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DEBT MARKET | RUSSIA

DEBT MARKET BULLETIN

Issue V: Q2 2024

ACRA presents the fifth issue of its Debt Market Bulletin, which describes the current situation and trends in Russia's fixed income and public debt market.

- In Q2 2024, bond yields for government and corporate bonds grew amid expectations of further tightening of monetary policy by the Bank of Russia in the context of increased inflationary pressure. ACRA also notes the widening of spreads between the yields for bonds of issuers with the highest credit rating and lower tier issuers.
- The volumes of new corporate bond placements increased significantly in the second quarter, while the growth rate of total corporate debt slowed due to a reduction in the scale of refinancing of redeemed bonds against the backdrop of higher interest rates. ACRA predicts that the activity of corporate bond issuers will remain around the current levels in Q3, but companies will likely have to increase premiums to the yields of risk-free assets in order to maintain the volume of new placements.
- Taking into account expectations regarding the further dynamics of the key rate and a noticeable rise of the G-curve since the beginning of 2024, issuers will prefer to place floating rate bonds in order to avoid fixing of the current high cost of borrowings for a long term.
- The deadline for replacing Eurobonds of Russian companies expired on July 1, 2024. ACRA expects a significant decline in issuance of new replacement bonds in the corporate segment in the near future, taking into account the significant volumes of sovereign Eurobonds (USD 32.7 bln) that could be offered for replacement.
- The digital financial asset (DFA) market showed further development — it more than doubled in Q2 and amounted to RUB 80 bln. In ACRA's opinion, DFA instruments have significant potential for further development, given the features of hybrid DFAs, as well as the possibilities to use these instruments for international trade settlements.

Current state of the debt market

In H1 2024, the total volume of the Russian bond market in nominal terms amounted to around RUB 48.3 tln. At the same time, the volume of the bond market in terms of outstanding nominal value as of July 1, 2024 was estimated at RUB 46.5 tln, which is 13.6% higher than the indicator recorded at the end of H1 2023. This growth was primarily driven by the corporate bond segment, which grew by 21.3% over the past four quarters and by 6% since the start of this year. In total, new bond issues worth approximately RUB 2.9 tln were placed in the corporate segment in the first half of this year, which is 14% more than the placements for the same period last year. ACRA notes that despite the increase in new corporate segment placements, the growth rates of the bond market by outstanding nominal value in the analyzed period declined against the backdrop of growing repayment volumes for previously issued debt and high interest rates.

Russian Government bonds (OFZs) accounted for most of the growth in the ruble-denominated public debt segment. In H1 2024, the Russian Ministry of Finance placed new bonds worth around RUB 1.3 tln, while placements in Q2 amounting to RUB 0.5 tln (which amounted to only slightly more than 50% of the quarterly plan for new borrowings). In Q2, the Ministry of Finance had difficulty placing new bonds due to the unfavorable price situation in the OFZ market (market participants were not willing to buy the ministry's new bonds without an additional premium). Placement of OFZs worth RUB 1.5 tln is planned for the third quarter, out of which RUB 1.2 tln will be bonds with maturities of more than 10 years. Details about the structure of consolidated public debt are provided in *Appendix 1*.

In the corporate bond segment, non-financial companies were the most active in growing debt, having increased their total borrowings (at outstanding nominal value) by almost 5% in H1 2024 (an increase of RUB 0.7 tln), while the increase over the last four quarters was more than 15% (*Table 1*). In addition, over the past 12 months the volume of debt for bonds of credit institutions (+18%) and other financial institutions (+57%) has increased significantly in relative terms against the backdrop of an acceleration in the pace of lending in Russia.

Table 1. Bond market structure by outstanding nominal value, RUB bln

Borrower type	01.07.2023	01.07.2024	Trend
Public debt			
Federal government[1]	19,466	20,786	▲ 6.8%
Regions and municipalities	640	453	▼ 29.2%
Total, public debt	20,106	21,239	▲ 5.6%
Corporate bond market			
Financial institutions[2]	3,598	4,252	▲ 18.2%
Development institutions and government agencies	327	237	▼ 27.5%
Other financial organizations[3]	3,092	4,861	▲ 57.2%
Non-financial companies	13,830	15,928	▲ 15.2%
Total, excluding public debt	**20,846**	**25,278**	▲ 21.3%
Total	**40,952**	**46,516**	▲ 13.4%

[1] Including OFZ-PK, OFZ-PD, OFZ-IN, OFZ-AD, OFZ-n, GSO-PPS, GSO-FPS, excluding Eurobonds

[2] Including State Corporation "VEB.RF"

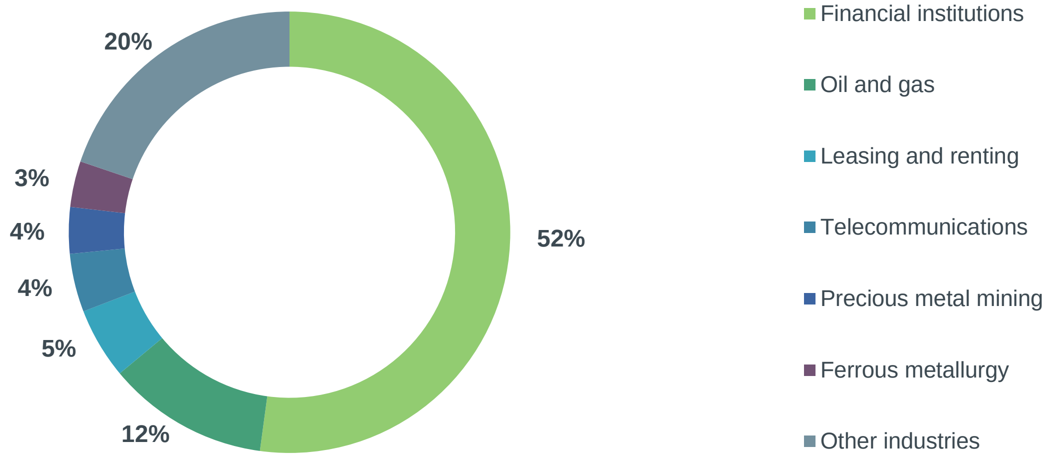
[3] Including JSC "DOM.RF", leasing companies, and microfinance companies

Sources: Russian Ministry of Finance, Cbonds, ACRA

Despite the growth in the volume of new placements in the corporate segment of the bond market, the growth rate of total corporate debt of total corporate debt at outstanding nominal value in H1 2024 slowed to 6% (versus 9.6% in H1 2023) due to increased repayment volumes on previously issued debt and the partial refusal of issuers to refinance debt obligations at higher interest rates. Given the planned repayments in H2 (to a total of around RUB 1.7 tln), ACRA does not expect considerable growth in the volume of the corporate bond market by the end of this year in the event that the Bank of Russia maintains its tight monetary policy.

In Q2 2024, the volume of placements of new corporate bond issues amounted to around RUB 1.5 tln. As shown in *Fig. 1*, more than half (52%) of these issuances were made by financial institutions (mainly banks and mortgage agents), although in Q1 their share was noticeably smaller (around 26%). The increase in the volume of corporate bond placements by financial institutions is likely due to the overall growth in lending and the end of preferential mortgage programs, as well as the ability of issuers in the financial sector to more quickly adapt to changes in monetary policy.

Figure 1. Industries of new issuers



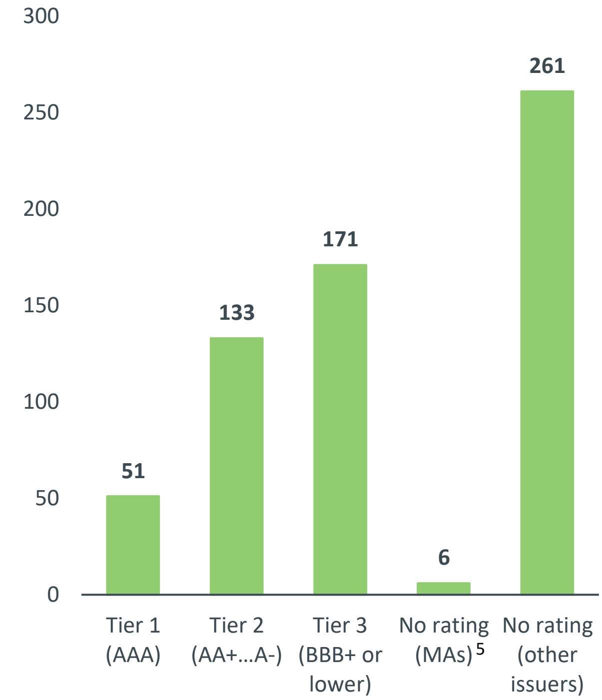
Sources: Cbonds, ACRA

As of July 1, 2024, the lion's share of bonds in circulation were debt obligations of first-tier issuers (51 companies with the highest credit rating, AAA under the national scale for the Russian Federation) — around 53% of the bond market by outstanding nominal value. Bonds of second-tier issuers (companies with ratings from AA+ to A-) occupied 24% of the market as of the aforementioned date, while issuers from the high-risk segment (rated BBB+ and lower) accounted for just over 3%. Bonds of mortgage agents (who do not have credit ratings) occupied 6% of the market, while the share of other companies without credit ratings stood at 14%. Therefore, the total share of issuers who do not have credit ratings was around 20% of the corporate bond market.

In quantitative terms, the first tier only accounted for about 8% of the total number of corporate bond issuers, while the second tier accounted for 21%. At the same time, the total share of third-tier and other issuers without credit ratings (excluding mortgage agents) accounted for almost 69% of all corporate borrowers (amid a total market share of less than 17%), which indicates that these market participants offer much more modest bond issues. The structure of the corporate debt market by level of credit risk as of the end of Q2 2024 is given in *Fig. 2–3*.

Figure 2. Volume of bonds in circulation by tiers[4], RUB tln

Figure 3. Number of issuers by tiers[4]



[4] Credit ratings assigned by one of the four credit rating agencies registered by the Bank of Russia

[5] Mortgage agents without credit ratings

Sources: Cbonds, ACRA

Despite the significant increase in interest rates, borrower activity increased in the first half of this year compared to the same period last year among all risk groups, with the exception of the first tier (*Fig. 4*). At the same time, the total volume of new corporate bond issues as of the end of H1 2024 exceeded the volume of bonds placed from January to June 2023 by 14%. In the analyzed period, the most active bond issuers were issuers from the second tier, where the volume of placements grew by 55%, as well as mortgage agents, who more than doubled their borrowing volumes. Companies with the highest credit rating (AAA) in the first half of the year, on average, placed at higher rates for a three-year period than second-tier companies (*Fig. 5*). This is mainly due to the fact that a significant share of new issues was bonds with floating coupons in the segment of issuers with the highest credit rating, while second-tier issuers preferred to place bonds at lower fixed rates.

Figure 4. Volume of new placements in H1 2023 and H1 2024, RUB tln

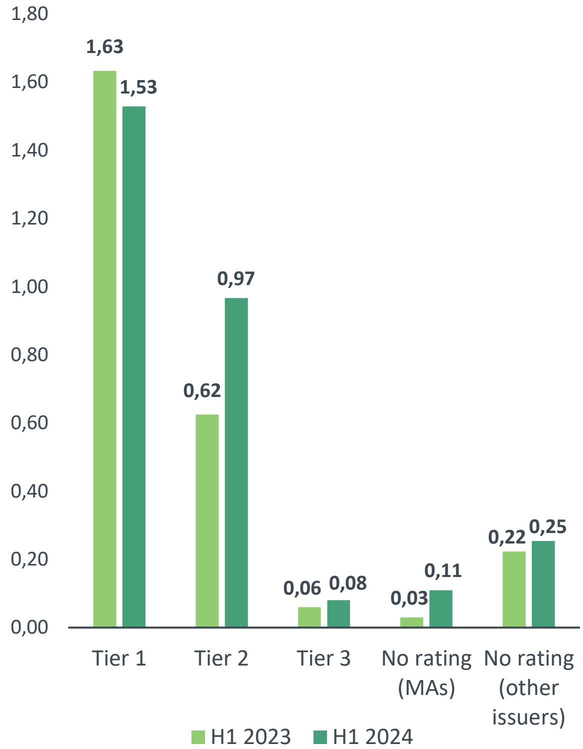


Figure 5. Comparison of coupon rates for bonds by issuer creditworthiness[6]

[6] Weighted average coupon rate for 3-year corporate bonds issued in the analyzed period. The sample only includes market exchange-traded issues, including non-financial companies, banks, and other financial institutions.

Sources: Cbonds, ACRA

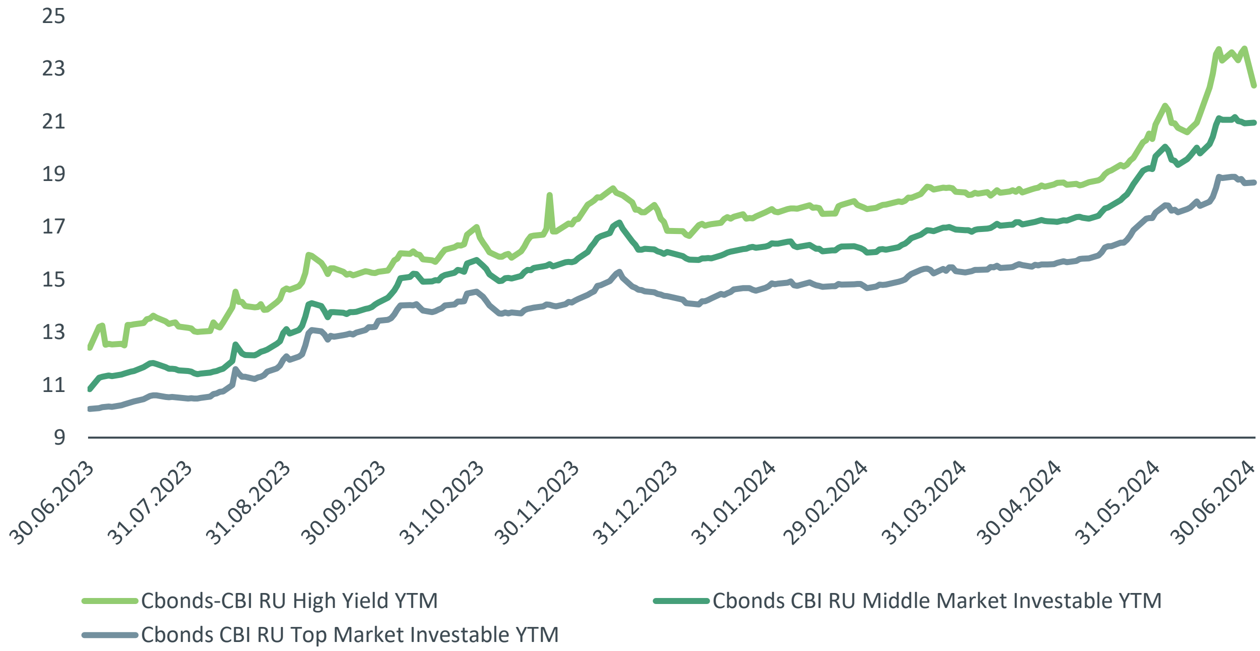
Following a significant increase in yields in the ruble-denominated corporate bond market in H2 2023 (when yield growth averaged more than 400 bps due to the increase in the key rate) and their relative stabilization in the first quarter of this year, yields began to grow rapidly again in the second quarter amid expectations of further tightening of monetary policy by the Bank of Russia in the conditions of increased inflationary pressure. In Q2 2024, yield indices for the first[7] tier increased by 186 bps relative to the average values of the first quarter of this year, for the second[8] tier they grew by 216 bps, and for the third[9] tier they grew by 222 bps. ACRA notes the broadening of spreads between the bonds of issuers with the highest credit rating and issuers from other tiers, which became noticeable towards the end of the second quarter (*Fig. 6*). This broadening of spreads is likely related to the revaluation of corporate debt risks on the back of announced changes to fiscal policy (in particular, increasing corporate income tax), problems with performing international settlements on the back of tougher sanctions, as well as strengthening expectations of a further increase of the key rate due to accelerating inflation.

[7] The Cbonds CBI RU Top Market Investable YTM was used to determine tier 1 yields.

[8] The Cbonds CBI RU Middle Market Investable YTM was used to determine tier 2 yields.

[9] The Cbonds-CBI RU High Yield YTM was used to determine tier 3 yields.

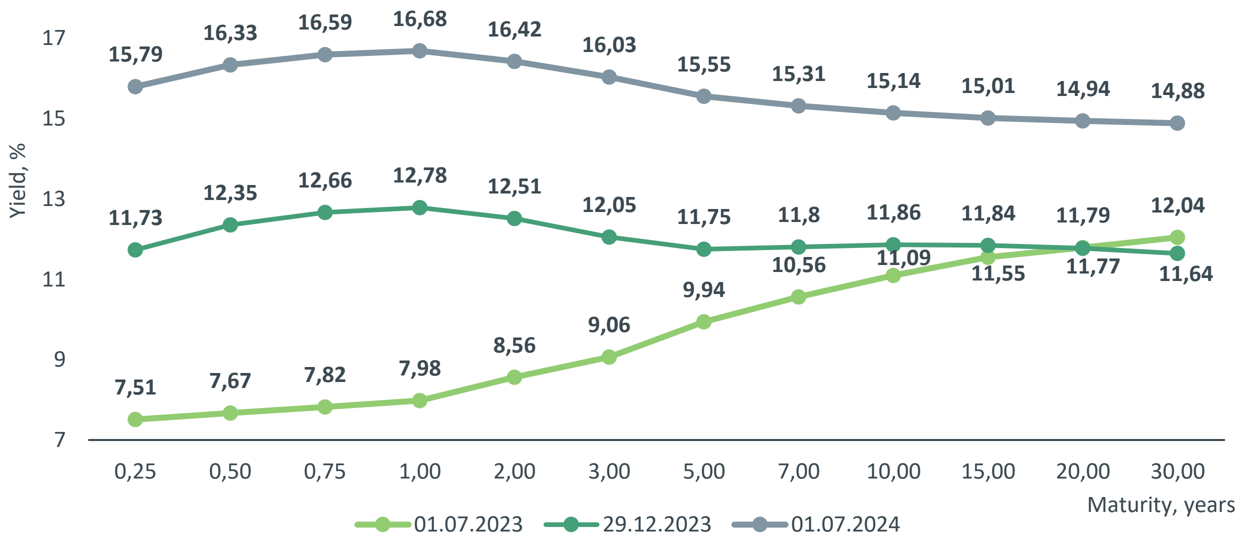
Figure 6. Difference in yields of issuers



Sources: Cbonds, ACRA

The yields of government bonds in the first half of this year grew significantly in all parts of the Russian Government bond zero coupon yield curve (*Fig. 7*). In addition, the inversion of the G-curve increased slightly due to the outpacing growth of short-term bond yields. At the same time, a premium to the key rate formed on the short part of the curve at the end of the second quarter (for long OFZs, a negative spread between the key rate and yields remained). On the whole, yield dynamics of government bonds indicate that market participants expect tight monetary policy to remain in the medium term. Market participants' expectations are supported by the fact that at the latest meetings on the key rate, the Bank of Russia considered the possibility of further tightening monetary policy and pointed out significant inflationary risks.

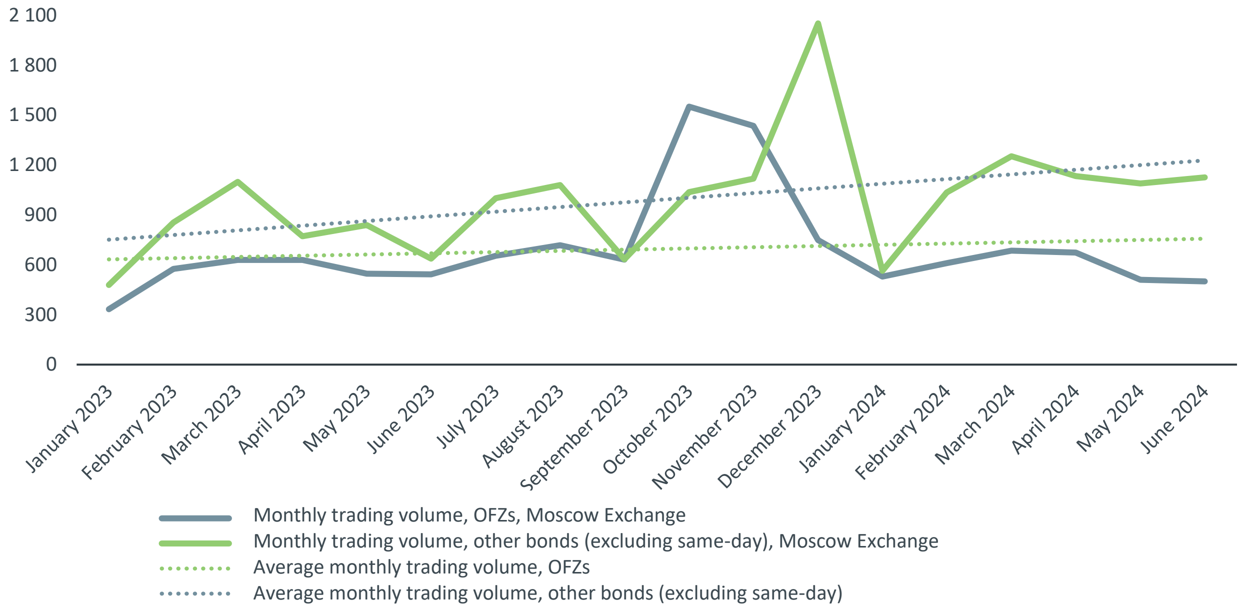
Figure 7. Russian Government bond zero coupon yield curve (G-curve) dynamics



Source: Bank of Russia

Against the backdrop of rising yields and falling OFZ quotes, the volume of government bond trading in the Moscow Exchange in Q2 2024 slightly decreased compared to the same period last year (RUB 1,719 bln) and amounted to RUB 1,685 bln. However, according to the results for the first half of this year, the turnover of government bond trading increased by RUB 255 bln, which generally indicates a continued trend toward increased trading activity. In other segments of the bond market, including the corporate market, there has been a significant increase in trading volumes compared to the first half of last year (*Fig. 8*). According to Moscow Exchange, the average daily trading volume of corporate, regional and government bonds in June 2024 amounted to RUB 85.6 bln (versus RUB 56.2 bln a year earlier).

Figure 8. Exchange trade volume for bonds, RUB bln



Sources: Moscow Exchange, ACRA

The period for mandatory substitution of Russian issuers' Eurobonds set by Decree of the President of the Russian Federation No. 958 dated December 18, 2023 expired on July 1, 2024. In H1 2024, the volume of new issues of replacement bonds totaled about USD 7 bln, and the total volume of replacement bonds issued over the past two years amounted to almost USD 28 bln. Their yields showed an increase in Q2 2024, which was largely due to the suspension of exchange trading in the US dollar and euro in June after the Moscow Exchange and the National Clearing Center were included in the OFAC's SDN list. The total volume of outstanding Eurobonds of Russian companies (in USD equivalent) exceeded USD 37 bln at the end of June. Further issuances of corporate replacement bonds will depend on the plans of relevant issuers, as well as on the possibilities of substitution, which are limited to a certain extent due to sanctions (this mostly applies to Eurobonds held in foreign depositories). ACRA expects the issuance of new replacement bonds in the corporate segment to fall in the near future, taking into account the significant amount of government Eurobonds (USD 32.7 bln) that may be offered for replacement. Earlier, the Ministry of Finance of the Russian Federation announced its plans to replace government Eurobonds by the end of 2024, which is likely to drive an outflow of free liquidity from the corporate debt market.

The market volume of DFAs, which are mainly short-term financial obligations of issuers, exceeded RUB 80 bln in Q2 2024, having shown more than twofold growth (at the end of Q1, the market volume was estimated at RUB 34 bln). This growth was facilitated by significant growth in the number of new issues (127 vs. 88 in Q1), as well as an increase in the average issue volume. The most active DFA issuers are banks, which account for more than 70% of new issues. There are 11 data system operators (DSOs) authorized to issue DFAs (no DSOs have been established since T-Bank was included in the DSO register at the end of March 2024). Currently, the only DFA exchange operators in Russia are Moscow Exchange and SPB Exchange. Further growth of the DFA market will largely depend on regulatory and legislative changes. In ACRA's opinion, DFA tools have great potential, taking into account the features of hybrid DFAs (in particular, those that include utilitarian digital rights) and the possibility of using these tools in foreign trade settlements.

According to the Bank of Russia, the debt on ESG bonds[10] amounted to RUB 386 bln as of July 1, 2024, which is 4% higher than at the beginning of the year (RUB 371 bln). According to Moscow Exchange, four new ESG issues totaling RUB 22.8 bln were placed in H1 2024 (two issues each from LLC "SPC "Infrastructure Notes"[11] and EuroTrans PJSC), which is 19% less than in the same period last year (RUB 28 bln). The dynamics of ESG bond placements were negatively affected mostly by growing interest rates, given that most of these borrowings are long-term. Coupon rates on these bonds exceeded 17% per annum, whereas a year earlier they were in the range of 9.5–10%. The share of ESG bonds in the total volume of new bond offerings was about 1%. The Agency notes that ESG projects are generally financed in Russia by bank loans, the volume of which in this segment was estimated at RUB 4.4 tln by the end of 2023 (for more information, see ACRA's research ESG portfolio of the Russian Banking Sector: Burden of the Leaders from July 23, 2024). If the key rate remains unchanged or is increased during H2 2024[12], it will have a negative impact on the volume of the Russian ESG bond market. ACRA will present a detailed forecast for ESG bond issuances on the Russian market this autumn.

Credit risks of issuers

Since the beginning of 2024, the Russian corporate debt market has seen a default on the bonds of QIWI Finance LLC, O1 Properties Finance JSC, KrialEnergoStroi Plant LLC (KES Plant LLC), and Nika LLC. These defaults occurred for regulatory reasons. In particular, QIWI Finance LLC defaulted due to the withdrawal of the license of QIWI Bank (JSC), while KES Plant LLC failed to promptly fulfill its obligations due to the suspension of banking operations by the Federal Tax Service of Russia. ACRA notes that in the context of the tight monetary policy pursued by the Bank of Russia, the risks of refinancing previously issued bonds remain elevated for companies with low liquidity and debt coverage metrics. At the same time, the overall level of default in the corporate debt market remains low, which indicates a limited impact of interest rate hikes on the financial sustainability of issuers during the last reporting periods. ACRA does not forecast a significant increase in the number of defaults in the bond market until the end of 2024, given that issuers have adapted to high interest rates against the background of accelerated ruble money supply (according to the Bank of Russia, the growth rate of the M2 monetary aggregate was 18.7% in annual terms at the beginning of July).

By the end of Q2 2024, more than 80% of public corporate debt was covered by credit ratings (*Appendix 2*), while almost half (47%) of the total outstanding nominal debt fell on issuers rated by two or more credit rating agencies. About 77% of the total volume of outstanding bonds were rated A- or higher on the national scale for the Russian Federation, which corresponds to the probability of expected one-year default rate of ACRA at less than 1.5% in the ruble-denominated bond market.

[10] ESG bonds include green, social and sustainable development bonds, as well as sustainability-linked bonds.

[11] Note issues of LLC "SPC "Infrastructure Notes" are included in the National and Adaptation Projects Segment of Moscow Exchange's Sustainable Development Sector.

[12] See ACRA's Macroeconomic Forecast from August 1, 2024.

In Q3 2024, the total volume of upcoming repayments on corporate bonds and DFAs is about RUB 700 bln, which is almost 5% less than in the second quarter. ACRA expects activity from corporate bond issuers to remain around the current level, however, on the backdrop of the Bank of Russia's persistently tight monetary policy and the growing flow of liquidity to the government bond market and money market funds, corporate issuers will probably have to raise premiums up to the yields of risk-free assets in order to maintain the volume of new issuances.

APPENDIX 1

Structure of Russia's public debt, RUB bln

	2019	2020	2021	2022	2023	Q1 2024	Q2 2024
Debt of the consolidated budget of the Russian Federation							
TOTAL	**15,103.5**	**20,629.9**	**22,269.4**	**23,759.2**	**26,468.5**	**26,933.8**	**26,698.0**
% of GDP	13.8%	19.2%	16.5%	15.3%	15.4%	15.6%	14.9%
USD bln	244.0	279.3	299.8	337.8	295.1	291.6	311.4
guarantees	1,744.9	2,048.9	2,170.0	2,112.3	2,439.2	2,496.9	2,346.4
securities	12,458.5	17,677.0	19,477.4	21,294.2	23,624.3	24,122.1	24,044.8
other	900.1	904.0	622.0	352.8	405.0	314.8	306.8
guarantees	11.6%	9.9%	9.7%	8.9%	9.2%	9.3%	8.8%
securities	82.5%	85.7%	87.5%	89.6%	89.3%	89.6%	90.1%
other	6.0%	4.4%	2.8%	1.5%	1.5%	1.2%	1.1%
Internal debt[13] (national currency)	11,670.0	16,421.8	17,816.6	19,709.6	21,675.0	22,045.7	22,138.8
External debt (foreign currency)	3,433.5	4,208.1	4,452.8	4,049.7	4,793.5	4,888.1	4,559.1
internal debt	77.3%	79.6%	80.0%	83.0%	81.9%	81.9%	82.9%
external debt	22.7%	20.4%	20.0%	17.0%	18.1%	18.1%	17.1%
Debt of the federal government							
TOTAL	**13,567.4**	**18,940.4**	**20,921.9**	**22,819.5**	**25,595.2**	**26,160.5**	**26,013.8**
% of GDP	12.4%	17.6%	15.5%	14.7%	14.9%	15.2%	14.5%
USD bln	219.2	256.4	281.6	324.4	285.4	283.2	303.4
guarantees	1,661.0	1,993.4	2,126.0	2,083.6	2,381.3	2,434.7	2,293.2
securities	11,848.7	16,882.5	18,657.7	20,628.5	23,076.5	23,587.0	23,591.8
other	57.7	64.5	138.1	107.5	137.4	138.8	128.9
guarantees	12.2%	10.5%	10.2%	9.1%	9.3%	9.3%	8.8%
securities	87.3%	89.1%	89.2%	90.4%	90.2%	90.2%	90.7%
other	0.4%	0.3%	0.7%	0.5%	0.5%	0.5%	0.5%
internal debt	10,171.9	14,751.4	16,486.4	18,781.0	20,812.8	21,283.1	21,464.7
external debt	3,395.4	4,189.0	4,435.4	4,038.6	4,782.4	4,877.4	4,549.1
internal debt	75.0%	77.9%	78.8%	82.3%	81.3%	81.4%	82.5%
external debt	25.0%	22.1%	21.2%	17.7%	18.7%	18.6%	17.5%
Internal debt	**10,171.9**	**14,751.4**	**16,486.4**	**18,781.0**	**20,812.8**	**21,283.1**	**21,464.7**
guarantees	840.5	695.3	726.6	701.7	700.4	718.6	679.0
securities	9,331.4	14,056.2	15,759.9	18,079.3	20,112.4	20,564.5	20,785.7
External debt	**3,395.4**	**4,189.0**	**4,435.4**	**4,038.6**	**4,782.4**	**4,877.4**	**4,549.1**
guarantees	820.4	1,298.2	1,399.4	1,381.9	1,680.9	1,716.1	1,614.2
securities	2,517.3	2,826.3	2,897.9	2,549.2	2,964.1	3,022.5	2,806.1
other	57.7	64.5	138.1	107.5	137.4	138.8	128.9
Debt of regions	**2,113.0**	**2,496.0**	**2,474.4**	**2,788.7**	**3,220.5**	**3,183.5**	**3,084.8**
% of GDP	1.9%	2.3%	1.8%	1.8%	1.9%	1.8%	1.7%
USD bln	34.1	33.8	33.3	39.6	35.9	34.5	36.0
guarantees	55.4	48.4	39.3	24.9	53.3	57.4	48.2
securities	588.5	769.9	799.9	651.8	537.2	525.7	444.1
bank loans	575.8	568.1	257.6	126.2	126.7	85.9	100.8
budget loans	886.2	1,102.9	1,371.5	1,979.9	2,497.8	2,509.0	2,486.4
other	7.1	6.7	6.3	5.9	5.4	5.4	5.4
Internal debt	**2,086.9**	**2,468.4**	**2,449.0**	**2,769.9**	**3,202.3**	**3,165.6**	**3,067.6**
guarantees	45.7	36.3	28.4	19.8	47.8	52.0	43.5
securities	588.5	769.9	799.9	651.8	537.2	525.7	444.1

bank loans	575.8	568.1	257.6	126.2	126.7	85.9	100.8
budget loans	876.8	1,094.1	1,363.2	1,972.1	2,490.6	2,501.9	2,479.2
other	0.1	0.1	0.0	0.0	0.0	0.0	0.0
External debt	**26.1**	**27.6**	**25.4**	**18.8**	**18.1**	**17.9**	**17.2**
guarantees	9.7	12,12	10,88	5,13	5,56	5,31	4,63
securities	-	-	-	-	-	-	-
bank loans	-	-	-	-	-	-	-
budget loans	9.4	8,79	8,30	7,78	7,17	7,17	7,17
other	7.0	6.6	6.2	5.9	5.4	5.4	5.4
Debt of municipalities	**401.4**	**387.6**	**377.0**	**374.6**	**397.8**	**382.4**	**387.3**
% of GDP	0.4%	0.4%	0.3%	0.2%	0.2%	0.2%	0.2%
USD bln	6.5	5.2	5.1	5.3	4.4	4.1	4.5
guarantees	28.6	7.1	4.7	3.8	4.6	4.9	5.0
securities	21.3	24.7	19.9	13.9	10.6	9.4	8.9
bank loans	259.5	264.7	220.0	113.3	135.4	84.6	71.8
budget loans	92.1	91.2	132.4	243.6	247.2	283.5	301.6
other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Internal debt	**380.1**	**387.2**	**376.8**	**374.5**	**397.7**	**382.4**	**387.3**
% of GDP	0.3%						
USD bln	6.1						
guarantees	7.3	6.7	4.5	3.7	4.5	4.9	5.0
securities	21.3	24.7	19.9	13.9	10.6	9.4	8.9
bank loans	259.5	264.7	220.0	113.3	135.4	84.6	71.8
budget loans	92.1	91.2	132.4	243.6	247.2	283.5	301.6
other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External debt	**21.3**	**0.4**	**0.2**	**0.1**	**0.1**	**0**	**0**
% of GDP	0.0194%						
USD bln	0.344						
guarantees	21.3	0.350	0.232	0.126	0.056	-	-
securities	-	-	-	-	-	-	-
bank loans	-	-	-	-	-	-	-
budget loans	-	-	-	-	-	-	-
other	-	-	-	-	-	-	-
guarantees	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Debt of the federal government in securities							
TOTAL	**11,848.7**	**16,882.5**	**18,657.7**	**20,628.5**	**23,076.5**	**23,587.0**	**23,591.8**
in national currency	9,331.4	14,056.2	15,759.9	18,079.3	20,112.4	20,564.5	20,785.7
in foreign currency	2,517.3	2,826.3	2,897.9	2,549.2	2,964.1	3,022.5	2,806.1
in national currency	78.8%	83.3%	84.5%	87.6%	87.2%	87.2%	88.1%
in foreign currency	21.2%	16.7%	15.5%	12.4%	12.8%	12.8%	11.9%
Internal debt of the federal government in securities							
Breakdown by type of security	**9,331.4**	**14,056.2**	**15,759.9**	**18,079.3**	**20,112.9**	**18,649.5**	**20,785.7**
OFZ	8,969.1	13,708.9	15,533.5	17,904.9	19,977.5	18,475.1	20,691.3
OFZ-PD (fixed coupon)	6,474.7	8,102.2	9,812.7	9,794.8	10,944.7	10,276.7	11,863.7
OFZ-AD (amortized)	345.0	282.6	209.3	166.0	122.7	136.5	93.2
OFZ-PK (floating coupon)	1,713.9	4,709.3	4,709.3	6,896.9	7,724.8	6,896.9	7,490.7
OFZ-IN (inflation protected)	371.2	574.8	763.1	1,025.1	1,171.7	1,146.1	1,235.6
OFZ-n (for population)	64.2	39.9	39.2	22.2	13.6	19.0	8.0
GSO	362.3	347.3	226.4	174.4	135.4	174.4	94.4
USD/RUB exchange rate, end of period	61.91	73.88	74.29	70.34	89.69	92.37	85.75
GDP, RUB bln	109,608	107,658	135,774	155,189	172,148	172,148	179,212

Debt sustainability indicators							
Debt of the consolidated budget of the Russian Federation							
% of GDP	13.8%	19.2%	16.5%	15.3%	15.4%	15.6%	14.9%
% of consolidated budget revenues[14]	38.6%	54.5%	46.3%	45.7%	44.8%	45.6%	40.3%
Service costs for the debt of the consolidated budget of the Russian Federation							
% of GDP	0.8%	0.8%	0.9%	0.9%[15]	n/a[16]	n/a	n/a
% of consolidated budget revenues	2.1%	2.3%	2.5%	2.6%	n/a	n/a	n/a
Consolidated budget revenues, 12 months	39,110.3	37,856.7	48,118.4	51,967.1	59,073.5	63,630.4	66 200.4
Debt service costs, 12 months	835.4	883.5	1,185.1	1,330.6			

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Consolidated budget revenues, quarter	15,214.7	11,690.9	13,964.8	15 195.8	18,222.0	16,247.8	16,534.8
Consolidated budget revenues, year-to-date	53,074.2	11,690.9	25,655.7	40,851.5	59,073.5	16,247.8	32,782.6

[13] External/internal debt as determined by the Budget Code of the Russian Federation.

[14] For Q2 2024, the sum of revenues for the past four quarters available was used.

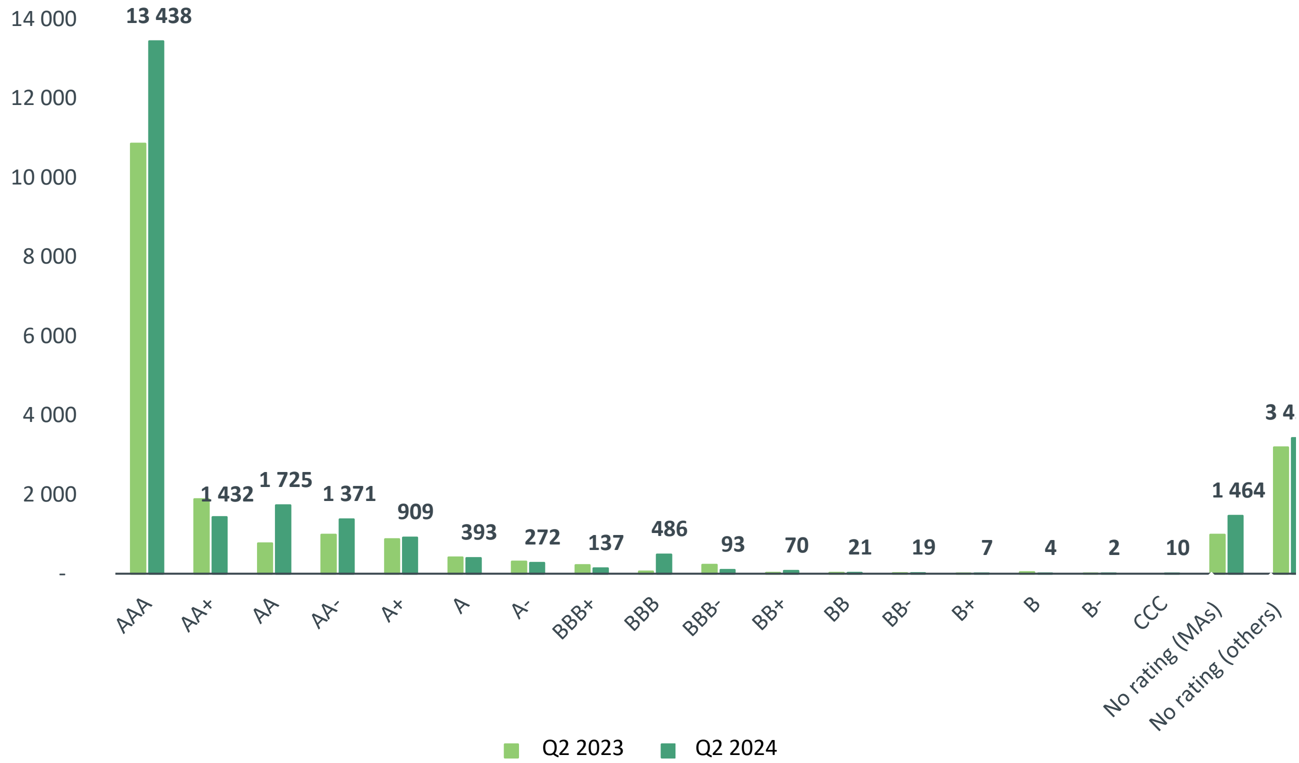
[15] Debt service costs for 2022 were calculated based on the federal government expenditures.

[16] n/a — not available.

Sources: Ministry of Finance of the Russian Federation, Rosstat

APPENDIX 2

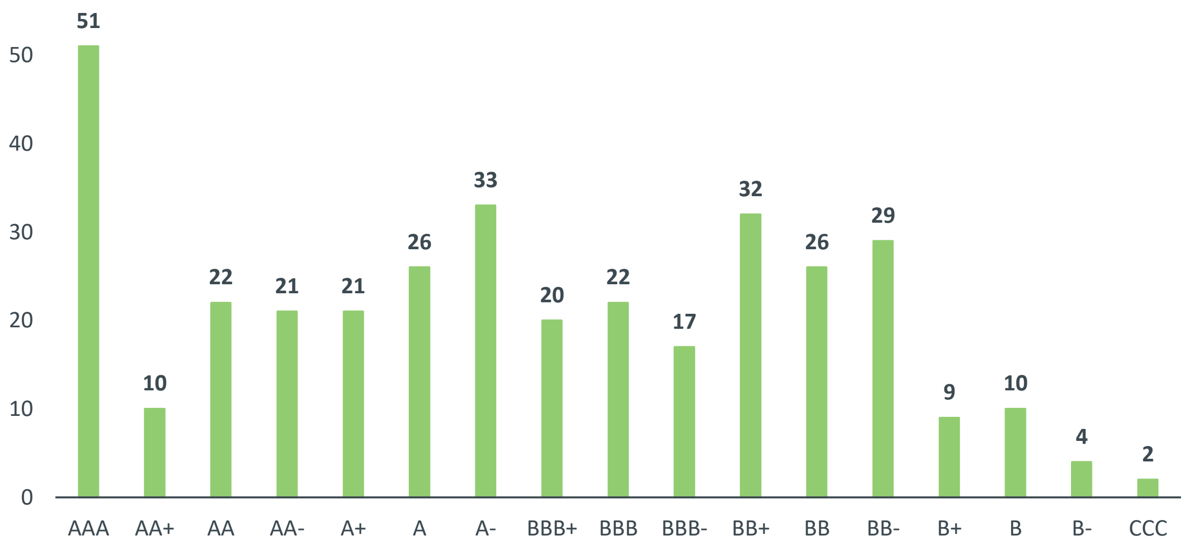
Figure 9. Total nominal value of outstanding bonds[17] by rating, RUB bln



[17] Credit ratings assigned by any of the four credit rating agencies listed by the Bank of Russia are taken into account. If a debt obligation has a credit rating (irrespective of the issuer's credit rating, if any), the issue's credit rating applies. The indicator is calculated for the corporate bond market.

Sources: Cbonds, ACRA

Figure 10. Number of issuers by rating



Sources: Cbonds, ACRA

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