



# VIII Cbonds

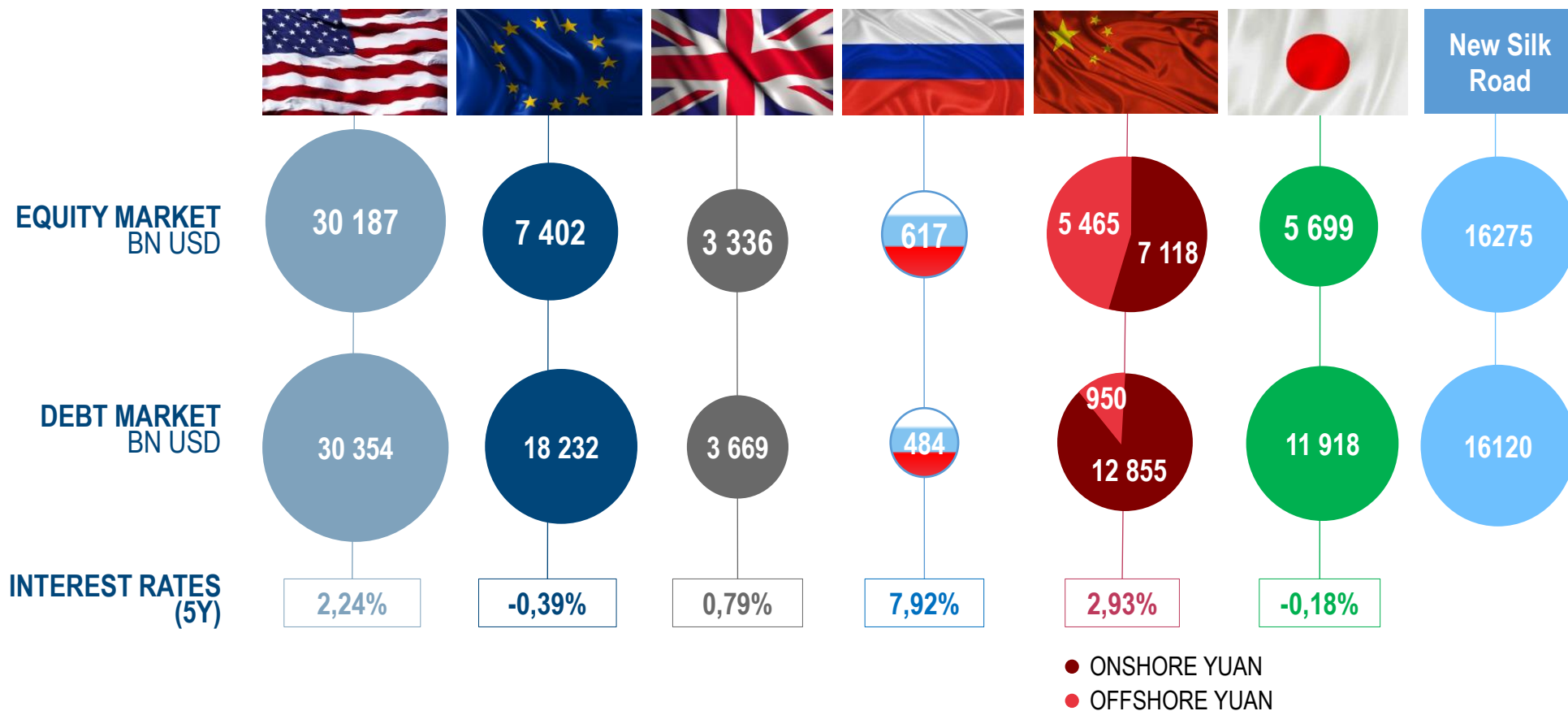
## Emerging Markets Bond Conference

April 11, 2019



**GAZPROMBANK**





\* yield on 5Y bonds denominated in local currency, issued by the state

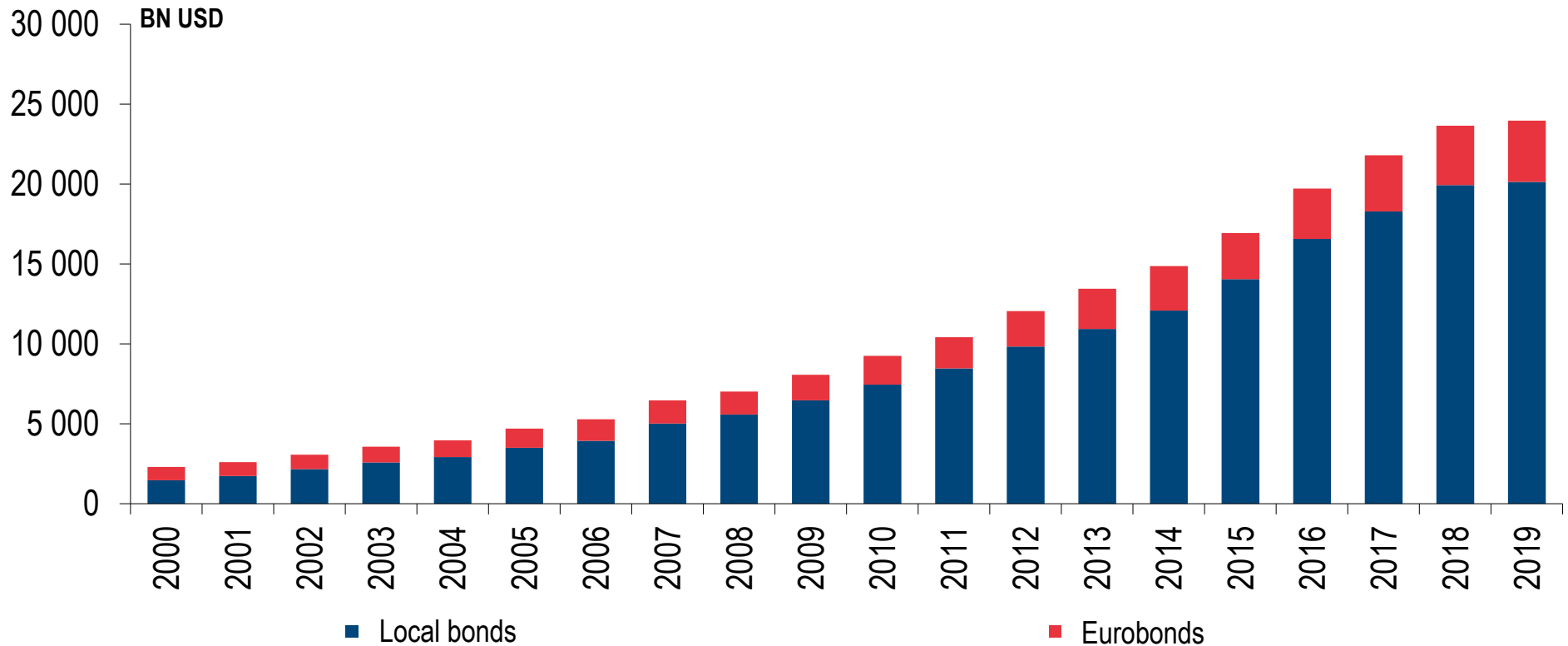
\*\* yield on 5Y bonds, issued by the German government

\*\*\* volume of outstanding bonds placed by issuers with corresponding country risk

\*\*\*\* estimate based on G-spread to benchmark curve

Source: Bloomberg, Gazprombank estimates

## EM BOND MARKET GROWTH FOSTERED BY THE BOND ISSUES IN LOCAL CURRENCIES



- ▶ Volume of the outstanding bond issues in local currencies (20,1 trn USD.) by 5,3 times exceeds outstanding eurobond issues` market size (3,8 trln USD.).



**GAZPROMBANK**

The economies of Russia and China are complementary,  
Local capital markets are yet to explore it



### **RUSSIAN MARKET**

**Open platform with international standards**

**Clearing at NSD with access to Euroclear and Clearstream**

**No restrictions on capital export**

**Ruble and 5 other currencies denominated bonds for Non-residents & Residents**

**Not a single Chinese bond issuer in Russia yet**



### **CHINESE MARKET**

**Two modes of market regulation**

**Onshore Market – via Bond Connect/ CIBM Direct**

**Capital control  
(QDII / RQDII)**

**RMB-denominated – Dim Sum/Panda bonds for Residents and Non-residents**

**Seven Russian issues of dim sum and one issue of Panda bonds in China**

- ✓ Direct market access through the Euroclear / Clearstream
- ✓ Fully convertible Russian Ruble (no currency control)
- ✓ Transparency ( IOSCO signing)
- ✓ Market infrastructure complies to the highest international standards
- ✓ High level of flexibility: multicurrency issues programme available to the bond issuers

**Market  
Capitalization**

**617 bn USD,**  
(244 listed companies on Moscow  
Exchange)

**FX market  
daily turnover**

**38 bn USD**

**Russian  
Debt capital  
market**

**484 bn USD**  
(Incl sovereign 172 bn USD)

**Derivatives  
market  
turnover**

**10,3 bn USD**

## TOP-20 INVESTORS IN LOCAL BONDS\*

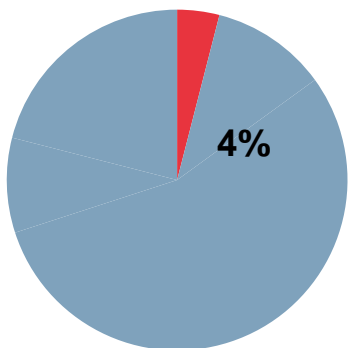
## TOP-20 INVESTORS IN EUROBONDS

	<b>BlackRock Inc</b>
	<b>Intesa Sanpaolo SpA</b>
	<b>Pictet Funds SA</b>
	<b>Vanguard Group Inc</b>
	<b>Royal Bank of Canada</b>
Legg Mason Inc	FMR LLC
GAM Holding SA	Sun Life Financial Inc
Western AM Co LLC	TCW Group Inc
Prudential PLC	Teachers Insurance & Annuity Association
Allianz SE	JP Morgan Chase & Co
State of California	Legal & General Group PLC
Stone Harbor Investment Partners LP	Mizuho Financial Group Inc
SEI Investment Co	Goldman Sachs Group Inc
Jupiter Investment Management Group Ltd	UBS AG
Capital Group Cos Inc	NN Group NV
T Rowe Price Group Inc	Aviva PLC
Van Eck Associates Corp	Grantham Mayo Van Otterloo & Co
Mediolanum Gestione Fondi SGR pA/Italy	Wellington Management Group LLC
Payden & Rygel	Neuberger Berman Group LLC
Nikko AM Co Ltd	Credit Agricole Group

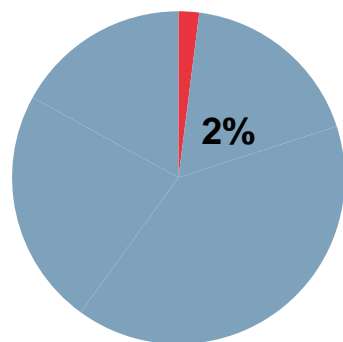
\*Bloomberg statistics on the 7 Y OFZ (26207 series ) bondholders (real money)

2019

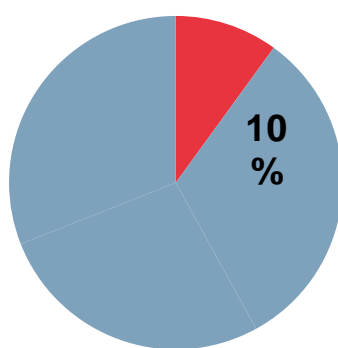
RUSSIA USD 16Y



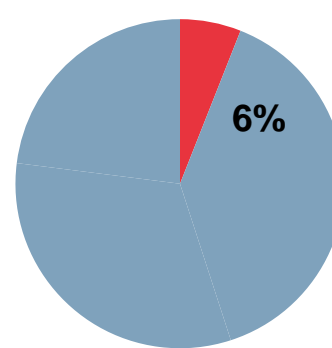
RUSSIA EUR 6Y



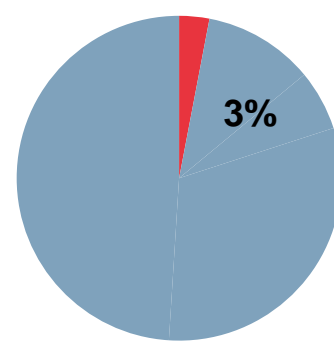
UZBEKISTAN USD 10Y\*



UZBEKISTAN USD 5Y\*

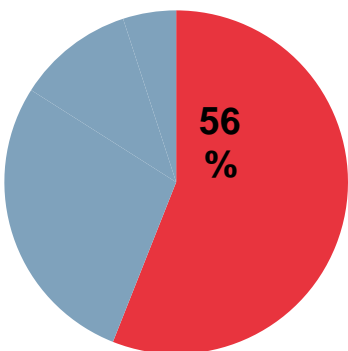


GAZPROM USD 3Y\*

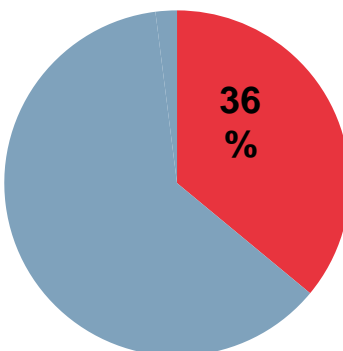


2018

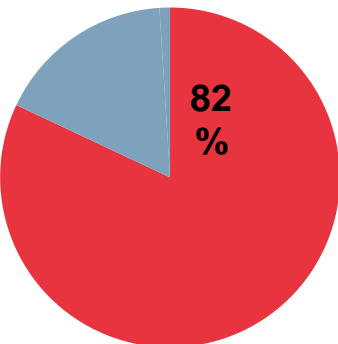
RUSHYDRO RUB 3Y 1 TR



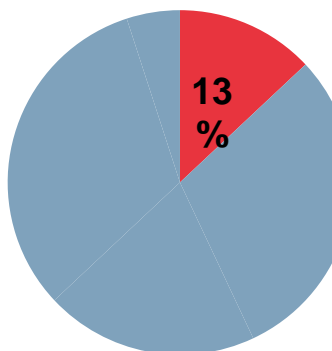
RUSHYDRO RUB 2Y 2 TR



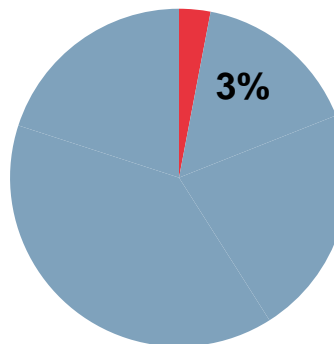
RUSHYDRO CNH 3Y



RUSAL USD 5Y



POLUS GOLD USD 5Y\*

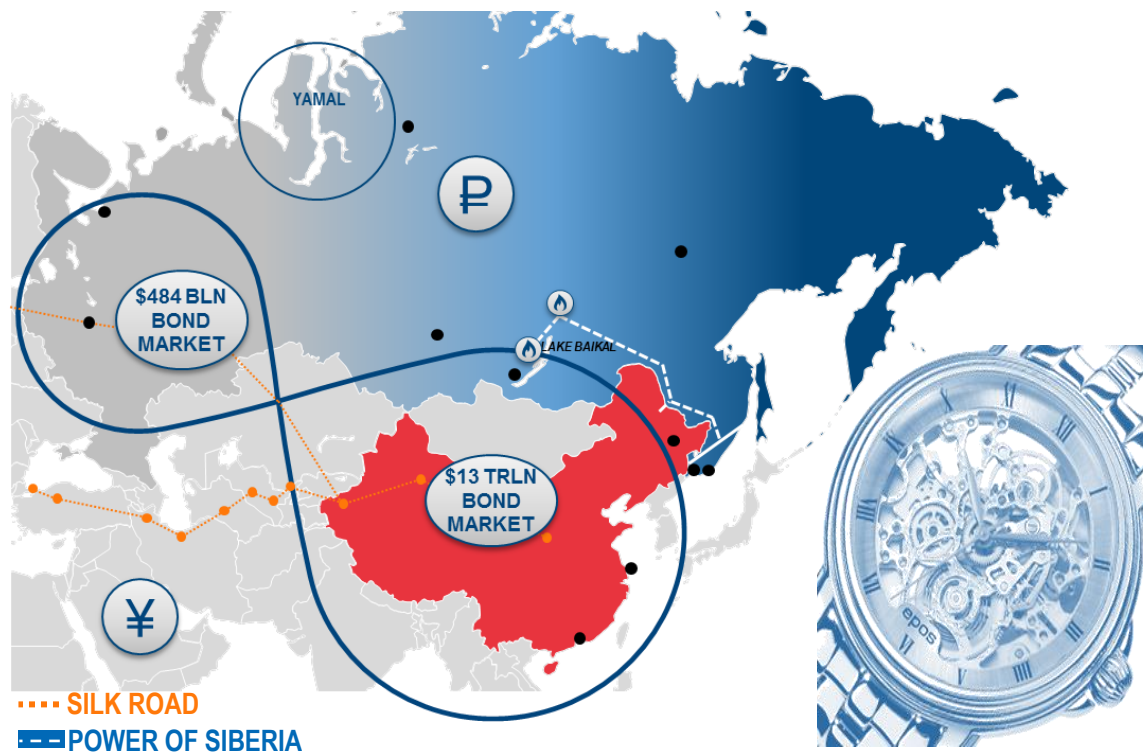


\*Asia+MENA



- Issuance of bonds in national currencies to complement international capital markets

- International rules + local practice and regulation harmonization



**FINANCIAL  
CENTERS...**

**...COMBINE THEIR  
CAPITAL MARKETS...**

**... TO FINANCE JOINT PROJECTS AND  
DEVELOP MUTUAL TRADE**





- ▶ **Issuance of bonds in national currencies by respective sovereigns will create credit benchmarks in those currencies and reference points for corporate issues operating in these markets.**
- ▶ **Interest rate differentials for local EM currencies will have market benchmark to refer too.**
- ▶ **Capital markets are very disciplined area of finance requiring transparency to operate efficiently.**
- ▶ **Local capital markets may only develop by adopting international rules and best practices and by entwining & intertwining with them and each other.**