



**MOSCOW
ECONOMY**

MOSCOW BONDS PLACEMENT

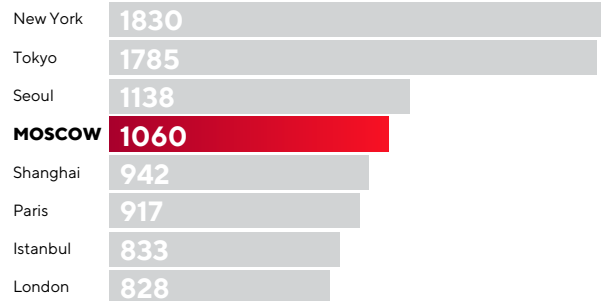
GREEN BONDS

MAY 2021

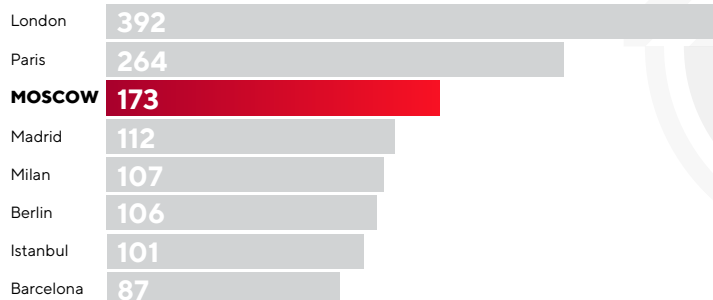


One of the largest global metropolitan areas

GRP of global metropolitan areas, USD bln at purchasing power parity (PPP), 2020



Consumer spending in European cities, USD bln, 2020

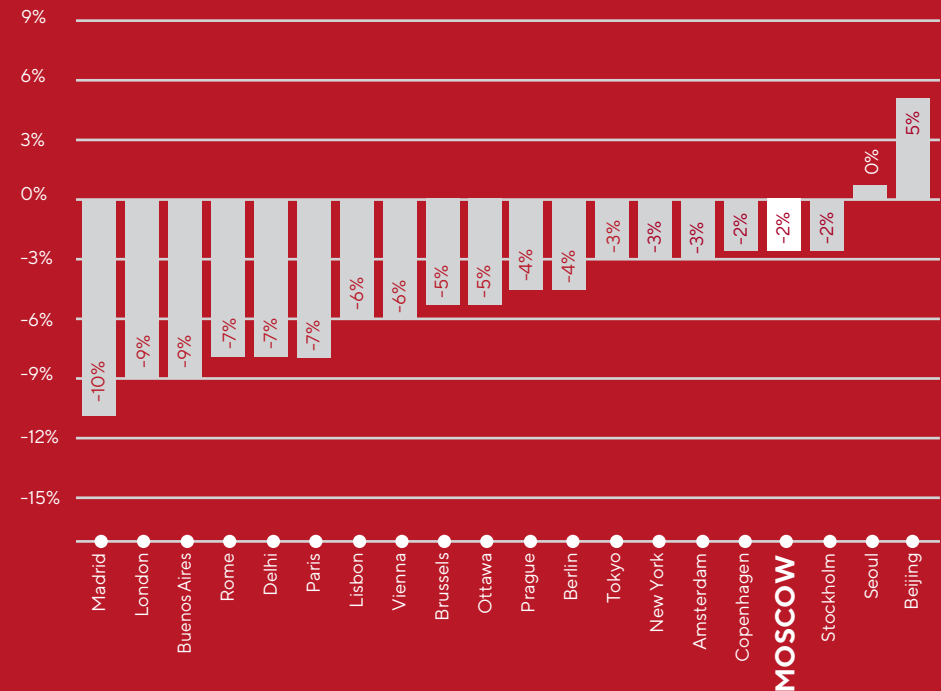


The COVID-19 pandemic has moderately affected Moscow's economy compared to other world capitals

Moscow timely and adequately applied anti-epidemic measures



According to the cross-country assessment by Euromonitor International, the real GRP of Moscow (at PPP), decreased by 2% at the end of 2020 compared to 2019, being significantly better vs top global metropolises





The combination of federal and regional support measures allowed to localize losses and quickly move to economic recovery



The total volume of business support in Moscow

~ **1/2 RUB tln**

For a number of key economic indicators, positive dynamics persisted even in the crisis circumstances of 2020:

- the physical volume of investments in fixed assets at the end of the year increased by **1.7%**
- actual payroll increased by **4.0%**
- the growth rate of industrial production exceeded **5%**
- high rates of housing construction are maintained (about **5 million m2** per year)



The City's economy continues stable development.

2023 versus 2020:

- the physical volume of GRP will increase by more than **10%**
- actual investments in fixed assets will grow by **17%**
- actual payroll in organizations will increase by **10%**

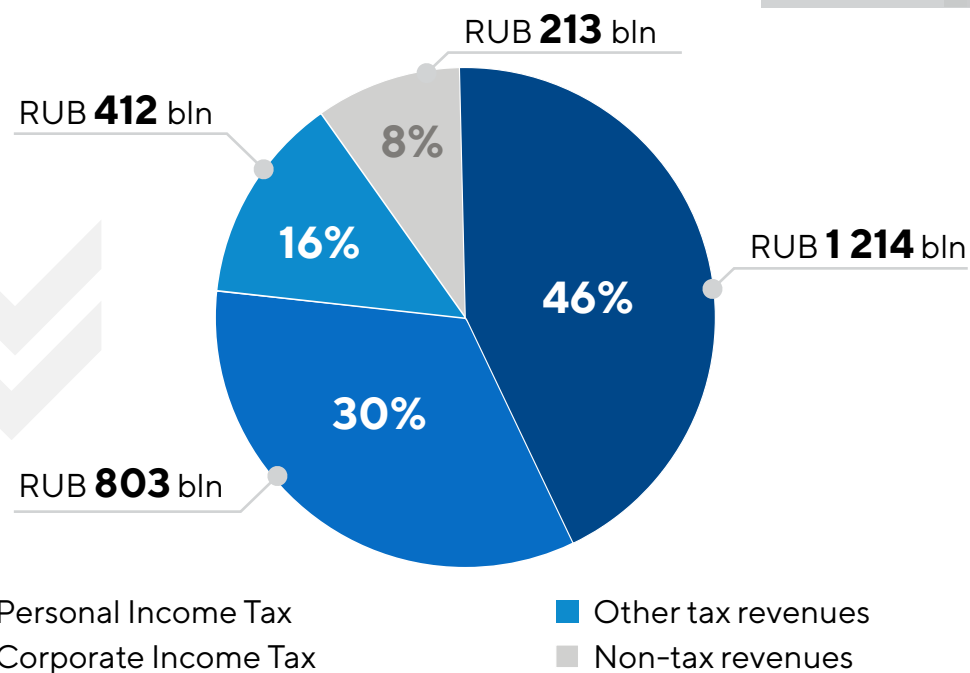


Moscow's budget revenue is based on its own revenue sources

The budget revenues mostly come from the personal income tax. In 2021-2023, the personal income tax share will amount to **46%**

BUDGET REVENUE STRUCTURE IN 2021

Total RUB
2.6 tln



Moscow Budget Expenditures



The city social obligations are fully sourced from its own income



Moscow plans to attract loans for increasing infrastructure investments: 18-20% of expenditures is the average share of budget expenditures on a targeted investment program, Moscow plans to keep the same level in 2021-2023



Moscow budget law approved the maximum possible amount of borrowings, RUB bln

2021	2022	2023
396	178.5	44.1



Actual volume of the bond issue will be determined based on the budget implementation



Moscow social obligations are met from the current budget revenues, loans are attracted to finance the most important urban infrastructure projects



Moscow receives **over 3 rubles** of private investment for every ruble of its budget



It is **more profitable for Moscow to borrow funds and develop infrastructure today** rather than to build it in a few years using its own sources



The annual growth in the cost of investment projects is comparable to the expected annual cost of servicing a bonded loan.

Tax revenue from investment projects incl. the multiplier effect is 1.5-2 times higher than the amount of coupon payments



Moscow credit ratings correspond to the ratings of the Russian Federation
S&P:BBB- / Moody's: Baa3 / Fitch:BBB / AKRA: AAA (RU)
and have the Stable and Positive forecast

Issue Volume

Coupon Rate

Coupon Period

1. **Three-year bonds (general)**
RU25072MOSO



RUB **70** bln

6.55%

182 days



First distribution in the amount of **RUB 35 bln** was held on April 27, 2021; yield to placement 6,73%
Demand at the auction **RUB 79,3 bln** (2,3 times more)

2. **Five-year bonds (general)**
RU25073MOSO



RUB **70** bln

7.2%

182 days



First distribution will be held at the auction in June, 2021

3. **Seven-year bonds (green)**
RU26074MOSO



RUB **70** bln

Will be determined
at the first distribution

182 days



First distribution will be held via bookbuilding on May 27, 2021



Long-term conservative budget policy ensured that Moscow's debt was reduced

to 1% revenues
by early 2021



The city will maintain an exceptionally stable budget system even with the maximum borrowings:

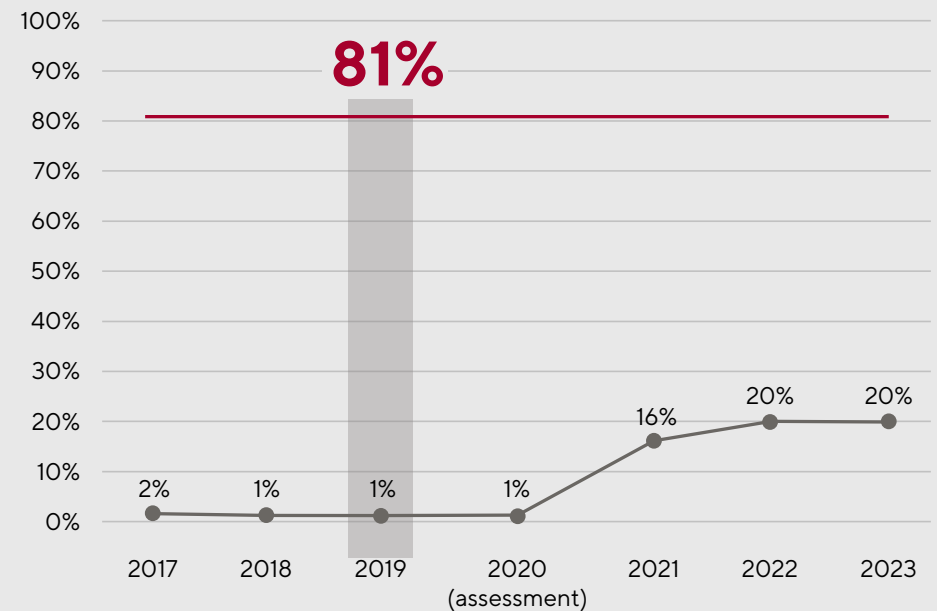
debt level by the end of 2021 will not exceed 16% of revenues



Next lower order than the average debt-to-income ratio of major European cities with a credit rating according to S&P (2019)

Impact of Debt on Fiscal Stability

The Moscow maximum debt to budget revenues ratio at the end of the year, %



— Average debt-to-income ratio of major European cities rated by S&P (2019)



The Moscow Government approved CITY OF MOSCOW GREEN BOND FRAMEWORK

Moscow is the first region
of the Russian Federation placing
green bonds

The issue shall comply with the general regional
bonds rules prescribed by the Budget Code
of the Russian Federation

The green bond issue shall be identified
by **specifying the volume of the bond issue
in the Framework**



The issuance of Moscow green bonds reflects
the increased attention of the authorities and
the population to the City's sustainable
and environmentally efficient development



Although the expected demand from
Russian investors is sufficient for the issue
distribution, **the city is interested
in the foreign investors**

**The Framework and the Statement
of Green Compliance are available online**



Web Portal
Moscow Open Budget

International status

According to international practice, bonds are recognized as green bonds based on the assessment of **Green Bond Framework**

On April 30, 2021 the Framework has got the **independent Statement of Green Compliance**



Moscow bonds issue is **included in ICMA Sustainable Bonds Database**



Regulation in Russia

Regulation of the issuance and circulation of public green bonds in the Russian Federation is **just under development**

On April 29, 2021 Moscow bonds were considered as a **green financial instrument** by VEB.RF



The Moscow Exchange changes the Listing Rules to include bonds of the regions of the Russian Federation in the Sustainable Development Sector. **Changes will be approved prior to distribution**



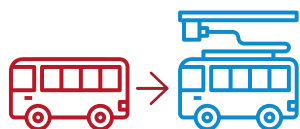


Moscow bus fleet replacement with electric buses

400 electric buses are planned
to be purchased by the City in 2021

600 electric buses are being used
in Moscow as of the early 2021

Replacing a bus with an electric bus **reduces:**



190-260 kg of pollutant
emissions annually;

60.5 tonnes of greenhouse
gas emissions (CO₂) per year

Expansion of the metro system

18
stations

43.8
km of lines

Development
of the Big Circle Line
using bonds

31
stations

70
km of lines

The Big Circle Line
will become the largest
subway ring line
in the world



Subway construction **reduces the use
of private vehicles**, and thus minimizes
pollutant and greenhouse gas (CO₂) emissions

Moscow will send the equivalent of the funds received from the distribution of green bonds to finance the projects declared in the Framework (compliance with the cash unity principle in the Budget Code of the Russian Federation)