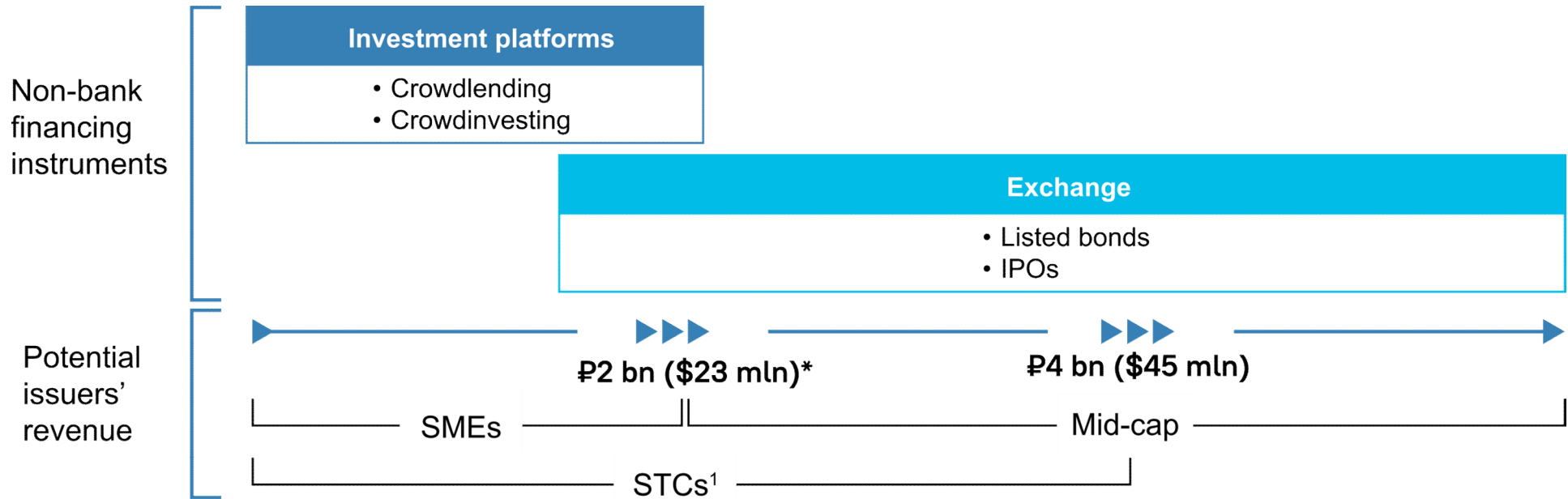




Bank of Russia

Development of non-bank SME financing: crowdfunding and stock market instruments

July 2024



¹ Small technology companies



GOAL: creating a product range for growing small and mid companies, primarily SMEs, at all development stages: from the pre-IPO stage (crowdfunding, including through offering shares on crowd platforms) to the public exchange market (bonds and IPOs).

Prior to IPOs, many companies successfully issue bonds on the stock exchange. The first stage for small companies can be share offerings on a crowd platform.

* Hereinafter, at the official exchange rate set by the Bank of Russia as of 5 July 2024 – 88.12 rubles per US dollar (http://www.cbr.ru/currency_base/daily/)

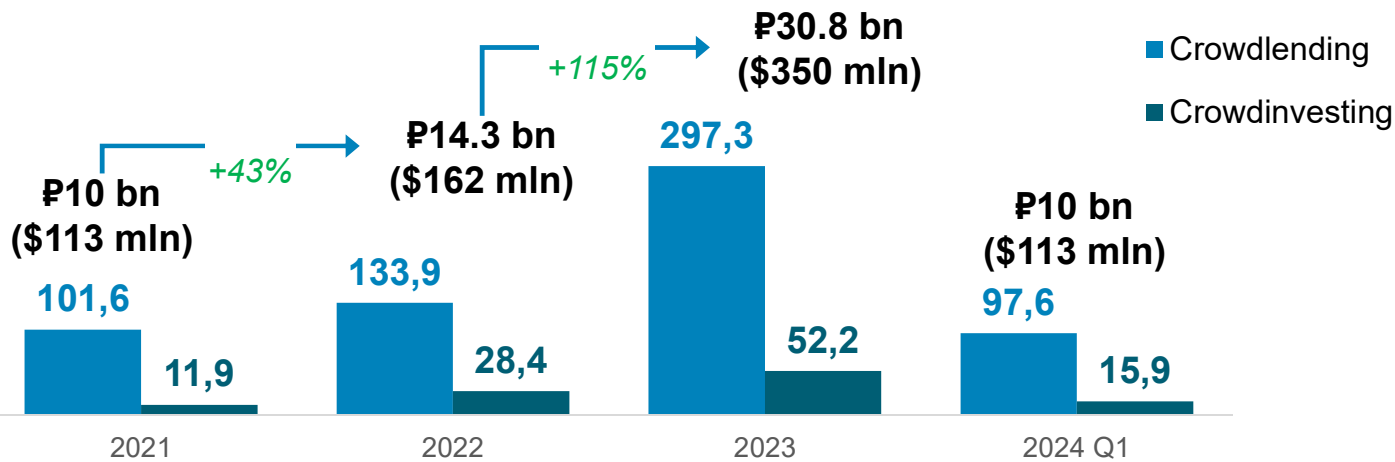
88
crowd platforms*

Debt financing (crowdlending, 85% of the market)

Equity financing (crowdinvesting)

Non-public joint-stock companies can offer shares and raise equity financing

Funds raised by SMEs, \$ mln



State support** for SMEs

2022

₽1.5 bn (\$17 mln)
(10.5% of the market)

2023

₽1.3 bn (\$15 mln)
(4.2% of the market)

* The Bank of Russia's register as of 1 July 2024

** National project Small and Medium-sized Entrepreneurship and Support for Individual Business Initiatives



Advantages of fund-raising on the exchange for SMEs, SMEs+ and small technology companies

- Long-term funding without collateral
- Flexible conditions for raising funds: interest rates, maturities, repayment schedule
- Debt and equity financing
- Upgrade of a company: obtaining a rating, new counterparties: audit, appraisal, IR
- Strategic marketing: promotion and client attraction. Reduction in funding costs in the future
- Increase in a company's capitalisation and transparency – transition to the SME+ segment
- For the financial market: a larger number of issuers, infrastructure development, higher competition, and greater financial stability



Progress of the national project supporting SMEs

- Since 2019: **126 bond offerings** worth over **₽44 bn (\$499 mln)** and **8 IPOs** (7 SMEs)
- The issuers – SMEs include companies that have outgrown the SME segment since 2019
- Performance: over 2023, returns and headcount increased by 21% and 18%, respectively
- The issuers include small technology companies
- High-tech companies account for:
 - 22% of the amount of offerings
 - 40% of the number of offerings

System of support

- Subsidies for listing
- Subsidies for coupon payments