



Market trends & opportunities for Russian issuers

2011 so far, review and outlook

Hard currency issuance by Russian borrowers totalled ca. \$15bn (vs. \$18bn*) and EM issuers ca. \$189bn (vs. \$183bn*)

Investor diversification into EM assets from peripheral Europe exposures amid sovereign debt woes

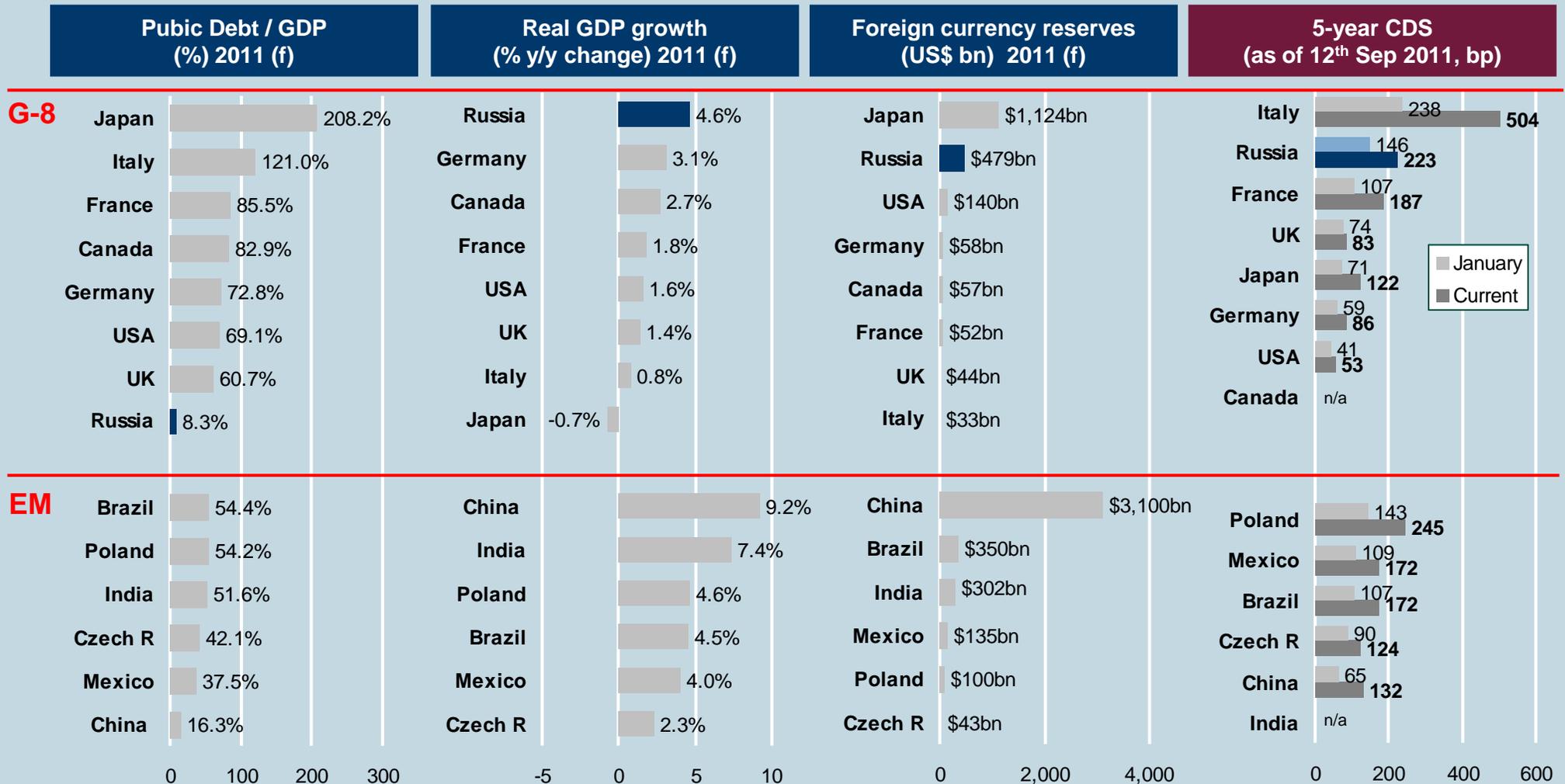
Capitalizing on low interest rate environment

Relative resilience of the USD market and investor appetite for EM local currency exposures

Navigating execution windows in H2 2011 amid pent up primary market supply

* Issuance in the equivalent time period of last year.
Source: Bondware, Dealogic, September 2011

Russia, a compelling economy with robust fundamentals...



Source: EIU Country reports, 2011 estimates

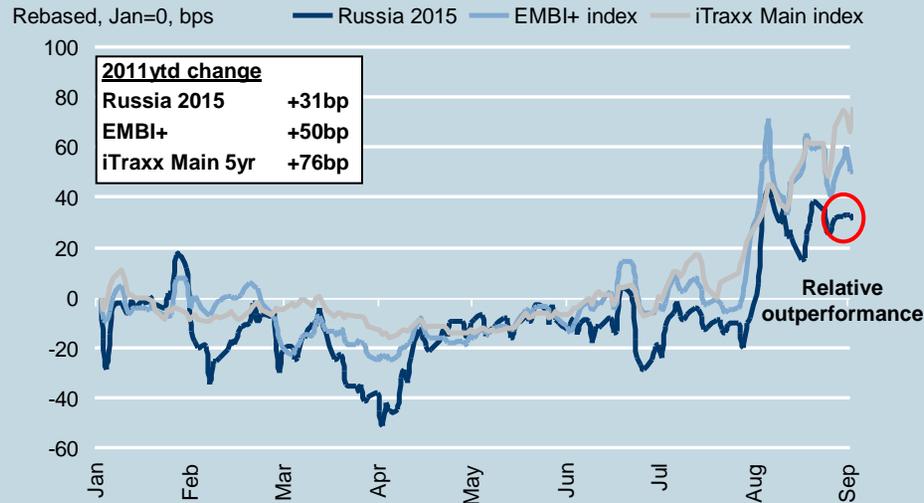
Source: IMF, Eurostat, 2011 estimates

Source: IMF: International reserves and foreign currency liquidity. 2011 estimates

Source: Bloomberg 5-year CDS as of 1 January 2011 and 12 September 2011

...that remains relatively resilient to the wider sovereign debt woes

Russia outperformed EM and European peers...



EM credits continue to outperform...



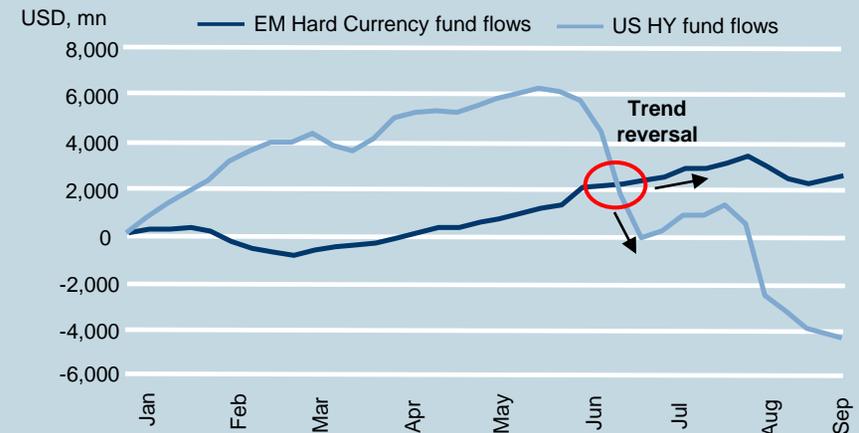
...supported by fundamental strength of the economy and limited contagion effects

Commodity risks and export dependence remain the key factors affecting CIS fundamentals

Contagion "heat map"	Trade reliance	Banking links	CA deficit financing	Foreign positions	Fiscal dynamics
Russia					
Ukraine					
Kazakhstan					



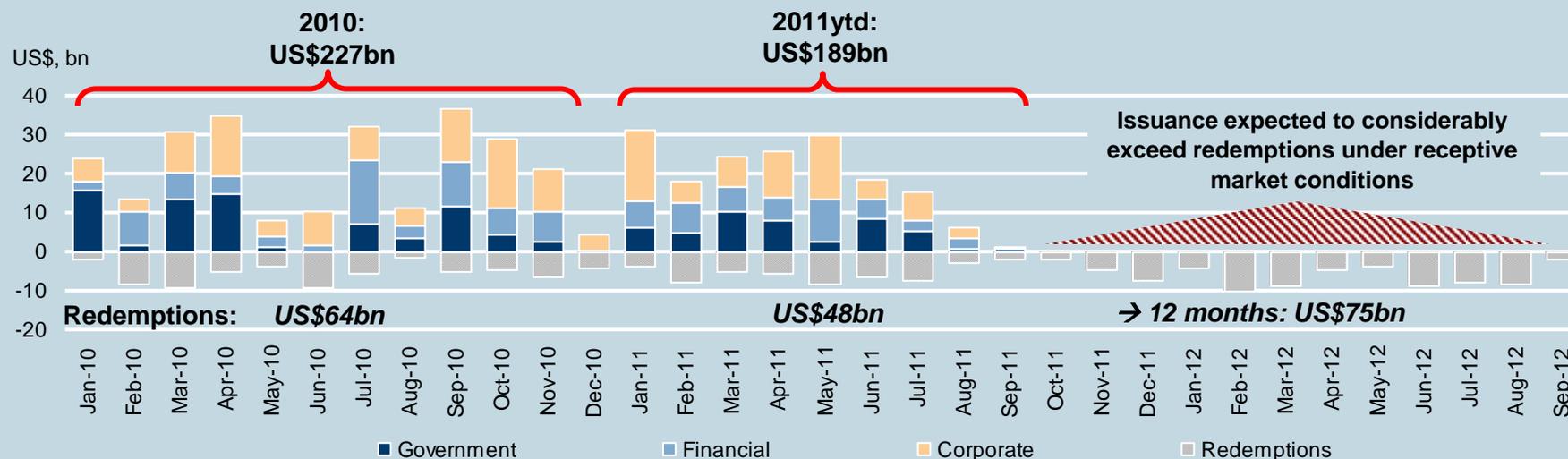
...benefiting from positive fund inflows and investor switching into EM assets



Source: Bloomberg, Barclays Capital Research: "Emerging EMEA, how safe a haven?", EPFR Global survey for EM fund flow data

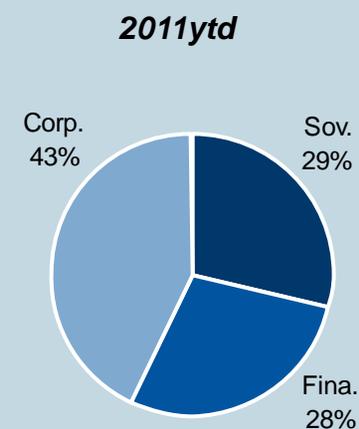
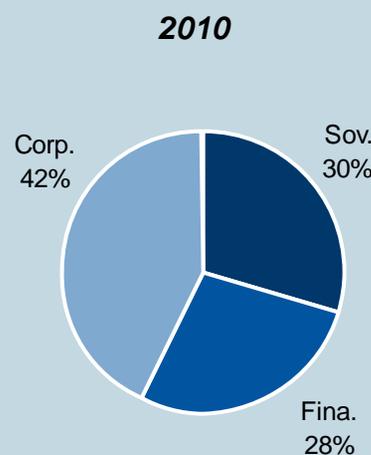
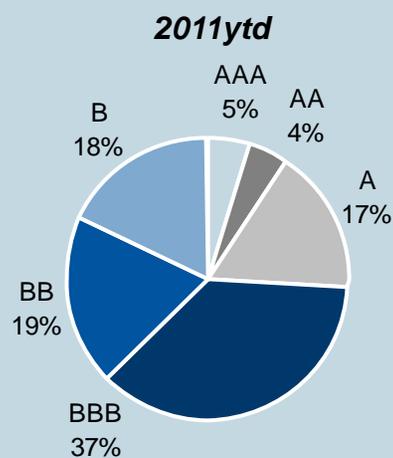
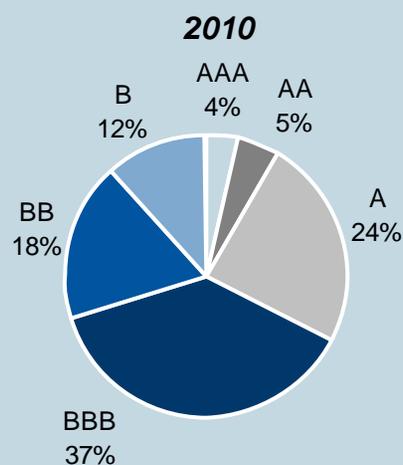
EM hard currency volumes remain robust year-to-date despite ongoing market volatility...

Monthly primary market supply out of EM supported by investors switching out of peripheral exposures *



“BBB and lower rated” issuance remains robust...

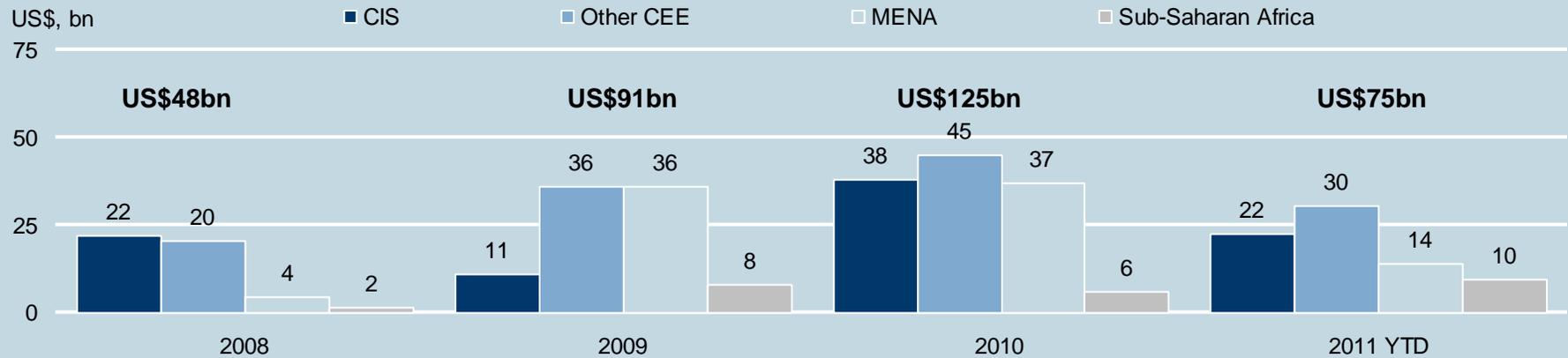
...with distribution skewed towards corporates



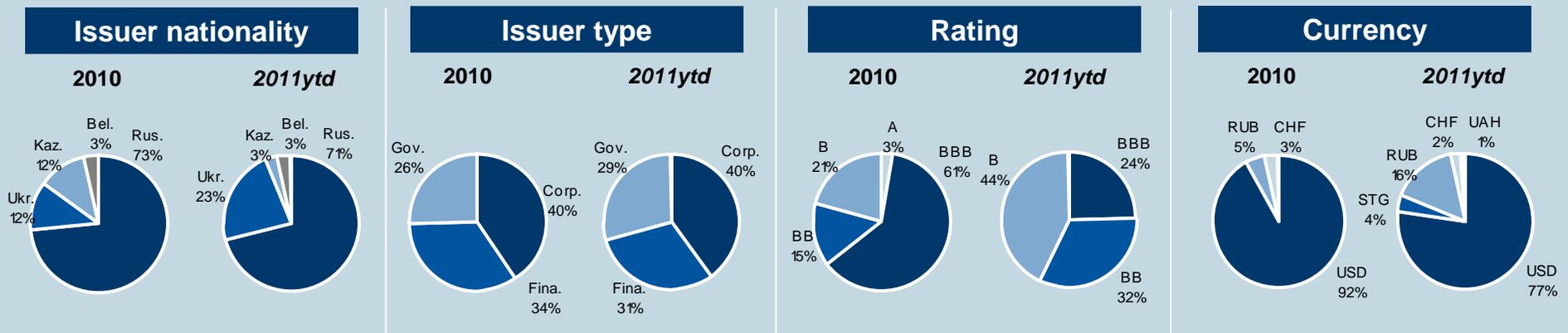
Source: Barclays Capital Dealogic Bondware, September 2011
* hard currency, international syndicated issuance

...with an increasing contribution of the CIS region to the overall CEEMEA volumes

International hard currency issuance by sub-region *



- The CIS region showed the greatest volume increase in 2010, driven by Russia's strong recovery from the recession and pent-up financing demand met with strong investor interest
- 2011 marked another landmark year for the CIS region, with the Russian MinFin issuing a debut Rouble Eurobond and Ukraine sovereign accessing the market twice with sizeable USD Eurobonds

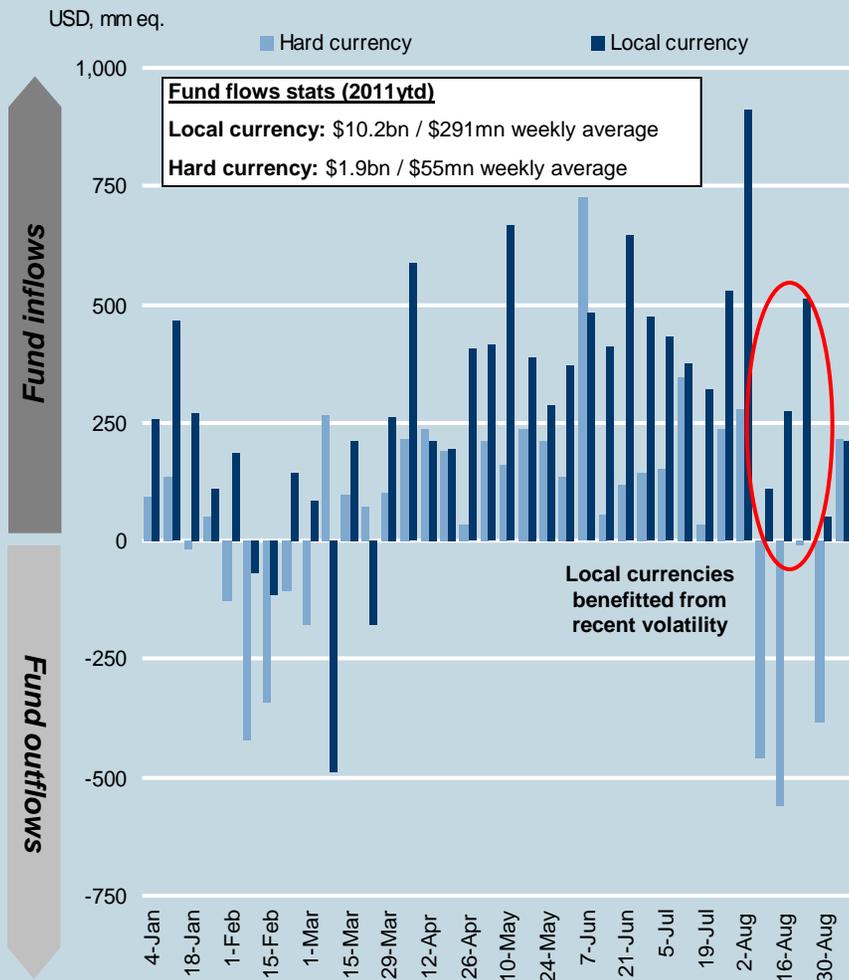


NOTE: CIS issuance statistics include hard and local currency Eurobond issuance

Source: * Dealogic Bondware hard currency issuance. September 2011

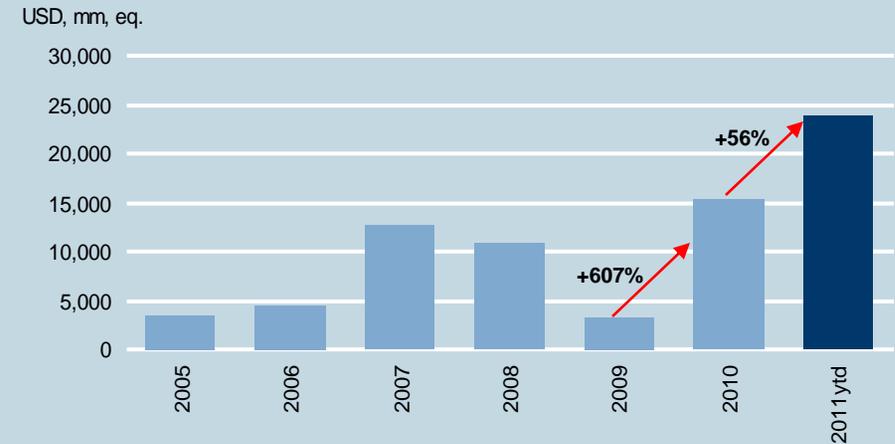
Local and non-traditional currencies are supported by technical fundamentals...

EM dedicated bond funds flows continue to receive robust inflows into local currency portfolios....

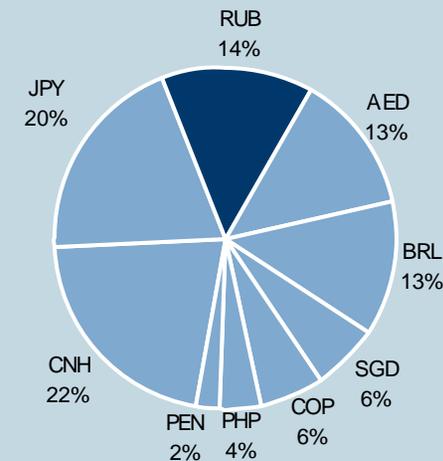


...supporting the revival of local currency issuance by EM issuers in 2011

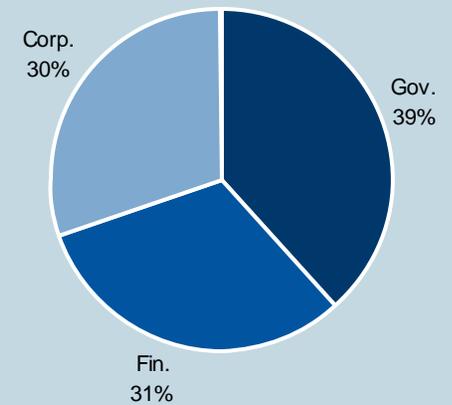
Yearly volumes (EM, local currency issues)



Split by currency

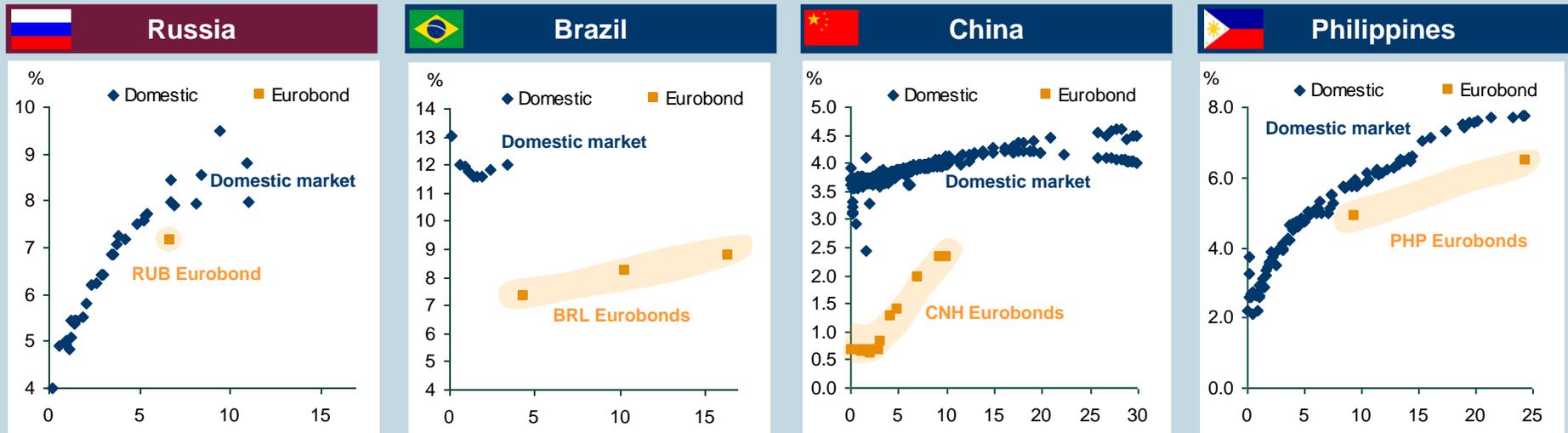


Split by issuer type



Source: Bloomberg, Barclays Capital Research, EPFR Global survey for EM fund flow data

...aiding the development of the local currency Eurobond market across the EM region



- Growing economies have executed local currency issues in the international capital markets and established liquid curves, enabling them to raise **considerable funding on competitive terms** while mitigating currency risk
- International precedents of relative pricing differentials between international-domestic debt securities demonstrate the benefit of international investor participation, driving **orderbook momentum and liquidity** in the secondary markets
- Under the current environment characterized by rates near historic lows, international investors continue to search for **yield opportunities in local currency markets**

Key considerations for prospective borrowers

Navigating narrow execution windows and competing supply in H2 2011

Accessing alternative currency markets to benefit from basis swap arbitrage opportunities

Long dated maturities available at attractive all-in funding costs supported by US Treasuries at historic lows

Consider global distribution to tap the widest investor distribution

Establishing funding programmes to allow opportunistic market timing

Barclays Capital is a trusted partner for Russian issuers

Russian Eurobonds in hard currencies 2011YTD
 BarCap ranks No. 1 with 13.3% share (12 issues)

	Bookrunner	No. of issues	Total (\$, bn)	Share (%)
1	Barclays Capital	12	2,037	13.3
2	Goldman Sachs	8	1,688	11.0
3	RBS	10	1,600	10.4
4	BNP Paribas	10	1,503	9.8
5	Citi	9	1,495	9.8

Russian Eurobonds in all currencies 2011YTD:
 BarCap ranks No. 2 with 10.3% share (12 issues)

	Bookrunner	No. of issues	Total (\$, bn)	Share (%)
1	VTB Capital	12	2,435	12.3
2	Barclays Capital	12	2,037	10.3
3	JP Morgan	9	2,025	10.2
4	Goldman Sachs	8	1,688	8.5
5	RBS	10	1,600	8.1



Best Debt House in Russia



2011



Severstal

USD 500mn due 2016

Joint Bookrunner
July 2011



VimpelCom

USD 500mn due 2017
 USD 1,500mn due 2022
 USD 200mn FRN due 2014

Joint Bookrunner
June 2011



RSHB

USD 800mn LT2
 10NC5 due 2021

Joint Bookrunner
June 2011



Russian Railways

STG 350mn and
 STG 300mn tap
 due 2031

Joint Bookrunner
March / June 2011



VimpelCom

USD 500mn due 2016
 USD 1,000mn due 2021

Joint Bookrunner
January 2011



Vnesheconombank

CHF 500mn
 due 2016

Joint Bookrunner
January 2011



TMK

USD 500mn
 due 2018

Joint Bookrunner
January 2011

League Tables: source, Bloomberg September 2011

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