



Methodology for Investment Bank League Tables for the Russian Domestic Bond Market

as of 15.12.2015

I. General

1. Arranger and Underwriter League Tables are designed to reflect investment banks' activity in the primary bond market in terms of placed amounts and number of deals.
2. Investment Bank League Table for the bond market (further referred to as the League Tables) is compiled by Cbonds.ru LLC (further referred to as the Proprietor) based on this methodology. In case not stipulated in this methodology Cbonds.ru LLC has a right to resolve the situation in compliance with the League Tables' purpose stated in Item 1. The Proprietor's point of view may not correspond with that of institutions included in the league tables.
3. The calculation base for the league table comprises all issues excluding:
 - issues comprising 1 bond;
 - corporate issues of the same issuer where a single placement exceeds RUB 100bn;
 - issues/parts of issues issued to be exchanged for existing bonds;
 - issues placed via private offering when their issue documents outline potential buyers (no more than two);
 - middle and junior tranches of ABS deals in case the senior tranche is excluded;
 - government bonds placed in any format other than bookbuilding.
4. For your reference we also publish the league table where we take into account only issues placed on the open market, that is, issues sold to a wide investor base.
5. For the purposes of the league table the issue is considered a market one if it meets the following criteria:
 - placement via public offering;
 - the issue was pre-marketed;
 - on the end of placement date the issue or the issuer was rated by at least one of the following rating agencies: Moody's Investors Service, Standard & Poor's, Fitch Ratings, Analytical Credit Rating Agency (ACRA).
6. If necessary or in case of disputes on issues totaling RUR 5 bln at par or more the Proprietor requests the opinion of the Expert Board (in this case an issue is defined non-market if it is declared so by 2/3 of the Expert Board members). The final decision is made by the Proprietor of the league table.
7. League tables are compiled for the following issue groups and issuer status:
 - General Arranger League Table (all issues),
 - General Arranger League Table (market issues),
 - Arranger League Table for corporate bonds,

- Arranger League Table for municipal bonds,
 - Arranger League Table for securitization and mortgage bonds transactions,
 - Arranger League Table (corporate sector; excl. banks and financial institutions),
 - General Underwriter League Table.
8. The league tables are based on the following data: a total placed amount for every institution participating in the league tables as arranger or underwriter, a number of placed issues, a number of issuers having issued bonds with the institution's participation. The total placed amount for each league table participant is calculated as a total amount of the institution's participation in all issues included in the league tables. The league table presents institutions sorted in descending order by the amount of placed issues. Additional league tables can be published where institutions are sorted by the number of issues and the number of issuers.
 9. Cbonds.ru LLC guarantees non-disclosure of data received while compiling the league tables in any form other than the final league table.
 10. The league tables are not an indicator of service quality and professionalism. Cbonds.ru LLC cannot be held liable for improper use of the league tables for marketing or advertising purposes.
 11. Institutions are included in the league tables on the basis of marketing documents (prospectuses, investment memorandums, press-releases, etc.). In disputed cases documents confirming allocations are required (agreements between the issuer and the arranger, confirming letters, etc.). The rating takes into account banks and financial institutions only.
 12. The league tables are available at: <http://ru.cbonds.com/rankings/>
 13. The current version of the Methodology becomes effective as of January 1, 2016.

II. Compiling Arranger League Tables

1. The Arranger League Tables include institutions having the following functions in the process of placing the issue:
 - 1.1. Defining issue parameters,
 - 1.2. Forming a syndicate, i.e. attracting other institutions for participating in the deal which guarantees selling certain amounts of securities,
 - 1.3. Inducing investors to buy the issue,
 - 1.4. Marketing the issue, participating in setting the placement date and price guidance (yield).
2. An institution is considered Arranger if complying with one of the following conditions:
 - 2.1. There is an agreement between the institution and the issuer stating the institution's status as "Bond Issue Arranger" or a similar status (lead arranger, general agent, lead manager, bookrunner).
 - 2.2. There is an agreement between the institution and the issuer whereby the institution does not have an arranger status or a similar one, but has functions listed in Item 1 in compliance with the agreement, in case the issuer confirms fulfilling these functions in writing.

- 2.3. There is an agreement with another Arranger officially appointed by the issuer (further referred to as the Official Arranger) whereby the institution is granted the arranger status and/or functions as stated in Item 1, in case the issuer and the Official Arranger confirm fulfilling these functions and the institution's arranger status in writing.
- 2.4. If the issuer is a financial institution placing its bond issue itself, it is considered Arranger on the issue if no other Arranger is appointed.
3. The Arranger League Tables include the following issue amounts per institution:
 - 3.1. If there is one Arranger, it is assigned the whole issue amount.
 - 3.2. If there are several arrangers, the issue amount is divided between them pro rata, unless otherwise is agreed on by mutual consent of the Arrangers, or stipulated by agreements between the Arrangers and the issuer.
 - 3.3. Minimum allocation is set at 10% of par issue amount
4. Only investment banks are considered Arrangers only if they had the Arranger status at the moment of bond placement. Adding an investment bank to the list of arrangers after the placement is not allowed.
5. The Proprietor does not publish data on allocations on each issue and uses this information only for compiling the league tables.

III. Compiling Underwriter League Tables

1. The Underwriter League Tables include institutions having the following functions in the process of placing the issue:
 - 1.1. Institutions provided a guarantee for placing a certain issue amount.
2. An institution is considered Underwriter if complying with one of the following conditions:
 - 2.1. There is an agreement between the institution and the issuer stating the institution's status as Co-arranger, Underwriter, Co-underwriter or a similar status and functions described in Item 1.
 - 2.2. The issue arranger is included in the list of underwriters if its amount as underwriter is other than zero in compliance with Item 3.
 - 2.3. If the issuer is a financial institution placing its bond issue itself, it is considered Underwriter of the issue.
3. The Underwriter League Tables include the following issue amounts per institution:
 - 3.1. If there is one Underwriter, it is assigned the whole issue amount.
 - 3.2. If there are several underwriters, the issue amount is divided between them in compliance with allocations disclosed by arrangers or underwriters. If allocations stated by them do not comply with the total issue amount the Proprietor has a right to request documents confirming declared allocations.
 - 3.3. If allocations of some or all underwriters are not known, the remaining part of the issue is divided pro rata among these underwriters.

- 3.4. The Arranger allocation(s) for the Underwriter League Tables is (are) calculated as the overall issue amount minus all allocations of all other underwriters not having the Arranger status.
- 3.5. If the Underwriter didn't fulfill its obligations in full then it is assigned the issue amount where it actually acted as underwriter.
- 3.6. The Underwriter League Tables for international bonds take into account allocations and not the amount of submitted bids.
- 3.7. The Proprietor does not publish data on allocations of each issue and uses this information only for compiling the league tables.

IV Expert Board

1. The Expert Board resolves disputed issues arising in the process of compiling the league tables. The proprietor resorts to the Expert Board opinion in disputed cases when the Proprietor cannot make a decision itself (including such cases as the market issue status, an institution's status in the issue, distribution of allocations, etc).
2. The Expert Board is formed at the beginning of a calendar year for the term of one year.
3. The expert Board consists of representatives of banks and investment companies ranked 1-15 in the final Arranger League Tables for the preceding year. If one or several top-15 institutions refuse to take part in the Expert Board, an offer to participate in the Board is forwarded to institutions following top-15 institutions on the League Table list.
4. Each institution delegates one representative to the Expert Board.
5. All members of the Expert Board have a right to one vote. The Expert Board makes decisions by voting. It is considered valid if 10 or more members of the Expert Board participate in it. If voting on any issue is considered not held, then the decision is made solely by the Proprietor of league tables.
6. When considering disputed cases where one or several institutions represented in the Expert Board are interested parties, their opinion is not taken into consideration.

With any questions regarding the League Tables please contact:

Dmitrii Titarenko,
Head of Russia Fixed Income Group
tel/fax: (812) 3369721, ext.125. e-mail: d.titarenko@cbonds.info

Konstantin Vasilyev,
Partner. Deputy CEO of Cbonds.ru Ltd
tel/fax: (812) 3369721, ext.105. e-mail: kv@cbonds.info

Business-Centre NOBEL
Pirogovskaya nab., d. 21, lit. A, Saint-Petersburg
Cbonds.ru Ltd <http://www.cbonds-group.com/>