



## Financial stability

*Risk coefficients that are used for calculation of capital adequacy ratios have been changed for certain types of assets denominated in foreign currency*

The Bank of Russia has **increased coefficients for calculating credit risks** related to foreign currency credit claims from banks when such claims arose after 1 July 2018 and relate to loans issued and investments in debt securities:

- for loans issued and debt securities – from 110% to 130%, except for credit claims from banks to exporters that have certain foreign currency denominated revenue for the complete recent financial year;
- for mortgage loans – from 130% to 150%.

The new coefficients will not be applied to credit claims that are directly or indirectly secured by the Russian Government (in particular, foreign currency denominated credit claims secured with the insurance policy issued by the Export Insurance Agency of Russia (EXIAR)).

**Coefficient of 110% has been introduced for calculating credit risk** related to foreign currency denominated credit claims from banks to exporters, except for claims that are secured by direct or indirect guarantee of the Russian Government.

**Bank of Russia Directive No. 4851-U of 4 July 2018 «on amending Bank of Russia Instruction No. 180-I of 28 June 2017» (effective from 24 July 2018, except certain provisions)**

*The Bank of Russia suggests increasing the risk coefficients for consumer loans issued in Russian roubles after 1 September 2018*

**Risk coefficients are to be increased** for credit claims and claims aimed at collection of accrued interest under consumer loans issued in Russian roubles after 1 September 2018, for which true interest cost at the time of credit issue is above 10% p.a. but does not exceed 30% p.a.:

True interest cost	Risk ratios on consumer loans denominated in Russian roubles and issued	
	after 1 May 2018 (current version)	after 1 September 2018 (suggested amendments)
10-15%	100%	120%
15-20%	110%	140%
20-25%	120%	170%
25-30%	140%	200%

**Draft Directive «On Amending the Bank of Russia Instruction No. 180-I «On Mandatory Ratios for Banks» of 28 June 2017 (effective from 9 September 2018)**

*The Bank of Russia suggests setting up incremental premiums to the risk coefficients for certain types of assets*

The draft document defines types of assets for which incremental premiums can be added to risk ratios and gives characteristics of these types of assets. In addition, it provides techniques for calculation of premiums and their application.

**Draft Bank of Russia Directive «On types of assets and characteristics of types of assets for which incremental premiums are added to risk coefficients» (expected effective date is 1 October 2019)**

*The Bank of Russia has developed economic relationship criteria for recognising the bank borrowers as related ones in calculating the maximal exposure per borrower or group of related borrowers for meeting the mandatory ratios (N6) and has suggested the procedure for recognising the borrowers as related ones based on a reasonable judgement made in the course of banking supervision*

The borrowers of the bank are treated as related ones if at least one of the economic relationship criteria specified in the draft directive is met.

The borrowers of the bank can be deemed to be related based on a reasonable judgement made in the course of banking supervision. And the bank can file with the Bank of Russia an appeal against the claim on recognising the borrowers as related ones.

**Draft Bank of Russia Directive «On Criteria for Economic Relationship between Borrowers of a Credit Institution»; «On the Procedure for taking by the Banking Supervision Committee of the Bank of Russia of the decision to treat borrowers as related based on a reasonable judgement, sending credit institution's claims and considering credit institution's appeals»**

*The Bank of Russia developed requirements to the content and structure of recovery and resolution plans (RRP) for credit institutions and banking groups*

In addition to the requirements to the content and structure of a Recovery and Resolution Plan (RRP), the Directives provide for the procedure and deadline for its presentation to the Bank of Russia, its assessment procedure and the procedure for informing the Bank of Russia on occurrence of events provided for in the RRP and for making a decision on the start of its implementation.

The draft document specifies triggers for launching actions aimed at recovering the credit institution's or banking group's financial stability and early warning signals whose values underlie the launch of actions aimed at preventing deterioration of the credit institution's financial position.

**Draft Regulations of the Bank of Russia «On requirements to the content, procedure and deadline for its presentation to the Bank of Russia, procedure for assessment by the Bank of Russia of RRP, amendments made to RRP by credit institutions and banking groups, the procedure for informing the Bank of Russia on occurrence of events provided for in the RRP and for making a decision on the start of its implementation»**



## Accounting

*The Bank of Russia has developed a new accounting procedure for lease contracts*

The draft document is intended for the implementation of IFRS 16 "Lease" and provides for the lease contracts classification and the accounting procedure for lessees and lessors.

**Draft Regulations of the Bank of Russia «On an accounting treatment of leases by credit institutions» (the planned effective date is 1 January 2020)**

## Reporting, disclosures and data security

*The Bank of Russia has suggested amendments to the procedure and format of disclosure by a credit institution (parent credit institution of a banking group) of accepted risks, procedures for their assessment, risk and capital management*

The draft regulations offer the format and procedure for disclosing the following information:

- Key indicators of the activities of a credit institution (banking group);
- Estimated adjustments to the value of financial instruments;
- Performance indicators of systemically important financial institutions;
- Calculation of countercyclical buffer to the capital adequacy ratios.

**Draft Bank of Russia Directive «On Amending the Bank of Russia Directive No. 4482-U of 7 August 2017»**

*The Bank of Russia suggests changes to the reporting forms and the procedure for their preparation and presentation*

**The draft directive provides for cancellation of following reporting forms:**

- 04 09117 "Data on large loans";
- 04 09815 "Report on the financial position of the credit institution";
- 04 09816 "Report on the total income of a credit institution";
- 04 09817 "Statement of cash flows of a credit institution";
- 04 09818 "Report on changes in the capital of a credit institution".

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**New forms of reporting are envisaged:**

- 0409610 "Report on transactions with precious metals and coins containing precious metals";
- 0409713 "Information on the facts of failure by the nominal holder to receive income on securities and facts of non-disclosure by the nominal holder of data on its depositors".
- Alterations in the algorithms for compiling a number of reporting forms due to the implementation of IFRS 9 Financial Instruments have been introduced.

**Draft Bank of Russia Directive «On the list, forms and procedure for preparation and submitting reporting forms of credit institutions to the Bank of Russia» (the planned effective date is 1 January 2019)**

*The Bank of Russia has tightened requirements to ensure data security in the cash transfer process*

- It is required to use software programmes used by automated systems and applications that are certified in the certification system of the Federal Service for Technical and Export Control of Russia in accordance with the IT security requirements, for cash transfer purposes;
- An entity, which is licensed to carry out activities on technical protection of confidential information, should be engaged annually to perform testing for unauthorised penetration and analysis of vulnerabilities of informational infrastructure.

The Bank of Russia will publish the list of types of incidents in its official web-site.

**Bank of Russia Directive No. 4793-U of 7 May 2018 «on amending Bank of Russia Regulations No. 382-P of 9 June 2012» (effective from 1 June 2018, except certain provisions)**

*The Bank of Russia has suggested the procedure for generating daily register of the bank's liabilities to the bank depositors*

The Directive provides that the banks included in the register of banks participating in the deposit insurance system are obliged to account for the bank's liabilities to the depositors and the bank's counter-claims against its depositors on a daily basis, which should allow generating the register of liabilities for any day. The register of liabilities is generated in the electronic format.

**Draft Bank of Russia Directive «On the form and procedure for generating the register of the bank's liabilities to its depositors» (expected effective date is 1 January 2019)**

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