

TRUST DOLLAR BOND INDEX (TDI)

KEY CHARACTERISTICS OF TDI

TDI's key features and its major benefits compared to other bond indices on the market are as follows:

- Index tree-type structure allows understanding of the market structure and trends at all segmentation levels;
- Reproducible Total Return formula, which is best suitable as a benchmark for asset managers (see Parameters Calculation for calculation);
- Wide list of index figures: total return, price index, duration, yield, relative yield (yield weighted to duration), current yield, spread to UST, spread to RF, index capitalization, number of bonds included in the index;
- TDI includes the spread to UST, which allows comparison of US bond premiums to rouble premiums, using the TRI family (*TRUST Rouble Bond Index*), thus tracking the premium history of foreign currency and rouble bonds. Z-spreads and asset swap spreads for indices are to be added soon;
- Possibility to construct one's own indices – the Excel file required for this is available to all interested persons through daily e-mailing;
- The TRI family includes indices of various corporate bond tiers, as well as indices of MICEX quotation lists, which makes it possible to track the status and trends of various tiers of the Russian bond market;
- In order to promote the new index family, it is planned to provide wide mass media coverage of the indices and use them on a regular basis in products developed by the TRUST IB Analytical Department;
- The indices are available in Bloomberg (TIBM) and are expected to be imported to Reuters (TRUST), as well as on the TRUST Bank's official website (www.trust.ru) (the project is underway);

HISTORY OF TDI DEVELOPMENT

The key idea of the old TDI re-design is to obtain a relevant and comprehensive understanding of the eurobond markets in Russia, Ukraine and Kazakhstan.

Firstly, one should understand that Russian eurobond indices are currently thin on the ground. Secondly, the external debt market has considerably changed recently. The eurobond market started to expand in 2003 following sweeping ratings upgrades for Russian issuers; market growth peaked in 2005 and has now slowed down slightly (approximately 50% in 2006 compared to twofold growth in 2005), although it remains at quite a high level.

TABLE 1. RUSSIAN PRIVATE EUROBOND MARKET (2000-2006)

Date	Market Capitalization, US\$ bln	Number of Issues	Number of Issuers
31-Dec-00	201	2	2
31-Dec-01	1,272	6	6
31-Dec-02	5,040	15	12
31-Dec-03	13,942	29	22
31-Dec-04	25,384	61	35
31-Dec-05	41,978	106	60
31-Dec-06	60,156	165	87

Source: TRUST

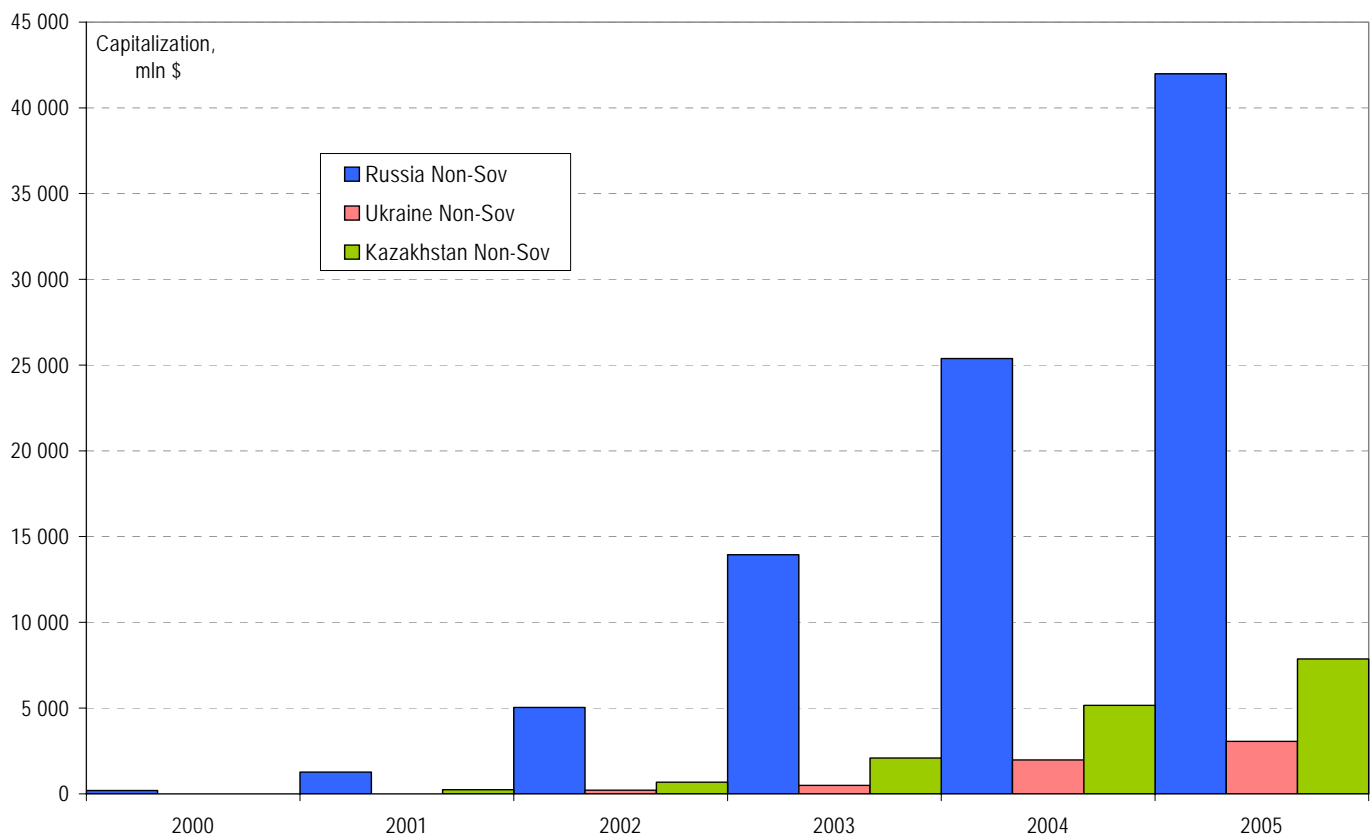
When the initial version of the TDI was developed (April 2004) the number of private issues was not significant, therefore only 4 industry-specific indices were created: *TDI Oil&Gas*, *TDI Telecom*, *TDI Industrial* and *TDI Banks*, with *TDI Industrials* calculated from July 2003 (with the other indices from January 2003). The number of traded issues grew to 165, which implies both higher representation and a larger number of indices. In addition, in 2006 two other key CIS



eurobond markets grew as well – Ukraine and Kazakhstan. Russian banks are also present on the eurobond markets of Kazakhstan and Ukraine (TRUST Bank is a market maker and one of the active players).

Therefore, the necessity arose for more detailed coverage of the Russian eurobond market as well as the Ukrainian and Kazakh. In order to solve this issue we have developed a tree-type structure for the index family which allows a quite simple tracking analysis of the eurobond market. We also believe the increased number of calculated parameters is quite interesting; as in the new version of the *TRI (TRUST Rouble Bond Index)*, the number of parameters increased: total return, price index, duration, yield, relative yield, current yield spread to UST, spread to Russian sovereign bonds, index capitalization, number of bonds included into the index. Almost all TDI parameters are similar to those of TRI. TDI does not include MICEX turnover, while the spread to OFZ is replaced with the spread to Russian sovereign bonds, or, simply the spread to RF.

CHART 1. VOLUME AND TURNOVER (MICEX) OF THE BANKING ROUBLE BOND MARKET



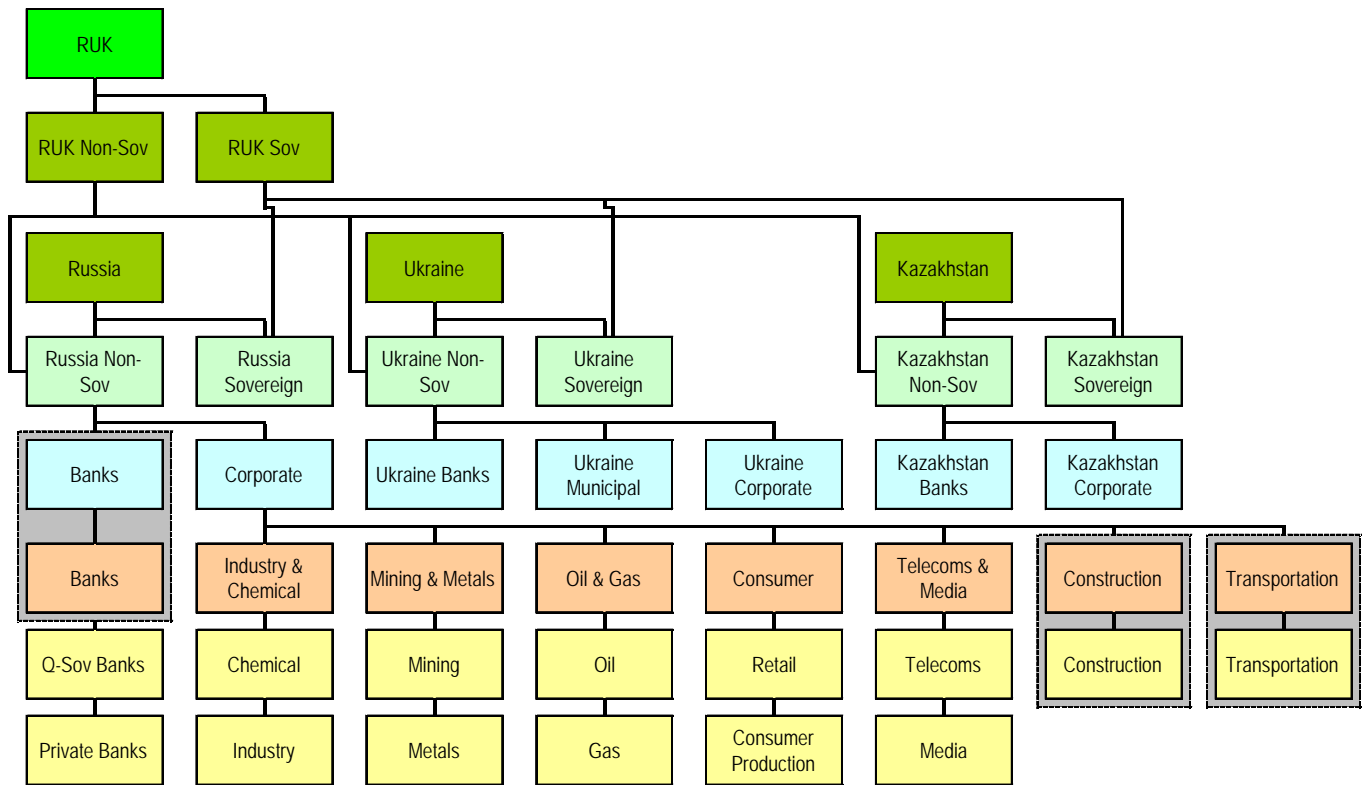
Source: Trust



TDI INDICES DESCRIPTION

Below is the structure of the TDI family indices and their detailed description.

CHART 2. TDI FAMILY STRUCTURE



Source: TRUST

The TDI indices family is divided into 6 levels. The upper level (bright green) includes all eurobonds of Russia, Kazakhstan and Ukraine (*TDI RUK*). The next level (dark green) includes country-specific indices (*TDI Russia*, *TDI Ukraine*, *TDI Kazakhstan*) and indices *TDI RUK Sov*, *TDI RUK Non-Sov*, which, as follows from their names, cover RUK (Russia, Kazakhstan, Ukraine) public and private eurobonds.

The further breakdown matches that for the TRI: the three countries' indices are divided into public and private bonds (*TDI Russia Non-Sov*, *TDI Russia Sovereign*, *TDI Ukraine Non-Sov*, *TDI Ukraine Sovereign*, *TDI Kazakhstan Non-Sov*, *TDI Kazakhstan Sovereign*), which in turn are divided into smaller sub-indices. Below we provide a more detailed description of the TDI indices starting from this level.

- 1) **Green** is the third level, including the key aggregated indices of RUK divided into public and private eurobonds: *TDI Russia Non-Sov*, *TDI Russia Sovereign*, *TDI Ukraine Non-Sov*, *TDI Ukraine Sovereign*, *TDI Kazakhstan Non-Sov*, *TDI Kazakhstan Sovereign*,
- 2) **Blue** is the following level including the key sub-indices of private eurobonds – *TDI Russia Banks*, *TDI Russia Corporate*, *TDI Ukraine Banks*, *TDI Ukraine Municipal*, *TDI Ukraine Corporate*, *TDI Kazakhstan Banks*, *TDI Kazakhstan Corporate*,
- 3) **Red** is the more detailed breakdown of private Russian bonds, including *TDI Russia Banks* which corresponds with the similar index of the second level, as well as all major sub-indices of the corporate eurobond market segment: *TDI Russia Industry&Chemical*, *TDI Russia Mining&Metals*, *TDI Russia Oil&Gas*, *TDI Russia Consumer*, *TDI Russia Telecoms&Media*, *TDI Russia Construction*, *TDI Russia Transportation*,
- 4) **Yellow** is the lowest (sixth) level of TDI segmentation. There are 14 indices at this level, corresponding to the particular indices of the red (fifth) group (See below for a more detailed description).



One should consider in more detail the sixth (yellow), the largest and most interesting group of private eurobond indices. We have provided the characteristics of the upper levels above, so we will continue describing the private bond indices from the fifth segmentation level (red).

TDI Russia Banks

TDI Russia Banks is divided into sub-indices by the banking sector: *TDI Russia Q-Sov Banks* includes state banks (VTB) and quasi-state banks (Gazprombank, Bank of Moscow), while *TDI Russia Private Banks* includes all Russian private financial companies.

TDI Russia Industry&Chemical

TDI Russia Industry&Chemical, includes sub-indices *TDI Russia Industry* (industry eurobond index (excluding chemical, petrochemical and light industries) and *TDI Russia Chemical* (index of chemical and petrochemical eurobonds). Therefore, the aggregate index *TDI Russia Industry&Chemical* describes industrial eurobonds (excluding light industry).

TDI Russia Mining&Metals

This index includes *TDI Russia Mining* (mining industry, excluding the oil and gas component) and *TDI Russia Metals* (metallurgy sector).

TDI Russia Oil&Gas

This index covers all oil and gas industry issues and is divided into two sub-indices: *TDI Russia Oil* and *TDI Russia Gas*.

TDI Russia Consumer

This index includes eurobond issues from the consumer sector and includes *TDI Russia Retail* (retail trade), *TDI Russia Consumer Production* (light industry).

TDI Russia Telecoms&Media

TDI Russia Telecoms&Media includes issues from two sixth-level (yellow) issues: *TDI Russia Telecoms* (telecommunications sector) and *TDI Russia Media* (media business).

TDI Russia Construction

TDI Russia Construction includes construction sector eurobonds. This index also matches the similar index of the sixth level (yellow).

TDI Russia Transportation

TDI Russia Transportation includes transportation sector eurobonds. This index also matches the similar index of the sixth level (yellow). Please note, that there are no such issues in the market as of the middle of February (**Severstaltrans 2006** was previously included in this index).

More detailed information on the index structure is provided in the Appendix.



CASE STUDIES - TDI USE IN ANALYSIS

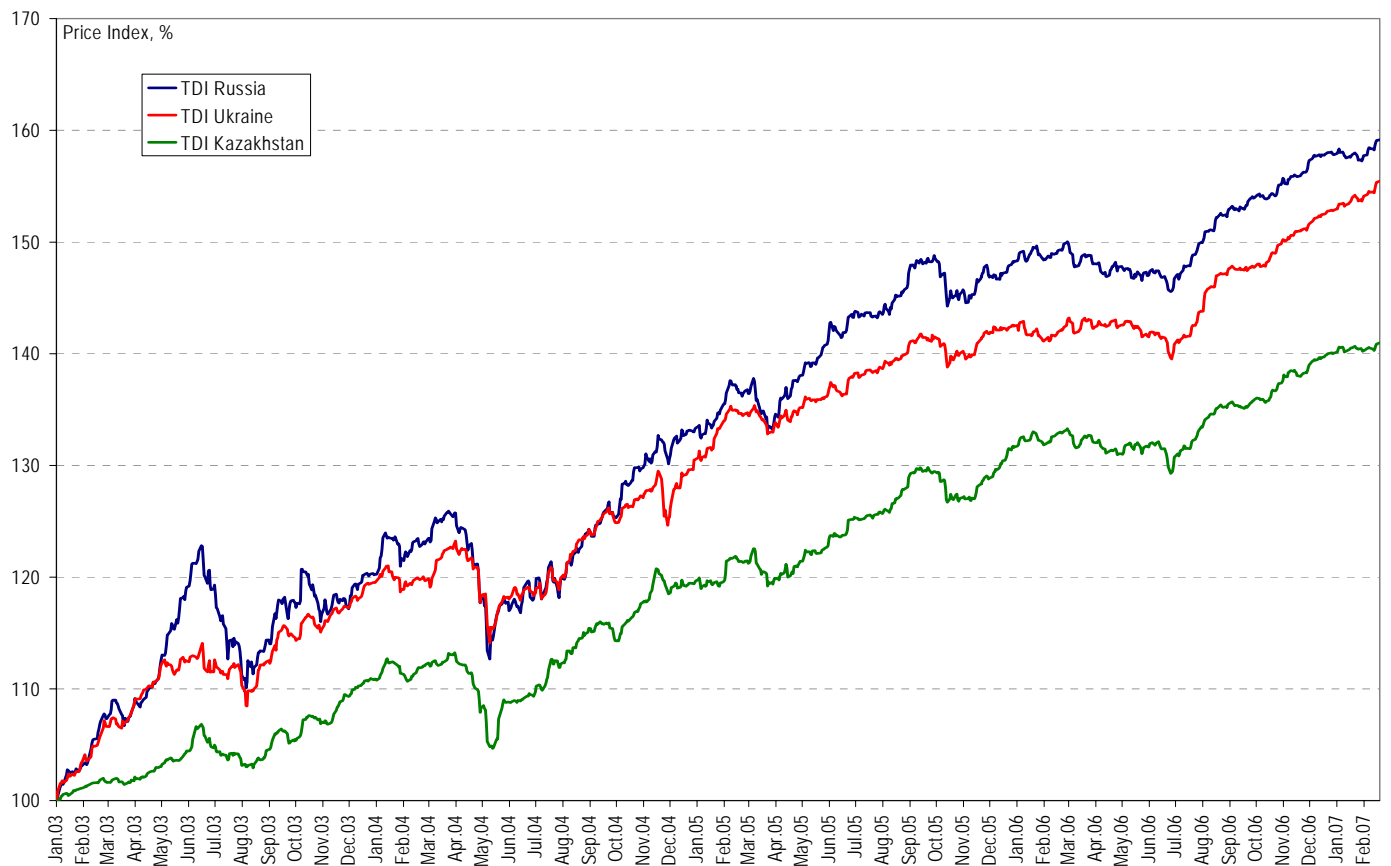
This section includes examples of TDI family indices use in the analysis of the rouble bond market. We will provide several examples for assessment of certain aspects of the rouble bond market for each case study.

Total Return

This case study is of interest mainly for management companies and comparative assessment of portfolio yields. We used a reproducible formula to calculate TDI Total Return as it allows the reproduction of the index return using the bond portfolio whose composition matches the index composition.

An illustrative example is a total return curve of the country-specific indices *TDI Russia*, *TDI Ukraine*, *TDI Kazakhstan*.

CHART 3. TOTAL RETURN INDEX OF PRIVATE BONDS



Source: TRUST

As follows from the chart, starting from 2003 Russian eurobonds have had the highest return. They are closely followed by Ukrainian eurobonds, while Kazakh eurobonds demonstrated the least favorable trend over the four years. The reason underlying the low return on Kazakh eurobonds in that Kazakhstan was quite appealing for foreign investors already in 2003 – as of the beginning of 2003 Kazakhstan's rating was higher than Russia's rating.

There are several other examples of TRI indices use. However we believe that it is more efficient to use the total return parameter in building one's own composite indices. This aspect will be discussed in detail in the section on *TRI Index Mixer* use.

Price Index

Price Index is less transparent as a parameter compared with the Total Return Index. Price Index is only a price indicator for the bond market, while the Total Return is reflected in the Profit&Loss indicator of the bond portfolio. Thus, when comparing the Price Index trends in the long term (for example, from 2003 to 2007), one may wonder if such a

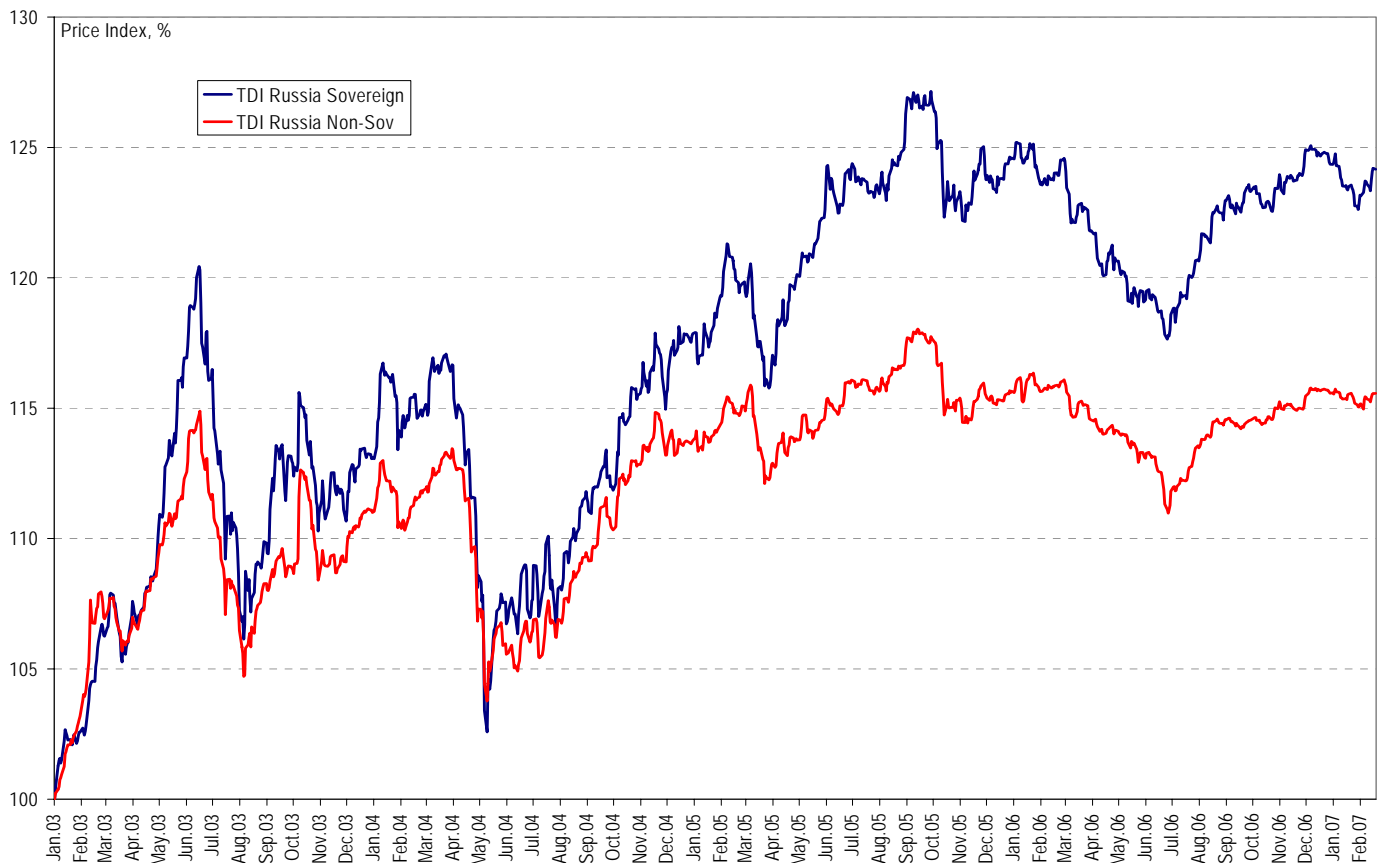


comparison is justified, taking into account that the indices' composition has changed considerably during the period under consideration (only five private bond issues have survived in the index lists from 2003 to 2007).

Considering this aspect in general terms, one may note that if all bonds are finally repaid, the Price Index must be around 100 per cent (basically, the prices at the moment of inclusion in the index (the price of entry into the secondary market) is approximately equal to the price at the moment of exclusion (1 month before repayment)). However, despite this the Price Index provides a fair description of short-term and middle-term market trends, which are difficult to see in the Total Return Index (due to the coupon yield, which makes the Total Return trend upward in most cases).

Therefore, based upon the *TDI Russia Sovereign*, *TDI Non-Sov TRI* Price Index chart, one may assess the price trends of Russian eurobonds (both private and public) at any time (see Chart 4).

CHART 4. PRICE INDEX OF RUSSIAN PRIVATE AND SOVEREIGN EUROBONDS



Source: TRUST

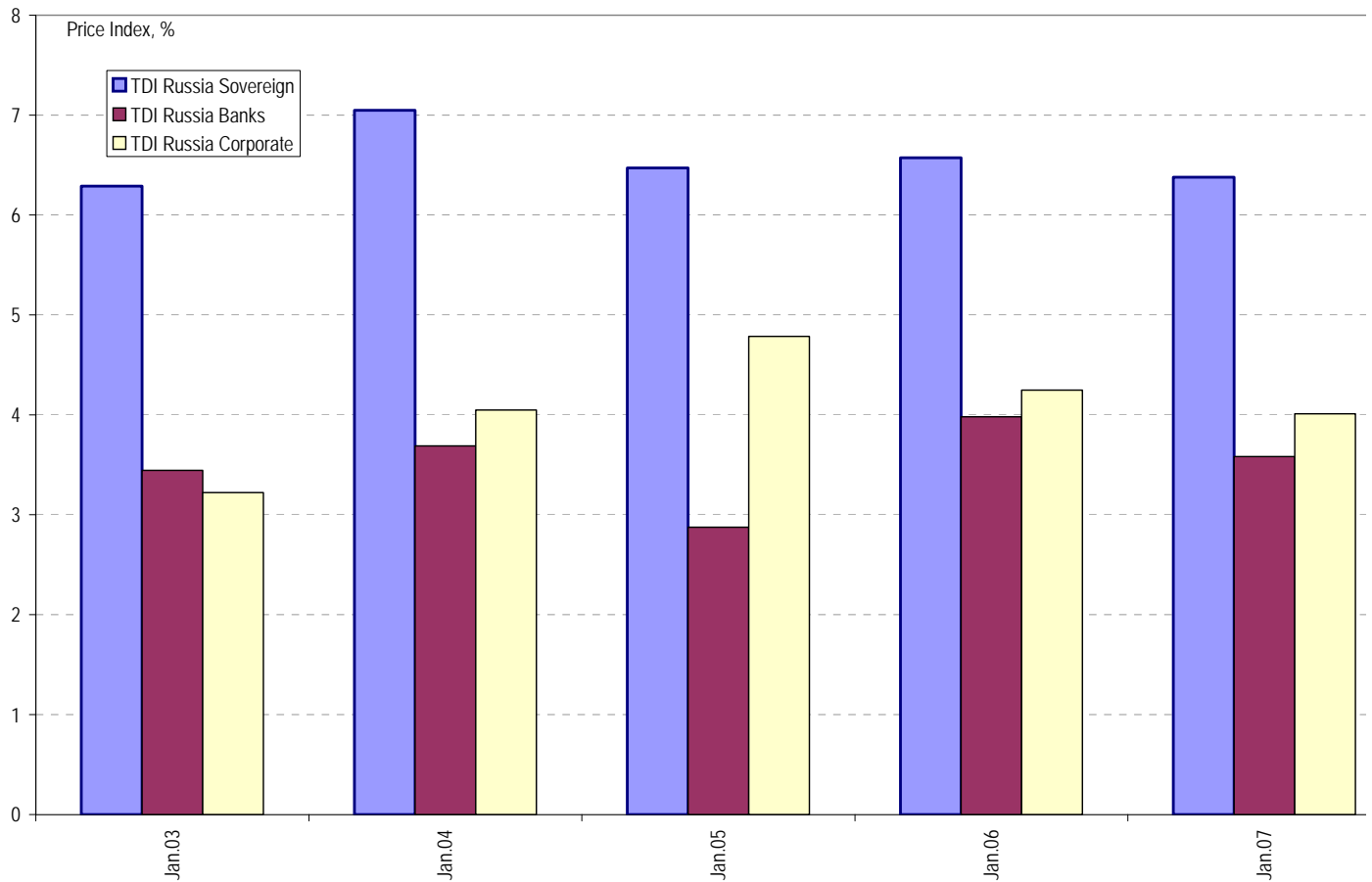
In short, the Price Index is best suited to assess current status and short- and middle-term movements, as well as to identify trends.



Average Weighted Duration

Duration is the only parameter in TDI indices which directly assesses the time structure of the market. Using this index, one may easily see the changes in the time structure of the rouble bond market over the last four years (see Chart 5).

CHART 5. TDI RUSSIA INDICES DURATION



Source: TRUST

As follows from the chart above, there are no significant changes in Russian eurobond market duration, and average duration of private eurobond issues remains within the range of 3-4 years.

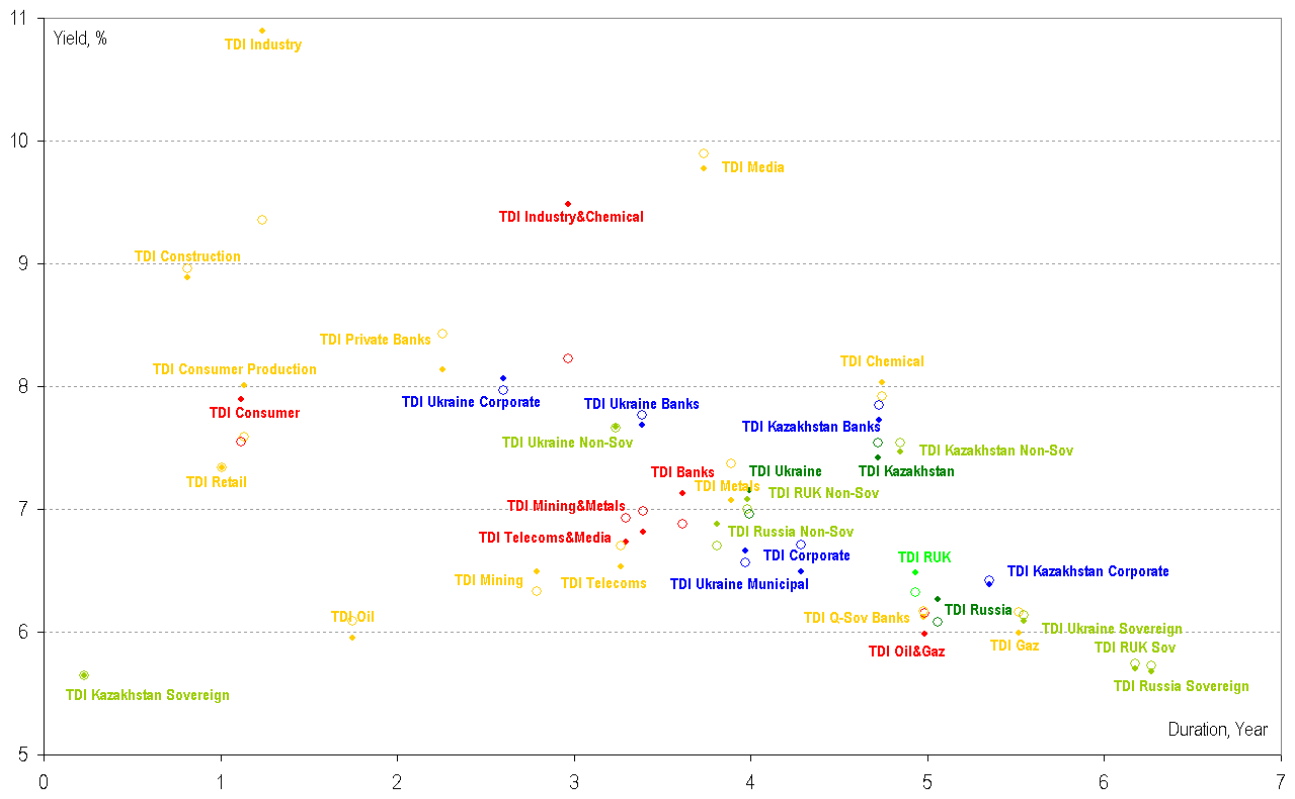
Average Weighted Yield

The average weighted yield of the index, which describes the yield of all issues included in the index, is also a fairly handy tool. For example, using the yield parameter together with the duration, one may develop the yield curve for all indices in the TDI family (Chart 6). All indices (see Chart 6) are colored differently to match the segmentation level. The hollow ring is the average weighted relative yield, which will be discussed below.

In addition, one may refer to Chart 7 to assess the average yield of banking eurobonds of RUK (Russia, Ukraine, Kazakhstan) and see a clear correlation between yields of indices *TDI Russia Banks*, *TDI Ukraine Banks*, *TDI Kazakhstan Banks*.

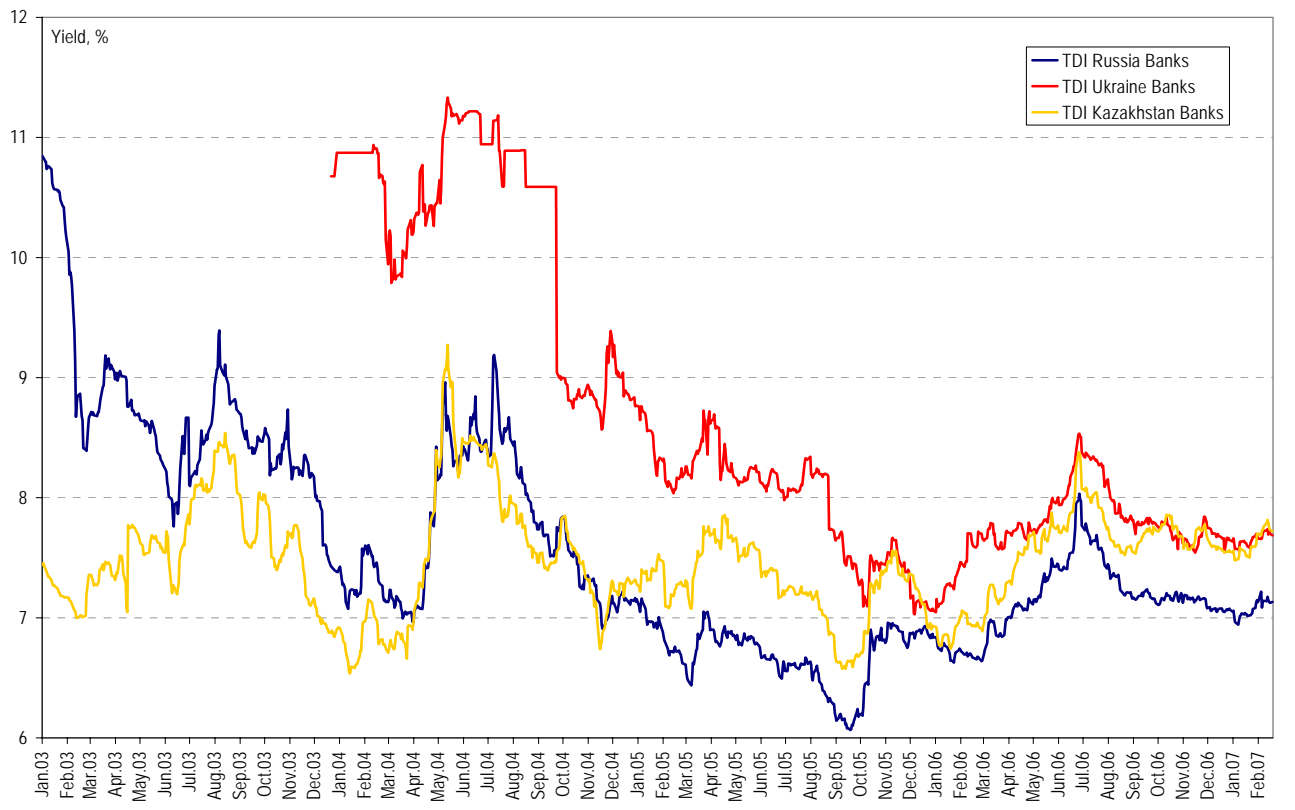


CHART 6. TDI INDICES YIELD CURVE



Source: TRUST

CHART 7. RUK BANK EUROBONDS YIELD



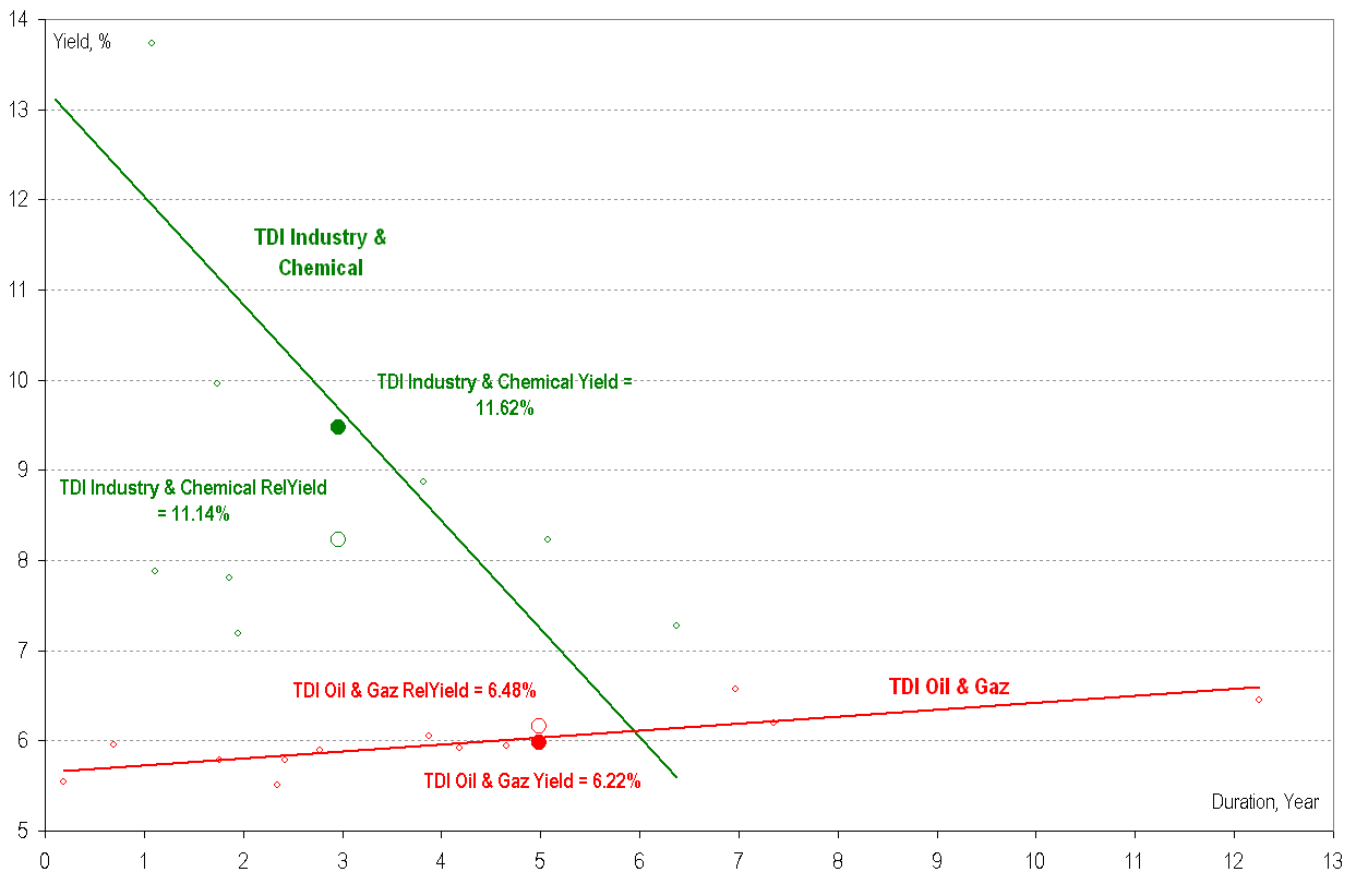
Source: TRUST



Average Weighted Relative Yield

Apart from the yield, a less common parameter is also used for index valuation, i.e. the average weighted relative yield which is calculated by weighting the yield by capitalization and duration. This is illustrated in Chart 6. If a hollow point is above the respective filled point on the chart, it means that the index yield weighted by the duration is higher than the effective yield; therefore, as the duration of the issues included in the index grows, the yield grows as well. Thus, the relative yield of *TDI Oil&Gas* is higher than the normal yield, which is due to uniformity of the issues included in the index, and normal (non-inverse) type of the curve. Meanwhile, if we consider *TDI Industry&Chemical*, we will observe the opposite – the issues with the highest yield tend to have less duration, and, as a result, the slope of the linear trend of all third-tier issues is negative (See Chart 8).

CHART 8. TDI OIL&GAZ AND TDI INDUSTRY&CHEMICAL YIELD



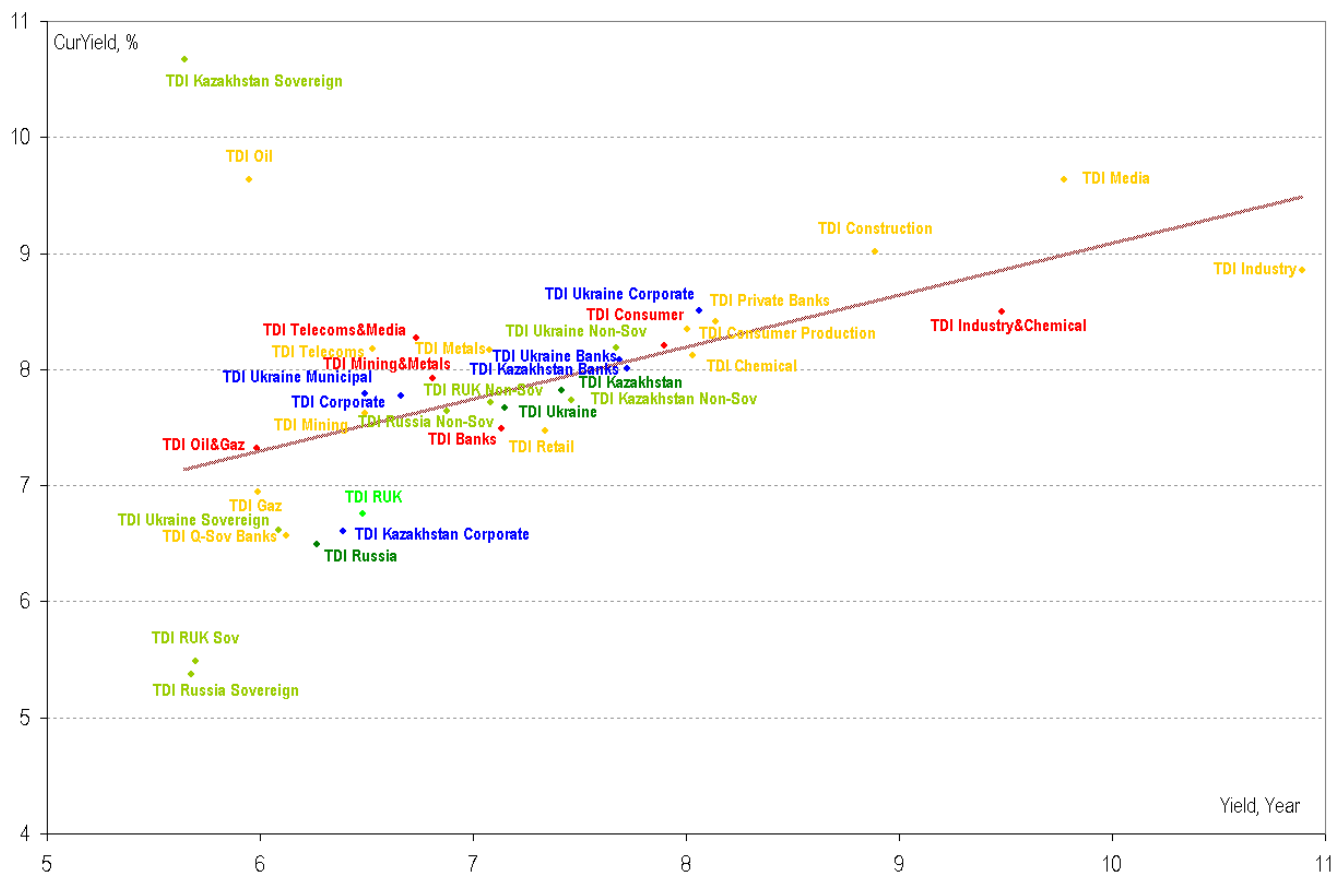
Source: TRUST



Average Weighted Current Yield

This parameter is used to assess the current yield of bonds. By weighting the current yield of issues by capitalization (current yield = coupon for the current period / gross price) we get the current yield of TDI indices. Below is an example of using the current yield in line with the normal (effective). Chart 9 shows all indices broken down into yield – current yield.

CHART 9. "YIELD – CURRENT YIELD" OF TDI INDICES



Source: TRUST

Thus, almost all indices follow the line with a 0.45 slope (therefore, when passing to sectors with a higher yield, the current yield is growing half as fast – hence, one may conclude that if one wishes to invest in bonds with a higher current yield, one should not consider the riskiest sectors; the growth in the current yield does not compensate for the decline in quality). In addition, one may analyze the sectors which do not fit into the general picture. The overly high current yield of *TDI Oil&Gas* (as compared with normal yield) is due to the fact that previously placed issues in the oil and gas sector have a substantial coupon yield; while now there are not so many new issues on the market (most oil companies have not entered the eurobond market for some time), and the yield of the eurobond market declined recently, which led to an environment where we have a good current yield for the issue with a low effective yield.

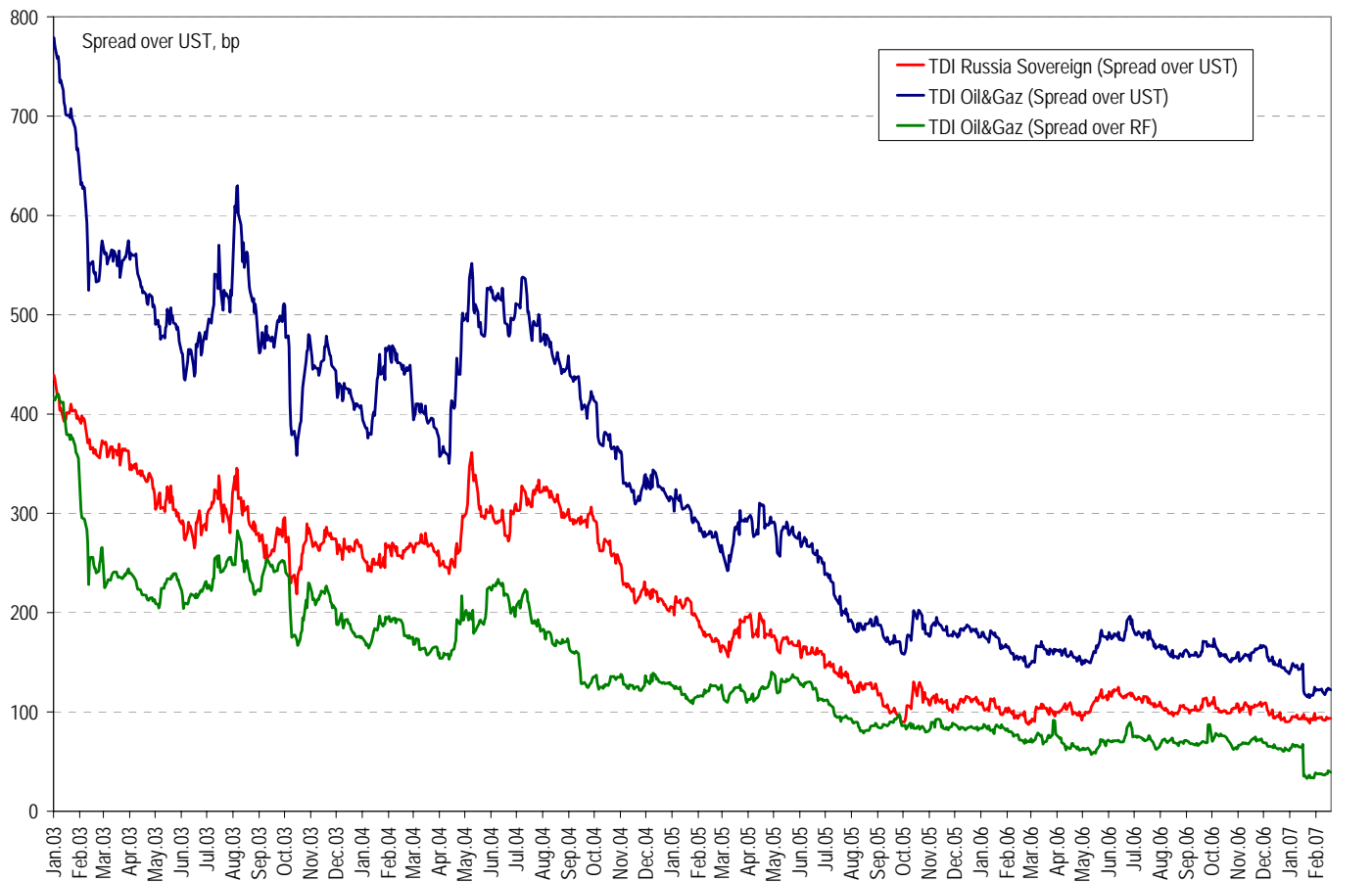
One may observe the opposite situation in issues included in *TDI Russia Sovereign*, *TDI Industry&Chemical*. Given the good level of effective yield the current yield is far from being sufficient. In the case of *TDI Russia Sovereign* it is due to low coupon payments on **Russia 2030** bonds which are the heaviest component of the index. In the case of *TDI Industry&Chemical* it is due to the "fresh" composition of the index, and, therefore, a more relevant ratio of current yield to yield (note that as the yield has been declining recently; the current yield exceeds the effective yield for indices which include most old eurobonds).



Average Weighted Spread to UST (Spread to UST), Spread to Russian Sovereign Eurobonds (Spread to RF)

There are parameters included into TDI indices that assess the spread to RF and UST to provide an adequate comparison of various sectors and credit risk evaluation.

CHART 10. SPREAD TO UST, TDI RUSSIA SOVEREIGN & TDI OIL&GAS



Source: TRUST

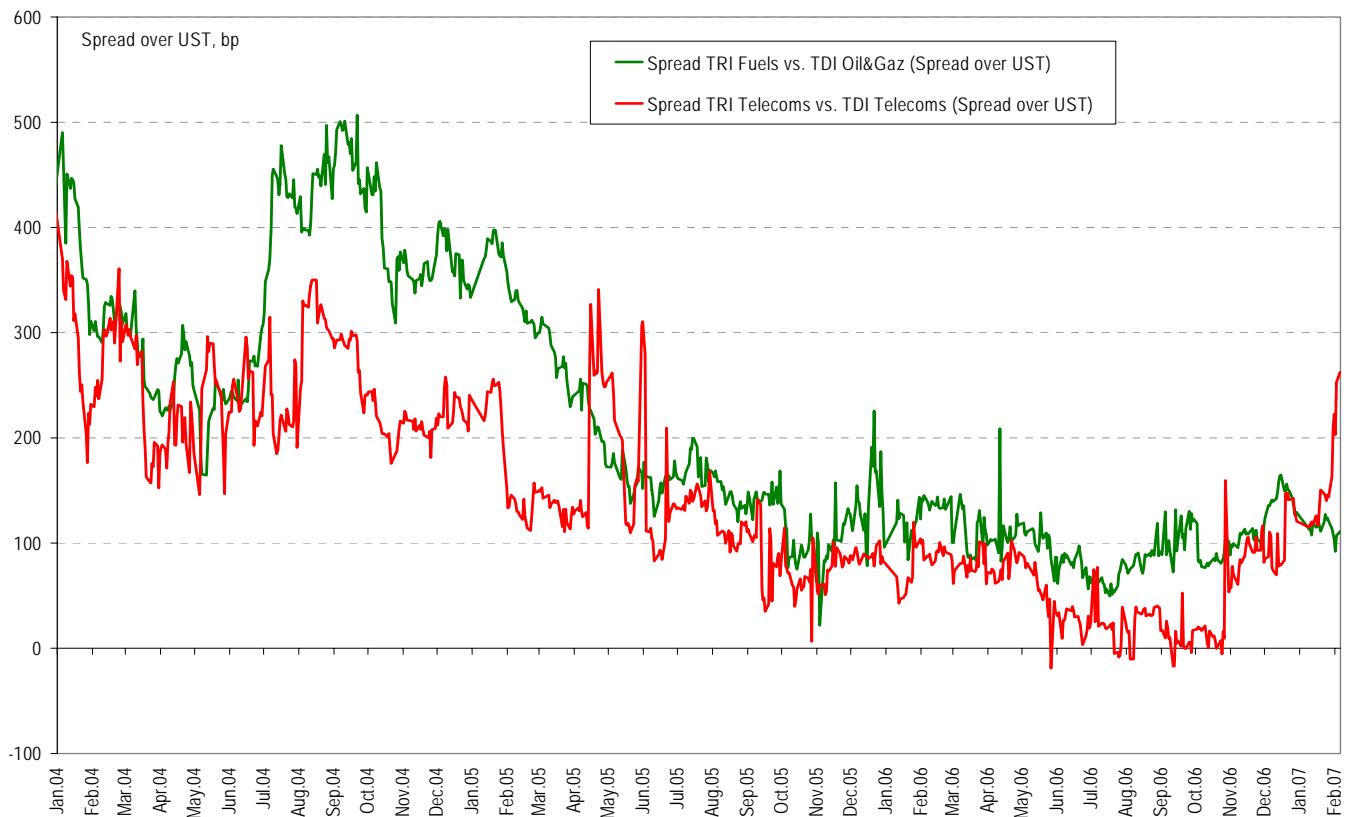
Chart 10 shows the curves of spreads for Russian sovereign eurobonds to UST and spreads for the oil and gas sector to UST and RF (*TDI Oli&Gas*). As follows from the chart, the spread to UST has remained almost unchanged starting from the middle of 2005 for indices *TDI Russia Sovereign* and *TDI Oil&Gas*. Changes have occurred in *TDI Oil&Gas* at the beginning of this year: the spread to RF fell from 65bp to 35bp and then grew to 40bp by the middle of February.

Therefore, by using spreads one may easily understand the market assessment of the credit risk at any time.

In addition, the spread to UST may be used to assess the currency premium (together with TRI). Chart 11 shows the curves of the spreads for TDI and TRI to UST (oil and gas sector and telecoms). The difference between the spread to UST for the eurobond index and the respective index for rouble bonds is the currency premium.



CHART 11. CURRENCY PREMIUM

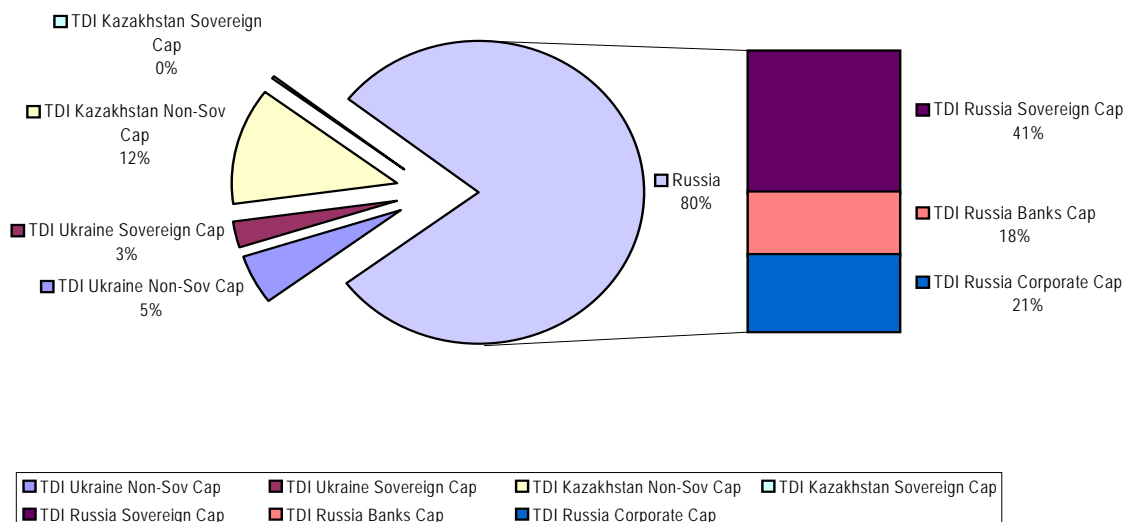


Source: TRUST

Other Parameters (Capitalization, Number of Bonds)

The list concludes with two parameters describing the indices' composition. They provide the most accurate current and historical profile. Chart 12 shows the current breakdown of the main indices by capitalization.

CHART 12. CURRENT MARKET PROFILE

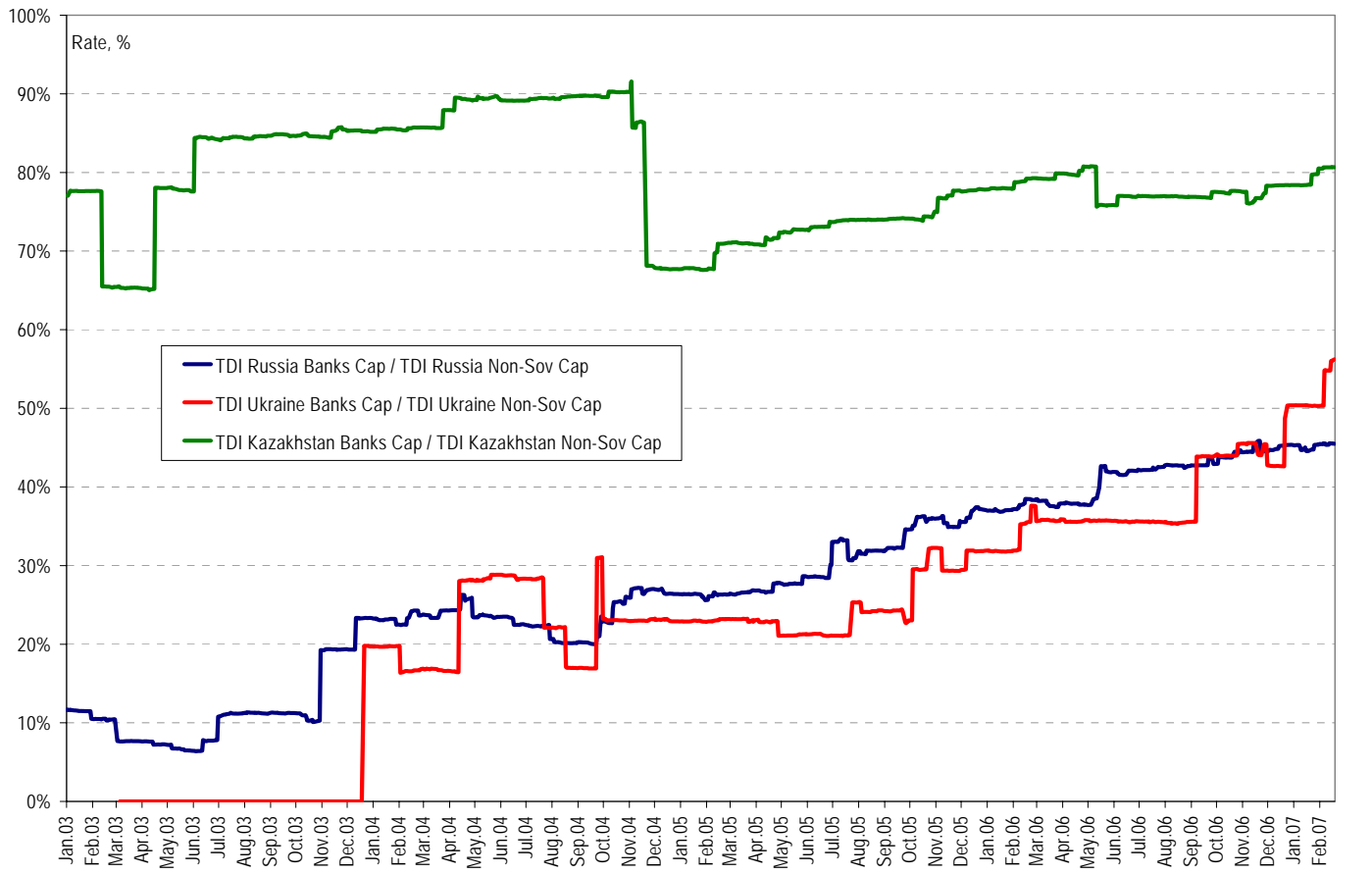


Source:TRUST



The second example, Chart 13, shows the ratio of RUK banking eurobonds to all private issues.

CHART 13. RUK BANK EUROBONDS SHARE



As follows from this chart, since the beginning of 2004 the share of banking eurobonds in Russia and Ukraine has grown from 20% to 45-55% (February 2007). The situation is absolutely different on the Kazakhstan market – the country's highly developed banking sector continues to keep the eurobond market share at 80% (one may note that a number of issues traded only to the call date are not included in *TDI Kazakhstan Banks*).



TDI Index Mixer

We believe that TDI Index Mixer will become the tool of choice for investors. This tool is an Excel file containing all data on TDI indices as of the current date. In addition, this file provides the means to construct one's own index based upon TDI family indices.

CHART 14. TDI INDEX MIXER

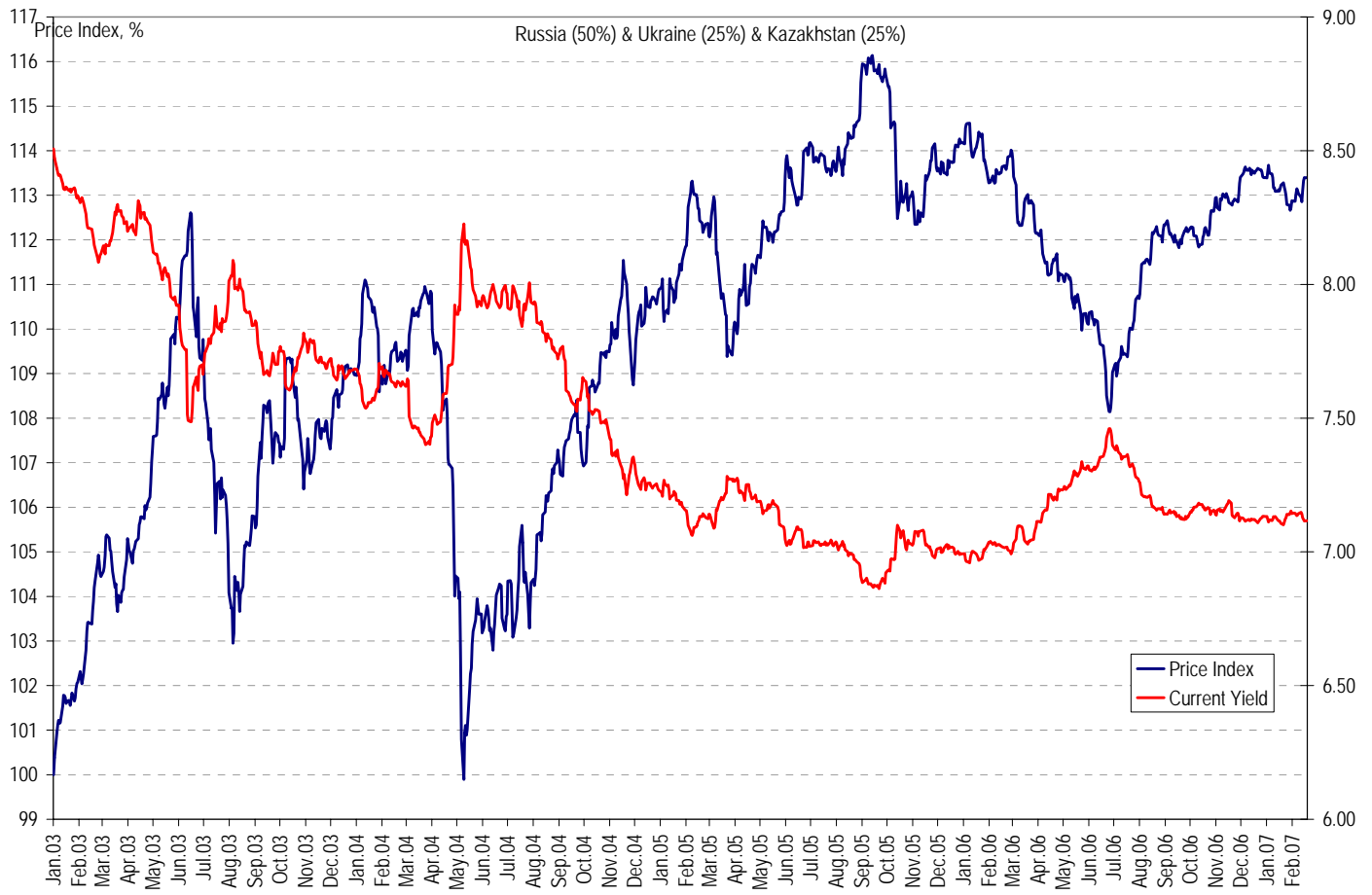
Index	Rates	Percent	Date	Total Return	Price Index	Duration	Yield	Relative Yield	Current Yield	Spread over UST	Spread over OFZ	Capitalization (mln RUR)	Number of Bonds
RUK			19-Feb-07	153.69	113.39	4.71	6.77	6.67	7.12	202.5	0.0	190 143	321
RUK Non-Sov			16-Feb-07	153.60	113.39	4.71	6.78	6.67	7.12	203.0	0.0	190 127	321
RUK Sov			15-Feb-07	153.48	113.33	4.71	6.79	6.68	7.12	202.8	0.0	189 999	321
Russia	2	50.0%	14-Feb-07	153.14	113.09	4.71	6.82	6.72	7.13	202.9	0.0	189 450	320
Ukraine	1	25.0%	13-Feb-07	152.79	112.85	4.71	6.86	6.77	7.14	199.6	0.0	188 963	320
Kazakhstan	1	25.0%	12-Feb-07	152.90	112.96	4.70	6.83	6.74	7.15	197.1	0.0	188 957	319
Russia Non-Sov			9-Feb-07	152.92	113.04	4.71	6.82	6.73	7.14	198.9	0.0	189 041	319
Russia Sovereign			8-Feb-07	152.97	113.10	4.71	6.81	6.72	7.14	201.6	0.0	188 833	317
Ukraine Non-Sov			7-Feb-07	153.00	113.15	4.72	6.80	6.71	7.14	200.7	0.0	188 853	317
Ukraine Sovereign			6-Feb-07	152.80	113.02	4.71	6.80	6.72	7.14	197.8	0.0	188 071	316
Kazakhstan Non-Sov			5-Feb-07	152.58	112.86	4.72	7.02	6.74	7.14	216.4	0.0	187 512	315
Kazakhstan Sovereign			2-Feb-07	152.49	112.87	4.73	6.82	6.74	7.15	196.1	0.0	186 307	311
Banks			1-Feb-07	152.48	112.88	4.73	6.82	6.74	7.14	193.6	0.0	186 811	311
Corporate			31-Jan-07	152.22	112.71	4.72	6.85	6.77	7.15	199.3	0.0	186 660	311
Ukraine Banks			30-Jan-07	152.13	112.66	4.71	6.84	6.77	7.15	193.0	0.0	186 009	310
Ukraine Municipal			29-Jan-07	152.25	112.78	4.72	6.81	6.74	7.14	188.2	0.0	186 181	310
Ukraine Corporate			26-Jan-07	152.19	112.79	4.73	6.82	6.74	7.14	190.2	0.0	186 214	310
Kazakhstan Banks			25-Jan-07	152.43	113.00	4.74	6.78	6.70	7.13	186.8	0.0	185 735	308
Kazakhstan Corporate			24-Jan-07	152.53	113.10	4.75	6.76	6.68	7.12	190.3	0.0	185 909	308
Industry&Chemical			23-Jan-07	152.60	113.17	4.75	6.75	6.67	7.11	188.8	0.0	186 361	308
Mining&Metals			22-Jan-07	152.71	113.28	4.65	6.71	6.62	7.10	189.0	0.0	185 728	307
Oil&Gaz			19-Jan-07	152.55	113.22	4.65	6.73	6.63	7.11	189.5	0.0	185 892	307
Consumer			18-Jan-07	152.42	113.15	4.65	6.75	6.64	7.11	194.1	0.0	185 744	307
Telecoms&Media			17-Jan-07	152.32	113.09	4.65	6.77	6.65	7.12	193.5	0.0	185 615	307
Construction			16-Jan-07	152.32	113.12	4.66	6.76	6.65	7.12	196.6	0.0	185 702	307
Transportation			15-Jan-07	152.25	113.09	4.65	6.77	6.66	7.12	194.9	0.0	186 245	309
Q-Sov Banks			12-Jan-07	152.16	113.09	4.64	6.78	6.66	7.13	195.4	0.0	187 324	313
Private Banks			11-Jan-07	152.23	113.17	4.65	6.76	6.65	7.13	197.6	0.0	187 486	313
Chemical			10-Jan-07	152.19	113.17	4.65	6.76	6.65	7.13	201.9	0.0	187 508	313
Industry			9-Jan-07	152.48	113.40	4.65	6.71	6.60	7.12	199.2	0.0	188 376	317
Mining			8-Jan-07	152.55	113.48	4.65	6.70	6.59	7.12	198.4	0.0	188 926	319
Metals			5-Jan-07	152.49	113.50	4.66	6.70	6.58	7.12	200.3	0.0	188 848	319
Oil			4-Jan-07	152.68	113.67	4.67	6.68	6.55	7.11	202.8	0.0	189 216	319
Gaz			3-Jan-07	152.47	113.54	4.67	6.71	6.58	7.12	200.1	0.0	188 964	319
Retail			2-Jan-07	152.24	113.39	4.67	6.74	6.61	7.13	201.0	0.0	188 717	319
Consumer Production			1-Jan-07	152.23	113.40	4.67	6.73	6.61	7.13	197.8	0.0	188 762	319
Telecoms			29-Dec-06	152.14	113.39	4.67	6.74	6.61	7.13	198.8	0.0	188 728	319
Media			28-Dec-06	152.14	113.42	4.68	6.74	6.61	7.13	200.8	0.0	188 795	319
			27-Dec-06	152.24	113.52	4.68	6.72	6.59	7.13	201.8	0.0	188 947	319
			26-Dec-06	152.27	113.57	4.69	6.71	6.58	7.13	206.3	0.0	189 036	319
			25-Dec-06	152.24	113.56	4.69	6.72	6.58	7.12	205.3	0.0	189 232	319
			22-Dec-06	152.20	113.60	4.70	6.70	6.57	7.11	204.0	0.0	189 410	318
			21-Dec-06	152.13	113.58	4.70	6.71	6.57	7.11	211.7	0.0	188 641	315
			20-Dec-06	152.08	113.55	4.70	6.72	6.57	7.11	207.4	0.0	188 588	315
			19-Dec-06	152.01	113.53	4.70	6.72	6.58	7.12	208.2	0.0	188 518	315

Source: TRUST

As an example, Chart 15 shows the chart from the file, displaying the Price Index and the current yield of the composite index *TDI Russia* (50%) & *TDI Kazakhstan* (25%).



CHART 15. COMPOSITE INDEX TDI RUSSIA (50%) & TDI UKRAINE (25%) & TDI KAZAKHSTAN (25%)



Source: TRUST

TDI indices accumulate a significant volume of information on the eurobond market. In addition, high-quality tools have been developed to allow using such information in almost every professional sphere related to the rouble bond market. We hope the *TDI* family will be of use for a wide range of rouble bond market players.

When any information from TRI indices is used, reference to TRUST Investment Bank is obligatory!



APPENDIX

INDEX CALCULATION

- Indices are calculated based upon bonds traded on the OTC market and having available quoting;
- Some lax restrictions have been introduced to obtain an adequate market description:
 - Bonds must have a fixed coupon rate (irrespective of other parameters – inflation, currency exchange rate, UTS yield, etc.), at least until the put date;
 - Eurobonds for which the coupon rate is set only to the call date are not included in the index;
 - Period to maturity must be at least 30 days;
 - Issue volume must be at least US\$100 million;
- The moment the bonds are included in the index is when they start trading on the secondary market (appearance of quotes);
- If the issue has both yield to put and yield to maturity, the best value shall be taken (with the respective duration);
- Derivative parameters (duration, yield) calculated to the call date are not taken into account;
- The calculation shall be effected at the price from the following sources: Bloomberg, Reuters.

PARAMETERS CALCULATION

Total Return

Relative aggregate Total Return ($tr_{i,t}$) is calculated for each issue (i) on each date (t):

$$tr_{i,t} = \frac{P_{i,t} + A_{i,t} + G_{i,t}}{P_{i,t-1} + A_{i,t-1}} - 1$$

$tr_{i,t}$ – index value for issue i on calculation date t

$P_{i,t}$ – calculated price for issue i on calculation date t

$A_{i,t}$ – accumulated coupon yield for issue i on calculation date t

$G_{i,t}$ – coupon yield paid for issue i at the moment between calculation dates t and $t-1$.

After that the relative total return (TR_t) on date t is calculated:

$$TR_t = \sum (m_{i,t,t-1} * tr_{i,t}),$$

where

$$m_{i,t-1} = \frac{N_{i,t-1} * (P_{i,t-1} + A_{i,t-1})}{\sum (N_{i,t-1} * (P_{i,t-1} + A_{i,t-1}))} - \text{relative capitalization of issue } i \text{ on date } t-1,$$



given that:

$N_{i,t-1}$ - weight of issue i (traded issue volume) in the index on date $t-1$.

After that we calculate the index value

$$I_t = I_{t-1} * (1 + TR_t)$$

I_t - index value on the calculation date t .

Price Index

Relative price ($pr_{i,t}$) is calculated for each issue (i) on each date (t):

$$pr_{i,t} = \frac{P_{i,t}}{P_{i,t-1}} - 1$$

$pr_{i,t}$ - relative price for issue i on calculation date t

$P_{i,t}$ - calculated price of issue i on calculation date t

After that total relative price PR_t is calculated as of date t :

$$PR_t = \sum (m_{i,t,t-1} * pr_{i,t}), \text{ where}$$

$$m_{i,t-1} = \frac{N_{i,t-1} * P_{i,t-1}}{\sum (N_{i,t-1} * P_{i,t-1})} - \text{relative capitalization of issue } i \text{ on date } t-1,$$

Given that

$N_{i,t-1}$ - weight of issue i (traded issue volume) in the index on date $t-1$

After that we calculate the Price Index value:

$$PI_t = PI_{t-1} * (1 + PR_t)$$

PI_t - Index value as of the calculation date t .

Average Weighted Duration

$$D_t = \frac{\sum_i d_{i,t} \times (N_{i,t} \times (P_{i,t} + A_{i,t}))}{\sum_i (N_{i,t} \times (P_{i,t} + A_{i,t}))}$$

$d_{i,t}$ - duration of issue i on the calculation date t

$N_{i,t}$ - weight of issue i (traded issue volume) in the index on date t

$P_{i,t}$ - calculated price of issue i on calculation date t

$A_{i,t}$ - accumulated coupon yield for issue i on calculation date t



Average Yield

$$Y_t = \frac{\sum_i y_{i,t} \times (N_{i,t} \times (P_{i,t} + A_{i,t}))}{\sum_i (N_{i,t} \times (P_{i,t} + A_{i,t}))}$$

$y_{i,t}$ – duration of issue i on the calculation date t

$N_{i,t}$ - weight of issue i (traded issue volume) in the index on date t

$P_{i,t}$ – calculated price of issue i on calculation date t

$A_{i,t}$ – accumulated coupon yield for issue i on calculation date t

Average Weighted Relative Yield

$$RY_t = \frac{\sum_i y_{i,t} \times d_{i,t} \times (N_{i,t} \times (P_{i,t} + A_{i,t}))}{\sum_i d_{i,t} \times (N_{i,t} \times (P_{i,t} + A_{i,t}))}$$

$y_{i,t}$ – yield of issue i on calculation date t

$d_{i,t}$ – duration of issue i on the calculation date t

$N_{i,t}$ - weight of issue i (traded issue volume) in the index on date $t-1$

$P_{i,t}$ – calculated price of issue i on calculation date t

$A_{i,t}$ – accumulated coupon yield for issue i on calculation date t

Average Weighted Current Yield

$$CY_t = \frac{\sum_i cy_{i,t} \times (N_{i,t} \times (P_{i,t} + A_{i,t}))}{\sum_i (N_{i,t} \times (P_{i,t} + A_{i,t}))}$$

$cy_{i,t}$ – current yield of issue i on calculation date t

$N_{i,t}$ - weight of issue i (traded issue volume) in the index on date t

$P_{i,t}$ – calculated price of for issue i on calculation date t

$A_{i,t}$ – accumulated coupon yield for issue i on calculation date t



Spread to UST, (Spread to RF)

$$S_t = \frac{\sum_i s_{i,t} \times (N_{i,t} \times (P_{i,t} + A_{i,t}))}{\sum_i (N_{i,t} \times (P_{i,t} + A_{i,t}))}$$

$s_{i,t}$ – spread to benchmark with the respective duration to issue i on the calculation date t

$N_{i,t}$ – weight of issue i (traded issue volume) in the index on date t

$P_{i,t}$ – calculated price of for issue i on calculation date t

$A_{i,t}$ – accumulated coupon yield for issue i on calculation date t

The most liquid issues shall be taken as OFZ benchmarks.

3-month, 6-month, 2-, 3-, 5-, 10- and 30-year issues shall be used as UST benchmarks.

Index Capitalization

$$CAP_t = \sum_i (N_{i,t} \times (P_{i,t} + A_{i,t}))$$

$N_{i,t}$ – weight of issue i (traded issue volume) in the index on date t

$P_{i,t}$ – calculated price of for issue i on calculation date t

$A_{i,t}$ – accumulated coupon yield for issue i on calculation date t

Number of Bonds

Number of bonds included in the index.



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Sovereign Eurobonds
OFZ and Municipal Bonds
Corporate and Municipal External Debt
Rouble bonds
Closing Prices for the Most Liquid Emerging Markets Instruments

BLOOMBERG: TIBM

Sovereign Debt and MinFins
Corporate Eurobonds
Rouble Municipal Bonds
Rouble Corporate Bonds
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