



The Central  
Bank of the  
Russian  
Federation

## Required Reserves (Reserve Requirements) as an Instrument of the Bank of Russia Monetary Policy

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## Laws and regulations relating to the required reserves deposited with the Bank of Russia

## Laws and regulations relating to the required reserves deposited with the Bank of Russia

Article 35 of the Federal Law on the Central Bank of the Russian Federation (Bank of Russia) stipulates that the required reserves deposited with the Bank of Russia (reserve requirements) are an instrument of the Bank of Russia monetary policy.

Under Article 38 of this Law, the amount of the required reserves as a percentage of a credit institution's liabilities (the required reserve ratio) and the procedure for depositing the required reserves are established by the Bank of Russia Board of Directors.

Article 25 of the Federal Law on Banks and Banking Activities requires a credit institution to comply with the required reserve ratio in respect to the term, value and kind of the funds raised.

Credit institutions deposit the required reserves with the Bank of Russia in compliance with [Bank of Russia Regulation No. 255-P, dated March 29, 2004](#), "On the Required Reserves of Credit Institutions" (with amendments).

The required reserves deposited by a credit institution are accounted for in compliance with [Bank of Russia Ordinance No. 1408-U, dated March 29, 2004](#), "On the Accounting Procedure for the Required Reserves Deposited by Credit Institutions with the Bank of Russia."

[List of Bank of Russia rules and regulations establishing the procedure for depositing credit institutions' required reserves with the Bank of Russia](#)

[Required Reserves \(Reserve Requirements\) set by the Bank of Russia](#)

## Depositing the required reserves with the Bank of Russia

**The required reserves are deposited with the Bank of Russia** by all credit institutions, except non-bank credit institutions such as collection organisations. A credit institution must comply with the reserve requirements as soon as it receives the Bank of Russia licence to conduct banking operations. No interest is paid on the required reserves deposited by credit institutions with the Bank of Russia.

### The required reserve depositing procedure

The required reserves are deposited in the national currency on a non-cash basis by transferring funds to the required reserve accounts opened with the Bank of Russia and, simultaneously, to the correspondent accounts (subaccounts) of credit institutions with the Bank of Russia when a credit institution uses the required reserve averaging procedure.

The required reserve accounts are opened depending on the currency of the liabilities provisioned for (balance sheet accounts No. 30202 "Credit Institutions' Required Reserves Deposited with the Bank of Russia for the Ruble-Denominated Accounts" and No. 30204 "Credit Institutions' Required Reserves Deposited with the Bank of Russia for the Foreign Currency-Denominated Accounts").

## Main Components of the Calculation of the Required Reserves Deposited with the Bank of Russia

**The liabilities provisioned for** are the liabilities of a credit institution, denominated in the national and foreign currency, whose structure is established in Section 2 of [Bank of Russia Regulation No. 255-P, dated March 29, 2004](#).

The liabilities provisioned for are the liabilities of credit institutions to private individuals and corporate entities, including credit institutions' liabilities to non-resident banks in the national and foreign currency that arose in accordance with the correspondent account agreements and fund-raising agreements (loan, deposit and other), and other liabilities.

The liabilities provisioned for do not include long-term liabilities such as funds raised from resident and non-resident corporate entities for a term of three years and more, bonds issued by credit institutions with a maturity period of three years and more, non-pecuniary liabilities (precious metals, gemstones or securities loan), liabilities to other credit institutions registered in accordance with the established procedure and conducting operations under licence issued by the Bank of Russia, to Vneshekonombank and to the Bank of Russia, which arose as a result of the conclusion of agreements, and obligations between various divisions of a credit institution.

The obligations of a credit institution on its own securities are included in the required reserve calculation net of the credit institution's investments in the debt securities of other resident credit institutions and Bank of Russia bonds.

The amount of the required reserves for liabilities denominated in the national currency is reduced by the amount of ruble funds in the cash department of a credit institution, which, however, should not exceed 25% of the amount of the required reserves for the ruble-denominated liabilities.

## Required reserve regulation

**The Bank of Russia regulates the amount of the required reserves on a monthly basis.** It may regulate the amount of the required reserves ahead of schedule by the decision of the Bank of Russia Board of Directors.

### Required reserve regulation deadlines

#### **The procedure for compiling and presenting the calculation of the required reserves deposited with the Bank of Russia**

##### **Calculation procedure. The calculation comprises:**

1. the calculation (compiled in the form as indicated in Annex 1 to Bank of Russia Regulation No. 255-P, dated March 29, 2004),
2. Annexes 2-7 to Bank of Russia Regulation No. 255-P, dated March 29, 2004
3. the statement on the absence of balances (compiled in any form)
4. the necessary explanations.

The document in the form described in Annex 7 to Bank of Russia Regulation No. 255-P, dated March 29, 2004, is compiled in the event of the use of the professional judgement by a credit institution. The professional judgement is based on laws and regulations, the accounting policy implemented by the credit institution in compliance with Bank of Russia requirements, the credit institution's source and other documents characterising the corresponding liabilities, and the accepted business practices.

##### **Calculation presentation procedure.**

The calculation is presented to the Bank of Russia regional branch where a credit institution has a correspondent account by the established deadline.

The calculation may be presented electronically. When the calculation is presented as an electronic message without an authentication code, it should be also presented on paper. In this case, the day the calculation is presented on paper is considered the presentation day. The documents presented on paper as part of the calculation should be signed by the authorised representatives of the credit institution and authenticated by the impression of the stamp corresponding to that of the signature and stamp card.

When making the calculation for its electronic presentation, a credit institution should indicate the balance sheet subaccounts recording the provisioned-for liabilities. The absence of a balance in the balance sheet account is indicated by nil.

When making the calculation for its presentation on paper, a credit institution may indicate the balance sheet subaccounts established by the credit institution's chart of accounts, except the accounts that had zero balances during the reporting period.

The documents whose forms are shown in Annexes 2-5 to Bank of Russia Regulation No. 255-P, dated March 29, 2004, may not be presented in the calculation if they contain zero values in all balance sheet accounts indicated in them (certain personal accounts of balance sheet accounts) during the reporting period. In this case, a credit institution should report in any form the absence of balances in the corresponding balance sheet accounts (certain personal accounts of balance sheet accounts).

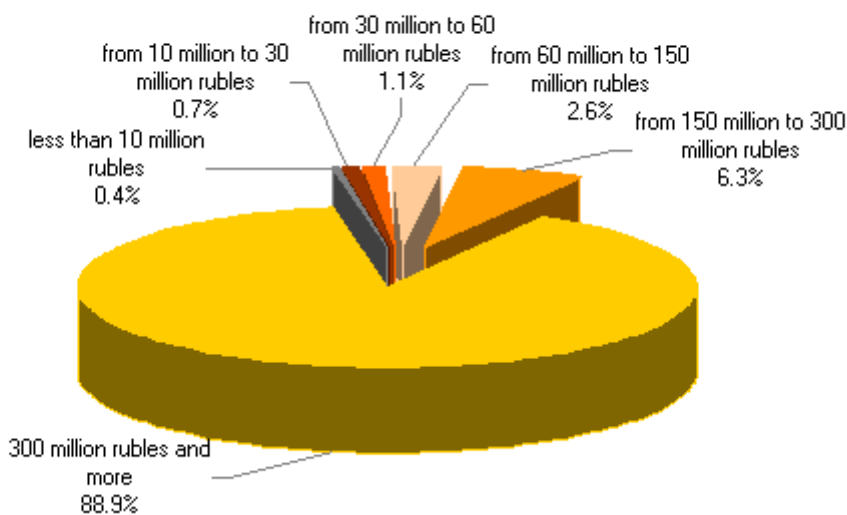
During the required reserve regulation period, a credit institution may correct the documents presented as part of the calculation (should an error be detected by the Bank of Russia regional branch or the credit institution). The corrected calculation should be accompanied by pertinent explanations, signed by the credit institution's authorised representatives or containing the electronic message authentication code.

### **Amount of the required reserves of the credit institutions deposited with the Bank of Russia**

<b>Year/month</b>	<b>Amount, million rubles</b>
<b>2004</b>	

<b>2005</b>	1 of January	267,388.1
	1 of January	121,740.3
<b>2006</b>	1 of January	161,369.9
	1 of January	221,070.9
<b>2008</b>	1 of January	221,620.8
	1 of February	233,986.2
	1 of March	316,525.4
	1 of April	339,258.9
	1 of May	345,742.8
	1 of June	350,411.0
	1 of July	360,290.8
	1 of August	388,043.1
	1 of September	397,747.9
	1 of October	152,080.8
	1 of November	34,159.0
	1 of December	30,077.7
<b>2009</b>	1 of January	29,915.7
	1 of February	29,502.9
	1 March	31,221.5
	1 April	33,306.2
	1 May	32,508.0

**The required reserves of the credit institutions deposited on separate accounts with the Bank of Russia (grouped by registered authorized capital) in August 2007**



### The required reserve averaging framework

The right to use the required reserve averaging framework is granted to credit institution, concerning to the first or the second classification groups under Bank of Russia standard acts (for non-bank credit institutions - Bank of Russia Ordinance No. 766-U, dated March 31, 2000, with amendments; for banks - Bank of Russia Ordinance No. 2005-U, dated June 30, 2008), and meet the following criteria on date of calculation presentates:

1. have no shortfall in the required reserves or unpaid fines imposed for non-compliance with the reserve requirements;
2. it had fulfilled its obligation to average the required reserves in the previous averaging period (in case credit institution used a right of reserve averaging framework);
3. it has no overdue pecuniary obligations to the Bank of Russia, including overdue obligations on loans and interest on them.

### The required reserve averaging procedure

The averaging of the required reserves signifies that the averaged balance in the correspondent account (correspondent subaccount(s)) opened by a credit institution with the Bank of Russia is accepted as the fulfilment of the reserve requirements.

To calculate the amount of the required reserves that must be maintained in the correspondent account (correspondent subaccount(s)) of a credit institution with the Bank of Russia, the credit institution uses an averaging ratio that should not exceed the averaging ratio established by the Bank of Russia.

To be granted the right to do the averaging in the current averaging period, a credit institution should calculate and indicate in the calculation the averaged amount of the required reserves.

If a credit institution meets the established criteria, the Bank of Russia regional branch grants it the right to do the averaging and establishes the averaged amount of the required reserves for the calculation.

If a credit institution fails to meet the established criteria, the Bank of Russia regional branch refuses to grant it the right to do the averaging and the averaged amount of the required reserves for the calculation is set at nil.

The Bank of Russia regional branch notifies a credit institution of its decision in the Regulation Report.

The Bank of Russia resumed extending Lombard loans at fixed rates to enable credit institutions efficiently manage their liquidity when using the required reserve averaging mechanism. A Lombard loan is extended to a credit institution on the day it asks for it for a term of seven calendar days without the right to repay it earlier at a fixed interest rate, which is set at the average weighted interest rate of the latest Lombard loan auction. It is possible to find out a conditions of this credit operations in the following section "Loans Extended against the Collateral (Blocking) of Securities from the Bank of Russia Lombard List (Intraday, Overnight and Lombard Loans)" part "Refinancing of (Lending to) Credit Institutions as an Instrument of the Bank of Russia Monetary Policy".

### Statistical data on the averaging of the required reserves by credit institutions

#### Number of credit institutions exercising the right to average the required reserves

Region	October 2004	January 2005	January 2006	January 2007	January 2009		April 2009	
	Number of credit institutions exercising the right to average the required reserves	Number of credit institutions exercising the right to average the required reserves	Number of credit institutions exercising the right to average the required reserves	Number of credit institutions exercising the right to average the required reserves	Number of credit institutions exercising the right to average the required reserves	% share of operating credit institutions in the region	Number of credit institutions exercising the right to average the required reserves	% share of operating credit institutions in the region
1	2	3	4	5	6	7	8	9
<b>Russian Federation</b>	<b>503</b>	<b>545</b>	<b>650</b>	<b>730</b>	<b>822</b>	<b>73.9</b>	<b>810</b>	<b>73.8</b>
<b>Central Federal District</b>	<b>278</b>	<b>291</b>	<b>324</b>	<b>331</b>	<b>394</b>	<b>62.9</b>	<b>389</b>	<b>62.6</b>
Belgorod Region	5	5	5	6	6	100.0	6	100.0
Bryansk Region	0	2	1	1	1	100.0	1	100.0
Vladimir Region	0	1	2	2	2	100.0	3	100.0
Voronezh Region	4	4	4	4	2	33.3	2	33.3
Ivanovo Region	1	1	1	2	2	33.3	2	33.3
Kaluga Region	4	3	5	5	5	100.0	5	100.0
Kostroma Region	5	5	4	4	4	100.0	4	100.0
Kursk Region	0	2	2	2	2	100.0	2	100.0
Lipetsk Region	1	1	1	1	2	100.0	2	100.0

Orel Region	0	0	2	2	2	100.0	2	100.0
Ryazan Region	3	3	4	4	4	100.0	4	100.0
Smolensk Region	4	4	4	4	4	100.0	4	100.0
Tambov Region	0	0	1	1	1	100.0	1	100.0
Tver Region	6	6	6	5	7	87.5	7	87.5
Tula Region	4	5	6	6	5	100.0	5	100.0
Yaroslavl Region	9	9	9	9	8	100.0	8	100.0
Moscow	232	240	267	273	337	60.2	331	59.7
<b>Northwestern Federal District</b>	<b>33</b>	<b>40</b>	<b>53</b>	<b>65</b>	<b>69</b>	<b>87.3</b>	<b>69</b>	<b>89.6</b>
Republic of Karelia	1	1	1	1	1	100.0	1	100.0
Komi Republic	0	1	2	3	3	100.0	3	100.0
Arkhangelsk region	2	2	2	2	3	100.0	3	100.0
Vologda Region	6	7	7	7	8	88.9	8	88.9
Kaliningrad Region	4	4	5	7	8	100.0	7	100.0
Leningrad Region	0	2	3	3	4	100.0	4	100.0
Murmansk Region	2	2	3	4	4	100.0	4	100.0
Novgorod Region	1	1	1	2	2	100.0	2	100.0
Pskov Region	1	1	3	3	3	100.0	3	100.0
St Petersburg	16	19	26	33	33	78.6	34	82.9
<b>Southern Federal District</b>	<b>18</b>	<b>24</b>	<b>51</b>	<b>73</b>	<b>90</b>	<b>78.3</b>	<b>88</b>	<b>77.9</b>
Adigeya Republic	0		1	4	5	100.0	5	100.0
Republic of Dagestan	2	2	5	14	20	62.5	20	62.5
Republic of Ingushetia	1	1	1	1	1	50.0	1	50.0
Kabardino-Balkar Republic	0	0	2	2	5	83.3	5	83.3
Republic of Kalmykiya	0	0	2	2	2	100.0	2	100.0
Karachai-Cherkess Republic	2	2	4	5	5	100.0	5	100.0
Republic of Northen Ossetia-Alaniya	0	1	1	4	4	66.7	4	66.7
Republic of Chechnya*	-	-	-	-	-	-	-	-
Krasnodar Territory	5	5	11	13	13	81.3	13	81.3
Stavropol Territory	1	5	8	8	8	100.0	8	100.0
Astrakhan Region	1	1	2	2	3	60.0	2	50.0
Volgograd Region	2	2	5	5	5	100.0	5	100.0
Rostov Region	4	5	9	13	19	82.6	18	81.8
<b>Volga Federal District</b>	<b>86</b>	<b>95</b>	<b>105</b>	<b>117</b>	<b>119</b>	<b>91.5</b>	<b>117</b>	<b>92.1</b>
Republic of Bashkortostan	10	12	11	12	11	100.0	10	100.0
Republic of Marii-El	0	0	0	0	1	100.0	1	100.0
Republic of Mordovia	1	2	3	3	3	75.0	3	75.0
Republic of Tatarstan	13	14	15	21	22	84.6	22	84.6
Udmurt Republic	7	7	7	8	7	87.5	7	87.5
Chuvash Republic	1	3	5	5	5	100.0	5	100.0
Perm Region	7	8	8	8	7	100.0	6	100.0
Kirov Region	1	1	2	3	3	100.0	3	100.0
Nizhni Novgorod Region	13	14	13	16	16	88.9	15	88.2
Orenburg Region	4	5	7	9	9	100.0	9	100.0
Penza Region	2	2	2	2	1	50.0	2	100.0
Samara Region	15	15	15	14	18	90.0	18	90.0
Saratov Region	10	10	14	14	12	100.0	12	100.0
Ulianovsk Region	2	2	3	2	4	100.0	4	100.0

<b>Urals Federal District</b>	<b>43</b>	<b>43</b>	<b>52</b>	<b>59</b>	<b>55</b>	<b>94.8</b>	<b>53</b>	<b>94.6</b>
Kurgan Region	3	3	4	5	4	100.0	4	100.0
Sverdlovsk Region	19	20	22	21	22	91.7	21	91.3
Tyumen Region	13	12	17	21	18	94.7	17	94.4
Chelyabinsk Region	8	8	9	12	11	100.0	11	100.0
<b>Siberian Federal District</b>	<b>32</b>	<b>34</b>	<b>45</b>	<b>56</b>	<b>63</b>	<b>92.6</b>	<b>62</b>	<b>92.5</b>
Republic of Altai	1	2	3	3	4	80.0	4	80.0
Republic of Buryatia	0	1	1	1	1	100.0	1	100.0
Republik of Tyva	1	1	1	2	2	100.0	2	100.0
Republic of Khakassia	3	3	3	3	3	100.0	3	100.0
Altai Territory	6	6	6	7	8	100.0	8	100.0
<b>Zabaykalskiy Region</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
Krasnoyarsk Region	2	2	3	5	6	100.0	6	100.0
Irkutsk Region	4	4	6	9	9	100.0	9	100.0
Kemerovo Region	1	1	4	5	7	87.5	7	87.5
Novosibirsk Region	7	7	10	10	11	84.6	11	84.6
Omsk Region	5	6	7	7	7	100.0	7	100.0
Tomsk Region	1	0	0	3	3	75.0	3	75.0
<b>Far Eastern Federal District</b>	<b>13</b>	<b>18</b>	<b>20</b>	<b>29</b>	<b>32</b>	<b>88.9</b>	<b>32</b>	<b>88.9</b>
Republic of Sakha (Yakutia)	2	4	4	6	5	100.0	5	100.0
Kamchatskiy Territory	0	0	1	1	5	83.3	5	83.3
Primorski Territory	2	3	3	7	8	100.0	8	100.0
Khabarovsk Territory	3	4	4	5	4	80.0	4	80.0
Amur Region	3	3	4	4	4	80.0	4	80.0
Magadan Region	1	1	1	2	2	100.0	2	100.0
Sakhalin Region	2	3	3	4	4	80.0	4	80.0
Jewish Autonomous Region*	-	-	-	-	-	-	-	-
Chukot Autonomous Area*	-	-	-	-	-	-	-	-

\* Regional branches in which there are no credit organizations.

**Amount of the required reserves maintained by credit institutions in correspondent accounts (subaccounts) with the Bank of Russia (averaged amount of the required reserves)**

	Averaging period	Amount, billion rubles
<b>2004</b>		
	October	9.0
<b>2005</b>		
	January	12.7
<b>2006</b>		
	January	19.2
<b>2007</b>		
	January	46.5
<b>2008</b>		
	January	130.8
	February	178.5
	March	225.9
	April	227.9
	May	239.2

June	243.2
July	312.6
August	319.6
September*	150.4
October**	42.1
November	37.6
December	37.5

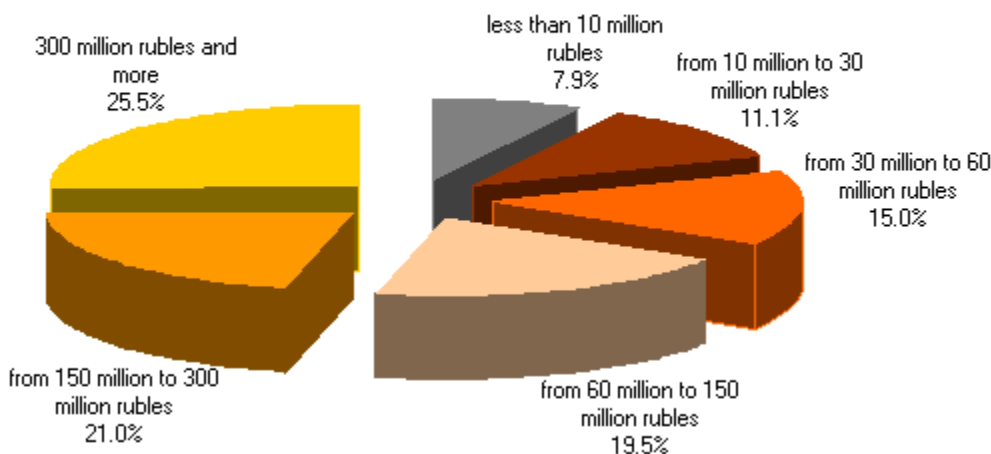
**2009**

January	37.0
February	39.1
March	41.8
April	40.9

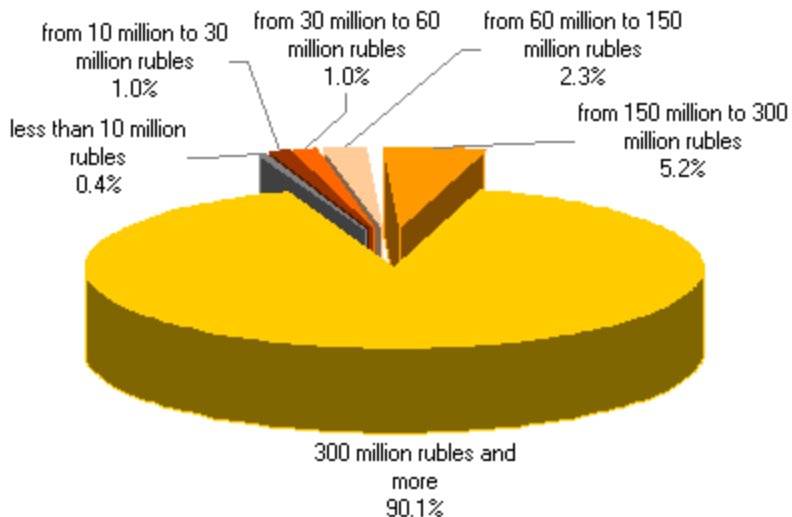
\* The average size of required reserves on results of extraordinary regulation of the required reserves on September 18-22, 2008.

\*\* The average size of required reserves on results of extraordinary regulation of the required reserves on October 15-17, 2008.

**Credit institutions exercising the rights to average the required reserves in September 2007 grouped by registered authorized capital**



**Averaged amount of the required reserves of credit institutions exercising the averaging right in September 2007 (grouped by registered authorized capital)**





## Stipulated cases of reduction in required reserve accounts (required reserve utilisation)

A reduction in the required reserve accounts (required reserve utilisation) is possible in the following cases:

1. as a result of the regulation of the amount of the required reserves (when the amount of a credit institution's liabilities provisioned for decreases and (or) when the required reserve ratios are reduced and (or) when the Bank of Russia averaging ratio is increased);
2. when a credit institution is granted the right to average the required reserves (that is, to maintain the averaged amount of the required reserves in the credit institution's correspondent account (correspondent subaccount(s) opened with the Bank of Russia);
3. after the revocation of banking licence from a credit institution (the required reserves are transferred to the account of the liquidation commission (liquidator) or receiver and used according to the procedure established by the federal laws and regulations issued in pursuance of these laws).

## Sanctions used by the Bank of Russia against credit institutions violating reserve requirements

Should a credit institution violate the reserve requirements, the Bank of Russia has the power without further authorisation to write down from the credit institution's correspondent account (correspondent subaccount(s)) with the Bank of Russia the amount underpaid and judicially impose a fine in the amount established by the Bank of Russia. Fines for violation of the reserve requirements paid by credit institutions (recovered by the Bank of Russia in accordance with the established procedure) go to the federal budget revenue.

Compliance by a credit institution with the reserve requirements is one of the criteria taken into account when accessing the credit institution to the Bank of Russia monetary policy operations (refinancing of (lending to) credit institutions and deposit, repo, reverse repo, currency swap and other Bank of Russia operations).

## Sources of information on reserve requirements:

Bank of Russia Bulletin: Analytical materials: Domestic Financial Market State, Money Market;

Bank of Russia Bulletin: Monetary Policy: The Monetary Situation and Monetary Policy Implementation (published quarterly);

Bulletin of Banking Statistics: Section Major macroeconomic and monetary indicators (Table 1.19), Section Major Indicators and Instruments of the Bank of Russia Monetary Policy (Tables 2.3, 2.4), Section Charts and Diagrams (Diagram 6.5) and Section 7 Summary Methodology;

Bulletin of Banking Statistics: Regional Supplement, Section Institutional Characteristics (Table 1.6);

Guidelines for the Single State Monetary Policy: Section IV.3. Monetary Policy Instruments and their Application;

Bank of Russia Annual Report: Section II. Bank of Russia Activities, II.1. Monetary Policy.

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