



Bank of Russia

**METHODOLOGICAL FRAMEWORK  
AND COMPILATION OF THE FINANCIAL  
ACCOUNTS OF THE SYSTEM OF NATIONAL  
ACCOUNTS OF THE RUSSIAN FEDERATION**

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## INTRODUCTION

Financial account and financial balance sheets are a part of the system of national accounts (SNA) of the Russian Federation. The SNA contains a broad range of macroeconomic data that characterise the processes of production of goods and services; generation, distribution, redistribution and use of incomes; and relevant changes in financial and non-financial assets and liabilities of various institutional sectors of the economy.

Financial accounts and financial balance sheets within the SNA broken down by institutional sector and financial instrument used by each sector to conduct financial transactions.

The legislative basis for compilation financial accounts and financial balance sheets of the SNA is Federal Law No. 86-FZ, dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)', where Paragraph 16.1 of Article 4 on the Bank of Russia's functions indicates that the Bank of Russia 'participates in the development of the methodology of the Russian Federation financial account in the system of national accounts and organises the compilation of the financial account of the Russian Federation (paragraph introduced by Federal Law No. 285-FZ, dated 19 October 2011).

The Bank of Russia Programme for Development of Macroeconomic Statistics for 2021–2025, also include the task of compilation and dissemination data on sectoral financial accounts and financial balance sheets of the SNA.

Financial accounts and financial balance sheets are compiled on an annual and quarterly basis in accordance with international standards, which are used as a conceptual and methodological framework for compiling financial accounts and financial balance sheets in the System of National Accounts 2008<sup>1</sup> (2008 SNA).

Financial accounts and financial balance sheets being an important information base for conducting in-depth flow-of-funds and structural analyses (as part of the macroeconomic analysis), make it possible to estimate not only the structure of financial assets and liabilities of economic agents but also to identify in a timely manner emerging risks and accumulation of financial imbalances in various sectors of the economy, which serves the purposes of maintaining financial stability and macroprudential regulation.

Financial accounts and sectoral balance sheets provide data on the structure of the portfolio of institutional sectors of the economy and also use to analyse the effect of the monetary policy transmission mechanism. These data may be used to estimate relationship between banks' lending transactions, on the one hand, and other sources of funding (stock market, other financial intermediaries, insurance corporations and external borrowings), on the other hand. Financial accounts make it possible to track the link between the lending and stock markets as well as debt indicators across various sectors of the economy.

Furthermore, financial accounts and financial balance sheets are an important source of data for analysing the activities of economic sectors for which detailed information is not available, including interrelation of the investments made by institutional sectors with real economic variables of the SNA (e.g. capital accumulation and savings).

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<sup>1</sup> System of National Accounts 2008 (European Commission, United Nations, Organization for Economic Co-operation and Development, International Monetary Fund, World Bank).

FINANCIAL ACCOUNTS AND FINANCIAL BALANCE SHEETS OF THE SNA  
KEY INFORMATION

Table 1

Definition	Financial accounts are a part of the system of national accounts of the Russian Federation. They are compiled as balance sheets and flows of financial assets and liabilities broken down by sectors and subsectors of the economy
Institutional sectors / subsectors	Households and NPISHs; non-financial corporations; financial corporations: banking system, insurance corporations, pension funds, investment funds, other financial intermediaries; general government; the rest of the world
Data sources (main information blocks)	Monetary statistics, securities statistics, government finance statistics, balance of payments and international investment position, annual accounting (financial) statements
Reporting period / reference date, periodicity	Annual financial accounts and financial balance sheets of the SNA since 2012
	Quarterly financial accounts and financial balance sheets of the SNA since 2015
Legislative basis	Federal Law No. 86-FZ, dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)', Article 4, Paragraph 16.1 (Paragraph 16.1 was introduced by Federal Law No. 285-FZ, dated 19 October 2011)
Timeliness	Quarterly data: T + 5 months
	Annual data: T + 5 months

# 1. METHODOLOGICAL PRINCIPLES OF THE COMPILATION OF FINANCIAL ACCOUNTS AND FINANCIAL BALANCE SHEETS OF THE SNA

The SNA is a conceptual basis for many areas of macroeconomic statistics that are designed for an in-depth analysis of the activities of various economic sectors, for example, government finance statistics, monetary statistics, as well as balance of payments and international investment position statistics.

Sectoral accounts are a sequence of accounts describing the activities of institutional units grouped into institutional sectors according to their main functions, behaviour and objectives. Sectoral accounts of the SNA have been developed to present statistical information in a form suitable for analysing the cycle of economic activities of institutional units, namely the production of goods and services; the generation, distribution, redistribution and use of income; and accumulation of assets and liabilities.

## 1.1. Sequence of accounts of the SNA

Each account of the SNA reflects the resources of institutional units and the use of these resources.<sup>1</sup> An account is balanced by introducing a balancing item, which is then carried forward as the first item in the following account.

The *current accounts* of the SNA reflect the production of goods and services; the generation of incomes, their distribution and redistribution among institutional units; the use of incomes for consumption or saving.

The *production account* reflects the production of goods and services with the balancing item 'Gross value added', which shows the contribution to GDP, made by an individual producer, industry or sector.

Accounts following the production account show the following: how incomes are generated by production (*'The generation of income account'*); how value added created by production is distributed between institutional units (*'The allocation of primary income account'*); how incomes are redistributed among institutional units, including through social benefits and taxes (*'The secondary distribution of income account'*, *'The redistribution of income in kind account'*); and how incomes are used for final consumption or saving by the household sector, the general government sector and the sector of non-profit institutions serving households (NPISHs) (*'The use of income account'*). Saving as a balancing item is carried forward into the capital account as the first account in the sequence of accumulation accounts.

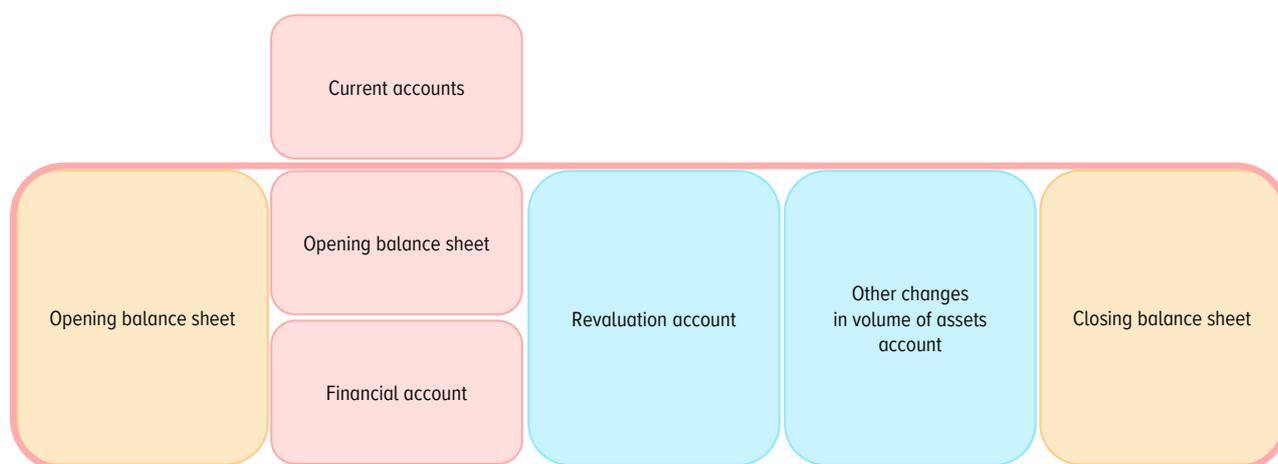
The *accumulation accounts of the SNA* reflect the changes in assets and liabilities of the institutional units. The accumulation accounts include the capital account, the financial account, the revaluation account, and the other changes in the volume of assets account. The accumulation accounts reflect all changes that took place in the balance sheets (sectoral balance sheets) during a certain period of time.

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<sup>1</sup> According to Paragraph 5.3 (1) of Section II of Resolution of the Government of the Russian Federation No. 420, dated 2 June 2008, 'On the Federal State Statistics Service', the Federal State Statistics Service is in charge of developing the methodology for compiling national accounts. The methodology for compiling the national accounts of the Russian Federation is published on the website of the Federal State Statistics Service in the section 'Statistics / Official Statistics / National Accounts'.

FINANCIAL ACCOUNT IN THE SYSTEM OF NATIONAL ACCOUNTS  
(INTERRELATIONSHIP BETWEEN FLOWS AND STOCKS OF ASSETS AND LIABILITIES)

Chart 1



The *capital account of the SNA* records acquisitions and disposals of non-financial assets as a result of transactions with other institutional units.

The balancing item of the SNA capital account is 'Net lending / Net borrowing'. This item is particularly important for the economic analysis because it shows the excess or lack of funding sources compared to the expenses related to the acquisition of non-financial assets – i.e. reflects the cost estimate of resources lent ('Net lending' is a balancing item with a sign "+") or borrowed ('Net borrowing' is a balancing item with a sign "-"). Moreover, even if funds are not explicitly lent by one sector to other sectors but are kept, for example, on deposit, the institutional sector that is the counterparty (the borrower) essentially borrows from the sector holding these funds (the lender).

The boundaries of institutional sectors are the same for the current accounts, the capital account, the financial account and the financial balance sheet, which enables inter-sectoral and intra-sectoral comparisons within the SNA. Set of accounts make it possible to observe factors leading to the changes in the net worth of assets in the balance sheets of each sector and to evaluate the trends in investments and financial contributions for institutional sectors. The balancing item of the capital account – 'Net lending / Net borrowing' – serves as a link between the financial account and other accounts, showing how net savings are invested in non-financial and financial assets.

The 'Net lending / Net borrowing' indicator represents the difference between net saving and capital formation. If investment in non-financial assets is less than saving, funds invested in financial assets by using various financial instruments. If net saving is less than capital formation, the sector is a net borrower, and if net saving exceeds capital formation, the sector is a net lender. Thus, in the SNA non-financial accounts a sector that on a net basis invests more than it saves is a net borrower, and vice versa. The balancing item 'Net lending / Net borrowing' is a link that connects the financial account, the current accounts and the capital account in the SNA.

## 1.2. Financial account

The *financial account* is a final account in the sequence of the SNA accounts, which is why it does not have a balancing item. This account shows how lending or borrowing by each sectors of the economy and the rest of the world is effected by means of changes in holdings of financial assets and liabilities. The sum of these changes is technically equal in size to the balancing item of the capital account. The

equivalence between the balancing item of the capital account and the financial account balance is an important feature of the system of accounts as a whole. The conceptual equivalence between these indicators makes it possible to check the numerical consistency of the system of accounts as a whole, although the two balancing items diverge in practice (2008 SNA: 10.29).

The financial account records transactions that involve financial assets and liabilities and that take place between resident institutional units or between resident institutional units and the rest of the world (2008 SNA: 11.2). A financial transaction simultaneously creates or liquidates a financial asset and a corresponding counterparty's liability or leads to the change in the ownership of a financial asset.

The financial account makes it possible to link the financial performance of institutional units with their performance related to production; generation of incomes, their distribution and redistribution among institutional units; and the use of incomes for consumption and saving.

The left-hand side of the financial account shows acquisitions of financial assets less their disposals, while the right-hand side reflects the incurrence of liabilities less their repayment. The financial account is symmetrical, i.e. the same classification of financial instruments is used for both assets and liabilities. In addition, the same classification is used in all accumulation accounts for financial transactions and in the sectoral balance sheets of financial assets and liabilities.

The financial accounts and financial balance sheets of the Russian Federation are compiled on a *non-consolidated basis*, which implies that transactions in assets are not offset against the counterpart transactions in liabilities within one institutional sector.

The methodology for compiling financial accounts and financial balance sheets may be updated as the methods and approaches to estimating indicators are improved as part of the efforts to harmonise the data of the current accounts, the capital account and the financial account of the SNA with public finance statistics.

## 2. CLASSIFICATION OF INSTITUTIONAL SECTORS AND FINANCIAL INSTRUMENTS

### 2.1. Classification of institutional sectors of the economy

An institutional unit is an economic entity that is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities and in transactions with other entities (2008 SNA: 4.2). Institutional units are grouped into sectors and subsectors.

Each institutional resident units belongs to one of eight institutional sectors: 'Non-financial corporations', 'Banking system', 'Investment funds', 'Other financial intermediaries', 'Insurance corporations', 'Pension funds', 'General government', 'Households and non-profit institutions serving households (NPISHs)' (Table 2). Non-resident institutional units belong to the 'Rest of the world' sector.

The classification of the economic sectors, used in the compilation of the SNA accounts, corresponds to Appendix B 'Classification of institutional sectors of the economy' to the All-Russian Classification of Forms of Incorporation OK 028-2012 (approved by Rosstandart Order of the Federal Agency on Technical Regulating and Metrology No. 505-st, dated 16 October 2012).

The '*Non-financial corporations*' sector comprises corporations that produce market goods or non-financial services at market prices, irrespective of their ownership structure and form of incorporation. The sector of non-financial corporations also encompasses unitary enterprises, agricultural consumer (excluding credit and insurance) and production cooperatives with the participation of legal entities. Furthermore, the branches of non-resident corporations that are engaged in non-financial production in the Russian Federation, along with non-profit institutions that are market producers<sup>1</sup>, are also a part of this sector.

INSTITUTIONAL SECTORS/SUBSECTORS OF THE ECONOMY

Table 2

Code	Paragraph in 2008 SNA	Sector (subsector)
S1	4.23	Total economy
S11	4.94	Non-financial corporations
S12	4.98	Financial corporations
S121 + S122	4.104 4.105	Banking system (central bank and other depository corporations)
S124	4.107 4.108	Investment funds
S125	4.109 4.111 4.113	Other financial intermediaries
S128	4.115	Insurance corporations
S129	4.116	Pension funds
S13	4.117	General government
S14 + S15	4.149 4.166	Households and non-profit institutions serving households (NPISHs)
S2	4.172	Rest of the world

<sup>1</sup> Market producers are institutional units selling their goods and services at economically significant prices, that is, at prices affecting the demand and supply of goods and services. Non-market producers classified as the general government sector or the sector of non-profit institutions serving households.

The '*Financial corporations*' sector consists of corporations whose principal activity is to provide financial services, including insurance and pension insurance services. It is composed of the following subsectors: 'Banking system', 'Investment funds', 'Other financial intermediaries', 'Insurance corporations', and 'Pension funds'.

The '*Banking system*' subsector includes the central bank and other depository corporations.

The '*Investment funds*' subsector comprises all joint-stock and unit investment funds, i.e. open-end, exchange traded, interval, and closed-end investment funds.

The '*Insurance corporations*' subsector includes all insurance corporations and mutual insurance companies, except for insurance brokers and insurance agents. Insurance brokers and insurance agents that are legal entities are included in the 'Other financial intermediaries' subsector, while those that are individuals belong to the 'Households' sector.

The '*Pension funds*' subsector includes entities licensed to engage in pension provision and pension insurance activities.

The '*Other financial intermediaries*' subsector consists of financial corporations engaged in providing financial services and they are not a part of other subsectors of the 'Financial corporations' sector, e.g. brokers, dealers, depositories and other professional securities market participants, microfinance organisations, pawnshops, consumer credit cooperatives, leasing companies, etc.

The Bank of Russia publishes the [List of Financial Corporations](#) on a quarterly basis; it includes institutional units of the following subsectors of the financial sector: deposit-taking corporations, except the central bank; insurance corporations; pension funds; investment funds; and other financial intermediaries.

The '*General government*' sector comprises ministries, agencies, extra-budgetary funds, institutions, non-profit institutions engaged in public administration and local governance, financing, regulation and planning of the economy, research, defence, environmental protection, internal order maintenance, provision of free or subsidised services in education, healthcare, arts and social security to households. The composition of the 'General government' sector in the SNA financial accounts generally matches with government finance statistics compiled by the Federal Treasury.<sup>2</sup>

In the SNA financial account and financial balance sheets of the Russian Federation, the '*Households*' and '*Non-profit institutions serving households*' sectors are represented as a single sector – '*Households and NPISHs*'.

The '*Households*' sector consists of individuals and individual entrepreneurs.

The '*Non-profit institutions serving households*' sector comprises institutional units that are non-market producers established for providing social services to households. These include political parties, trade unions, social movements, religious organisations, charity organisations, indigenous minority communities, housing owners associations, and others.

The '*Rest of the world*' sector encompasses institutional units that have their centre of predominant economic interest outside the Russian Federation. The accounts and balance sheets of this sector contain information only about relations between residents and non-residents.

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<sup>2</sup> Government finance statistics are compiled on the basis of Order of the Ministry of Finance of the Russian Federation No. 221n, dated 30 November 2016, 'On Approving the Procedure for Compiling Information on Government Finance Statistics'.

## 2.2. Classification of financial instruments

The classification of financial instruments (Table 3), used to compile the SNA financial account and financial balance sheets, has been designed in line with the methodological principles of 2008 SNA.

*Monetary gold and Special Drawing Rights* are assets of the central bank and the government.

Monetary gold is a reserve asset of the central bank and the only financial asset that is not simultaneously a liability of another institutional unit.

Special Drawing Rights (SDRs) are also a reserve asset of the central bank. For each of its member countries, the International Monetary Fund (IMF) sets a quota amount of SDRs. Special Drawing Rights confirm the unconditional right of an IMF member country to exchange SDRs for freely usable currencies. The value of the SDR is based on five reserve currencies. SDRs can be acquired by countries to fulfil their obligations to the IMF or sold to adjust the structure of international reserves.

*Currency and deposits* include currency, transferable and other deposits.

Currency consists of all notes and coins issued by central banks. Currency may only be the liability of the subsector of the central bank (national currency) and the subsector of the rest of the world (foreign currency). Currency may be an asset of institutional units of any sector.

*Deposits* include bank accounts, demand deposits, letters of credit, as well as time deposits, deposit-taking corporations' required reserves with the central bank and the reserve position in the IMF. Transactions between deposit-taking corporations (including non-resident banks) in terms of both deposits and loans are classified as deposits in accordance with 2008 SNA. Deposits may only be liabilities of those units that are a part of the 'Banking system' subsector or the 'Rest of the world' sector. Transferable and other deposits may be the assets held by institutional units of any sector.

*Debt securities* comprise bonds, promissory notes, savings certificates, certificates of deposit, depositary receipts for bonds, and other debt securities. Debt securities give their holders the right to receive contractually determined payments on a set date. Transactions in debt securities include their issuance, redemption, purchase, and sale.

### FINANCIAL INSTRUMENTS

Table 3

Code	Paragraph in 2008 SNA	Instrument
F1	11.44	Monetary gold and Special Drawing Rights
F11	11.45	Monetary gold
F12	11.47	Special Drawing Rights (SDRs)
F2	11.50	Currency and deposits
F21	11.52	Currency
F22 + F29	11.54	Deposits
	11.56	
	11.59	
F3	11.64	Debt securities
F4	11.72	Loans
F5	11.81	Equity and investment fund shares
F6	11.103	Insurance, pension and standardised guarantee schemes
F8	11.126	Other accounts receivable / payable
	11.127	

*Loans* include long- and short-term loans, repurchase agreements, as well as claims on or liabilities to the IMF in the form of loans, and other transactions. Loans between two deposit-taking corporations are classified as deposits in accordance with 2008 SNA and do not constitute the 'Loans' instrument.

*Equity and investment fund shares* comprise shares, including joint-stock investment funds' equity, depositary receipts for shares, investment units in unit investment funds, and other equity. Equity and investment fund shares represent funds of an owner in an institutional unit.

The indicators of the financial account and balance sheets of the SNA for equity and investment fund shares for 'General government' sector are compiled on a consolidated basis. Therefore, units of the 'General government' sector have no liabilities related to equity and investment fund shares.

*Insurance, pension and standardised guarantee schemes* constitute life and non-life insurance reserves, as well as entitlements to pension and non-pension benefits. Insurance, pension and standardised guarantee schemes are liabilities of institutional units belonging to 'Insurance corporations' and 'Pension funds' subsectors as well as the 'Rest of the world' sector. Simultaneously, they represent assets of participants in insurance and pension schemes.

*Other accounts receivable / payable* comprise trade credit and other accounts receivable / payable. This category also includes data on financial derivatives.

## 3. COMPILATION OF FINANCIAL ACCOUNTS AND FINANCIAL BALANCE SHEETS OF THE SNA

### 3.1. Data sources

#### 3.1.1. Frequency of data sources

An extensive range of statistical data used for compiling financial accounts and financial balance sheets includes various types of information resources that reflect financial transactions by institutional sector and financial instrument. Information resources differ in submission deadlines, formats, scope, and frequency.

#### 3.1.2. Quality of data sources

The first important stage of compiling the SNA financial accounts and financial balance sheets is building a quality information base. With this in mind, primary information, which is obtained from various sources for compiling financial accounts and financial balance sheets of institutional sectors of the economy, undergoes the following stages of data control and processing, aimed at improving data quality:

- eliminating data duplication;
- comparing data with directories and code lists;
- assigning a unique key to each reporting entity based on its identifiers (TIN, OKPO, PSRN);
- ensuring the integrity and completeness of the information base (filling in data gaps);
- adding new indicators to reporting forms;
- checking whether reporting forms have been filled in correctly, and calculating the data quality indicator;
- prioritising data sources;
- correcting wrong units of measurement;
- additionally searching for information in external sources on entities that are outside the Bank of Russia's scope of supervision;
- searching for incorrect reporting forms (outliers detection, analysis of indicator trends);
- correcting errors in reporting forms (replacing the data while retaining the original information).

The Statistical Register of Business Entities serves as a basis for forming a general set of entities. To ensure syntactic integrity, the data from the Statistical Register are supplemented by annual accounting (financial) statements, federal statistical report forms, and information from the USRLE.

Data integrity is ensured through the analysis of detailed data, including indicator dynamics, outliers detection, comparison of the data on the entity from different sources, prioritisation of data sources. At the same stage, wrong units of measurement and errors made when filling in reporting forms are corrected, and a range of entities whose data will be adjusted is determined.

### 3.1.3. Use of main data sources

To compile the financial accounts and financial balance sheets of the SNA for each of the sectors of the economy, both internal (reporting by financial corporations supervised by the Bank of Russia) and external sources of data are used. Main data units used when compiling financial accounts and financial balance sheets are shown in Table 4.

USE OF MAIN INFORMATION BLOCKS

Table 4

	Assets								
	S121 + S122	S124	S125	S128	S129	S13	S11	S14 + S15	S2
F1	IIP	x	x	x	x	x	x	x	IIP
F2	MS, IIP	IF	MS, IIP, NBF1, P-6, RP, E	IC	PF	GFS, MS	MS, IIP	MS, IIP, RP	IIP
F3	MS, SS, IIP	SS, IF	SS, IIP	IC	PF	SS, IIP	SS, IIP	SS, IIP, MS	IIP
F4	MS, IIP	IF	NBF1, P-6, AAS, IIP, E	IC	PF	GFS, IIP	P-6, AAS, IIP, E	C, IIP	IIP
F5	MS, SS, IIP	SS, IF	SS, IIP, E	IC, SS	PF, SS	SS, IIP	SS, IIP, E	SS, IIP, E	IIP
F6	IC, PF	x	IC, PF	IC, PF	IC, PF	IC, PF	IC, PF	IC, PF	IC, PF
F8	MS, IIP	IF	AAS, P-3, NBF1, IIP	IC	PF	GFS, IIP	AAS, P-3, IIP	C, IIP	IIP
	Liabilities								
	S121 + S122	S124	S125	S128	S129	S13	S11	S14 + S15	S2
F1	IIP	x	x	x	x	x	x	x	IIP
F2	MS, IIP	x	x	x	x	x	x	x	IIP
F3	MS, SS	x	SS	SS	x	SS	SS	C	IIP
F4	MS, IIP	x	MS, NBF1, AAS, IIP, P-6, P-3	IC	PF	GFS, MS, IIP	MS, AAS, P-6, P-3, IIP	MS, IIP, NBF1, P-6, C	IIP
F5	SS	SS	SS, AAS, USRLE, P-3, NBF1	SS	PF	x	SS, AAS, USRLE, P-3, NBF1, IIP	x	IIP
F6	x	x	x	IC	PF	x	x	x	IC
F8	MS, IIP	IF	AAS, NBF1, IIP, P-3	IC	PF	GFS, IIP	AAS, P-3, IIP	C	IIP

#### Main data sources and estimates / calculations:

MS – monetary statistics;

IIP – international investment position of the Russian Federation;

GFS – government finance statistics;

IC – reporting of insurance corporations;

PF – reporting of pension funds;

SS – securities statistics;

USRLE – Unified State Register of Legal Entities;

IF – reporting of investment funds;

NBF1 – reporting of non-bank financial institutions;

AAS – annual accounting (financial) statements;

P-3 – federal statistical report form P-3 ‘Information on Financial Position of Organisations’;

P-6 – federal statistical report form P-6 ‘Information on Financial Investments and Liabilities’;

E – estimated value;

C – calculated value;

RP – residual principle;

X – no data available.

### 3.2. Financial balance sheets

Financial balance sheets (sectoral balance sheets) show the value of the stocks of assets and liabilities held by institutional units or sectors as of the beginning and end of the reporting period. The value of assets and liabilities at a given moment changes when a transaction is made, prices change, or any other changes occur that influence the volumes of assets and liabilities. Thus, the entire difference between the value of assets and liabilities in the opening and closing balance sheets may be broken down into the following components: transactions, revaluation, and other changes in the volume of assets.

The balance sheet indicators are estimated in accordance with the methodological principles of 2008 SNA. Choosing a criterion for estimating balance sheet indicators depends on the type of a financial instrument, its term, and the type of institutional units using this instrument. When it is impossible to estimate the instruments on market value, additional information sources are used or these instruments estimate at their nominal (book) value.

Financial balance sheets contain the data on the stocks of financial assets and liabilities at a given point in time and, being supplemented with information on the stocks of non-financial assets, make up the balance sheet of the SNA.

Financial balance sheets denominated in foreign currency are converted into national currency at the exchange rate as of the last business day of the reporting period.

CRITERIA FOR ESTIMATING BALANCE SHEET INDICATORS

Table 5

Financial instrument	Estimation criterion (nominal (book) / market value)
Monetary gold and Special Drawing Rights (F1/AF1)	Market value
Currency and deposits (F2/AF2)	Book value
Debt securities (F3/AF3)	Nominal / market value
Loans (F4/AF4)	Book value
Equity and investment fund shares (F5/AF5)	Nominal / market value
Insurance, pension and standardised guarantee schemes (F6/AF6)	Book value
Other accounts receivable / payable (F8/AF8)	Book value

### 3.3. Transactions, revaluation, and other changes of financial instruments

According to 2008 SNA,<sup>1</sup> *transaction* is an economic flow that is an interaction between institutional units by mutual agreement or an action within an institutional unit that is analytically useful to treat like a transaction, often because the unit is operating in two different capacities. Economic flows reflect the creation, transformation, exchange, transfer, or disappearance of economic value. They involve changes in the volume, composition or value of the assets and liabilities of an institutional unit. Transactions are recorded in the financial account.

Transactions in financial assets and liabilities denominated in foreign currency are converted into national currency at the exchange rate effective at the moment the transaction took place during the reporting period.

As a rule, the valuation of transactions is based on market prices. When it cannot be estimated due to lack or absence of information, indirect methods of transaction valuation are used.

The *revaluation account* records those changes in the value of assets and liabilities and net worth that are not related to transactions and occur only as a result of changes in the level and structure of prices.<sup>2</sup> Changes in the exchange rate can also affect the value of an asset denominated in foreign currency.

The *other changes in the volume of assets account* records other changes in the value of assets and liabilities of institutional units or sectors that are caused by exceptional events, e.g. natural disasters or catastrophes, as well as by changes in classification of institutional units or financial assets. The other changes in the volume of assets account reflects changes in the value of assets that result from changes in the quantity of assets or their physical characteristics.<sup>3</sup>

### 3.4. Compilation of financial accounts in the form of 'from-whom-to-whom' matrices

The SNA financial accounts and financial balance sheets are compiled based on 'from-whom-to-whom' matrices containing detailed information on lender / borrower relationship by financial instrument. 'From-whom-to-whom' matrices (FWTW matrices) – the matrices of financial flows and stocks – are compiled in accordance with the System of National Accounts 2008 (European Commission, UN, OECD, IMF, World Bank, 2009).

FWTW matrices represent a set of statistical indicators generated for a specific financial instrument, where balance sheet items or financial transactions of sectors are given by counterparty, that is, lenders and borrowers are shown for all assets and liabilities. With this approach, balanced indicators can be formed for assets and liabilities for each instrument.

FWTW matrices are compiled for financial accounts and financial balance sheets as well as for the revaluation account and the other changes in assets account.

<sup>1</sup> 2008 SNA: 3.6, 3.7.

<sup>2</sup> 2008 SNA: 3.100.

<sup>3</sup> 2008 SNA: 3.100–3.104.

FROM-WHOM-TO-WHOM' MATRIX

Table 6

		Liabilities of sectors									Total assets
		S121 + S122	S124	S125	S128	S129	S13	S11	S14 + S15	S2	
Assets of sectors	S121 + S122										
	S124										
	S125										
	S128										
	S129										
	S13										
	S11										
	S14 + S15										
	S2										
	Total liabilities										

FWTW matrices are made for each financial instrument. The incurrence of liabilities by an institutional sector is presented on the vertical axis, while the acquisition of financial assets is shown on the horizontal axis. Intra-sectoral relationships are shown at the intersections of respective columns and rows.

FWTW matrices are compiled for the following sectors and subsectors of the economy:

S11 – Non-financial corporations;

S121 + S122 – Banking system (central bank and other depository corporations);

S124 – Investment funds;

S125 – Other financial intermediaries;

S128 – Insurance corporations;

S129 – Pension funds;

S13 – General government;

S14 + S15 – Households and non-profit institutions serving households (NPISHs);

S2 – Rest of the world.

### 3.5. Coverage gaps and balancing procedures

To obtain certain types of information for which data might be missing or are provided with a significant time lag or are of inadequate scope, statistical methods of evaluation are employed (e.g. use of the information provided by a counterparty sector, residual method of evaluation, proportional allocation). Examples of such data by sector / subsector and financial instrument are given below.

- The assets of households and NPISHs (S14 + S15) in terms of investment in currency (F21) are calculated using the residual method as the information about other sectors' assets and liabilities in terms of F21 is available. The liabilities of households and NPISHs (S14 + S15) for debt securities (F3) are estimated using the information provided by counterparty sectors. This sector's (S14 + S15) assets

and liabilities for loans (F4) and other accounts receivable / payable (F8) are calculated based on the information about the assets and liabilities of counterparty sectors.

- The valuation of assets for equity and investment fund shares (F5) for S11, S125, and S14 + S15 is done based on the data contained in federal statistical report forms and depository accounting forms.
- The assets of S11 sector and S125 subsector in terms of loans (F4) are formed based on the information about the liabilities of counterparty sectors.
- The assets of S11 sector and S125 subsector in terms other accounts receivable / payable (F8) are formed based on the information about the liabilities of counterparty sectors.

When the data on counterparts of transactions are not available, individual indicators of the FWTW table are estimated using the algorithms based on available sectoral accounts and balance sheets. Data may be estimated by applying the residual method or on a 'pro rata' basis. The 'pro rata' method employs relative shares of assets and liabilities of counterparty sectors in the total volume of assets / liabilities. For the balancing / fitting of data in FWTW matrices, iterative method of biproportional fitting (RAS algorithm) is used.

#### **Horizontal and vertical consistency / balancing of data**

As the system of national accounts records transactions between two institutional units based on a quadruple-entry accounting principle where each transaction between two transactors is recorded twice (either in the financial or non-financial accounts of respective sectors (change in assets and liabilities) or in the financial account when exchanging financial assets and liabilities), horizontal consistency / balancing of data or vertical consistency / balancing of data shall be ensured when compiling financial accounts and financial balance sheets.

*Horizontal balancing of data* is an internal check of compiled financial accounts and financial balance sheets of institutional sectors. It is applied to each type of information and financial instruments to ensure the balance of financial assets and liabilities across various sectors of the economy. The following identities shall be observed in horizontal data balancing:

- The assets of sector A in relation to sector B shall be equal to the liabilities of sector B in relation to sector A.
- The liabilities of sector A in relation to sector B shall be equal to the assets of sector B in relation to sector A.
- The assets of the total economy shall be equal to the sum of assets of all resident sectors as well as the sum of liabilities of the rest of the world.
- The liabilities of the total economy shall be equal to the sum of liabilities of all resident sectors as well as the sum of assets of the rest of the world.

*Vertical balancing of data* ensures what is known as external consistency of data, i.e. comparability between the totals of all transactions for all sectors (net lending / borrowing), obtained from the financial accounts, and the totals obtained from the non-financial accounts of the system of national accounts (the current accounts and the capital account). In practice, there are always certain differences between these indicators, which are due to different sources of information used to compile financial and non-financial accounts as well as possible minor differences in the time frames for the compilation of various statistics.

### 3.6. Consistency with other types of macroeconomic statistics

Given the large number of sources of information and the fact that more than one source is used in most cases to compile the data for a single indicator of the financial accounts or sectoral balance sheets, data sources should be *prioritised*. When the information that is available about sectors is sufficient (e.g. as regards the central bank and other depository corporations), priority is given to their own sources.

Data on the balance of payments and the international investment position of the Russian Federation are given priority when compiling financial accounts and financial balance sheets for the 'Rest of the world' sector.

For the compilation of data for the 'General government' sector, the priority is given to the information from the Federal Treasury, which includes tables with government finance statistics. These tables are published on the Federal Treasury's website monthly, quarterly and annually. When it comes to the general government deposits, monetary statistics are prioritised.

The Bank of Russia, the Federal State Statistics Service (Rosstat), the Ministry of Finance of the Russian Federation, and the Federal Treasury work closely together to eliminate possible discrepancies in the data and to resolve any methodological issues. To this end, inter-agency working groups<sup>4</sup> were established and are now working to align and harmonise the data from financial accounts and sectoral balance sheets with the information provided by Rosstat, the Federal Treasury and the Ministry of Finance of the Russian Federation, in accordance with international standards.

CORRESPONDENCE BETWEEN FINANCIAL INSTRUMENTS IN FINANCIAL ACCOUNTS AND SECTORAL BALANCE SHEETS AND FUNCTIONAL CATEGORIES OF THE BALANCE OF PAYMENTS / INTERNATIONAL INVESTMENT POSITION Table 7

	Direct investment		Portfolio investment		Financial derivatives		Other investment		Reserve assets	
	A	L	A	L	A	L	A	L	A	L
Monetary gold and Special Drawing Rights (F1)									X	
Currency and deposits (F2)		X					X	X	X	
Debt securities (F3)	X	X	X	X					X	
Loans (F4)	X	X					X	X		
Equity and investment fund shares (F5)	X	X	X	X			X	X	X	
Insurance, pension and standardised guarantee schemes (F6)							X	X		
Other accounts receivable / payable (F8)	X	X			X	X	X	X		

### 3.7. Valuation of debt and equity securities

The Handbook on Securities Statistics (2015)<sup>5</sup> and 2008 SNA serve as the methodological grounds for compiling information on *debt and equity securities* issued in the domestic market.

To determine whether the issuers of securities belong to the 'Deposit-taking corporations, except the central bank' (S122), 'Investment funds' (S124), 'Other financial intermediaries' (S125), 'Insurance corporations' (S128), 'Pension funds' (S129) sectors and subsectors of the economy of the Russian

<sup>4</sup> The Inter-agency Working Group on the Development of Harmonised Indicators of SNA Non-financial and Financial Accounts, Harmonisation of SNA Indicators and Other Areas of Macroeconomic Statistics (Rosstat Order No. 52, dated 6 February 2018), the Inter-agency Working Group on Interaction Between the Federal State Statistics Service and the Central Bank of the Russian Federation on Statistical Register (Rosstat Order No. 41, dated 31 January 2018).

<sup>5</sup> Handbook on Securities Statistics, 2015 (BIS, ECB, IMF).

Federation, the List of Financial Corporations is used, while for the 'Non-financial corporations' (S11) sector, the data on the economic activity of an entity from the Statistical Register of Business Entities is applied.

The data on issuance of debt securities are used when compiling the 'Debt securities' indicator (F3) in the SNA financial accounts and financial balance sheets. For the valuation of listed debt securities, their market value based on the data provided by Moscow Exchange is used, while unlisted debt securities are shown taking into account their redemption at nominal value.

Data on the debt securities of General government are compiled based on the information provided by the Ministry of Finance of the Russian Federation about the government debt of the Russian Federation in the form of ruble-denominated government securities of the Russian Federation and its municipalities.

For more details about the methodology for compiling the information on the volume of debt securities issued in the domestic market, see section '[Statistics / Macroeconomic Statistics](#)' on the Bank of Russia website.

For 'Equity and investment fund shares' (F5) indicator:

Exchange-traded *shares* are valued at their market value according to Moscow Exchange's data.

Information on the valuation of the volume of equity securities issued in the domestic market as *unlisted shares* is formed in accordance with international standards: the value of unlisted shares is estimated based on the entity's equity according to its annual financial statements.

The value of *investment units* of a unit investment fund is estimated on the basis of its net asset value.

## 4. PUBLICATION OF FINANCIAL ACCOUNTS AND FINANCIAL BALANCE SHEETS OF THE SNA

### 4.1. Frequency and list of publications

The Bank of Russia publishes the annual data on the financial accounts and financial balance sheets of the SNA once a year and quarterly data four times a year on the Bank of Russia website.

The information published includes the following:

- Excel tables in Russian and English
  - SNA annual financial accounts;
  - SNA annual financial accounts (time series);
  - SNA quarterly financial accounts;
  - SNA quarterly financial accounts (time series);
  - SNA financial balance sheets;
  - SNA financial balance sheets (time series).
- Statistical publication 'Financial accounts of the system of national accounts of the Russian Federation', including a brief commentary on the latest annual data of the SNA financial account and financial balance sheets.
- Methodological framework and compilation of the financial accounts of the SNA of the Russian Federation.

Annual and quarterly data on the SNA financial accounts and financial balance sheets are mutually consistent. In certain cases, there may be slight discrepancies between annual and quarterly data due to data rounding.

Annual data on the SNA financial accounts and financial balance sheets are also published on the website of the Federal State Statistics Service in the subsections 'Financial Accounts' and 'Balance Sheet' of 'Official Statistics / National Accounts' section.

### 4.2. Data revision

The data of the SNA financial accounts and financial balance sheets are subject to revision (including historical data) in order to keep the information up-to-date. It is due to the following factors.

- Primary data used when compiling the SNA financial accounts and financial balance sheets are revised and clarified. They may change due to the adjustment of data contained in the information sources, including reclassification of economic agents.
- Estimated indicators are replaced with reporting indicators that are given with a longer time lag.
- Additional information may become available for the period since the publication.
- The update of methodology for compiling the SNA financial accounts and financial balance sheets.

- Mathematical methods of evaluating indicators are improved as part of the efforts to harmonise the data of the SNA current accounts, capital account and financial account with the government finance statistics.

Annual data on financial accounts and financial balance sheets are revised once a year. The revision of quarterly data takes place at the same time as the revision of annual data for the respective reporting periods. In order to maintain the comparability of the data of national accounts and financial accounts, taking into account the revision and adjustment of data (including methodological information), relevant changes are regularly discussed and agreed with the Federal State Statistics Service.

## KEY DOCUMENTS

- Federal Law No. 86-FZ, dated 10 July 2002, 'On the Central Bank of the Russian Federation (Bank of Russia)'
- Bank of Russia Programme for Development of Macroeconomic Statistics for 2021–2025 (Bank of Russia)
- System of National Accounts 2008 (European Commission, United Nations, Organization for Economic Cooperation and Development, International Monetary Fund, World Bank)
- Monetary and Financial Statistics Manual and Compilation Guide, 2016 (International Monetary Fund)
- Handbook on Securities Statistics, 2015 (Bank for International Settlements, European Central Bank, International Monetary Fund)
- Understanding National Accounts, second edition, 2014 (Organization for Economic Co-operation and Development)
- Understanding Financial Accounts, 2017 (Organization for Economic Co-operation and Development)
- Handbook on Financial Production, Flows and Stocks in the System of National Accounts, 2014 (United Nations, European Central Bank)

## ACRONYMS AND ABBREVIATIONS

**TIN** – Taxpayer Identification Number

**NPISHs** – non-profit institutions serving households

**PSRN** – Primary State Registration Number

**OKPO** – Russian National Classifier of Enterprises and Organisations

**USRLE** – Unified State Register of Legal Entities

**SNA** – System of National Accounts

**NLB** – net lending / borrowing

**FWTW** – ‘from-whom-to-whom’ tables (matrices)

**A** – Assets

**L** – Liabilities

**F1** – Monetary gold and Special Drawing Rights (SDRs)

**F2** – Currency and deposits

**F3** – Debt securities

**F4** – Loans

**F5** – Equity and investment fund shares

**F6** – Insurance, pension and standardised guarantee schemes

**F8** – Other accounts receivable / payable

**F22 + F29** – Deposits

**S1** – Total economy

**S2** – Rest of the world

**S11** – Non-financial corporations

**S12** – Financial corporations

**S13** – General government

**S14 + S15** – Households and NPISHs

**S121** – Central Bank

**S122** – Deposit-taking corporations, except the central bank

**S124** – Investment funds

**S125** – Other financial intermediaries

**S128** – Insurance corporations

**S129** – Pension funds