surveillance and recording of operations with valuables, and also transport and warehouse equipment.

Capital investment in the *Acquisition of means of transport, medical and other equipment and tools* increased by ₽388 million and were mostly used to replace the assets whose service life had expired.

Expenses for purchasing licences and certificates amounted to ₽2.0 million (remaining at the previous year's level).

AUDITORS' REPORTS

AUDITORS' REPORT OF INDEPENDENT AUDITORS

To the management of the Central Bank of the Russian Federation

QUALIFIED OPINION DUE TO THE LIMITATION ON THE SCOPE OF THE AUDIT

We have audited the Annual Financial Statements of the Central Bank of the Russian Federation (hereinafter, the Bank of Russia) for the period from 1 January to 31 December 2023. Pursuant to Article 25 of Federal Law No. 86-FZ, dated 10 July 2002, *'On the Central Bank of the Russian Federation (Bank of Russia)'*, the Bank of Russia Annual Financial Statements consist of an annual balance sheet, a statement of financial performance, including a statement of profit and its allocation or of actual incurred losses, a statement of Bank of Russia reserves and funds, a statement of Bank of Russia management of securities and equity stakes in organisations constituting the Bank of Russia's property, a statement of Bank of Russia personnel costs, a statement of capital investment budget performance, and a statement of Bank of Russia securities transactions on exchanges (hereinafter all these statements are collectively referred to as the Annual Financial Statements).

In our opinion, except for a possible effect of the issue described in the section 'Qualified opinion due to the limitation on the scope of the audit' in our report, the Annual Financial Statements attached hereto present, in all material aspects, a reliable picture of the Bank of Russia's financial standing as of 31 December 2023 and the results of its financial performance for 2023 in accordance with the requirements of Federal Law No. 86-FZ, dated 10 July 2002, *'On the Central Bank of the Russian Federation (Bank of Russia)'*, Federal Law No. 402-FZ, dated 6 December 2011, *'On Accounting'*, Bank of Russia Regulation No. 567-P, dated 19 December 2016, *'On the Chart of Accounts for Accounting Purposes at the Central Bank of the Russian Federation (Bank of Russia) and the Procedure for Using it'*, and Bank of Russia Regulation No. 522-P, dated 21 December 2015, *'Bank of Russia Accounting Policy for Accounting Purposes'*.

GROUND FOR THE QUALIFIED OPINION DUE TO THE LIMITATION ON THE SCOPE OF THE AUDIT

The scope of our audit was limited with regard to certain accounts and operations included in the items of the annual balance sheet and the statement of financial performance. Access to such accounts and operations was limited by force of the provisions of Russian Federation Law No. 5485-1, dated 21 July 1993, *'On State Secrecy'* (hereinafter, the Russian Federation Law *'On State Secrecy'*), Federal Law No. 86-FZ, dated 10 July 2002, *'On the Central Bank of the Russian Federation (Bank of Russia)'*, and Federal Law No. 46-FZ, dated 8 March 2022, *'On Amending Certain Laws of the Russian Federation'* (hereinafter, Federal Law No. 46-FZ). According to Article 25 of Federal Law No. 86-FZ, dated 10 July 2002, *'On the Central Bank of the Russian Federation (Bank of Russia)'* and Article 20.1 of Federal Law No. 46-FZ, the reliability



of Bank of Russia accounts and operations subject to restricted access in accordance with the Russian Federation Law 'On State Secrecy', and of Bank of Russia accounts and operations exempt from mandatory audit in the course of the audit of the 2023 Bank of Russia annual financial statements by the decision of the National Financial Board, and included in the items of the annual balance sheet and the statement of financial performance, was confirmed by the Accounts Chamber of the Russian Federation in its Statement as of 25 March 2024 on the results of the examination of the 2023 accounts and operations of the Central Bank of the Russian Federation covered by Russian Federation Law No. 5485-1, dated 21 July 1993, 'On State Secrecy', at the structural units, regional branches and field institutions of the Central Bank of the Russian Federation, as well as accounts and operations determined by the National Financial Board's decision.

The specified accounts and operations in the annual financial statements as of 31 December 2023 and over the period from 1 January to 31 December 2023 include:

- Assets totalling ₹52,279,420 million;
- Liabilities, capital and profit totalling ₹26,288,939 million;
- Income totalling ₹415,226 million;
- Expenses totalling ₹50,623 million;
- Balance of revaluation reserves totalling ₹25,455,566 million;
- Collateral received for loans issued to resident credit institutions totalling ₹474,530 million.

We have conducted the audit in compliance with the International Standards on Auditing (ISA). Our duties under these standards are described in the section 'The auditors' responsibility for the audit of the Annual Financial Statements' of our report below. We are independent of the Bank of Russia in accordance with the ethical requirements of the Code of Ethics for Professional Accountants and the Rules on Independence of Auditors and Audit Firms applicable to our audit of the annual financial statements in the Russian Federation and the International Ethics Code for Professional Accountants (including International Standards on Independence) issued by the International Ethics Standards Board for Accountants (the IESBA Code of Ethics). We have discharged other ethical duties in accordance with these requirements and the IESBA Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as the grounds for expressing our qualified opinion due to the limitation on the scope of the audit.

CRITICAL AUDIT MATTERS

Critical audit matters are the issues, which, according to our professional judgement, were the most significant for our audit of the Annual Financial Statements for the current period. In addition to the issue described in the section 'Grounds for the qualified opinion due to the limitation on the scope of the audit', we determined the issue below as the critical audit matter. These matters were considered in the context of our audit of the Annual Financial Statements as a whole and in the course of preparing our opinion on these statements, and we do not express a separate opinion on these matters. In respect of the matter mentioned below, our description of how it was reviewed in the course of our audit is given in this context.

We have performed the duties described in the section 'The auditors' responsibility for the audit of the Annual Financial Statements' hereof, *inter alia*, in respect of the said matter. Accordingly, our audit included the implementation of procedures developed in response to our assessment of the risks



of material misstatement in the Annual Financial Statements. the results of our audit procedures, including procedures performed while examining the matter below, serve as the basis for expressing our auditors' opinion on the Annual Financial Statements attached.

CRITICAL AUDIT MATTER

THE FOLLOWING CRITICAL MATTER WAS EXAMINED IN THE COURSE OF OUR AUDIT

Provisions for credit claims

In performing its functions in accordance with the laws of the Russian Federation, the Bank of Russia incurs claims which bear the risk of possible financial losses. Such claims, as of the reporting date, specifically include loans and deposits provided by the Bank of Russia.

The Bank of Russia assesses the risk of possible financial losses on these claims and creates provisions to cover this risk on an individual or on a portfolio basis. For assessing individual provisions, the Bank of Russia determines the quality category of each exposure based on the assessment of a borrower's financial standing and quality of its debt servicing. For exposures having no individual signs of impairment and meeting the criteria for the formation of portfolios of homogeneous credit claims, the assessment of the risk of possible financial losses is made on a portfolio basis.

Due to the considerable amount of credit claims and the subjectivity of judgement used for assessing provisions, this was one of the critical audit matters.

Our audit procedures included analysis of the methods used by the Bank of Russia to assess borrowers' financial position, review of the judgement used by the Bank of Russia's management when assessing their financial position and determining the quality category and the amount of provisions, as well as the analysis of credit claims' conformity to the criteria for their attributing to homogeneous credit portfolios and verification of the calculation of provisions for such portfolios.

We examined the information on provisions for credit claims disclosed in Note 5 'Loans and deposits' to the Bank of Russia's Annual Financial Statements.

OTHER INFORMATION INCLUDED IN THE BANK OF RUSSIA'S ANNUAL REPORT FOR 2023

Other information includes information contained in the Bank of Russia's Annual Report for the year 2023 but does not include the Annual Financial Statements and our auditors' report on them. Responsibility for other information shall be borne by the management.

Our opinion on the Annual Financial Statements does not cover other information, and we do not provide a conclusion expressing our confidence in any form in respect of such information.

In connection with our auditing of the Annual Financial Statements, our duty consists in acquainting ourselves with other information and concurrently examining whether there are any material inconsistencies between such other information and the Annual Financial Statements or our knowledge received during the audit and whether such other information contains other material misstatements. If based on our work we arrive at the conclusion that such other information contains any material misstatements, we must report this fact. We do not have information about such facts.

RESPONSIBILITY OF THE BANK OF RUSSIA'S MANAGEMENT FOR THE ANNUAL FINANCIAL STATEMENTS

The management of the Bank of Russia shall bear responsibility for the compilation and reliable presentation of the said Annual Financial Statements in accordance with the requirements of Federal Law No. 86-FZ, dated 10 July 2002, '*On the Central Bank of the Russian Federation (Bank of Russia)*', Federal Law No. 402-FZ, dated 6 December 2011, '*On Accounting*', Bank of Russia Regulation No. 567-P, dated 19 December 2016, '*On the Chart of Accounts for Accounting Purposes at the Central Bank of the Russian Federation (Bank of Russia) and the Procedure for Using it*', and Bank of Russia Regulation No. 522-P, dated 21 December 2015, '*Bank of Russia Accounting Policy for Accounting Purposes*', and also for the internal control system which the Bank of Russia's management considers necessary for the compilation of the Annual Financial Statements without any material misstatement as a result of malpractice or errors.

When preparing the Annual Financial Statements, the management shall be responsible for assessing the ability of the Bank of Russia to continue as a going concern, for disclosing information pertaining to going concern issues when necessary, and for compiling the statements based on the going concern assumption.

THE AUDITORS' RESPONSIBILITY FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Our goals consist in obtaining reasonable confidence that the Annual Financial Statements as a whole do not contain material misstatements due to malpractice or errors and in issuing the auditors' report with our opinion. Reasonable confidence constitutes a high level of certainty but does not guarantee that an audit performed in accordance with the International Standards on Auditing will always reveal material misstatements, if these exist. Misstatements may result from malpractice or errors and are

considered material if it may be reasonably assumed that they could influence, individually or in aggregate, users' economic decisions made on the basis of these Annual Financial Statements.

In the course of an audit performed in accordance with the International Standards on Auditing, we apply professional judgement and retain professional scepticism throughout the audit. Furthermore, we perform the following:

- We identify and assess the risks of material misstatement of the Annual Financial Statements as a result of malpractice or errors; develop and carry out audit procedures in response to these risks; and obtain audit evidence which is sufficient and adequate to serve as grounds for expressing our opinion. The risk of failure to discover material misstatement as a result of malpractice is higher than the risk of failure to discover material misstatement as a result of errors because malpractice may include conspiracy, falsification, deliberate omission, distorted presentation of information or circumvention of the internal control system.
- We obtain an understanding of the internal control system which is important for the audit in order to develop audit procedures corresponding to the circumstances, but not for the purpose of expressing our opinion on the effectiveness of the Bank of Russia's internal control system.
- We evaluate the appropriateness of applicable accounting policies and the soundness of accounting estimates made by the management and the respective disclosure of information.
- We arrive at a conclusion on the appropriateness of the going concern assumption made by the management and, based on the obtained audit evidence, a conclusion on whether there is material uncertainty in connection with events or conditions which could give rise to significant doubts as to the Bank of Russia's ability to continue as a going concern. If we arrive at a conclusion that there is material uncertainty, we must draw attention in our audit report to the respective disclosure of information in the Annual Financial Statements or, if such disclosure of information is improper, modify our opinion. Our findings are based on the audit evidence received before the date of our audit report.
- We evaluate the presentation of the Annual Financial Statements as a whole, their structure and contents, including information disclosure, and whether the Annual Financial Statements represent the underlying operations and events in such a way as to ensure their reliable presentation.

We maintain information exchange with the Bank of Russia's management and communicate to them, among other things, information on the scheduled scope and timing of the audit and on material comments based on the audit findings, *inter alia*, on considerable deficiencies in the internal control system, should we discover any in the course of the audit.

We also submit to the Bank of Russia's management a statement that we have complied with all relevant ethical requirements related to independence issues and informed them of all mutual relationships and other matters which could be reasonably considered as influencing the auditors' independence and, if necessary, of appropriate precautions.

Among the issues which we have brought to the attention of the Bank of Russia's management, we determine the issues which were the most significant for the audit of the Annual Financial Statements

for the current period and which, therefore, are critical audit matters. We describe these issues in our audit report, except when public disclosure of information on these issues is prohibited by law or a specific regulation, or when, in exceedingly rare cases, we arrive at the conclusion that information on a certain issue should not be included in our report, as it may be reasonably assumed that the negative consequences of such disclosure would exceed its public benefit.

The executives charged with the conduct of the audit as a result of which this auditors' report of independent auditors has been released are Svetlana S. Pimenova and Nataliya R. Tarabarina.

Svetlana S. Pimenova,

acting on behalf
of TSATR – Audit Services
Limited Liability Company
on the basis of the power of attorney,
dated 20 October 2023,
head of the audit, as a result of which
the auditors' report has been released
(main registration entry number
21906108415)

Nataliya R. Tarabarina,

General Director
FinExpertiza LLC
head of the audit, as a result of which
the auditors' report has been released
(main registration entry number
22006086941)

27 March 2024



INFORMATION ON THE AUDITORS

Name: TSATR – Audit Services Limited Liability Company

An entry was made in the Unified State Register of Legal Entities on 4 February 2016 under state registration number 1167746123478.

Domicile: Bldg. 2, 2 Paveletskaya Sq., office 401, Moscow, 115054, Russia.

TSATR – Audit Services Limited Liability Company is a member of the self-regulatory organisation of auditors Association Sodruzhestvo. TSATR – Audit Services Limited Liability Company was included in the control copy of the register of auditors and audit firms under the main registration entry number 12006020373.

Name: FinExpertiza Limited Liability Company

An entry was made in the Unified State Register of Legal Entities on 29 August 2002 under state registration number 1027739127734.

Domicile: Bldg. 1, 16 Krasnoproletarskaya Street, office 1, room 29, floor 6, Moscow, 127473, Russia.

FinExpertiza Limited Liability Company is a member of the self-regulatory organisation of auditors Association Sodruzhestvo. FinExpertiza Limited Liability Company was included in the control copy of the register of auditors and audit firms under the main registration entry number 12006017998.

INFORMATION ON THE AUDITED ENTITY

Name: The Central Bank of the Russian Federation (Bank of Russia)

An entry was made in the Unified State Register of Legal Entities under No. 1037700013020 based on certificate series 77 No. 006996300, dated 10 January 2003.

Domicile: Bldg. V, 12 Neglinnaya Street, Meshchansky intra-urban municipality, Moscow, 107016, Russia.

The Bank of Russia performs its functions pursuant to the Constitution of the Russian Federation, Federal Law No. 86-FZ, dated 10 July 2002, '*On the Central Bank of the Russian Federation (Bank of Russia)*' and other federal laws.



ACCOUNTS CHAMBER OF THE RUSSIAN FEDERATION

2 Zubovskaya St., Moscow 119991

Tel.: 986-05-09, fax: 986-09-52

26 March 2024 No. 05/61/05-03

To the Governor of the Central
Bank of the Russian Federation
ELVIRA NABIULLINA

STATEMENT

on the Results of the Examination of the 2023 Accounts and Operations of the Central Bank of the Russian Federation (Bank of Russia) Covered by Russian Federation Law No. 5485-1, Dated 21 July 1993, 'On State Secrecy', at the Structural Units, Regional Branches and Field Institutions of the Central Bank of the Russian Federation, as well as Accounts and Operations Determined by the National Financial Board's Decision (approved by the decision of the Collegium of the Accounts Chamber of the Russian Federation of 25 March 2024, protocol No. 16K (1700))

The Accounts Chamber of the Russian Federation has examined the 2023 accounts and operations of the Central Bank of the Russian Federation (Bank of Russia) covered by Russian Federation Law No. 5485-1, dated 21 July 1993, 'On State Secrecy' at the structural units, regional branches and field institutions of the Central Bank of the Russian Federation, as well as accounts and operations determined by the National Financial Board's decision based on Article 25 of the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)' and in accordance with the Work Plan of the Accounts Chamber of the Russian Federation for 2024.

According to Article 20.1 of Federal Law No. 46-FZ, dated 8 March 2022, 'On Amending Certain Laws of the Russian Federation' (as amended), the Accounts Chamber of the Russian Federation has additionally examined Bank of Russia accounts and operations for 2023, as determined by the decision of the National Financial Board (Minutes of the meeting of the National Financial Board No. PNFS-1, dated 12 February 2024).

The management of the Central Bank of the Russian Federation (Bank of Russia) is responsible for assigning information to the category of data covered by the Russian Federation Law 'On State Secrecy' and for delineating the competence of the Accounts Chamber of the Russian Federation and the consortium of audit firms – TSATR – Audit Services Limited Liability Company and FinExpertiza LLC (the Auditor of the Bank of Russia Annual Financial Statements for the year 2023), taking into account the list of accounts and transactions, as determined by the National Financial Board, to be examined by the Accounts Chamber of the Russian Federation in addition to



Bank of Russia accounts and operations for 2023 covered by the Russian Federation Law 'On State Secrecy'.

Under the applicable legislation, the Accounts Chamber's duty is to present to the Bank of Russia a statement on the results of the examination of the accounts and operations of the Central Bank of the Russian Federation (Bank of Russia) and data for 2023, covered by the Russian Federation Law 'On State Secrecy', including the examination of accounts and operations determined by the decision of the National Financial Board, and to express an opinion on the credibility in all material aspects of the Bank of Russia Annual Financial Statements for 2023, and on the compliance of the accounting procedure with Russian federal legislation and Bank of Russia regulations.

The Accounts Chamber of the Russian Federation has conducted an examination of Bank of Russia accounts and operations, and also of the data for 2023 covered by the Russian Federation Law 'On State Secrecy', including the examination of accounts and operations determined by the decision of the National Financial Board, in the structural divisions and regional branches of the Central Bank of the Russian Federation (Bank of Russia) in such a way as to become sufficiently convinced that the Bank of Russia's annual balance sheet (with respect to sub-accounts and off-balance sheet accounts) as of 31 December 2023 (as of 1 January 2024), and its statement of financial performance for the period from 1 January to 31 December 2023 (for 2023), falling within the scope of competence of the Accounts Chamber of the Russian Federation, do not contain any material errors and adequately recognise in all aspects the assets and liabilities of the Central Bank of the Russian Federation (Bank of Russia) as of 31 December 2023, and the income and expenses of the Central Bank of the Russian Federation (Bank of Russia) for the period from 1 January to 31 December 2023, in line with the Bank of Russia's accounting policy.

Having examined the Bank of Russia's accounts and operations and data for 2023, covered by the Russian Federation Law 'On State Secrecy', including the examination of accounts and operations determined by the decision of the National Financial Board, the Accounts Chamber of the Russian Federation confirms, within the scope of its competence, the following data:

- the Bank of Russia annual balance sheet as of 31 December 2023 (balance sheet assets totalling ₽52,279,420 million and balance sheet liabilities, capital and profit totalling ₽26,288,939 million);
- annual balance sheet as of 31 December 2023 (as of 1 January 2024) with respect to sub-accounts and off-balance sheet accounts;
- the Bank of Russia statement of financial performance for the period from 1 January to 31 December 2023 (income totalling ₽415,226 million and expenses totalling ₽50,623 million);
- balance of revaluation reserves totalling ₽25,455,566 million as of 31 December 2023;
- data on the total number of Bank of Russia notes and coins (exclusive of coins containing precious metals), which should be in circulation as of 31 December 2023 (as of 1 January 2024).

According to the accounting data of the Central Bank of the Russian Federation relating to the accounts and operations covered by the Russian Federation Law 'On State Secrecy', a total of ₽16,391,798.3 million in Bank of Russia notes and coins should be in circulation as of 1 January 2023 (exclusive of coins containing precious metals).

Over the period from 1 January through 31 December 2023, the Bank of Russia put into circulation banknotes and coins (exclusive of coins containing precious metals) totalling ₽12,885,255.3 million, and withdrew from circulation Bank of Russia banknotes and coins (exclusive of coins containing precious metals) totalling ₽10,847,453.9 million.



Consequently, in the period under review, the amount of Bank of Russia notes and coins (exclusive of coins containing precious metals) in circulation increased by ₺2,037,801.4 million. According to the accounting data of the Central Bank of the Russian Federation relating to the accounts and operations covered by the Russian Federation Law 'On State Secrecy', a total of ₺18,429,599.7 million in Bank of Russia notes and coins should be in circulation as of 31 December 2023 (as of 1 January 2024) (exclusive of coins containing precious metals).

Provisions for assets covered by the Russian Federation Law 'On State Secrecy' have been created in line with Bank of Russia regulations.

The Accounts Chamber of the Russian Federation confirms the credibility, in all material aspects, of the Bank of Russia Annual Financial Statements for 2023 and compliance of the accounting procedure with the Russian federal legislation and Bank of Russia regulations.

Auditor

A.L. Savatyugin



INFORMATION ON THE NATIONAL FINANCIAL BOARD'S DECISION

In accordance with Clause 9.1 of Article 13 of Federal Law No. 86-FZ, the National Financial Board assessed independence of audit firms involved in the conduct of the mandatory audit of the Bank of Russia Annual Financial Statements for 2023 and the annual accounting (financial) statements for 2023 of organisations where the Bank of Russia's equity stake exceeded 50 per cent as of 1 January 2024, as well as the quality of such audit.

The National Financial Board acknowledged the following:

- The consortium of audit firms TSATR – Audit Services LLC and FinExpertiza LLC complies with requirements for independence of audit firms and auditors¹ with regard to the Bank of Russia in the course of conducting the mandatory audit of the Bank of Russia Annual Financial Statements for 2023. The quality of the audit is satisfactory.
- The consortium of audit firms TSATR – Audit Services LLC and FinExpertiza LLC (the auditor of FBSC AMC Ltd., JSC RNRC, and JSC NIIS), audit firms TSATR – Audit Services LLC (the auditor of NB TRUST) and FinExpertiza LLC (the auditor of NSPK JSC) comply with requirements for independence of audit firms and auditors with regard to the respective subsidiaries of the Bank of Russia in the course of conducting the mandatory audit of the accounting (financial) statements for 2023 of the said organisations. The quality of the audit is satisfactory.

The National Financial Board also considered the following issues related to the mandatory audit:

- conduct of the mandatory audit of the Bank of Russia Annual Financial Statements for 2023;
- appointing an audit firm to conduct a mandatory audit of the Bank of Russia Annual Financial Statements for 2023 and assessing its independence; additional issues to be considered by the audit firm alongside with conducting the mandatory audit of the Bank of Russia Annual Financial Statements for 2023;
- the list of accounts and operations of the Bank of Russia for 2023 to be examined by the Accounts Chamber of the Russian Federation in addition to Bank of Russia accounts and operations covered by Russian Federation Law No. 5485-1, dated 21 July 1993, 'On State Secrecy'.

¹ As set forth in Article 8 of Federal Law No. 307-FZ, dated 30 December 2008, 'On Audit Activities'.



5.

5. ADDENDA

5.1. MONETARY POLICY MEASURES AND INSTRUMENTS

The Bank of Russia key rate and interest rates on monetary policy instruments	
Levels of the key rate and rates on instruments	In 2023 H1, the Bank of Russia maintained the key rate at 7.50% per annum and, in 2023 H2, raised it on five occasions for the total of 850 basis points to 16.00% per annum. Interest rates on monetary policy instruments moved together with the key rate
Variable interest rate for repos	Starting from January 2023, the Bank of Russia conducts one-month repo transactions at variable interest rates based on the results of auctions
Required reserves	
Required reserve ratios	In 2023, the Bank of Russia changed required reserve ratios on three occasions and, from the April regulation period, introduced differentiation for liabilities in foreign currencies. Required reserve ratios were reduced for liabilities in foreign currencies, excluding the currencies of unfriendly countries, and were raised for liabilities in unfriendly countries' currencies. For banks with a universal licence and non-bank credit institutions, required reserve ratios for liabilities in rubles were raised from 3% to 4% from the March regulation period and to 4.5% from the June regulation period. Required reserve ratios for liabilities in all foreign currencies were raised from 5% to 7% from the March regulation period. Required reserve ratios for liabilities in foreign currencies, excluding unfriendly countries' currencies, were set at 5.5% from the April regulation period and were raised to 6% from the June regulation period. Required reserve ratios for liabilities in unfriendly countries' currencies were set at 7.5% from the April regulation period and were raised to 8.5% from the June regulation period
Other decisions	From 1 April 2023, for operations involving a credit institution – central counterparty, the Bank of Russia set adjustment ratios at 0.2 for liabilities in foreign currencies, excluding unfriendly countries' currencies, and at 0.05 for liabilities in unfriendly countries' currencies
	From 1 April 2023, the Bank of Russia updated the procedure for calculating fines in cases where credit institutions fail to comply with the reserve requirements with regard to the application of the double key rate that was effective during the period of the non-compliance taking into account the key rate change over the said period
	The Bank of Russia adjusted the procedure for calculating required reserves by specifying that, alongside the balances of cash in cash offices, the calculation of required reserves should also take into account digital rubles (within 25% of the amount of required reserves in rubles). The procedure will come into force from the January 2025 regulation period
Operations to manage ruble liquidity	
Primary and supplementary mechanisms of liquidity provision	From 16 October 2023, as part of the primary mechanism of liquidity provision, the Bank of Russia provided liquidity to meet the objectives of the monetary policy, namely: provided intraday and overnight loans, conducted one-day repo standing facilities, issued standing secured loans with maturities from one to 30 days, and also, conducted repo and loan auctions, if needed. Concurrently, from 16 October 2023, as part of the supplementary mechanism of liquidity provision, the Bank of Russia conducted repo standing facilities and issued standing lending facilities secured by non-marketable assets with maturities from one to 180 days
Individual limits on loans	On 29 November 2023, the Bank of Russia increased individual limits on loans secured by non-marketable assets and issued in accordance with the Terms and Conditions for the Issue and Redemption of Bank of Russia Loans Backed by Securities or Credit Claims (hereinafter, the Terms and Conditions). The regulator set the ratio to the capital of a credit institution used to calculate the maximum possible debt level at a rate of two
Security under operations	
Yuan-denominated assets	In February 2023, the Bank of Russia started to include yuan-denominated securities and credit claims in eligible collateral
Non-marketable assets	On 18 April 2023, the Bank of Russia reduced the list of economic activities, which may include the principal activity of borrowers and persons who are liable under credit agreements, the claims under which are accepted as collateral for loans issued under the Terms and Conditions (such requirements were in place before February 2022)
	On 16 October 2023, the Bank of Russia changed the procedure for determining the value of non-marketable assets accepted as collateral for loans issued under the Terms and Conditions in terms of easing the requirement for the maturity of assets
Primary and supplementary mechanisms of liquidity provision	On 16 October 2023, the Bank of Russia split collateral between the primary and supplementary mechanisms of liquidity provision
Discounts and adjustment ratios	On 16 October 2023, the Bank of Russia changed the values of discounts and adjustment ratios for securities and credit claims used as collateral for liquidity providing operations. The Bank of Russia sets discounts and adjustment ratios depending on the level of credit risk of respective assets, including credit rating values
Counterparties	
Admissible credit ratings	On 1 January 2023, the Bank of Russia began to conduct repos and secured lending operations with credit institutions provided that the minimum credit rating assigned to them by Russian agencies is at or above the following levels: <ul style="list-style-type: none"> – B-(RU)/ruB-/B-.ru/B-lrul assigned by credit rating agencies ACRA (JSC) / JSC Expert RA / NCR / NRA LLC for repos and loans secured by securities; – BB-(RU)/ruBB-/BB-.ru/BB-lrul assigned by credit rating agencies ACRA (JSC) / JSC Expert RA / NCR / NRA LLC for loans secured by credit claims

5.2. SPECIALISED FACILITIES AND LIQUIDITY SUPPORT INSTRUMENTS

Specialised facilities	
Interest rates	Interest rates on new loans issued as part of specialised facilities changed within the established rules in line with changes in the key rate
Other conditions	In July 2023, as part of the specialised SME lending support mechanism, the Bank of Russia started providing liquidity to credit institutions against OFZs
	In 2023, as part of the specialised mechanism for refinancing loan agreements backed by insurance contracts of JSC EXIAR, the Bank of Russia also refinanced loan agreements related to import financing
Supplementary mechanism of liquidity provision and emergency liquidity assistance (ELA)	
Supplementary mechanism of liquidity provision	On 16 October 2023, the Bank of Russia began to use the supplementary mechanism of liquidity provision instead of the ELA
ELA	In 2023, the Bank of Russia did not issue loans as part of the ELA. On 1 December 2023, the regulator began to terminate liquidity providing agreements under the ELA mechanism concluded earlier with credit institutions
Irrevocable credit lines (ICLs)	
Decisions approved for 2023	In 2023, the Bank of Russia did not open new ICLs amid the relaxation of the liquidity coverage ratio (LCR) introduced on 18 February 2022. On 29 December 2023, the Bank of Russia began to terminate existing ICL agreements concluded earlier with credit institutions
Procedure for renewing ICLs	At the end of 2023, the Bank of Russia made decisions according to which, from 1 March 2024, the said relaxation would come to an end and new ICLs would be opened in a modified form. The commitment fee for the use of ICLs would become differentiated: 0.1% per annum for the part of the maximum possible limit of the ICL required to increase the LCR from 80% to 100%; and 1.5% per annum for the remaining part of the maximum possible limit. As a result, the maximum aggregate limit of ICLs was cancelled, with the amount of ICLs available to SICIs to be gradually reduced to improve their balance sheet liquidity



5.3. IMPLEMENTATION OF THE RUSSIAN FINANCIAL MARKET DEVELOPMENT PROGRAMME FOR 2023–2025

In 2023, the Bank of Russia implemented measures outlined in the [Russian Financial Market Development Programme for 2023–2025](#) (hereinafter, the Programme 2023–2025). As part of its efforts, the regulator strived to create a balanced set of sources of long-term financing and conditions supporting long-term savings and investments, took measures to protect the rights of financial consumers and investors, and to adapt the Russian financial market and payment infrastructure to operation under sanctions.

Information on the implementation of the Programme 2023–2025 is published on the Bank of Russia website as part of the [Russian Financial Market Development Programme for 2024–2026](#). The most significant measures implemented in 2023 by the Bank of Russia jointly with the Government of the Russian Federation and in cooperation with market participants are listed below.

Enabling a stronger role of the financial market in financing the transformation of the economy

The Bank of Russia implemented risk-sensitive incentive-based regulation to support lending to projects promoting technological sovereignty and the structural adaptation of the Russian economy

The partnership financing experiment was launched

It was allowed to enter into IIA contracts with more flexible terms (IIAs of type III)

Conditions are being created to launch unit-linked life insurance – a new insurance product with an investment component in the Russian insurance market

Legal conditions were created for the launch of a new savings instrument – the long-term savings programme

The maximum amount of the insurance compensation guaranteed for voluntary pension savings was increased from ₽1.4 million to ₽2.8 million

NPFs were permitted to combine their core activity with providing financial market consulting services and act as agents for various companies

Investment advisers were allowed to apply the simplified taxation system

The legal framework was established for the concepts ‘technological company’ and ‘small technological company’, thus making it possible to focus the current support measures on such companies

The ban was cancelled on including securities simultaneously in the Innovation and Investment Market Sector / the IIM-Prime Segment and the Growth Sector of Moscow Exchange

The taxation procedure for interest (coupon) income earned on bonds was improved. Private investors will be allowed to deduct the amount of accrued interest paid on the relevant bond purchase from bond interest (coupon) income received

The regulatory framework was established for selling listed bonds through financial platforms with the issuer buying back such bonds to sell subfederal bonds to individuals without the testing

Restrictions were lifted on combining the statuses of the financial platform operator, operator of the information system, where digital financial assets are issued, and the digital financial asset exchange operator

The regulator established the requirements for issuers to disclose information when issuing sustainability bonds, sustainability-linked bonds, climate transition bonds, and adaptation bonds

The list of sensitive information for issuers, as well as the list of cases when it is allowed not to disclose information or to limit the disclosures, were approved

Financial consumer and investor protection, enhancing financial inclusion for households and businesses

The list of instruments available to non-qualified investors was changed. In particular, according to the general rule, foreign securities of issuers from unfriendly countries as well as securities of issuers from friendly states held in unfriendly countries' infrastructure will be available only to qualified investors

The regulator approved the requirements for the disclosure of information on voluntary insurance contracts in the form of a key information document, as well as requirements for the terms of certain voluntary insurance types

The list of payments that banks and MFOs shall include in the TCC calculation was expanded. Thus, the calculation now takes into account not only the payments set out in the loan (microloan) agreement, but also other payments that actually influence the loan (microloan) terms

Legal conditions were created for the introduction of a mechanism of credit holidays on consumer loans (microloans) on a permanent basis

The regulator updated the information and teaching materials on combating social engineering in the financial market aimed at increasing individuals' awareness and carried out the practice-focused cyber security training CyberCourse

With a view to increasing the pace and quality of investigating cyber fraud cases, the Bank of Russia and the Russian Ministry of Internal Affairs organised the exchange of data on fraudulent transactions

A two-day cooling-off period was introduced. During this period banks shall not transfer funds to suspicious accounts

Measures were taken to improve the mechanism for preventing money thefts from bank clients and the existing procedure for the reimbursement of stolen money

Individuals will be able to make fee-free money transfers within the monthly limit of ₺30 million between their accounts (deposits) with various banks and to their wallets on financial platforms

Digitalisation of the financial market and development of the payment infrastructure

National Payment Card System Joint Stock Company approved the National Payment Card System Development Strategy for 2023–2024

The amendments (excluding certain requirements) determining the fundamentals of the legal regulation of digital ruble transactions came into force. The Bank of Russia began the pilot testing of the digital ruble on real transactions with the participation of a limited number of users

The requirements for payment agents' activities were tightened, the self-regulation in the market for individuals' payment acceptance services was introduced. The Bank of Russia was empowered to control (supervise) the activities of payment acceptance operators

Banks are now obliged to use only Russian services and financial infrastructure for financial messaging to transfer funds across the Russian Federation

The Bank of Russia's powers to control the compliance with the action plans for financial institutions' transition predominantly to Russian software were set out

The regulator introduced the unified rules for financial institutions to form, store and use unique device digital footprints and a set of parameters enabling an unambiguous identification of a customer's device used to conduct banking and other financial transactions

Individuals now have the option to register their biometric personal data in the Unified Biometric System on their own, using a special mobile application

The SBP enabled cross-border transfers of funds between individuals via correspondent foreign banks – participants in the SBP or participants in foreign payment systems, with which the SBP established intersystem interaction

Transformation of the system of foreign trade payments and settlements

The ban for banks with a basic licence to open correspondent accounts with foreign banks was cancelled

Credit institutions and a number of NFIs were entitled to delegate the identification of foreign persons (outside Russia) to foreign financial institutions

The Bank of Russia cancelled the requirement for the legalisation of documents issued by foreign countries' competent authorities that confirm the status of non-resident clients

Special conditions were established for the implementation of the requirements of the AML legislation with respect to the identification and mandatory personal presence of clients (their representatives) when opening special accounts of type Z with credit institutions

Ensuring financial stability

For credit institutions, the Bank of Russia introduced differentiated required reserve ratios for liabilities in unfriendly countries' currencies and other foreign currencies

Credit institutions and brokers from friendly countries were admitted to on-exchange trading in currencies and interest rate and foreign exchange derivatives

5.4. STATISTICAL TABLES

Key macroeconomic indicators
(year-over-year growth, %)

Table 1

	2021	2022	2023
Gross domestic product ^{1, 2}	5.9	-1.2	3.6
of which: ³			
– agriculture, forestry, hunting, fishery and fish farming	0.5	7.0	0.1
– mining and quarrying	3.5	0.6	-2.0
– manufacturing	5.9	-2.0	7.0
– electricity, gas and steam supply; air conditioning	6.0	0.3	0.1
– water supply and disposal, waste collection and disposal, pollution elimination	10.6	-4.8	-3.0
– construction	5.7	7.1	7.0
– wholesale and retail trade, and other	5.5	-12.8	7.3
– transportation and storage	7.9	0.1	3.2
– information and communications	13.5	0.9	10.0
GDP deflator ²	19.1	15.8	6.3
Consumer price index (December on previous December) ²	8.4	11.9	7.4
Fixed capital investment ^{1, 2}	8.6	6.7	9.8
Retail trade turnover ^{1, 2}	7.8	-6.5	6.4
Unemployment rate (annual average), as per cent of labour force ²	4.8	3.9	3.2
External trade (per balance of payments methodology) ⁴			
– goods and services exports	44.1	16.6	-27.4
– goods and services imports	23.6	-7.8	9.0

¹ Index of quantity.

² Rosstat data.

³ Gross value added in core prices.

⁴ Bank of Russia data.

Note. Minor discrepancies between the total and the sum of components in tables of Section 5.4 are due to the rounding of data. Certain indicators were updated as compared with those published in the [Bank of Russia Annual Report for 2022](#).



Consumer prices by group of goods and services¹
(growth, December as a percentage of previous December)

Table 2

	2021	2022	2023
Consumer prices, total	8.4	11.9	7.4
of which:			
– food prices	10.6	10.3	8.2
of which:			
– food prices exclusive of fruit and vegetables	10.2	12.0	6.1
– fruit and vegetable prices	14.0	-2.0	24.2
– non-food prices	8.6	12.7	6.0
– paid services provided to the public	5.0	13.2	8.3
Prices of goods and services included in calculation of core consumer price index (CCPI)	8.9	14.3	6.8

¹ Rosstat data.**Consumer price inflation structure¹**

Table 3

	2022		2023	
	contribution to growth, percentage points	contribution to growth, %	contribution to growth, percentage points	contribution to growth, %
Headline inflation (December on December)	11.9	100.0	7.4	100.0
Inflation growth due to:				
– change in prices of goods and services included in CCPI calculation	9.9	83.1	4.7	63.8
– change in prices of goods and services not included in CCPI calculation	2.0	16.9	2.7	36.2
of which:				
– change in fruit and vegetable prices	-0.1	-0.8	1.0	13.6
– change in administered service and fuel prices	2.0	17.1	1.6	22.1

¹ Rosstat data, Bank of Russia calculations.

Household money income, expenditures and savings¹

Table 4

(₽ mln, unless indicated otherwise)

	2022	2023	2023 as a percentage of 2022
Money income	7,66,675	88,334,140	110.7
Wages and salaries	45,890,594	52,125,742	113.6
Share, %	57.5	59.0	
Social allowances	15,961,767	17,195,716	107.7
Share, %	20.0	19.5	
Entrepreneurial income	4,571,436	6,005,963	131.4
Share, %	5.7	6.8	
Property income	6,197,004	3,892,780	62.8
Share, %	7.8	4.4	
Other income	7,145,875	9,113,940	127.5
Share, %	9.0	10.3	
Money expenditures	75,139,647	82,254,912	109.5
– consumer expenditures	62,472,520	69,507,243	111.3
– compulsory payments and contributions	11,235,569	11,844,985	105.4
– other expenditures	1,431,558	902,684	63.1
Growth in savings²	4,627,028	6,079,228	131.4
of which:			
– ruble and foreign currency deposits, government and other securities	5,040,741	9,612,478	190.7
– ruble and foreign currency cash on hand	1,882,887	452,572	24.0
Memo item			
Share of money income, %			
– consumer expenditures	78.3	78.7	
– compulsory payments and contributions	14.1	13.4	
– other expenditures	1.8	1.0	
– savings	5.8	6.9	
of which:			
– ruble and foreign currency deposits, government and other securities	6.3	10.9	
– ruble and foreign currency cash on hand	2.4	0.5	
Disposable money income	68,531,106	76,489,155	111.6
Share of, %			
– consumer expenditures	91.2	90.9	
– other expenditures	2.0	1.2	
– savings	6.8	7.9	
of which:			
– ruble and foreign currency deposits, government and other securities	7.4	12.6	
– ruble and foreign currency cash on hand	2.7	0.6	

¹ The table was compiled based on Rosstat data (Methodological regulations for calculating household monetary income and expenditures approved by Rosstat Order No. 465, dated 2 July 2014, and amended by Order No. 680, dated 20 November 2018); due to rounding, the sum of separate items may sometimes differ from the total shown.

² Savings include increase (decrease) in deposits, purchase of securities, change in accounts of individual entrepreneurs, purchase of real estate, purchase of cattle and poultry by households, change in ruble and foreign currency cash on hand, change in outstanding loans and other savings.



Budget system, financial assets and government debt

Table 5

	2022		2023	
	₽ bn ¹	percentage of GDP	₽ bn ¹	percentage of GDP
Consolidated budget				
Revenues	53,074.2	34.2	59,073.5	34.5
– oil and gas revenues	11,586.2	7.5	8,822.3	5.2
– non-oil and gas revenues	41,488.0	26.7	50,251.3	29.4
Expenditures	55,181.8	35.5	62,983.8	36.8
Balance	-2,107.6	-1.4	-3,910.3	-2.3
Non-oil and gas balance ²	-13,693.8	-8.8	-12,732.5	-7.4
Federal budget				
Revenues	27,824.4	17.9	29,124.1	17.0
– oil and gas revenues	11,586.2	7.5	8,822.3	5.2
– non-oil and gas revenues	16,238.2	10.5	20,301.8	11.9
Expenditures	31,119.0	20.0	32,353.7	18.9
Balance	-3,294.6	-2.1	-3,229.7	-1.9
Non-oil and gas balance ²	-14,880.8	-9.6	-12,051.9	-7.0
Sources of financing of federal budget deficit				
Net placement of domestic government securities	2,056.7	1.3	1,823.4	1.1
Net replenishment / use of balances of the federal budget account in foreign currency and NWF funds in the amount of extra oil and gas revenues or the shortfall thereof (MinFin interventions, the '-' sign)	–	–	822.3	0.5
Government financial assets and public debt				
National Wealth Fund (as of year end)	10,434.6	6.9	11,965.1	7.0
Balances of funds of federal authorities in accounts with the banking system (₽) ³	7,077.2	4.6	8,025.0	4.7
Balances of funds of Russian constituent territories and local authorities in accounts with the banking system (₽)	1,561.0	1.0	1,699.8	1.0
Aggregate public debt (as of year end)⁴	25,984.4	16.7	29,184.9	17.1
– aggregate public and municipal domestic debt	21,926.9	14.1	24,384.2	14.3
– aggregate public and municipal external debt	4,057.4	2.6	4,800.6	2.8
– federal domestic debt, of which:	18,781.0	12.1	20,812.8	12.2
– in securities	18,079.3	11.6	20,112.4	11.8
– OFZs	17,960.7	11.6	20,029.9	11.7
– other securities	118.5	0.1	82.4	–
– in government guarantees	701.7	0.5	700.4	0.4

¹ According to the Federal Treasury.² Excluding one-off revenues.³ Including NWF funds in accounts with the Bank of Russia in national currency and in foreign currency, as well as funds in credit institutions, the State Development Corporation VEB.RF, preferred shares of non-financial organisations, and other assets.⁴ Including obligations of federal authorities, Russian constituent territories, and local authorities under budget loans.

Russia's domestic government debt
(at face value)

Table 6

Debt instruments	Russia's domestic government debt as of 1 January 2023		Russia's domestic government debt as of 1 January 2024	
	₽ bn	Share of Russian total domestic government debt, %	₽ bn	Share of Russian total domestic government debt, %
Permanent coupon-income federal government bonds (OFZ-PD)	9,794.8	52.2	10,944.7	52.6
Debt depreciation federal government bonds (OFZ-AD)	166.0	0.9	122.7	0.6
Variable coupon-income federal government bonds (OFZ-PK)	6,896.9	36.7	7,724.8	37.1
Inflation-indexed federal government bonds (OFZ-IN)	1,025.1	5.5	1,171.2	5.6
Federal government bonds for individuals (OFZ-n)	22.2	0.1	13.6	0.1
Permanent coupon-income government savings bonds (GSO-PPS)	94.4	0.5	94.4	0.5
Fixed coupon-income government savings bonds (GSO-FPS)	80.0	0.4	41.0	0.2
Russian domestic government debt in securities	18,079.3¹	96.3	20,112.4	96.6
Russian government guarantees in national currency	701.7	3.7	700.4	3.4
Total	18,781.0	100.0	20,812.8	100.0

¹ Discrepancies are due to rounding.**Ministry of Finance debt to the Bank of Russia**

Table 7

	As of 1 January 2023 ¹	As of 1 January 2024 ²
Russian government debt obligations, ₽ mln	450,372	422,384

¹ For securities denominated in foreign currency, the ruble equivalent was calculated at the exchange rate as of 31 December 2022.² For securities denominated in foreign currency, the ruble equivalent was calculated at the exchange rate as of 31 December 2023.**Russian Federation Eurobonds and domestic bonds (OFZ) owned by non-residents**

Table 8

Date	Volume of Russian Eurobonds held by non-residents		Volume of non-residents' OFZ holdings	
	\$ bn ¹	% of total debt under Russian Federation Eurobonds	\$ bn1	% of total debt under OFZs
01.01.2022	20.0	51.1	41.5	19.9
01.04.2022	18.6	49.8	32.9	17.7
01.07.2022	18.0	49.6	54.1	17.6
01.10.2022	16.9	47.5	47.7	17.9
01.01.2023	16.3	45.0	28.1	11.1
01.04.2023	16.1	44.7	22.8	9.5
01.07.2023	16.1	44.5	19.4	8.8
01.10.2023	15.0	45.7	15.4	7.7
01.01.2024	14.8	44.8	16.5	7.4

¹ At face value.

Measures to enhance financial literacy for various target audiences taken in the Russian Federation in 2023

Table 9

Target audience	Number of measures, units
Children, schoolchildren, students, of which:	5,043
– children from boarding schools and orphanages	207
Adults, of which:	14,440
– teachers at all levels of education (as to how financial literacy issues can be included in the educational process)	693
– SME representatives	699
– low-income individuals (including migrants)	235
– individuals of retirement age and social workers	1,020
– disabled persons (including persons with health limitations)	210
– servicemen	632
Total	19,483

Institutional financial market participants
(units)

Table 10

Name of institutional financial market participants	Number of participants	
	as of 01.01.2023	as of 01.01.2024
Credit institutions	361	361
of which:		
– banks	326	324
– non-bank credit institutions	35	37
Credit institutions with foreign stakes in authorised capital	108	96
Branches of operating Russian credit institutions, total	453	421
of which:		
– in Russia	449	417
– abroad	4	4
Representative offices of operating Russian credit institutions, total	162	150
of which:		
– in Russia	143	131
– abroad	19	19
Representative offices of foreign credit institutions	28	26
Internal divisions of credit institutions (branches), total	24,519	24,829
of which:		
– additional offices	24,221	24,518
– mobile offices ¹	298	311



Table 10 continued

Name of institutional financial market participants	Number of participants	
	as of 01.01.2023	as of 01.01.2024
Insurance agents, total	215	211
of which:		
– insurance companies ²	140	132
– mutual insurance companies	18	21
– insurance brokers	57	58
Associations of insurance agents	20	18
Professional securities market participants,³ total	515	513
of which:		
– brokers	253	254
– forex dealers	4	4
– dealers	277	282
– trust managers	179	183
– depositories	252	255
– register holders	31	31
– investment advisers	179	175
Infrastructures, total	90	113
of which:		
– clearing houses	6	7
– exchanges	6	6
– trading systems ⁴	1	1
– commodity delivery operators	4	4
– repositories	2	2
– central depository	1	1
– central counterparties ⁵	3	4
– news agencies ⁶	5	5
– investment platform operators	64	78
– financial platform operators	6	9
– operators of information systems issuing digital financial assets ⁷	3	10
– operators of exchange of digital financial assets	0	1
Payment system operators and foreign payment system operators	25	27
of which:		
– payment system operators	23	25
– nationally important payment system operators ⁸	2	2
– operators of foreign payment systems	0	0
Collective investment market participants, total	338	347
of which:		
– non-governmental pension funds	39	37
– joint stock investment funds	2	2
– management companies of investment funds, unit investment funds and non-governmental pension funds	268	282
– specialised depositories of investment funds, unit investment funds and non-governmental pension funds	29	26



End of table 10

Name of institutional financial market participants	Number of participants	
	as of 01.01.2023	as of 01.01.2024
Unit investment funds, total	2,163	2,645
of which:		
– open-end	277	239
– interval	50	61
– closed-end	1,705	2,257
– exchange-traded	131	88
Microfinance market participants and cooperatives, total	5,341	4,941
of which:		
– microfinance organisations	1,162	1,009
– housing savings cooperatives	44	39
– consumer credit cooperatives	1,517	1,410
– agricultural consumer credit cooperatives	638	595
– pawnshops	1,980	1,888
Self-regulatory organisations, total	16	15
of which:		
– self-regulatory organisations in the financial market	14	13
– self-regulatory organisations of actuaries	2	2
Entities providing professional services in the financial market,⁹ total	334	367
of which:		
– audit firms providing audit services to socially important organisations in the financial market	2	22
– credit history bureaus	7	6
– actuaries	320	335
of which:		
– responsible actuaries	98	103
– credit rating agencies	4	4
– branches and representative offices of foreign credit rating agencies	1	0
Management companies of special-purpose vehicles	71	97
Representatives of bond holders	81	87
Partnership financing experiment participants¹⁰	–	7

¹ In accordance with Bank of Russia Ordinance No. 6242-U, dated 21 September 2022, 'On the Procedure for Banks (Their Branches) to Open Mobile Offices, on the Procedure for Entering Information Thereon in the State Register of Credit Institutions, and on the List of Banking Operations Allowed to Mobile Offices', starting from 1 October 2023, mobile banking vehicles are recognised as mobile offices.

² Including Joint Stock Company Russian National Reinsurance Company (JSC RNRC).

³ Including credit institutions which are professional securities market participants.

⁴ The access of trading systems is regulated in accordance with Federal Law No. 325-FZ, dated 21 November 2011, 'On On-exchange Trading'.

⁵ Organisations that have been assigned the status of a central counterparty in accordance with Federal Law No. 7-FZ, dated 7 February 2011, 'On Clearing, Clearing Activities and the Central Counterparty': CCP NCC, CC SPB Clearing (JSC), NFI CCP RDC (JSC), NCO Settlement centre (JSC).

⁶ News agencies accredited to disclose information about securities and other financial instruments.

⁷ The access is regulated in accordance with Federal Law No. 259-FZ, dated 31 July 2020, 'On Digital Financial Assets, Digital Currency, and on Amending Certain Laws of the Russian Federation'.

⁸ The Bank of Russia and National Payment Card System Joint Stock Company (NSPK JSC) are operators of the Bank of Russia payment system and the Mir payment system, respectively, based on Federal Law No. 161-FZ, dated 27 June 2011, 'On the National Payment System'. The procedure for registering these operators and entering them into the register of payment system operators has not been specified.

⁹ In accordance with Article 76.9–5 of Federal Law No. 86-FZ.

¹⁰ In accordance with Federal Law No. 417-FZ, dated 4 August 2023, 'On the Experiment in Introducing Special Regulation to Create Necessary Conditions for Partnership Financing Activities in Individual Constituent Territories of the Russian Federation and on Amending Certain Laws of the Russian Federation'.



Participants admitted to the financial market in 2023
(units)

Table 11

Name	Number
Credit institutions	3
Insurance agents	8
of which:	
– insurance companies	1
– insurance brokers	2
– mutual insurance companies	5
Professional securities market participants¹	46
of which:	
– brokers	7
– forex dealers	0
– dealers	10
– trust managers	9
– depositories	9
– investment advisers	23
Infrastructures¹	31
of which:	
– clearing houses	1
– central counterparties	1
– investment platform operators	18
– financial platform operators	4
– operators of information systems issuing digital financial assets	7
– operators of exchange of digital financial assets	1
Payment system operators	3
Collective investment market participants	21
of which:	
– non-governmental pension funds	0
– management companies of investment funds, unit investment funds and non-governmental pension funds	20
– specialised depositories of investment funds, unit investment funds and non-governmental pension funds	1
Microfinance market participants and cooperatives	292
of which:	
– microfinance organisations	75
of which:	
– microfinance companies	2
– microcredit companies	73
– housing savings cooperatives	3
– consumer credit cooperatives	45
– agricultural consumer credit cooperatives	2
– pawnshops	167
Self-regulatory organisations in the financial market	0
Entities providing professional services in the financial market	35
of which:	
– audit firms providing audit services to socially important organisations in the financial market	20
– actuaries	15
Management companies of special-purpose vehicles	28
Representatives of bond holders	11
Partnership financing experiment participants	8
Total	478

¹ Final indicators are given taking into account several activities performed by one organisation.

Self-regulatory organisations

Table 12

Financial market participants	As of 01.01.2023			As of 01.01.2024		
	number of self-regulatory organisations, units	number of members of self-regulatory organisations, units	share of members of self-regulatory organisations in the total number of financial institutions of the respective type of activity, %	number of self-regulatory organisations, units	number of members of self-regulatory organisations, units	share of members of self-regulatory organisations in the total number of financial institutions of the respective type of activity, %
Professional securities market participants (brokers, dealers, managers, depositories, register holders, forex dealers, investment advisers)	4	498	96.7	3	459	89.5
Joint stock investment funds and management companies of investment funds, unit investment funds and non-governmental pension funds	1	261	96.7	1	274	96.5
Specialised depositories	2	29	100.0	1	26	100.0
Non-governmental pension funds	1	39	100.0	1	37	100.0
Insurance companies	1	139	99.3	1	131	99.2
Insurance brokers	1	55	96.5	1	57	98.3
Microfinance organisations	2	1,138	97.9	2	991	98.2
Consumer credit cooperatives	2	816	53.8	2	733	52.0
Agricultural consumer credit cooperatives	3	528	82.8	3	475	79.8
Actuaries	2	320	100.0	2	335	100.0
– of which responsible actuaries	2	98	100.0	2	103	100.0

Infrastructure of financial services provision¹
(units)

Table 13

	01.01.2023	01.01.2024
Credit institutions		
Number of stand-alone divisions of credit institutions	592	548
of which:		
– branches	449	417
– representative offices	143	131
Number of internal divisions of credit institutions (branches)	24,519	24,829
of which:		
– additional offices	24,221	24,518
– mobile banking vehicles (01.01.2023) / mobile offices (01.01.2024)	298	311
Number of parking spots of mobile banking vehicles (01.01.2023) / number of parking spots of mobile offices (01.01.2024)	2,139	2,484
Reduced formats of services provided by credit institutions		
Number of remote service points with employees of credit institutions	13,136	11,240
Number of Russian Post branches (including those temporarily closed) where the provision of certain banking operations and related technological activities (including withdrawing and depositing cash) is technically ensured ²	34,910	32,845
of which:		
– number of operating Russian Post branches performing certain banking operations and related technological activities (including withdrawing and depositing cash)	27,773	29,644



End of table 13

	01.01.2023	01.01.2024
– number of Russian Post branches where account opening documents are accepted	26,151	22,103
– with employees of credit institutions	3,248	2,281
Number of trade and service outlets offering the 'cash on hand' facility, which is a cash withdrawal service provided to holders of payment cards in trade (service) organisations that are bank payment agents, using POS terminals	24,952	36,349
Number of other physical service outlets with credit institutions' agents and partners ³	713,031	1,040,194
Number of agents and partners of credit institutions providing off-site services	5,890	12,412
Other formats of services provided by credit institutions		
Number of operating credit institutions providing services to open accounts without visiting the bank	132	141
Number of operating credit institutions issuing payment cards	235	229
Number of operating credit institutions with the infrastructure permitting acceptance of payment cards	215	214
Insurance agents		
Number of branches and representative offices of insurance agents	1,650	1,680
Number of other stand-alone divisions of insurance agents	5,366	5,957
Professional securities market participants		
Number of stand-alone divisions of professional securities market participants – non-bank financial institutions	598	575
Microfinance agents and cooperatives		
Number of stand-alone divisions of microfinance companies	707	407
Number of stand-alone divisions of microcredit companies	10,949	9,325
Number of stand-alone divisions of consumer credit cooperatives	1,281	1,182
Number of stand-alone divisions of agricultural consumer credit cooperatives	188	170
Number of stand-alone divisions of pawnshops	9,771	9,964
Payment infrastructure		
Number of cash dispensing and/or receiving ATMs of credit institutions (cash dispensing/depositing with the use of payment cards or their details)	173,366	143,820
Number of cash receiving ATMs of credit institutions (cash depositing without the use of payment cards or their details)	6,271	6,895
Number of POS terminals	3,809,513	4,051,733
Number of ATMs of bank payment agents (subagents) ⁴	134,761	94,848
Number of cash desks of bank payment agents (subagents) ⁴	217,159	228,535
Number of payment terminals of bank payment agents (subagents) ⁵	126,376	102,671
Number of cash desks of payment agents (subagents) ⁵	48,679	27,197
Number of offices of federal postal service organisations offering payment services (including funds transfers)	38,876	40,138
of which:		
– JSC Russian Post branches ⁶	38,322	39,595
– FSUE Post of Crimea branches ⁷	554	543

¹ Data as of 1 January 2023 were updated with new information received from financial institutions as part of reporting adjustment. There is information about the number of financial services access points operating in the Russian Federation, including financial market participants and their divisions (excluding payment infrastructure points) located in Baikonur, which has the status of a federal city of the Russian Federation (Agreement Between the Russian Federation and the Republic of Kazakhstan on the Status of Baikonur, the Procedure for the Formation and Status of Its Executive Authorities).

² According to JSC Post Bank data. Information on operating post offices performing certain banking operations is sent by JSC Post Bank to the Bank of Russia in accordance with Clause 1 of Minutes No. PRG-59-9-3/1144, dated 19 May 2023 (information on these outlets is provided as of 1 May 2023 and 1 January 2024, respectively).

³ Excluding locations of cash desks and ATMs of bank payment agents (subagents) as well as Russian Post branches performing certain banking operations and related technological activities (including withdrawing and depositing cash).

⁴ Data about bank payment agents were obtained based on credit institutions' reporting forms.

⁵ Data about payment agents were obtained through a survey of credit institutions conducted by the Bank of Russia.

⁶ According to JSC Russian Post data.

⁷ According to FSUE Post of Crimea data.



Amount of issue-grade securities admitted to¹ and placed in the financial market²

Table 14

SHARES										
	Year	Number of issues, units	Amount							
			RUB bn	USD bn	EUR bn	CNY bn	GBP bn	CHF bn	AED bn	grammes of gold
Admitted	2021	2,654	2,545.87	–	–	–	–	–	–	–
	2022	3,049	3,754.21	–	–	–	–	–	–	–
	2023	3,409	3,070.91	–	–	–	–	–	–	–
Placed	2021	2,438	2,299.21	–	–	–	–	–	–	–
	2022	2,933	1,976.88	–	–	–	–	–	–	–
	2023	3,296	2,414.19	–	–	–	–	–	–	–
BONDS										
	Year	Number of issues, units	Amount							
			RUB bn	USD bn	EUR bn	CNY bn	GBP bn	CHF bn	AED bn	grammes of gold
Admitted	2021	1,332	18,709.59	5.98	2.78	–	–	–	–	–
	2022	1,235	15,114.17	29.92	5.20	73.41	0.85	–	–	–
	2023	2,280	20,194.93	22.24	11.18	53.89	0.58	0.83	0.35	6,600,000
Placed	2021	1,067	17,455.11	3.98	1.41	–	–	–	–	–
	2022	904	9,663.47	12.30	1.40	58.68	0.29	–	–	–
	2023	1,944	25,721.44	10.57	3.62	26.55	0.14	0.17	0.37	3,380,665
SHARES AND BONDS, TOTAL										
	Year	Number of issues, units	Amount							
			RUB bn	USD bn	EUR bn	CNY bn	GBP bn	CHF bn	AED bn	grammes of gold
Admitted	2021	3,986	21,255.46	5.98	2.78	–	–	–	–	–
	2022	4,284	18,868.38	29.92	5.20	73.41	0.85	–	–	–
	2023	5,689	23,265.84	22.24	11.18	53.89	0.58	0.83	0.35	6,600,000
Placed	2021	3,505	19,754.32	3.98	1.41	–	–	–	–	–
	2022	3,837	11,640.35	12.30	1.40	58.68	0.29	–	–	–
	2023	5,240	28,135.63	10.57	3.62	26.55	0.14	0.17	0.37	3,380,665

¹ Securities issues registered by the Bank of Russia, issues of exchange-traded and commercial bonds registered by Moscow Exchange, PJSC SPB Exchange, and NSD, as well as share issues registered by register holders, according to the securities register maintained by the Bank of Russia.

² Minor discrepancies between the total and the sum of components are due to the rounding of data.

Number of effective rules for trust management of UIFs (units)

Table 15

Indicator name	2022	2023	2023 vs 2022
Total number of effective rules for trust management of UIFs	2,163	2,645	growth over 22%
Number of rules (amendments thereto) for trust management of UIFs approved by specialised depositories and submitted to the Bank of Russia	2,827	4,057	growth over 43%
Number of rules (amendments thereto) for trust management of UIFs registered by the Bank of Russia	787	792	growth over 0.5%



Number of credit institutions under liquidation including with the DIA.RF's participation (units)

Table 16

	As of 31.12.2022	As of 31.12.2023
Number of credit institutions subject to liquidation, which have taken decisions on liquidation (bankruptcy) as of the indicated date and which are implementing liquidation procedures, total	339	318
of which:		
– credit institutions recognised as bankrupts by arbitration courts where bankruptcy proceedings were initiated over the reporting period	310	301
– credit institutions subject to forced liquidation over the reporting period	3 ¹	2
– credit institutions where founders made a decision on their voluntary liquidation over the reporting period	20	14
	5 ²	0
	9	3
	3	0
of which:		
– credit institutions where the functions of a liquidator / official receiver are assigned to the DIA.RF	324	311
as an official receiver	307	297
as a liquidator	17	14
– credit institutions where the functions of a liquidator / official receiver are assigned to court-appointed receivers accredited at the Bank of Russia as official receivers to deal with bankrupt credit institutions	6	4
– credit institutions where liquidation procedures are performed by liquidation commissions	9	3
Inspections of official receivers over the reporting period	47	33

¹ Earlier, arbitration courts made decisions on the compulsory liquidation of two credit institutions.

² With regard to one credit institution, bankruptcy proceedings were terminated and compulsory liquidation was introduced.

Number of financial institutions under liquidation including with the DIA.RF's participation (units)

Table 17

	As of 31.12.2022	As of 31.12.2023
Number of NPFs under liquidation, total	34	33
of which:		
– NPFs where the functions of a liquidator / official receiver are assigned to the DIA.RF	28	27
as an official receiver	25	27
as a liquidator	3	0
Number of insurance companies under liquidation, total	50	46
of which:		
– insurance companies where the functions of a liquidator / official receiver are assigned to the DIA.RF	32	31
as an official receiver	32	31
as a liquidator	0	0
Inspections of official receivers (DIA.RF) over the reporting period	8	3
– NPFs	— ¹	0
– insurance companies	8	3

¹ On 1 January 2023, the Bank of Russia was authorised to audit liquidators of NPFs in accordance with Federal Law No. 556-FZ, dated 28 December 2022, 'On Amending the Federal Law 'On Non-governmental Pension Funds' and the Federal Law 'On Insolvency (Bankruptcy)'.



Balance of payments¹ of the Russian Federation
(\$ mln)

Table 18

	Q1	Q2	Q3	Q4	2023	Memo item: 2022
Current account	15,427	7,374	15,923	11,500	50,224	237,678
Goods	30,432	26,204	33,306	30,984	120,926	315,567
<i>Exports</i>	<i>105,092</i>	<i>103,405</i>	<i>109,093</i>	<i>106,633</i>	<i>424,223</i>	<i>592,077</i>
<i>Imports</i>	<i>74,660</i>	<i>77,201</i>	<i>75,787</i>	<i>75,649</i>	<i>303,297</i>	<i>276,510</i>
Services	-7,628	-8,987	-9,704	-7,790	-34,108	-22,242
<i>Exports</i>	<i>9,835</i>	<i>10,360</i>	<i>9,691</i>	<i>11,323</i>	<i>41,209</i>	<i>48,632</i>
transport	3,691	3,807	3,671	3,813	14,982	14,926
travel	1,561	1,892	1,635	1,623	6,711	5,604
other services	4,583	4,662	4,385	5,886	19,516	28,102
<i>Imports</i>	<i>17,464</i>	<i>19,347</i>	<i>19,394</i>	<i>19,112</i>	<i>75,317</i>	<i>70,874</i>
transport	3,862	4,032	3,949	3,890	15,733	14,082
travel	7,523	8,601	9,884	6,970	32,978	20,793
other services	6,079	6,714	5,562	8,253	26,607	35,999
Compensation of employees	-1,244	-1,270	-1,153	-1,244	-4,911	-2,542
Investment income	-3,997	-7,285	-4,568	-6,285	-22,136	-44,508
Income receivable	8,589	9,032	7,040	6,962	31,623	35,988
Income payable	12,586	16,318	11,608	13,247	53,759	80,496
<i>Direct investment</i>	<i>-5,936</i>	<i>-3,338</i>	<i>-5,811</i>	<i>-4,663</i>	<i>-19,748</i>	<i>-31,459</i>
Income receivable	4,948	5,950	3,786	3,331	18,016	23,829
Income payable	10,884	9,288	9,598	7,994	37,765	55,288
<i>Portfolio investment</i>	<i>-567</i>	<i>-5,579</i>	<i>-904</i>	<i>-3,205</i>	<i>-10,256</i>	<i>-18,700</i>
Income receivable	351	345	311	439	1,445	2,222
Income payable	918	5,924	1,215	3,644	11,701	20,922
<i>Other investment</i>	<i>2,506</i>	<i>1,631</i>	<i>2,147</i>	<i>1,583</i>	<i>7,867</i>	<i>5,651</i>
Income receivable	3,289	2,737	2,943	3,192	12,161	9,937
Income payable	783	1,106	796	1,608	4,294	4,286
Rent	1	23	11	10	45	28
Secondary income	-2,137	-1,311	-1,968	-4,175	-9,591	-8,625
Capital account	-65	-46	-48	-1,260	-1,420	-4,580
Net lending (+) / net borrowing (-) (balance from current and capital accounts)	15,362	7,328	15,875	10,239	48,805	233,098
Net lending (+) / net borrowing (-) (balance from financial account)	12,920	4,624	12,793	12,962	43,299	227,079



End of table 18

	Q1	Q2	Q3	Q4	2023	Memo item: 2022
Direct investment	8,841	3,821	3,756	4,328	20,746	26,715
<i>Net acquisition of financial assets</i>	554	3,234	4,525	1,253	9,567	-13,086
Equity and investment fund shares	8,282	5,696	5,636	5,229	24,843	1,878
Debt instruments	-7,728	-2,462	-1,111	-3,976	-15,277	-14,964
<i>Net incurrence of liabilities</i>	-8,287	-587	769	-3,075	-11,180	-39,801
Equity and investment fund shares	2,513	1,535	4,404	-1,827	6,626	-12,070
Debt instruments	-10,800	-2,123	-3,635	-1,248	-17,806	-27,731
Portfolio investment	2,677	-109	3,614	-1,248	4,934	21,211
<i>Net acquisition of financial assets</i>	-1,391	-1,582	928	-2,227	-4,271	-10,809
Equity and investment fund shares	343	525	816	781	2,465	-3,429
Debt instruments	-1,734	-2,107	112	-3,007	-6,736	-7,380
<i>Net incurrence of liabilities</i>	-4,068	-1,473	-2,686	-978	-9,205	-32,021
Equity and investment fund shares	-128	-446	-1,377	-476	-2,427	-16,519
Debt instruments	-3,941	-1,027	-1,309	-502	-6,778	-15,501
Financial derivatives (other than reserves) and employee stock options	-772	-87	-176	52	-983	-3,469
<i>Net acquisition of financial assets</i>	-942	-461	-466	-336	-2,204	-17,920
<i>Net incurrence of liabilities</i>	-169	-374	-290	-387	-1,221	-14,451
Other investment	7,297	2,428	7,871	11,025	28,622	189,875
<i>Net acquisition of financial assets</i>	8,093	9,614	18,279	6,131	42,117	152,228
Other equity	2	1	2	2	7	56
Loans, currency and deposits	679	-2,123	11,588	1,710	11,854	72,430
Other accounts receivable	7,412	11,735	6,690	4,419	30,257	79,742
<i>Net incurrence of liabilities</i>	796	7,186	10,408	-4,895	13,495	-37,647
Other equity	-4	0	0	-4	-9	8
Loans, currency and deposits	-126	1,346	3,704	-7,952	-3,028	-19,784
Other accounts payable	906	5,819	6,695	3,056	16,476	-17,978
Special drawing rights	21	20	9	6	56	108
Reserve assets	-5,123	-1,431	-2,271	-1,195	-10,020	-7,253
Net errors and omissions	-2,442	-2,704	-3,082	2,722	-5,506	-6,019

¹ The balance of payments is compiled on the basis of the methodology set out in the 6th edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6). The use of signs corresponds to BPM6.



International investment position of the Russian Federation
(\$ mln)

Table 19

	Position as of 31.12.2021	Position as of 31.03.2022	Position as of 30.06.2022	Position as of 30.09.2022	Position as of 31.12.2022	Position as of 31.03.2023	Position as of 30.06.2023	Position as of 30.09.2023	Position as of 31.12.2023
	1	2	3	4	5	6	7	8	9
International investment position, net	486,585	608,537	491,413	595,296	768,059	810,669	813,167	835,713	857,511
Assets	1,659,508	1,602,144	1,708,829	1,597,834	1,601,843	1,598,327	1,548,839	1,512,841	1,554,258
Direct investment	487,004	389,758	479,644	414,655	381,194	369,483	335,202	309,136	313,127
Equity and investment fund shares	392,802	306,316	373,718	321,764	298,317	290,293	264,784	243,484	245,845
Debt instruments	94,202	83,442	105,925	92,891	82,877	79,189	70,418	65,652	67,282
Portfolio investment	117,413	93,742	90,114	86,018	80,641	73,944	73,812	70,078	68,712
Equity and investment fund shares	34,473	27,045	24,224	21,580	21,847	24,091	26,575	26,905	29,779
Debt securities	82,940	66,696	65,890	64,438	58,794	49,854	47,238	43,173	38,932
Financial derivatives (other than reserves) and employee stock options	6,444	7,618	3,014	1,829	1,282	1,002	1,033	733	393
Other investment	418,020	504,617	551,936	554,644	556,736	560,019	556,374	563,872	573,435
Other equity	8,559	8,553	8,517	8,485	8,575	8,587	8,579	8,570	8,590
Loans, currency and deposits	347,710	394,830	424,784	420,645	406,757	406,303	398,017	403,476	410,034
Other accounts payable	61,751	101,234	118,635	125,514	141,404	145,130	149,778	151,826	154,811
Reserve assets	630,627	606,409	584,121	540,688	581,989	593,879	582,418	569,021	598,592
Liabilities	1,172,922	993,607	1,217,416	1,002,538	833,783	787,659	735,672	677,128	696,747
Direct investment	610,083	513,576	677,306	540,823	442,045	406,566	365,712	317,343	333,698
Equity and investment fund shares	474,695	391,468	551,667	427,818	341,179	319,903	287,479	246,176	262,861
Debt instruments	135,387	122,107	125,638	113,005	100,866	86,662	78,232	71,167	70,837
Portfolio investment	273,636	191,978	257,129	202,848	155,097	151,012	145,463	139,807	148,190
Equity and investment fund shares	197,807	134,291	171,832	131,044	104,129	106,828	106,331	106,562	115,612
Debt securities	75,828	57,686	85,297	71,804	50,968	44,184	39,131	33,244	32,578
Financial derivatives (other than reserves) and employee stock options	5,757	5,864	2,575	1,921	1,282	1,018	1,014	945	800
Other investment	283,446	282,189	280,406	256,945	235,360	229,063	223,483	219,034	214,059
Other equity	4,128	3,658	6,017	5,368	4,410	4,030	3,601	3,220	3,537
Loans, currency and deposits	221,073	209,041	217,159	200,553	182,564	176,653	168,631	162,152	155,155
Other accounts payable	32,995	44,543	33,252	27,873	24,269	23,979	27,104	29,778	30,996
Special drawing rights	25,250	24,946	23,979	23,152	24,118	24,401	24,147	23,883	24,371

Notes.

1. The international investment position of the Russian Federation is compiled on the basis of the methodology set out in the 6th edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6).
2. '+' in columns 2 to 5 denotes net increase in assets or liabilities, '-' denotes their net decrease.
3. Data on portfolio investment (including government securities) are presented at market value.



International reserves of the Russian Federation
(\$ bn)

Table 20

	2022	2023											
	31.12	31.01	28.02	31.03	30.04	31.05	30.06	31.07	31.08	30.09	31.10	30.11	31.12
Reserve assets	582.0	597.0	574.2	593.9	595.8	584.2	582.4	590.0	581.7	569.0	576.1	592.4	598.6
of which:													
foreign currency assets	445.9	453.1	438.7	446.9	447.2	438.3	439.5	444.2	436.9	428.5	427.4	440.5	442.7
monetary gold	136.1	143.9	135.6	147.0	148.6	145.8	142.9	145.8	144.7	140.5	148.7	151.9	155.9

Ruble's exchange rate dynamics in 2023

Table 21

	January	February	March	April	May	June	July	August	September	October	November	December
Nominal exchange rate of US dollar against ruble, end of period	69.59	75.43	77.09	80.51	80.69	87.03	90.98	95.93	97.41	93.24	88.88	89.69
Nominal exchange rate of US dollar against ruble, period averages	69.23	73.00	76.08	80.88	78.94	83.15	90.42	95.26	96.65	97.01	90.57	90.76
Nominal exchange rate of US dollar against ruble, period averages from the beginning of the year	69.23	71.09	72.72	74.68	75.51	76.73	78.55	80.47	82.12	83.50	84.12	84.66
Nominal exchange rate of euro against ruble, end of period	75.78	79.62	83.76	88.37	86.51	95.11	99.96	104.45	103.16	98.62	97.65	99.19
Nominal exchange rate of euro against ruble, period averages	74.79	78.33	81.30	88.70	85.95	90.09	99.85	103.99	103.45	102.44	97.67	99.15
Nominal exchange rate of euro against ruble, period averages from the beginning of the year	74.79	76.54	78.10	80.62	81.66	83.01	85.23	87.37	89.03	90.29	90.93	91.59
Nominal exchange rate of Chinese yuan against ruble, end of period	10.31	10.79	11.18	11.57	11.36	11.99	12.69	13.13	13.36	12.71	12.45	12.58
Nominal exchange rate of Chinese yuan against ruble, period averages	10.08	10.68	11.01	11.73	11.28	11.61	12.55	13.11	13.23	13.25	12.49	12.69
Nominal exchange rate of Chinese yuan against ruble, period averages from the beginning of the year	10.08	10.38	10.58	10.86	10.94	11.05	11.25	11.47	11.65	11.80	11.86	11.93
Percentage change over December 2022¹												
Nominal exchange rate of ruble against US dollar	-5.6	-10.5	-14.1	-19.2	-17.2	-21.4	-27.7	-31.4	-32.4	-32.6	-27.9	-28.0
Nominal exchange rate of ruble against euro	-7.6	-11.8	-15.0	-22.1	-19.6	-23.3	-30.8	-33.5	-33.2	-32.5	-29.2	-30.3
Nominal exchange rate of ruble against Chinese yuan	-7.6	-12.8	-15.4	-20.6	-17.4	-19.7	-25.8	-29.0	-29.6	-29.7	-25.4	-26.6
Nominal effective exchange rate of ruble against foreign currencies	-6.8	-11.2	-14.1	-19.9	-17.4	-19.9	-25.8	-28.6	-28.6	-28.1	-24.0	-24.9
Real exchange rate of ruble against US dollar	-5.6	-10.5	-14.1	-19.3	-17.3	-21.4	-27.4	-31.2	-31.8	-31.5	-25.6	-25.2
Real exchange rate of ruble against euro	-6.9	-11.2	-14.5	-21.8	-19.2	-22.7	-30.0	-32.9	-32.0	-30.8	-26.3	-26.9
Real exchange rate of ruble against Chinese yuan	-7.5	-11.9	-14.0	-18.8	-15.2	-17.1	-23.0	-26.3	-26.5	-25.9	-20.2	-20.9
Real effective exchange rate of ruble against foreign currencies	-7.1	-11.6	-14.6	-20.5	-17.8	-20.3	-26.6	-29.8	-29.6	-28.8	-24.1	-24.7
Percentage change over previous period¹												
Nominal exchange rate of ruble against US dollar	-5.6	-5.2	-4.0	-5.9	2.5	-5.1	-8.0	-5.1	-1.4	-0.4	7.1	-0.2
Nominal exchange rate of ruble against euro	-7.6	-4.5	-3.7	-8.3	3.2	-4.6	-9.8	-4.0	0.5	1.0	4.9	-1.5
Nominal exchange rate of ruble against Chinese yuan	-7.6	-5.7	-3.0	-6.1	3.9	-2.8	-7.5	-4.3	-0.9	-0.2	6.1	-1.6
Nominal effective exchange rate of ruble against foreign currencies	-6.8	-4.8	-3.3	-6.7	3.1	-3.0	-7.5	-3.7	0.0	0.8	5.6	-1.1
Real exchange rate of ruble against US dollar	-5.6	-5.3	-4.0	-6.0	2.5	-5.0	-7.6	-5.2	-0.8	0.5	8.5	0.6
Real exchange rate of ruble against euro	-6.9	-4.7	-3.7	-8.5	3.3	-4.3	-9.5	-4.1	1.4	1.7	6.5	-0.8
Real exchange rate of ruble against Chinese yuan	-7.5	-4.8	-2.3	-5.6	4.4	-2.2	-7.1	-4.3	-0.2	0.8	7.8	-1.0
Real effective exchange rate of ruble against foreign currencies	-7.1	-4.9	-3.3	-6.9	3.4	-3.0	-7.9	-4.4	0.3	1.1	6.7	-0.8
Percentage change over corresponding period of 2022¹												
	January	January–February	January–March	January–April	January–May	January–June	January–July	January–August	January–September	January–October	January–November	January–December
Nominal exchange rate of ruble against US dollar	9.6	7.8	16.5	11.1	4.5	-2.5	-8.2	-12.3	-15.7	-18.1	-19.6	-20.3
Nominal exchange rate of ruble against euro	14.9	13.4	21.8	14.5	6.2	-1.7	-8.6	-13.5	-17.4	-20.2	-21.9	-22.6
Nominal exchange rate of ruble against Chinese yuan	18.4	16.2	26.1	20.0	12.3	4.9	-1.0	-5.5	-9.5	-12.6	-14.6	-15.7
Nominal effective exchange rate of ruble against foreign currencies	19.4	17.6	26.0	19.3	11.4	3.6	-2.7	-7.4	-11.2	-14.0	-15.7	-16.5
Real exchange rate of ruble against US dollar	15.1	13.0	19.6	12.5	5.2	-1.9	-7.5	-11.6	-14.9	-17.1	-18.4	-19.0
Real exchange rate of ruble against euro	17.2	15.5	21.7	13.1	4.3	-3.6	-10.2	-14.8	-18.2	-20.6	-21.9	-22.3
Real exchange rate of ruble against Chinese yuan	30.4	28.1	35.7	27.3	18.2	10.0	3.8	-1.0	-5.0	-8.1	-10.0	-11.0
Real effective exchange rate of ruble against foreign currencies	19.8	17.8	23.7	15.9	7.8	0.2	-5.9	-10.3	-13.8	-16.3	-17.7	-18.3

¹ '+' denotes appreciation of the Russian ruble against foreign currencies, '-' denotes depreciation of the Russian ruble against foreign currencies.

External debt of the Russian Federation
(\$ mln)

Table 22

	31.12.2022	31.03.2023	30.06.2023	30.09.2023	31.12.2023
Total	385,081	358,753	340,800	323,865	316,847
General government	46,104	40,435	36,851	31,798	32,710
Federal government	46,087	40,420	36,842	31,790	32,703
New Russian debt	45,855	40,188	36,610	31,559	32,469
– loans	1,412	1,238	1,099	1,124	1,115
– foreign currency bonds	16,307	16,144	16,083	14,980	14,808
– Eurobonds	16,222	16,084	16,029	14,939	14,767
– Eurobonds (related to the second London Club debt restructuring)	85	60	54	41	41
– Ruble-denominated bonds	28,119	22,797	19,418	15,445	16,537
– OFZs	28,119	22,797	19,418	15,445	16,537
– Eurobonds	0	0	0	0	0
– other debt liabilities	17	10	10	10	10
Debt of the former USSR	231	231	232	232	233
Local government	17	16	9	8	7
– loans	0	0	0	0	0
– foreign currency bonds	0	0	0	0	0
– Ruble-denominated bonds	17	16	9	8	7
Central bank and banks	94,181	92,216	93,003	93,711	94,746
– debt liabilities to direct investors and to direct investment enterprises	3,908	4,008	3,936	3,838	3,451
– debt securities	1,788	1,289	1,233	1,196	1,345
– loans, currency and deposits	60,923	59,607	59,551	61,105	62,475
– other debt liabilities	27,562	27,312	28,283	27,572	27,475
Other sectors	244,796	226,102	210,946	198,356	189,392
– debt liabilities to direct investors and to direct investment enterprises	96,958	82,654	74,296	67,329	67,386
– debt securities	7,033	6,813	5,943	5,256	2,792
– loans, currency and deposits	119,997	115,577	108,090	100,022	91,677
– other debt liabilities	20,808	21,058	22,618	25,749	27,537

Notes.

- Information on external debt is compiled on the basis of the methodology set out in the 6th edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6) and in the External Debt Statistics. Guide for Compilers and Users (2013).
- External debt in domestic and foreign currencies is included.
- Government securities are accounted for in the part of debt owed to non-residents at face value.
- Debt securities of other sectors are accounted for at face value starting from 31 December 2017.
- Data on banks include data of State Development Corporation VEB.RF.
- Data on other debt of the central bank and banks also include data on SDR allocation.



External debt of the Russian Federation

(in domestic and foreign currencies by maturity, \$ mln)

Table 23

	31.12.2022	31.03.2023	30.06.2023	30.09.2023	31.12.2023
Total	385,081	358,753	340,800	323,865	316,847
Foreign currency	261,287	248,906	233,881	224,814	207,937
Domestic currency	123,794	109,847	106,919	99,051	108,910
General government	46,104	40,435	36,851	31,798	32,710
Foreign currency	17,968	17,623	17,424	16,345	16,166
Short-term	17	10	10	10	10
Long-term	17,951	17,613	17,415	16,335	16,156
Domestic currency	28,136	22,812	19,426	15,453	16,544
Short-term	0	0	0	0	0
Long-term	28,136	22,812	19,426	15,453	16,544
Central Bank and banks (excluding debt liabilities to direct investors and direct investment enterprises)	90,273	88,208	89,067	89,873	91,295
Foreign currency	59,860	58,368	56,493	54,978	56,725
Short-term	14,394	13,550	13,684	12,927	15,905
Long-term	45,467	44,818	42,810	42,051	40,820
Domestic currency	30,412	29,840	32,574	34,895	34,570
Short-term	26,605	26,706	30,026	32,598	32,049
Long-term	3,808	3,133	2,548	2,297	2,521
Other sectors (excluding debt liabilities to direct investors and direct investment enterprises)	147,838	143,448	136,651	131,027	122,006
Foreign currency	105,572	104,660	99,434	96,475	81,093
Short-term	12,269	14,130	14,398	17,702	17,675
Long-term	93,304	90,530	85,036	78,773	63,418
Domestic currency	42,266	38,788	37,217	34,552	40,913
Short-term	17,002	15,794	17,530	17,448	18,311
Long-term	25,263	22,994	19,686	17,105	22,601
Banks and other sectors – debt liabilities to direct investors and direct investment enterprises	100,866	86,662	78,232	71,167	70,837
Foreign currency	77,886	68,256	60,530	57,017	53,953
Domestic currency	22,979	18,407	17,702	14,150	16,884

Notes.

- Information on external debt is compiled on the basis of the methodology set out in the 6th edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6) and in the External Debt Statistics. Guide for Compilers and Users (2013).
- External debt in domestic and foreign currencies is included.
- Government securities are accounted for in the part of debt owed to non-residents at face value.
- Debt securities of other sectors are accounted for at face value starting from 1 January 2018.
- Data on banks include data of State Development Corporation VEB.RF.



Money supply (national definition) and its structure

Table 24

	As of 01.01.2023		As of 01.01.2024		01.01.2024 as a percentage of 01.01.2023
	₽ bn	%	₽ bn	%	
Money supply (M2), total	82,388.0	100.0	98,385.4	100.0	119.4
of which:					
– currency in circulation (M0 monetary aggregate) ¹	15,435.7	18.7	17,134.0	17.4	111.0
– deposits	66,952.3	81.3	81,251.4	82.6	121.4
of which:					
– deposits of non-financial and financial corporations ²	32,660.1	39.6	37,811.7	38.4	115.8
– deposits of households	34,292.2	41.6	43,439.7	44.2	126.7

¹ Currency in circulation outside the banking system.² Except credit institutions.

Monetary base (broad definition) and its structure

Table 25

	As of 01.01.2023		As of 01.01.2024		01.01.2024 as a percentage of 01.01.2023
	₽ bn	%	₽ bn	%	
Monetary base (broad definition)	24,428.6	100.0	26,506.8	100.0	108.5
of which:					
– currency issued (including cash in vaults of credit institutions) ¹	16,347.7	66.9	18,320.7	69.1	112.1
– balances of credit institutions' correspondent accounts with the Bank of Russia ²	2,983.6	12.2	4,530.5	17.1	151.8
– required reserves ³	145.9	0.6	271.7	1.0	186.2
– balances of credit institutions' deposit accounts with the Bank of Russia	4,951.4	20.3	3,383.9	12.8	68.3
– Bank of Russia bonds (OBRs) held by banks ⁴	0.0	–	0.0	–	–

¹ Excluding cash rubles in the Bank of Russia's vaults, ATMs and in transit, as well as precious metal coins in circulation.² Balances of correspondent accounts in Russian rubles and the averaged amount of required reserves.³ Balances in accounts of required reserves deposited by credit institutions with the Bank of Russia for funds raised in Russian rubles and in foreign currency.⁴ At market value.



Bank of Russia's monetary policy rates¹ and RUONIA in 2022–2023 (% p.a.)

Table 26

Period	Key rate	Key rate change, percentage points	RUONIA (average)	Overnight standing deposit facilities – lower bound of interest rate corridor	Open market operations: main auctions and fine-tuning auctions ²	Standing liquidity provision facilities ³		Open market operations: auctions for longer maturities ⁴		
						Primary liquidity facilities ⁵ – upper bound of interest rate corridor	Supplementary liquidity facilities ⁶	Repo auctions		Loan auctions
				1 day	1 week and from 1 to 6 days	From 1 to 30 days ⁷	From 1 to 180 days ⁸	1 month	1 year	3 months
Rule: spread to the key rate, percentage points				- 1.00	0.00	+1.00	+1.75	+0.10	+0.25	
18.12.2023 – 31.12.2023	16.00	1.00	15.38	15.00	16.00	17.00	17.75	16.10	16.25	16.25
30.10.2023 – 17.12.2023	15.00	2.00	14.83	14.00	15.00	16.00	16.75	15.10	15.25	15.25
18.09.2023 – 29.10.2023	13.00	1.00	12.74	12.00	13.00	14.00	14.75	13.10	13.25	13.25
15.08.2023 – 17.09.2023	12.00	3.50	11.93	11.00	12.00	13.00	13.75	12.10	12.25	12.25
24.07.2023 – 14.08.2023	8.50	1.00	8.34	7.50	8.50	9.50	10.25	8.60	8.75	8.75
19.09.2022 – 23.07.2023	7.50	-0.50	7.33	6.50	7.50	8.50	9.25	7.60	7.75	7.75
25.07.2022 – 18.09.2022	8.00	-1.50	7.92	7.00	8.00	9.00	9.75	8.10	8.25	8.25
14.06.2022 – 24.07.2022	9.50	-1.50	9.11	8.50	9.50	10.50	11.25	9.60	9.75	9.75
27.05.2022 – 13.06.2022	11.00	-3.00	10.60	10.00	11.00	12.00	12.75	11.10	11.25	11.25
04.05.2022 – 26.05.2022	14.00	-3.00	13.82	13.00	14.00	15.00	15.75	14.10	14.25	14.25
11.04.2022 – 03.05.2022	17.00	-3.00	16.30	16.00	17.00	18.00	18.75	17.10	17.25	17.25
28.02.2022 – 10.04.2022	20.00	10.50	19.86	19.00	20.00	21.00	21.75	20.10	20.25	20.25
14.02.2022 – 27.02.2022	9.50	1.00	9.57	8.50	9.50	10.50	11.25	9.60	9.75	9.75
01.01.2022 – 13.02.2022	8.50	–	8.28	7.50	8.50	9.50	10.25	8.60	8.75	8.75

¹ Including interest rates on supplementary liquidity facilities established by the Bank of Russia Board of Directors.

² The maximum possible bid rate for deposit auctions and the minimum possible bid rate for repo auctions are specified. Decision on the auction type (deposit or repo) is made depending on the situation with liquidity.

³ Loans and repos for more than one day – at a floating interest rate linked to the key rate.

⁴ The minimum possible bid rate is specified. Based on the results of auctions, repo transactions are concluded and loans are granted at a floating interest rate linked to the key rate. For one-month repos, the floating rate is applied since 9 January 2023 (before that, a fixed interest rate was used). Loan auctions were discontinued in April 2016.

⁵ Before the introduction of primary and supplementary liquidity facilities, the interest rate on loans, repos, and FX swaps for one day; from 1 March 2022, the interest rate on loans secured by non-marketable assets for two to 90 days; from 25 March 2022, the interest rate on Lombard loans for two to 90 days.

⁶ Before the introduction of primary and supplementary liquidity facilities, the interest rate on loans secured by non-marketable assets for 91 to 549 days; before 28 February 2022, the interest rate on the same facilities for two to 90 days.

⁷ Repos and loans for one to 30 days; as well as the interest rate on FX swaps for one day, which were suspended in April 2022.

⁸ Repos for one to 180 days, loans secured by non-marketable assets for one to 180 days.

Memo item: from 1 January 2016, the value of the Bank of Russia refinancing rate equals its key rate as of the respective date..

Monetary policy instruments¹ in 2022–2023

Table 27

(₽ bn)

As of start of business	Overnight standing deposit facilities	Open market operations				Standing liquidity provision facilities			
		Deposit auctions (main and fine-tuning ones)	Repo auctions (main and fine-tuning ones)	Repo auctions (long maturities)		Overnight loans	Repos ²	Lombard loans ²	Loans secured by non-marketable assets ²
	1 day	1 week and from 1 to 6 days	1 week and from 1 to 6 days	1 month	1 year	1 day	From 1 to 180 days	From 1 to 30 days	From 1 to 180 days
01.01.2024	1,038.4	2,341.3	0.0	101.5	783.0	0.1	11.2	34.3	2,229.4
01.10.2023	914.1	1,975.6	0.0	101.0	1,101.7	0.0	0.3	24.1	880.4
01.07.2023	1,007.8	1,746.6	0.0	301.7	1,076.5	0.0	1.5	25.4	521.3
01.04.2023	1,094.3	2,450.0	0.0	1,005.8	759.8	0.05	7.6	32.2	266.4
01.01.2023	1,328.2	3,621.2	0.0	1,007.3	484.3	0.0	7.9	95.9	213.1
01.10.2022	1,291.0	1,663.9	0.0	0.0	166.0	0.0	9.5	91.4	1,211.5
01.07.2022	1,341.1	1,838.4	0.0	100.7	70.0	0.0	9.9	47.3	52.1
01.04.2022	3,107.8	0.0	2,212.2	11.1	75.1	0.0	91.6	38.7	55.5
01.01.2022	1,177.9	1,625.9	0.0	100.8	15.6	0.0	2.6	0.0	790.1

¹ Bank of Russia claims under liquidity provision instruments and liabilities under liquidity absorption instruments.² Including both primary and supplementary liquidity provision facilities. Before 16 October 2023, repos for one day, Lombard loans for one to 90 days, loans secured by non-marketable assets for one to 549 days.



Interest rates on Bank of Russia specialised facilities¹ in 2022–2023 (% p.a.)

Table 28

Period	Support for development of major investment projects	Support for foreign trade activity (loans secured by contracts of insurance of EXIAR JSC) ²	Support for SMEs guaranteed by JSC Russian Small and Medium Business Corporation or secured by OFZs ³	Support for SMEs in sectors most affected by COVID-19 pandemic ⁴	Support for SMEs in 2022 ⁵
	Up to 3 years	Up to 3 years	Up to 3 years	Up to 18 months	Up to 12 months
Rule:	The least of the two values: 9.00% p.a. or the key rate reduced by 1.00 pp	The least of the two values: 6.50% p.a. or the key rate	Key rate reduced by 1.50 pp⁶	No	No
18.12.2023 – 31.12.2023	9.00	–	14.50	–	–
30.10.2023 – 17.12.2023	9.00	–	13.50	–	–
18.09.2023 – 29.10.2023	9.00	–	11.50	–	–
17.08.2023 – 17.09.2023	9.00	–	10.50	–	–
15.08.2023 – 16.08.2023	9.00	6.50	10.50	–	–
24.07.2023 – 14.08.2023	7.50	6.50	7.00	–	–
01.01.2023 – 23.07.2023	6.50	6.50	6.00	–	–
19.09.2022 – 31.12.2022	6.50	6.50	6.00	–	9.50
25.07.2022 – 18.09.2022	7.00	6.50	6.50	–	9.50
15.07.2022 – 24.07.2022	8.50	6.50	8.00	–	9.50
14.06.2022 – 14.07.2022	8.50	6.50	9.50	–	9.50
02.05.2022 – 13.06.2022	9.00	6.50	9.50	–	9.50
15.03.2022 – 01.05.2022	9.00	6.50	9.50	4.00	9.50
11.03.2022 – 14.03.2022	9.00	6.50	18.50	4.00	9.50
28.02.2022 – 10.03.2022	9.00	6.50	18.50	4.00	–
14.02.2022 – 27.02.2022	8.50	6.50	8.00	4.00	–
01.01.2022 – 13.02.2022	7.50	6.50	7.00	4.00	–

¹ Liquidity provision facilities aimed at encouraging bank lending to certain segments of the economy whose development is hampered by structural factors. Using these facilities, the Bank of Russia provides funds to credit institutions at lower rates and for longer maturities as compared to the primary and supplementary liquidity facilities. Interest rates set by the Bank of Russia Board of Directors at which new loans were granted during the period specified.

² Issuance of new loans was suspended from 17 August 2023.

³ Loans secured by OFZs were issued from 20 June 2023.

⁴ Loans were issued from 31 October 2021 through 30 December 2021 and from 24 January 2022 through 30 April 2022.

⁵ Loans were issued from 11 March 2022 through 30 December 2022.

⁶ The rule did not apply and a fixed rate was set over the period from 15 March 2022 to 14 July 2022.

Bank of Russia specialised facilities¹ in 2022–2023

Table 29

(₽ bn)

As of start of business	Bank of Russia claims on credit institutions						
	Total	of which:					
		Support for development of major investment projects	Support for foreign trade activity (loans secured by contracts of insurance of EXIAR JSC) ²	Support for SMEs through JSC SME Bank ³	Support for SMEs guaranteed by JSC Russian Small and Medium Business Corporation or secured by OFZs ⁴	Support for SMEs in sectors most affected by COVID-19 pandemic ⁵	Support for SMEs in 2022 ⁶
		Up to 3 years	Up to 3 years	Up to 3 years	Up to 3 years	Up to 18 months	Up to 12 months
Limit as of 01.01.2024		150.0	75.0	288.3			–
01.01.2024	323.4	23.9	47.5	0.02	252.0	0.0	0.0
01.10.2023	332.2	26.2	66.7	0.2	236.7	2.4	0.0
01.07.2023	329.7	29.6	52.4	0.4	230.0	14.9	2.4
01.04.2023	354.5	32.7	47.1	0.7	202.4	32.0	39.6
01.01.2023	329.5	37.3	45.4	0.9	139.0	39.8	67.1
01.10.2022	342.1	41.6	43.5	1.1	94.1	49.7	112.1
01.07.2022	514.0	45.4	54.7	1.4	98.7	56.5	257.3
01.04.2022	341.2	49.0	39.3	1.7	71.1	50.2	129.9
01.01.2022	201.6	52.6	45.0	2.2	75.0	26.8	–

¹ Liquidity provision facilities aimed at encouraging bank lending to certain segments of the economy whose development is hampered by structural factors. Using these facilities, the Bank of Russia provides funds to credit institutions at lower rates and for longer maturities as compared to the primary and supplementary liquidity facilities.

² Issuance of new loans was suspended from 17 August 2023.

³ Loan issuance discontinued from 23 August 2021, claims under loans granted by JSC SME Bank to its partner banks and microfinance organisations under the SME Financial Support Programme for lending to SMEs and to its partner leasing companies for property leasing to SMEs.

⁴ Loans secured by OFZs were issued from 20 June 2023.

⁵ Loans were issued from 1 November 2021 through 30 December 2021 and from 24 January 2022 through 1 May 2022.

⁶ Loans were issued from 11 March 2022 through 30 December 2022.



Depository corporations survey
(₽ bn)

Table 30

	01.01.2023	01.01.2024	01.01.2024 as a percentage of 01.01.2023
Net foreign assets	47,471.0	58,603.1	123.5
Net claims on general government	-4,254.6	-4,577.8	–
Claims on other sectors	99,192.1	123,942.3	125.0
– in rubles	91,565.1	113,097.6	123.5
– in foreign currency	7,627.0	10,844.7	142.2
Claims on other financial corporations	13,811.2	19,214.2	139.1
– in rubles	12,127.6	16,495.1	136.0
– of which: loans	8,283.9	10,580.1	127.7
– in foreign currency	1,683.6	2,719.1	161.5
– of which: loans	1,133.8	1,665.9	146.9
Claims on non-financial corporations	56,570.0	69,270.6	122.5
– in rubles	50,680.6	61,191.1	120.7
– of which: loans	44,818.0	54,481.3	121.6
– in foreign currency	5,889.4	8,079.5	137.2
– of which: loans	5,313.6	7,402.4	139.3
Claims on households	28,810.9	35,457.5	123.1
– in rubles	28,756.9	35,411.4	123.1
– of which: loans	28,756.9	35,411.4	123.1
– in foreign currency	54.0	46.1	85.4
– of which: loans	54.0	46.1	85.4
Broad money liabilities	94,715.4	112,483.1	118.8
Money supply (national definition)	82,388.0	98,385.4	119.4
In rubles			
Currency outside banking system	15,435.7	17,134.0	111.0
Transferable deposits	28,582.8	32,551.8	113.9
– Other financial corporations	922.0	1,253.6	136.0
– Non-financial corporations	13,645.3	15,244.3	111.7
– Households	14,015.5	16,053.9	114.5
Other deposits	38,369.5	48,699.6	126.9
– Other financial corporations	2,859.6	3,783.2	132.3
– Non-financial corporations	15,233.2	17,530.7	115.1
– Households	20,276.7	27,385.8	135.1



End of table 30

	01.01.2023	01.01.2024	01.01.2024 as a percentage of 01.01.2023
In foreign currency	12,322.7	14,093.5	114.4
Transferable deposits	0.0	0.0	–
– Other financial corporations	0.0	0.0	–
– Non-financial corporations	0.0	0.0	–
– Households	0.0	0.0	–
Other deposits	12,322.7	14,093.5	114.4
– Other financial corporations	318.4	450.9	141.6
– Non-financial corporations	8,197.4	9,644.4	117.7
– Households	3,806.9	3,998.2	105.0
Debt securities included in broad money ¹	4.7	4.2	89.4
Deposits excluded from broad money	1,403.5	1,543.6	110.0
Debt securities excluded from broad money	2,648.8	2,785.9	105.2
Other items (net)	43,640.8	61,155.0	140.1
– Escrow accounts of households ²	4,027.8	5,573.8	138.4
Memo item			
Household loans	28,810.9	35,457.5	123.1
– in rubles	28,756.9	35,411.4	123.1
– mortgage lending	14,057.9	18,198.3	129.5
– car loans	1,211.3	1,714.9	141.6
– consumer loans	12,277.8	13,908.5	113.3
– other loans	759.1	1,099.7	144.9
– claims for accrued interest ³	450.8	490.0	108.7
– in foreign currency	54.0	46.1	85.4
– mortgage lending	9.1	8.6	94.5
– other loans	37.4	30.1	80.5
– claims for accrued interest ³	7.4	7.4	100.0

¹ Certificates of deposit and savings certificates.² Escrow accounts for shared construction participation agreements and for purchases of real estate.³ Balances of accrued interest on loans.

Other depository corporations survey

Table 31

(P bn)

	01.01.2023	01.01.2024	01.01.2024 as a percentage of 01.01.2023
Net foreign assets	8,595.9	7,815.6	90.9
– Claims on non-residents	13,609.6	13,829.4	101.6
– Liabilities to non-residents	5,013.7	6,013.8	119.9
Claims on central bank	8,993.0	9,373.1	104.2
Net claims on general government	2,637.3	2,214.4	84
Claims on federal government	12,266.8	14,053.5	114.6
Debt securities	12,205.5	13,999.7	114.7
– in rubles	11,494.5	13,280.8	115.5
– in foreign currency	711.1	718.9	101.1
Loans	61.2	53.8	87.9
– in rubles	61.2	53.7	87.7
– in foreign currency	0.0	0.1	–
Other claims	0.0	0.0	–
– in rubles	0.0	0.0	–
– in foreign currency	0.0	0.0	–
Claims on state and local government	578.3	518.5	89.7
Debt securities	338.6	255.8	75.5
– in rubles	338.6	255.8	75.5
– in foreign currency	0.0	0.0	–
Loans	239.8	262.7	109.5
– in rubles	239.6	262.6	109.6
– in foreign currency	0.1	0.2	200.0
Other claims	0.0	0.0	–
– in rubles	0.0	0.0	–
– in foreign currency	0.0	0.0	–
Liabilities to federal government	8,788.6	10,895.7	124.0
Deposits	6,458.6	6,859.6	106.2
– in rubles	6,311.2	6,721.0	106.5
– in foreign currency	147.4	138.6	94.0
Other liabilities	2,330.0	4,036.1	173.2
– in rubles	2,330.0	4,036.1	173.2
– in foreign currency	0.0	0.0	–
Liabilities to state and local government	1,419.2	1,461.9	103.0
Deposits	1,419.2	1,461.9	103.0
– in rubles	1,419.2	1,461.9	103.0
– in foreign currency	0.0	0.0	–
Other liabilities	0.0	0.0	–
– in rubles	0.0	0.0	–
– in foreign currency	0.0	0.0	–
Claims on other sectors	98,019.2	122,382.9	124.9
– in rubles	90,392.2	111,621.4	123.5
– in foreign currency	7,627.0	10,761.5	141.1
Claims on other financial corporations	12,641.0	17,660.5	139.7
in rubles	10,957.4	15,024.6	137.1
– debt securities	1,609.1	2,035.6	126.5
– loans	7,184.8	9,206.1	128.1
– other claims	2,163.5	3,783.0	174.9
in foreign currency	1,683.6	2,635.9	156.6
– debt securities	359.1	758.2	211.1
– loans	1,133.8	1,665.9	146.9
– other claims	190.7	211.8	111.1
Claims on non-financial corporations	56,567.3	69,264.9	122.4
in rubles	50,677.9	61,185.4	120.7
– debt securities	1,999.4	2,631.8	131.6
– loans	44,818.0	54,481.3	121.6
– other claims	3,860.6	4,072.3	105.5
in foreign currency	5,889.4	8,079.5	137.2
– debt securities	410.8	544.2	132.5
– loans	5,313.6	7,402.4	139.3
– other claims	165.0	132.9	80.5



End of table 31

	01.01.2023	01.01.2024	01.01.2024 as a percentage of 01.01.2023
Claims on households	28,810.9	35,457.5	123.1
in rubles	28,756.9	35,411.4	123.1
– debt securities	0.0	0.0	–
– loans	28,756.9	35,411.4	123.1
– other claims	0.0	0.0	–
in foreign currency	54.0	46.1	85.4
– debt securities	0.0	0.0	–
– loans	54.0	46.1	85.4
– other claims	0.0	0.0	–
Liabilities to central bank	4,658.2	5,850.8	125.6
Deposits included in broad money	79,232.8	95,197.1	120.1
in rubles	66,910.0	81,103.5	121.2
Transferable deposits	28,551.8	32,518.3	113.9
– other financial corporations	902.0	1,231.0	136.5
– non-financial corporations	13,634.2	15,233.3	111.7
– households	14,015.5	16,053.9	114.5
Other deposits	38,358.3	48,585.3	126.7
– other financial corporations	2,848.3	3,668.8	128.8
– non-financial corporations	15,233.2	17,530.7	115.1
– households	20,276.7	27,385.8	135.1
in foreign currency	12,322.7	14,093.5	114.4
Transferable deposits	0.0	0.0	–
– other financial corporations	0.0	0.0	–
– non-financial corporations	0.0	0.0	–
– households	0.0	0.0	–
Other deposits	12,322.7	14,093.5	114.4
– other financial corporations	318.4	450.9	141.6
– non-financial corporations	8,197.4	9,644.4	117.7
– households	3,806.9	3,998.2	105.0
Debt securities included in broad money	4.7	4.2	89.4
Deposits excluded from broad money	1,403.5	1,543.6	110.0
Debt securities excluded from broad money ¹	2,648.8	2,785.9	105.2
Shares and other equity	12,978.8	16,269.9	125.4
Other items (net)	17,318.7	20,134.6	116.3
– escrow accounts of households ²	4,027.8	5,573.8	138.4
Memo item			
Household loans	28,810.9	35,457.5	123.1
in rubles	28,756.9	35,411.4	123.1
– mortgage lending	14,057.9	18,198.3	129.5
– car loans	1,211.3	1,714.9	141.6
– consumer loans	12,277.8	13,908.5	113.3
– other loans	759.1	1,099.7	144.9
– claims for accrued interest ³	450.8	490.0	108.7
in foreign currency	54.0	46.1	85.4
– mortgage lending	9.1	8.6	94.5
– other loans	37.4	30.1	80.5
– claims for accrued interest ³	7.4	7.4	100.0

¹ Certificates of deposit and savings certificates.² Escrow accounts for shared construction participation agreements and for purchases of real estate.³ Balances of accrued interest on loans.

Individual indicators of regional banks¹
(₽ bn)

Table 32

Measure	As of 01.01.2023	As of 01.01.2024	01.01.2024 as a percentage of 01.01.2023 ²
Number of registered banks, units	155	153	-1.3
of which:			
banks with a universal licence	82	80	-2.4
banks with a basic licence	73	73	0.0
Assets³	6,950	7,413	4.2
Retail banks	492	402	12.5
Corporate banks	1,808	1,810	0.6
Universal banks	3,716	4,073	6.0
Banks with small lending portfolios	934	1,128	1.7
Corporate loans⁴	2,364	2,804	-4.1
Retail banks	59	137	21.2
Corporate banks	840	1,012	8.9
Universal banks	1,326	1,313	-10.5
Banks with small lending portfolios	139	342	-18.3
SME lending⁵	683	731	6.7
Retail banks	30	25	24.1
Corporate banks	173	191	-4.6
Universal banks	430	463	12.7
Banks with small lending portfolios	50	52	-3.9
Retail loans⁶	1,101	1,212	10.0
Retail banks	200	174	7.0
Corporate banks	75	92	8.1
Universal banks	789	888	11.8
Banks with small lending portfolios	37	57	-2.8
Housing mortgage lending⁷	570	644	13.0
Retail banks	75	62	8.3
Corporate banks	42	50	8.7
Universal banks	440	519	14.5
Banks with small lending portfolios	13	13	-5.5



End of table 32

Measure	As of 01.01.2023	As of 01.01.2024	01.01.2024 as a percentage of 01.01.2023 ²
Unsecured consumer loans⁸	533	568	6.6
Retail banks	126	112	5.0
Corporate banks	33	42	7.4
Universal banks	350	370	8.1
Banks with small lending portfolios	24	45	-2.0
Legal entities' funds⁹	2,923	2,804	-4.1
Retail banks	169	137	21.2
Corporate banks	966	1,012	8.9
Universal banks	1,400	1,313	-10.5
Banks with small lending portfolios	389	342	-18.3
Household funds (excluding escrow accounts)⁹	2,230	2,345	3.0
Retail banks	207	161	2.2
Corporate banks	414	432	-0.4
Universal banks	1,292	1,394	5.1
Banks with small lending portfolios	318	359	-0.7
Net profit⁹	48	113	—
Retail banks	7	11	—
Corporate banks	23	22	—
Universal banks	69	59	—
Banks with small lending portfolios	-51	20	—
Return on equity, %⁹	6.4	13.2	—
Retail banks	9.7	19.1	—
Corporate banks	13.3	12.7	—
Universal banks	15.3	10.8	—
Banks with small lending portfolios	-95.8	27.7	—

¹ Regional banks are defined as banks whose head offices are registered outside of Moscow or the Moscow Region, with the exception of SICIs.

² Growth is adjusted taking into account FX revaluation (the foreign currency component as of the month end is recalculated at the exchange rate as of the beginning of the month), and information about credit institutions whose licences were revoked over the course of the month (growth is calculated only for credit institutions operating as of the reporting date, including earlier reorganised banks). The chain method is used to calculate the annual growth indicator.

³ Assets net of loss provisions. Calculation of the indicator was based on Reporting Form 0409101 'Trial Balance Sheet on the Accounting Records of a Credit Institution'.

⁴ Calculation of the indicator was based on Reporting Form 0409303 'Loans to Legal Entities'. The corporate credit portfolio includes loans to government institutions. Starting from 1 February 2021, corporate loans include acquired claims.

⁵ Calculation of the indicator was based on Reporting Form 0409303 'Loans to Legal Entities'. The indicators of SME lending do not take into account the information from State Development Corporation VEB.RF.

⁶ Starting from 1 February 2021, retail loans include acquired claims.

⁷ The housing mortgage lending indicator includes information of Section 1 of Reporting Form 0409316 'Loans to Households' in terms of outstanding amounts on housing mortgage loans, including acquired claims.

⁸ Calculation of the indicator was based on Reporting Form 0409115 'Information on Quality of Assets of a Credit Institution (Banking Group)'.

⁹ Calculation of the indicator was based on Reporting Form 0409101 'Trial Balance Sheet on the Accounting Records of a Credit Institution'. Return on equity was adjusted for banks with negative capital under resolution; therefore, the data as of 1 January 2023 may differ from those presented [in the Bank of Russia Annual Report for 2022](#).



Measures taken against credit institutions in 2023

Table 33

No.	Measures	Number of credit institutions, units
Measures taken as part of advisory supervision		
1	Notifying in writing the management and/or board of directors (supervisory board) of a credit institution of shortcomings in its operations, and recommending remedial actions	361
2	Calling a meeting ¹	328
Measures taken pursuant to Article 74 of Federal Law No. 86-FZ		
3	Fines ²	183
	of which:	
3.1	For non-compliance with reserve requirements	12
3.2	For breaches of federal laws and Bank of Russia regulations and instructions issued in pursuance thereof and for non-reporting, under-reporting, or false reporting	178
4	Restrictions on individual banking operations conducted by credit institutions ²	33
	of which:	
4.1	Taking household funds on deposit	5
4.2	Settlements on behalf of legal entities relating to funds transfers to budgets of all levels and government extra-budgetary funds	–
4.3	Opening bank accounts to legal entities and households	5
4.4	Interest rate on bank deposit agreements concluded (prolongated) during the restriction period	–
5	Prohibiting credit institutions from conducting certain banking operations ²	–
	of which:	
5.1	Taking household funds on deposit	–
5.2	Opening bank accounts to households, including unallocated metal accounts (sight and term deposit accounts)	–
5.3	Other	–
Memo item		
	Bans on taking household funds on deposit and opening bank accounts to households imposed on credit institutions pursuant to Article 48 of Federal Law No. 177-FZ ³ , dated 23 December 2003	–
6	Prescriptive orders ²	210
	of which:	
6.1	Orders to comply with Bank of Russia required ratios	–
6.2	Orders to replace persons whose positions are indicated in Article 60 of Federal Law No. 86-FZ due to their failure to comply with the qualification requirements and requirements for business reputation in accordance with Russian laws	8
6.3	Orders to reclassify outstanding loans	39
6.4	Orders to build up loan loss provisions	47
7	Prohibiting credit institutions from opening branches	–
8	Appointing provisional administrations to credit institutions without revoking their licences (including provisional administrations whose functions have been assigned to the DIA.RF and FBSC AMC Ltd.)	–
9	Banking licence revocation	–

¹ This does not include meetings conducted at the credit institution's request.² The number of credit institutions does not correspond to the subitems total: it may be less as in some cases banks have been subjected to several measures and placed under several subitems; it may be more as not all types of measures are indicated for this item.³ Federal Law No. 177-FZ, dated 23 December 2003, 'On the Insurance of Deposits with Russian Banks'.

State Corporation Deposit Insurance Agency's debt to the Bank of Russia
(₽ mln)

Table 34

	01.01.2023	01.01.2024
Bank of Russia loans, total	1,059,314	1,334,154
of which:		
– extended for taking measures to prevent bankruptcy of credit institutions	1,059,314	1,334,154
– extended for ensuring financial stability of the deposit insurance system and financing the payment of compensations in respect of deposits	0	0

Outcomes of Bank of Russia activity to counter abuses in Russian on-exchange trading
(in absolute terms, units)

Table 35

Indicator name	2021	2022	2023
Number of inspections with respect to possible MIIMM,¹ total	38	40	59
of which:			
– launched in the reporting year	17	23	37
Number of disclosures with regard to violations of the Russian legislation on CMIIMM,² total	13	11	18
of which:			
– as a result of market manipulation	13	10	18
– as a result of misuse of insider information	0	1	0
Measures taken as a result of inspections with respect to possible MIIMM			
of which:			
– number of licences of financial market participants cancelled	0	0	0
– number of certificates of financial market experts cancelled	5	3	10
– number of orders to eliminate violations of the Russian legislation and take measures to prevent future violations	117	62	47
– number of instances of restricted brokerage account operations	98	45	70
Number of cases referred to law enforcement agencies	3	1	0
Number of financial instruments analysed with respect to possible organised market manipulation	605	757	1,613

¹ MIIMM means misuse of insider information and market manipulation.² CMIIMM means countering the misuse of insider information and market manipulation.**Countering unlicensed activity in the financial market**
(units)

Table 36

Indicator name	2021	2022	2023
Number of organisations exposed by the Bank of Russia, which were supposedly:			
– acting as unlicensed creditors	948	1,722	1,884
– acting as unlicensed professional securities market participants	860	1,201	862
– acting as financial pyramid schemes	871	2,017	2,944
– acting as unlicensed insurance agents ¹	–	20	38
– acting as unlicensed investment platform operators ¹	–	4	7
Total	2,679	4,964	5,735

¹ Starting from 2022, this information is part of reporting on countering unlicensed activity in the financial market.

Outcomes of Bank of Russia activity to exchange information, including confidential one, with foreign financial market regulators as part of international requests (units)

Table 37

Indicator name	2021	2022	2023
Number of Bank of Russia requests to provide information and documents	86	7	5
of which:			
– under IOSCO MMoU ¹	79	4	–
– under the Treaty on the EAEU	4	2	4
– under bilateral agreements	3	1	1
Number of requests to provide information and documents answered by foreign regulators	75	3	4
Number of requests from foreign financial market regulators received by the Bank of Russia	21	9	22
of which:			
– under IOSCO MMoU ²	20	5	5
– under the Treaty on the EAEU	–	–	2
– under bilateral agreements	1	4	15

¹ IOSCO MMoU means International Organization of Securities Commissions Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information. Starting from 1 March 2022, interaction between the Bank of Russia and IOSCO has been suspended.

² The Bank of Russia received requests under IOSCO MMoU despite the suspension of interaction between the Bank of Russia and IOSCO.

Measures taken against credit institutions in 2023 for failures to comply with AML/CFT requirements

Table 38

Measures	Number of credit institutions against which measures were taken, units
Banking licence revocation for non-compliance with legislation, including AML/CFT regulations	–
Measures taken pursuant to Article 74 of Federal Law No. 86-FZ ¹	103
of which:	
– fines	79
– restrictions on certain banking operations conducted by credit institutions	2
– requirements to eliminate violations	70
Letters of recommendation regarding the shortcomings in the operations of credit institutions	132

¹ The total number of institutions subjected to the measures does not equal the sum of the specified measures due to the repeated application of such measures to certain institutions.

Measures taken against credit institutions in 2023 for failures to comply with Russian foreign exchange legislation and the requirements established within economic measures to ensure financial stability of the Russian Federation in the area of foreign exchange regulation in the course of transactions

Table 39

Measures	Number of credit institutions against which measures were taken, units
Measures taken ¹	67
of which:	
– fines	41
– requirements to eliminate violations of Russian foreign exchange acts and acts of foreign exchange regulation and control authorities	2
– a requirement to provide reports in the scope and according to the forms that comply with the requirements established by the Bank of Russia	1
– letters of recommendation regarding the shortcomings in the operations of a credit institution	37

¹ The total number of institutions subjected to the measures does not equal the sum of the specified measures due to the repeated application of such measures to certain institutions.



Measures taken against non-bank financial institutions in 2023 for failures to comply with AML/CFT requirements, Russian foreign exchange legislation, acts of foreign exchange regulation authorities and acts of foreign exchange control authorities, based on Article 76.5 of Federal Law No. 86-FZ

Table 40

Measures	Number of NFIs against which measures were taken, units
Revocation (cancellation) of a license of an NFI	1
Enforcement measures taken pursuant to Article 76.5 of Federal Law No. 86-FZ ¹	1,459
– an order to eliminate violations detected in the operations of an NFI and/or to prevent future violations	1,440
– application to court for liquidation of an NFI	13
– exclusion of information about a legal entity from state registers of NFIs	9
– restriction of a credit cooperative's operations, including total or partial restriction on fund-raising, accepting new members, issuing loans, and other operations, as well as the requirement to replace the person performing the functions of a sole executive body	18
Preventative measures taken pursuant to Article 76.5 of Federal Law No. 86-FZ	1,630

¹ The total number of institutions subjected to the measures does not equal the sum of the specified measures due to the repeated application of such measures to certain institutions.

Measures taken against credit institutions' officers as well as non-bank financial institutions for administrative offences¹

Table 41

Measures	Number of judgements / cases, units
Against credit institutions	
Number of credit institutions whose officers were defendants in the cases	18
Cases initiated	34
Proceedings completed	29
Fines imposed on officers	1
Warnings	27
Cases closed	1
Against non-bank financial institutions	
Cases initiated	1,607
– including against officers	841
Proceedings completed	1,608
Fines	401
– including against officers	185
Warnings	1,142
– including against officers	627
Cases closed	65
– including against officers	37

¹ Regarding the offences specified in Article 15.27 of the Code of Administrative Offences of the Russian Federation.



Structure of Bank of Russia banknotes in circulation

Table 42

Denomination, ₽	Total in circulation, ₽ mln		01.01.2024 as a percentage of 01.01.2023	Share, %	
	as of 01.01.2023	as of 01.01.2024		as of 01.01.2023	as of 01.01.2024
5,000	13,670,318.2	15,819,998.7	115.7	84.0	86.4
2,000	675,567.1	658,870.0	97.5	4.2	3.6
1,000	1,480,138.3	1,380,667.9	93.3	9.1	7.6
500	261,607.4	251,537.7	96.2	1.6	1.4
200	25,792.8	25,880.4	100.3	0.2	0.1
100	120,664.8	126,518.0	104.9	0.7	0.7
50	31,440.4	33,477.9	106.5	0.2	0.2
10	3,563.0	5,640.2	158.3	0.0	0.0
5	36.3	1,075.1	2,961.7	0.0	0.0
Total balance sheet amount of banknotes	16,269,128.3	18,303,665.9	112.5	100.0	100.0

Structure of Bank of Russia coins in circulation¹

Table 43

Denomination	Total in circulation, ₽ mln		01.01.2024 as a percentage of 01.01.2023	Share, %	
	as of 01.01.2023	as of 01.01.2024		as of 01.01.2023	as of 01.01.2024
1 kopeck	72.8	72.8	100.0	0.1	0.1
5 kopecks	288.3	288.3	100.0	0.2	0.2
10 kopecks	2,542.9	2,541.5	99.9	2.1	2.0
50 kopecks	3,649.7	3,648.6	100.0	3.0	2.9
1 ruble	9,797.9	10,224.5	104.4	8.0	8.1
2 rubles	8,950.1	9,397.5	105.0	7.3	7.5
5 rubles	17,578.3	18,157.9	103.3	14.3	14.4
10 rubles	75,311.0	77,054.2	102.3	61.4	61.2
25 rubles	4,479.1	4,548.5	101.5	3.6	3.6
Total balance sheet amount of coins	122,670.1	125,933.8	102.7	100.0	100.0

¹ Excluding precious metal coins.

National Payment System key indicators

Table 44

	2021	2022	2023
National Payment System participants¹			
Number of money transfer operators	371	362	362
of which:			
– Bank of Russia	1	1	1
– VEB.RF	1	1	1
– credit institutions	369	360	360
Number of payment system operators	28	25	27
of which:			
– Bank of Russia	1	1	1
– credit institutions	12	11	12
– organisations other than credit institutions	15	13	14
Number of operators of payment infrastructure services	35	36	43
of which:			
– operating centres	23	24	26
– payment clearing centres	24	25	27
– settlement centres	23	23	29
Number of e-money operators	69	67	60
Number of federal postal service organisations ²	2	2	7
Memo item			
Number of POs of federal postal service organisations ³	42,947	42,709	42,705
of which POs providing payment services	38,766	38,876	40,138
Number of payment application providers	61	51	42
Number of foreign payment service providers	24	4	10
Number of information exchange service operators	185	208	207
Number of bank payment agents (subagents)	4,246	3,925	3,231
Number of payment aggregators	55	80	90
Number of payment systems operating in the Russian Federation	28	25	27
of which:			
– Bank of Russia Payment System	1	1	1
– Mir payment system	1	1	1
– payment systems registered by the Bank of Russia	26	23	25
of which:			
– nationally important	15	15	15
– systemically important	2	2	2
– socially important	4	1	4
Money transfer operators – credit institutions			
Number of payments effected by credit institution customers being credit institutions, mln	232.1	243.0	278.5
Number of payments effected by credit institution customers other than credit institutions, ⁴ mln	70,253.3	79,508.3	91,121.3
of which, by payment instrument:			
– credit transfers ⁵	3,631.9	5,753.5	9,395.1
– direct debits ⁶	224.0	223.7	205.5
– payment cards ⁷	61,024.0	67,428.8	74,041.5
– electronic means of payment to transfer e-money ⁸	3,271.4	3,414.8	4,151.7
– other payment instruments ⁹	2,102.0	2,687.6	3,327.5



End of table 44

	2021	2022	2023
Amount of payments effected by credit institution customers being credit institutions, ₪ tn	955.5	689.4	687.5
Amount of payments effected by credit institution customers other than credit institutions, ⁴ ₪ tn	1,202.8	1,592.3	1,455.6
of which, by payment instrument:			
– credit transfers ⁵	1,075.2	1,434.7	1,281.6
– direct debits ⁶	4.0	12.0	9.4
– payment cards ⁷	105.1	123.8	136.5
– electronic means of payment to transfer e-money ⁸	2.6	3.0	4.3
– other payment instruments ⁹	15.8	18.7	23.8
Number of payment cards issued by Russian credit institutions, ¹ mln	334.7	396.6	449.3
Number of payment card transactions in Russia and abroad, ¹⁰ mln	63,367.7	69,589.0	76,049.2
of which:			
– cash withdrawals	2,343.6	2,160.2	2,007.8
– cashless transactions	61,024.0	67,428.8	74,041.5
of which payments for goods and services	49,384.4	54,630.4	61,561.3
Amount of payment card transactions in Russia and abroad, ¹⁰ ₪ tn	134.9	155.3	171.7
of which:			
– cash withdrawals	29.8	31.5	35.2
– cashless transactions	105.1	123.8	136.5
of which payments for goods and services	42.4	48.0	55.9
Share of cashless transactions ¹¹ in the total turnover of retail trade, public catering and paid services, %	74.3	78.1	83.4
E-money transfer operators			
Number of electronic means of payment to transfer e-money used since start of year, mln	335.2	284.5	296.8
Number of transactions using electronic means of payment to transfer e-money, mln	3,276.5	3,417.9	4,154.4
Amount of transactions using electronic means of payment to transfer e-money, ₪ bn	2,671.9	3,041.5	4,333.4
Federal postal service organisations			
Number of postal orders and household payments accepted by federal postal service organisations as payment agents and transactions effected by federal postal service organisations as bank payment agents, mln	411.8	362.0	321.5
Amount of postal orders and household payments accepted by federal postal service organisations as payment agents and transactions effected by federal postal service organisations as bank payment agents, ₪ bn	421.5	364.8	333.0
Bank payment agents (subagents)			
Number of transactions to accept cash from individuals, mln	262.7	255.9	212.7
Amount of transactions to accept cash from individuals, ₪ bn	403.8	721.9	403.7

¹ As of the end of year, in units.² JSC Russian Post, FSUE Post of Crimea. Since 2023, there are also SUE of the Donetsk People's Republic POST OF DONBASS, SUE of the Lugansk People's Republic Post of the Lugansk People's Republic, SUE Post of Kherson, SUE Post of Tavria, SUE BaikonurSvyazInform.³ According to JSC Russian Post, FSUE Post of Crimea.⁴ Including payments of credit institution customers that are households and legal entities other than credit institutions. Excluding deposit and lending transactions, foreign exchange transactions, and transactions with securities.⁵ Including payments effected using payment orders and letters of credit as well as transfers without opening a bank account.⁶ Including payments effected through payment requests and collection orders.⁷ Excluding cash withdrawals.⁸ Excluding transactions to transfer e-money balances withdrawn in cash.⁹ Including payments effected using cheques and bank orders.¹⁰ Including cash withdrawals, payments for goods and services, customs payments, and other transactions (for example, payments from one bank account to another) using payment cards issued by Russian credit institutions.¹¹ Including transactions using payment cards and e-money as well as other payment instruments (e.g. payment orders generated based on invoices).Note. Certain indicators are updated as compared with those published [in the Bank of Russia Annual Report for 2022](#).

Bank of Russia Payment System

Table 45

	2021	2022	2023
Number of transfers effected, mln	2,643.9	4,958.0	8,909.4
of which:			
– by credit institutions (branches)	2,246.9	4,521.1	8,448.5
– by customers other than credit institutions	396.7	436.7	460.7
– by Bank of Russia structural divisions	0.3	0.2	0.2
including via transfer services:			
– via the speedy funds transfer service	5.1	5.9	7.2
– via the non-speedy funds transfer service	1,770.4	1,915.2	1,776.0
– via the faster payments service ¹	868.4	3,036.9	7,126.2
Amount of transfers effected, P tn	2,018.2	3,342.4	3,532.5
of which:			
– by credit institutions (branches)	1,647.5	2,110.2	2,412.0
– by customers other than credit institutions	183.2	288.0	443.6
– by Bank of Russia structural divisions	187.5	944.2	676.9
including via transfer services:			
– via the speedy funds transfer service	1,749.1	3,041.3	3,176.8
– via the non-speedy funds transfer service	264.1	286.7	324.8
– via the faster payments service ¹	5.0	14.4	30.9

¹ This does not include intrabank transactions.

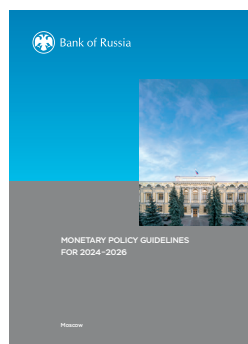
**Structure of Bank of Russia customers other than credit institutions
and number of accounts opened for them**
(units)

Table 46

	Number of customers			Number of accounts		
	as of 01.01.2023	as of 01.01.2024	change over 2023	as of 01.01.2023	as of 01.01.2024	change over 2023
Total	458	509	51	824	842	18
Federal Treasury	146	157	11	416	359	-57
Regional and local budget management bodies	1	1	0	3	3	0
State-owned institutions financed from budgets of all levels	111	121	10	160	171	11
Government and other extra-budgetary funds	2	2	0	6	6	0
Election commissions (referendum commissions)	90	124	34	113	180	67
Other organisations	108	104	-4	126	123	-3



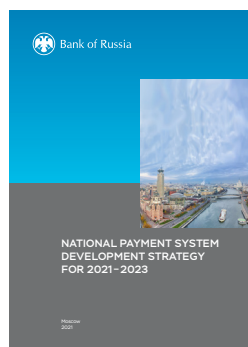
5.5. MAIN STRATEGIC DOCUMENTS OF THE BANK OF RUSSIA



[Monetary Policy Guidelines
for 2024–2026](#)



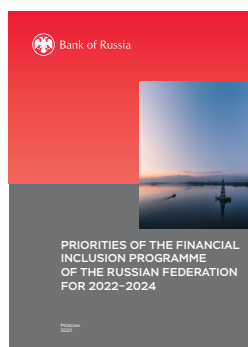
[Russian Financial Market
Development Programme
for 2024–2026](#)



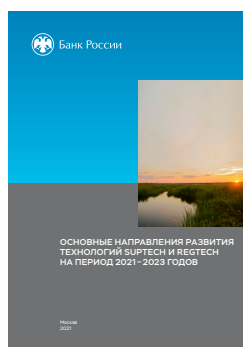
[National Payment System
Development Strategy
for 2021–2023](#)



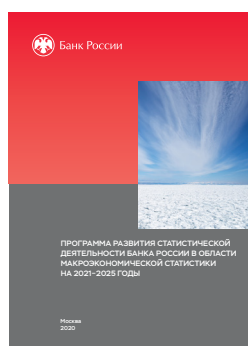
[Guidelines for Cash Circulation
Development in 2021–2025](#)



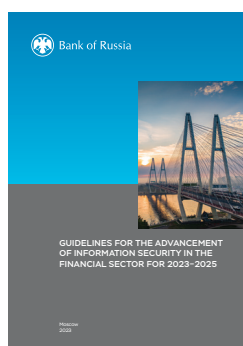
[Priorities of the Financial
Inclusion Programme
of the Russian Federation
for 2022–2024](#)



[SupTech and RegTech
Development Guidelines
for 2021–2023](#)



[Programme for Developing
the Bank of Russia's Statistical
Activities in Macroeconomic
Statistics for 2021–2025](#)



[Guidelines for the Advancement
of Information Security
in the Financial Sector
for 2023–2025](#)



LIST OF ABBREVIATIONS

ACCC – agricultural consumer credit cooperative

ACRA (JSC) – Analytical Credit Rating Agency (Joint Stock Company)

AI – artificial intelligence

AIS of insurance – automated information system of insurance

AML/CFT/CFP – anti-money laundering, countering the financing of terrorism and proliferation of weapons of mass destruction

APEC – Asia-Pacific Economic Cooperation

API – application programming interface

ASEAN – Association of Southeast Asian Nations

Association of IICA – Association of international investment consultants and advisors

Bank of Russia PS – Bank of Russia Payment System

BNA – bank of non-core assets (National Bank TRUST)

BPM6 – the 6th edition of the IMF's Balance of Payments and International Investment Position Manual

BRICS – Brazil, Russia, India, China, and South Africa (from 1 January 2024, Egypt, Iran, the United Arab Emirates, Saudi Arabia and Ethiopia also joined BRICS)

CAR – capital adequacy ratio

CCC – consumer credit cooperative

CCCH – Central Catalogue of Credit Histories

CCP – central counterparty

CCP NCC – Central Counterparty National Clearing Centre

CHB – credit history bureau

CHS – credit history source

CI – credit institution

CI PSMP – credit institution that is a professional securities market participant

CIS – Commonwealth of Independent States

CMTPLI – compulsory motor third party liability insurance

Coupon OBR – Bank of Russia coupon bond

CRA – credit rating agency

DFA – digital financial asset

DIA.RF – State Corporation Deposit Insurance Agency

DSTI – debt service-to-income ratio

EAEU – Eurasian Economic Union

ECB – European Central Bank

ELI – endowment life insurance

EME – emerging market economy

E-money – electronic money

ESG – environmental, social and corporate governance

EU – European Union

EXIAR JSC – Russian Agency for Export Credit and Investment Insurance Joint Stock Company

FAO – UN Food and Agriculture Organization

FAS Russia – Federal Antimonopoly Service of the Russian Federation

FATF – Financial Action Task Force

FBSC – Fund of Banking Sector Consolidation

FBSC AMC Ltd. – Limited liability company Fund of Banking Sector Consolidation Asset Management Company

FD – financial derivative

Federal Law No. 86-FZ – Federal Law No. 86-FZ, dated 10 July 2002, ‘On the Central Bank of the Russian Federation (Bank of Russia)’

Federal Law No. 127-FZ – Federal Law No. 127-FZ, dated 26 October 2002, ‘On Insolvency (Bankruptcy)’

FPO – financial platform operator

FRRP – financial resilience recovery plan

FSUE – federal state unitary enterprise

FTS of Russia – Federal Tax Service of Russia

GDP – gross domestic product

GPFI – Global Partnership for Financial Inclusion

GSO-FPS – fixed coupon-income government savings bond

GSO-PPS – permanent coupon-income government savings bond

HSC – housing savings cooperative

HSE – National Research University Higher School of Economics

IBL – interbank lending (loans, deposits and other funds placed (raised) in the interbank market)

ICL – irrevocable credit line

IFRS – International Financial Reporting Standards

IFSB – Islamic Financial Services Board

IFX-Cbonds – the index of effective yield on corporate bonds (calculated by Interfax and Cbonds.ru news agencies)

IIA – individual investment account

IIR – individual investment recommendation

IL – instalment loan (medium-term consumer microloan of over ₺30,000 for more than 30 days)

ILI – investment life insurance

IMF – International Monetary Fund

IOSCO – International Organization of Securities Commissions

IOSCO MMoU – IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information

IP – investment platform

IPO – initial public offering

IRB approach – internal ratings-based approach to calculating credit risk

ISO – information system operator

IT – information technology

JSC DOM.RF – Joint-stock company Russia Housing and Urban Development Corporation

JSC Expert RA – Joint-stock company Rating agency Expert RA

JSC RNRC – Joint Stock Company Russian National Reinsurance Company

JSC Russian Small and Medium Business Corporation – Joint-stock company Russian Small and Medium Business Corporation

KYC platform – Know Your Customer information platform

LCR – liquidity coverage ratio

MC – management company

MFO – microfinance organisation

MIIMM – misuse of insider information and market manipulation

Moscow Exchange – Public Joint-Stock Company Moscow Exchange MICEX-RTS

MPL – macroprudential limit

MRPA – machine-readable power of attorney

NAUFOR – National Association of Securities Market Participants

NAV – net asset value

NCI – non-bank credit institution

NCR – National Credit Ratings

NFA – National Finance Association (former Self-regulatory organization National Finance Association; the status of a self-regulatory organisation was abolished in accordance with the Bank of Russia's decision, dated 29 December 2022)

NFC – near field communication

NFI – non-bank financial institution

NFI PSMP – non-bank financial institution that is a professional securities market participant

NPF – non-governmental pension fund

NPL90+ – non-performing loans overdue for over 90 days

NPS – National Payment System

NRA – National Rating Agency

NSD – National Settlement Depository

NSD PS – NSD Payment System

NSPK JSC – National Payment Card System Joint Stock Company

NWF – National Wealth Fund

OCP – open currency position

OFZ – federal government bond

OFZ-AD – debt depreciation federal government bond

OFZ-IN – inflation-indexed federal government bond

OFZ-n – federal government bond for individuals

OFZ-PD – permanent coupon-income federal government bond

OFZ-PK – variable coupon-income federal government bond

OPEC – Organization of the Petroleum Exporting Countries

OPEC+ – OPEC countries and other countries that are participants in oil production cut deals

PAO – payment acceptance operator

PDL – payday loan (short-term consumer microloan of up to ₽30,000 for no more than 30 days)

PIT – personal income tax

PJSC SPB Exchange – Public Joint-Stock Company SPB Exchange

PO – post office

POS (point-of-sale) terminal – a hardware system for processing card payments at retail locations

PSMP – professional securities market participant

PSO – payment system operator

RGBY – Russian Government Bonds Yield to Redemption

Rosstat – Federal State Statistics Service

RTS – Russian Trading System

RUONIA – Ruble Overnight Index Average (the weighted average interest rate on overnight interbank ruble loans (deposits) reflecting the cost of unsecured overnight borrowing)

Sberbank – Sberbank of Russia

SBP – Faster Payments System

SCO – Shanghai Cooperation Organization

SDR – Special Drawing Right

SEM – special economic measure

SFR – Pension and Social Insurance Fund of the Russian Federation (Social Fund of Russia)

SICI – systemically important credit institution

SMEs – small and medium-sized enterprises

SPFS – Financial Messaging System of the Bank of Russia

SPIMEX – Saint Petersburg International Mercantile Exchange

SPO – secondary public offering

SRO – self-regulatory organisation

SROFM – self-regulatory organisation in the financial market

State Duma – State Duma of the Federal Assembly of the Russian Federation

SWIFT – Society for Worldwide Interbank Financial Telecommunications

TCC – total cost of credit

TLS certificate – Transport Layer Security certificate (based on a cryptographic protocol enabling secure communication between the server and the client)

UIF – unit investment fund

ULLI – unit-linked life insurance

ULPM – urgent liquidity providing mechanism

UN – United Nations

UPPS – Unified Portal of Public and Municipal Services (Functions)

US Fed – US Federal Reserve System

USRIE – Unified State Register of Individual Entrepreneurs

USRLE – Unified State Register of Legal Entities

VAT – value added tax

VEB.RF – State Development Corporation VEB.RF

XBRL – eXtensible Business Reporting Language

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