

CORPORATE EUROBOND PAYMENTS MONITOR

Since the release of our previous monitor, activity among corporate issuers has remained high. Russian corporates continue to place local substitutes for eurobonds ahead of the end of the mandatory substitution period on July 1. Russian Railways began the replacement process and has already collected orders for the substitution of six eurobond issues. CBM substituted four bonds, while VTB replaced all three of its outstanding papers. In addition, Polyus and Domodedovo announced the substitution of their eurobonds.

Over the next two weeks, coupons are expected to be paid only on four eurobond issues, including:

- **LUKOIL** is expected to pay coupons on its issues maturing in 2026 and 2030. As usual, the company will make payments on its substitute bonds through the internal perimeter, while earlier it recommended that holders of its remaining eurobonds use the direct payment option.
- **Sovcombank**, which is under US (SDN), EU and UK blocking restrictions¹, is due to pay coupons on two perpetual bond issues. Earlier, the bank substituted all its outstanding eurobonds. We expect payments on the substitute bonds to be made in the internal perimeter. Due to imposed restrictions, the bank is not making payments in external infrastructure.

Corporate events in recent weeks included the following:

- Since the release of our previous monitor, **Gazprom** has conducted a tap placement of the GAZPRU 2.95 2025 EUR issue in a volume of EUR 50.5 mln, which corresponds to 15.3% of the amount of outstanding eurobonds.
- **Russian Railways**, which is under UK blocking restrictions, has launched the placement of eurobonds. Currently, the company has a total of \$3.7 bln in 11 outstanding issues denominated in RUB, CHF, EUR and GBP and has already collected applications to substitute the following issues:
 - RURAIL 7.675 2026 RUB in a volume of up to RUB 15 bln;
 - RURAIL 0.84 2026 CHF in a volume of up to CHF 250 mln;
 - RURAIL 7.45 2028 RUB in a volume of up to RUB 20 bln;
 - RURAIL 6.598 2028 RUB in a volume of up to RUB 25 bln;
 - RURAIL 8.8 2025 RUB in a volume of up to RUB 20 bln;
 - RURAIL 1.195 2028 CHF in a volume of up to CHF 150 mln.

The placement of the first two issues is planned for May 15, while that for the remaining ones is scheduled for May 29.

The company has also notified investors that it obtained permission from the government commission not to substitute its perpetual CHF-denominated bond and will continue to make direct payments on the issue. Additionally, the company will not substitute the issue maturing in October 2024 due to the short period remaining until its redemption.

- **Polyus**, which is under US (SDN) and UK blocking restrictions, approved the substitution of its only outstanding EUR-denominated eurobond with maturity in 2028. The issue's outstanding volume equals \$700 mln.
- **Domodedovo** decided to issue local bonds to substitute its eurobonds with maturity in 2028. The volume of the issue in circulation totals \$453 mln. The company has not yet officially announced the start date for the substitution. Previously, Domodedovo made separate payments in favor of local and foreign holders.
- A document on the exchange of **VEON** eurobonds for new issues with subsequent cancellation of the old issues was published on the website of the Luxembourg Exchange. Based on the published conditions, it follows that the exchange is primarily aimed at those investors whose securities were accounted in the NSD, since payments were stuck in Euroclear/Clearstream and were not delivered to eurobond holders. The new securities will be accounted for in Western infrastructure, which should eliminate the problem involving settlements for investors whose rights are recorded in the NSD. For issues denominated in rubles, payments will be made in dollar equivalent.

*Prepared for distribution on
5/3/2024 8:59:22 AM*

Alexandr Kamyshevskiy
Analyst

+7 (495) 287 61 00 ext. 5-0597
Aleksandr.S.Kamyshevskiy@gazprombank.ru

Andrey Kulakov, CFA, FRM
Deputy Head of Research

+7 (499) 277 25 30
Andrey.Kulakov@gazprombank.ru

¹ Hereinafter, all information regarding entities included onto lists of restrictive measures imposed by foreign countries individually or collectively concerns exclusively the blocking restrictive measures imposed by the US, EU and UK.

- **VTB**, which is under US (SDN), EU and UK blocking restrictions, has launched the process of collecting applications for substitute issues of all of its outstanding eurobonds:
 - The collection of applications to substitute the VTB 5 2024 CHF ended on April 15. The volume of eurobonds in circulation totals CHF 255.5 mln;
 - Until April 8, the bank was collecting applications to substitute the VTB 6.25 2035 issue. The volume of the issue in circulation was \$22.5 mln;
 - Until May 2, the bank was collecting applications to substitute the VTB 9.5 perp in a volume of up to \$2.25 bln. In addition, starting from June 6, the bank will begin paying the coupon on this issue (payments on the eurobond issue have not been made since December 6, 2022).
- **Credit Bank of Moscow (CBM)**, which is under US (SDN), EU and UK blocking restrictions, has completed the placement of substitute bonds in exchange for the following securities:
 - The shortest issue CBOM 7.121 2024 was substituted in the amount of \$77.9 mln, corresponding to 35.9% of the eurobond issue in circulation;
 - The CBOM 3.875 2026 issue was replaced in the amount of \$160.1 mln (32% of the issue in circulation);
 - The CBOM 4.7 2025 issue was also replaced in the amount of \$160.1 mln (29.6% of the issue in circulation);
 - In addition, the CBOM 3.1 2026 EUR issue was replaced in the amount of EUR 210.2 mln (35% of the issue in circulation).
- **Alfa Bank**, which is under US (SDN), EU and UK blocking restrictions, is collecting applications until May 6 to substitute its perpetual subordinated bonds in the amount of up to \$400 mln, which were issued in November 2021. The placement deadline is scheduled for May 14. Previously, the bank substituted two RUB eurobond issues with maturity in 2025. In addition, between April 19-25, the bank's board of directors held an absentee vote on whether to substitute another issue of USD subordinated eurobonds with maturity in 2031.

Table 1. Eurobond issuers overview

ISSUER	STATUS
NON-FINANCIAL SECTOR	
ALROSA	<ul style="list-style-type: none"> ALROSA is under US (SDN), EU and UK blocking restrictions. Since August 2022, the company has been making ruble payments to bondholders whose rights are recorded in Russian infrastructure. Payments to investors whose rights are recorded in foreign depositories remain technically impossible. The company is seeking options to fulfill its obligations.
Borets	<ul style="list-style-type: none"> Borets placed RUB 221 mln in substitute bonds in exchange for its 2026 eurobond issue, equal to 63% of the eurobond's outstanding volume. The company conducted a tap placement of this issue in a volume of \$33.1 mln. The company notified investors that it received permission from the government commission to complete the eurobond buyback. With regard to the same issue, the company earlier received consent to change the trustee as well as make technical changes to the terms of the issue regarding cancelation of the bonds and extension of the grace period.
Domodedovo	<ul style="list-style-type: none"> The company is making separate payments in favor of local and foreign holders. In August, payments to foreign holders who did not use the direct payment option were transferred to the paying agent for further distribution to holders. In April 2024, Domodedovo decided to issue local bonds to substitute its eurobonds maturing in 2028. In November 2023, Domodedovo received consent from eurobond holders to make changes to the documentation regarding the company's reorganization. Domodedovo obtained consent to amend the terms of both of its outstanding issues (maturing in 2023 and 2028), namely to change the trustee and simplify the process of bond cancelation; to introduce a new payment mechanism and extend the grace period; and to move the deadline for overdue coupons.
Evraz	<ul style="list-style-type: none"> The company is under UK blocking restrictions. NMTK (part of Evraz) announced that it will make early repayment of its Evraz 24 eurobond issue, the rights to which are recorded in local infrastructure. This does not apply to investors whose rights are registered in external infrastructure. In March 2023, the company stated that, due to restrictions in place, the redemption of the EVRAZ 2023 issue would not be executed in part or in full, despite sufficient liquidity. The company also failed to pay the coupon on its bond maturing in 2024. Since then, the company has not made payments to bondholders. Evraz has obtained consent from eurobond holders to amend the terms of its issues maturing in 2023 and 2024. The changes include 1) a change of the trustee; 2) the introduction of a new procedure for replacing an issuer; 3) the removal of certain covenants; 4) the elimination of certain default events; and 5) simplification of the procedure to pass a resolution.
Gazprom	<ul style="list-style-type: none"> Gazprom has now placed substitute bonds for all of its outstanding eurobond issues and completed additional substitute placements of all of its bond series in circulation. Gazprom received permission from the government commission to make payments through a payment agent instead of directly to eurobond holders who are not participating in the substitution process. Gazprom earlier received consent to amend the terms of the GAZPRU 4.95% 27 USD, GAZPRU 8.625% 34 USD, GAZPRU 4.95% 28 USD, GAZPRU 5.15% 26 USD, GAZPRU 7.288% 37 USD, GAZPRU 3.125% 23 EUR, GAZPRU 2.25% 24 EUR, GAZPRU 2.949% 24 EUR, GAZPRU 2.50% 26 EUR, GAZPRU 1.45% 23 CHF, GAZPRU 4.364% 25 EUR and GAZPRU 4.25 24 GBP issues. Among other things, the amendments involve a change of the trustee and clarification of the wording regarding cancelation of bonds.
GeoProMining	<ul style="list-style-type: none"> GeoProMining received consent from holders to change the terms of its eurobonds maturing in 2024. These include 1) direct payments on eurobonds, including in alternative currencies; 2) extension of the grace period from 7 to 30 days; and 3) simplification of the process for bond cancelation and a change of the trustee.
Global Ports	<ul style="list-style-type: none"> The company fully repaid its only eurobond issue in October 2023. Payment was made in two ways: direct payment to holders who chose this option, and to accounts of the paying agent for further distribution to holders who did not use the direct payment option.
KOKS (IMH)	<ul style="list-style-type: none"> The company offered to holders of the issue maturing in 2025 several coupon payment options, including direct payments in rubles or dollars. KOKS (IMH) received consent from holders of its eurobonds maturing in 2025 for early redemption on December 21, 2023. Earlier, KOKS (IMH) for the second time received consent from investors to change the conditions of its eurobond issue maturing in 2025, including: 1) a waiver of default events; 2) further extension of the grace period to 90 days; 3) simplification of the bond cancelation procedure; and 4) clarification of the earlier accepted calculation mechanism. At end September 2022, KOKS (IMH) obtained investor consent to amend some terms of the above-mentioned issue, with the proposed changes including: 1) a change of the trustee; 2) the addition of a new payment mechanism that provides not only for direct payments to investors in an alternative currency, but also payments to nominal, escrow or similar accounts opened in the name of an investor (with the possibility to make payments to Type-D accounts); and 3) extension of the grace period for coupon and principal payments to 50 days.
LUKOIL	<ul style="list-style-type: none"> The company substituted all of its outstanding eurobonds. In spring, LUKOIL recommended that bondholders in the external perimeter use the direct payment option. LUKOIL placed substitute bonds in a volume of \$563 mln as part of the exchange of the LUKOIL 23 (37.5% of the issue volume), \$254 mln as part of the exchange of the LUKOIL 31 (22%), \$257 mln as part of the exchange of the LUKOIL 27 (22.3%), \$316 mln as part of the exchange of the LUKOIL 26 (31.58%) and \$287.3 mln as part of the exchange of the LUKOIL 30 (19.2%).

	<ul style="list-style-type: none"> • LUKOIL in 2022 conducted eurobond buybacks through the external perimeter and the NSD. • LUKOIL obtained consent from holders of all five of its outstanding eurobonds to change the terms, including replacement of the trustee, the introduction of alternative payment options, and simplification of the procedure to cancel bonds.
Metalloinvest	<ul style="list-style-type: none"> • Metalloinvest has been under US (SDN) blocking restrictions. • The company informed holders of its eurobonds maturing in 2028 that the payment agent refused to distribute coupon payments due in April 2023 among clearing systems, whereas payments through local infrastructure have been executed. • The company placed substitute bonds worth \$286 mln as part of the exchange of eurobonds maturing in 2028 (43.9% of the outstanding issue). • In addition, Metalloinvest earlier obtained investor consent for changes to the documentation of its eurobonds maturing in 2028, including a change of the trustee and the introduction of an alternative payment method, with payments to be made directly to Russian holders whose rights are recorded in Russian depositories. The company also received consent to simplify the procedure to reduce obligations on repurchased securities and an extension of the grace period to 30 days.
MMK	<ul style="list-style-type: none"> • MMK is under UK and US (SDN) blocking restrictions and has not made payments to the external perimeter. After being added to the US (SDN) list, the company applied for licenses that would allow it to make eurobond payments. • MMK placed substitute bonds in exchange for its only outstanding eurobond issue maturing in 2024 in a volume of RUB 308 mln (62% of the outstanding issue). • Earlier, the company obtained investor consent to amend the covenants of its eurobond issue maturing in 2024, including a change of the trustee and simplification of the bond cancellation procedure.
MTS	<ul style="list-style-type: none"> • The company redeemed its only bond issue in the internal perimeter. Data is unavailable regarding external holders. • Earlier, MTS received investor consent to amend the terms of its issue maturing in 2023, namely 1) a change of the payment procedure, including the right to make direct payment to holders of eurobonds in rubles; 2) extension of the grace period from 30 to 60 calendar days for coupons due in November, and for other payments – to 45 days; 3) a simplified process of eurobond cancellation; 4) a change of the trustee; and 5) authorization for MTS PJSC to take actions that only the issuer has the right to take.
NLMK	<ul style="list-style-type: none"> • The company is executing split payments to local and foreign bondholders. • NLMK substituted its first eurobond maturing in May 2026. Earlier, the BoD approved the substitution of the company's EUR-denominated eurobond with maturity in 2026. • Earlier, NLMK obtained investor consent to change the terms of all of its outstanding eurobond issues. The changes include the possibility to 1) make direct payments to holders of bonds held in Russian depositories; 2) make payments in alternative currencies; and 3) waive payments on bonds held by NLMK or other companies within the group and cancel bonds held by the group without having to transfer them to the registrar. The company also received consent to waive claims in case of any breach of issue covenants before December 31, 2022.
Nordgold	<ul style="list-style-type: none"> • Nordgold is under US (SDN) and UK blocking restrictions. In June 2022, the company bought back part of its eurobonds in circulation. • The company substituted its only outstanding eurobond issue in the amount of \$337 mln (84.24% of the outstanding volume). • Earlier, Nordgold obtained consent from holders of its eurobonds maturing in 2024 to incorporate changes to the T&Cs of its issue. The changes, among other things, include: 1) transfer of the coupon payment to the redemption date; 2) a change of the trustee; and 3) a waiver of the issuer and its guarantors from covenants and certain default events.
Nornickel	<ul style="list-style-type: none"> • The company substituted USD-denominated eurobonds with maturity in 2025 and 2026. Currently, only one issue maturing in October 2024 remains unsubstituted. • Earlier, Nornickel obtained consent to make changes to the documentation of all of its outstanding issues, namely to 1) change the trustee; 2) introduce alternative payment schemes so that payments to investors whose rights are recorded in Russian depositories or to Russian residents registered in Euroclear/Clearstream can be made directly or through a Russian payment agent, including via the use of other securities or mechanisms that comply with Russian legislation; and 3) extend the grace period for principal and coupon payments to 30 days and simplify the procedure for changing the trustee.
NOVATEK	<ul style="list-style-type: none"> • The company announced the fulfillment of obligations related to coupon payments and redemption of the NVTKRM 22 issue separately in favor of local and foreign investors. • Earlier, NOVATEK received consent from holders of the NVTKRM 22 to change the terms of the issue, including the possibility of direct payments in rubles (or using any other settlement mechanisms) to investors whose rights are recorded in Russian depositories, as well as extension of the grace period to 60 business days.
Petropavlovsk	<ul style="list-style-type: none"> • Petropavlovsk was not making payments and is now under external management.
PhosAgro	<ul style="list-style-type: none"> • The company conducted the substitution of its two eurobond issues maturing in 2025 and 2028. • PhosAgro obtained consent to change conditions from holders of all issues, namely to change the trustee, simplify the cancellation of eurobonds, and introduce the possibility to make direct payments to eurobond holders or payments through other financial intermediaries, including the possibility of payments in alternative currencies. • The company is conducting split payments on its unsubstituted eurobonds, paying in rubles to investors whose rights are recorded in Russian depositories, while the remainder is being paid in USD through foreign depositories (upon the receipt of permission from the Minfin).
PIK	<ul style="list-style-type: none"> • Since February 2024, the company has been under US (SDN) blocking restrictions. • The company conducted the tap placement of local bonds, payments for which were made with its eurobonds maturing in 2026 in the amount of \$61 mln. The total volume of the local bond issue increased to \$456.3 mln (86.9% of the initial eurobond volume outstanding).

	<ul style="list-style-type: none"> Earlier, PIK obtained consent from holders of its eurobonds maturing in 2026 to amend the terms of the issue, including the transfer of coupon payments to the maturity date, as well as the waiver of a number of covenants and default events. At the beginning of August 2022, PIK placed \$395 mln in (quasi)substitute local bonds.
Polyus	<ul style="list-style-type: none"> Polyus has been under US (SDN) and UK blocking restrictions, which make payments through the external perimeter technically impossible. In April 2024, the BoD approved the substitution of the company's only outstanding USD-denominated eurobond maturing in 2028. Before becoming subject to blocking restrictions, Polyus obtained consent to split payments to local and foreign investors on all of its outstanding issues and began to make such payments. In addition, the company changed its trustee to LCP Investor Services. The company announced that payments to holders whose rights are recorded in external infrastructure will be made in rubles. According to the company's press release, funds in rubles were transferred to an account held by LCP Investor Services, which acts as a trustee of bonds and is entitled to subsequently transfer funds to clearing systems, which should distribute them among foreign eurobond holders. The issuer claims to have this way fulfilled its obligations to holders recorded in foreign depositories. In February 2023, before restrictions were introduced, the company successfully repaid its eurobond issue using direct payments in favor of local holders and via the transfer of funds to a paying agent in the external perimeter.
RUSAL	<ul style="list-style-type: none"> RUSAL obtained investor consent to split payments on all of its outstanding eurobonds and has begun making payments to local investors via the NSD and directly to foreign investors. We believe that the company has successfully repaid its last outstanding eurobond maturing in May 2023 using the new mechanism.
Russian Railways	<ul style="list-style-type: none"> Russian Railways is under UK blocking restrictions and has not made payments to the external perimeter. The company has collected substitution bids for six RUB and CHF-denominated eurobonds, with the placement scheduled to be completed between May 15-29. The company also notified investors that it has received permission from the government commission not to substitute its perpetual CHF-denominated issue and thus will continue to make direct payments on it. In addition, the issuer will not substitute its bond maturing in October 2024 due to the short period remaining until its redemption.
Severstal	<ul style="list-style-type: none"> Severstal is under US (SDN) and UK blocking restrictions. The company received permission from the government commission not to substitute its only outstanding eurobond maturing in 2024. Holders whose rights are recorded in local infrastructure will continue to receive payments in rubles, while those registered in the external perimeter must apply for payments to be made to Type-D accounts. The company obtained consent from holders to amend the terms of its issue maturing in 2024, including 1) permission to make direct ruble payments to local holders whose rights are recorded in the NSD or other local depositories, using Russian infrastructure; 2) extension of the grace period from five to 45 days; and 3) postponement of coupon payments due in March 2022 and September 2022 (payments were not made earlier).
SIBUR	<ul style="list-style-type: none"> Before December 1, the company conducted a survey among eurobond holders in the internal perimeter regarding payment options. Holders were asked to choose between maintaining the direct payment option and issuing substitute bonds. The company announced the suspension of issuance of the local ZO25-D issue, which was apparently intended to substitute the eurobond maturing in 2025. In May 2023, SIBUR notified its eurobond holders whose rights are recorded in the external perimeter that the payment agent refused to make payments. Instead, the company started to execute payments via special Type-D accounts. SIBUR has obtained consent from the government commission to buy back three eurobond issues and set the buyback prices. The buyback price will be \$700 in exchange for \$1,000 of par value for the issues maturing in 2023 and 2024, and \$650 in exchange for \$1,000 of par value for the issue maturing in 2025. Until October 2, the company conducted a similar buyback of its eurobonds at the same price level. The company will also require eurobond holders to confirm the dates of bond purchases. If the bonds were purchased after March 1, 2022 at a discount from foreign holders and then transferred to Russian infrastructure, the company will make payments on these bonds to Type-S accounts. Earlier, SIBUR obtained consent to change conditions from holders of all of its outstanding eurobond issues, including the introduction of a new payment mechanism. The changed payment mechanism provides not only for direct payments in favor of certain categories of investors with an option to choose an alternative currency, but also payments to nominal, escrow or similar accounts opened in the name of investors. SIBUR also obtained consent from holders of all three issues to replace the trustee and simplify the bond cancellation procedure. Thereafter, the company announced plans to cancel its proprietary eurobonds (issues maturing in 2023, 2024 and 2025) in a total amount of \$530 mln at par value.
Sovcomflot	<ul style="list-style-type: none"> Sovcomflot is under UK and US (SDN) blocking restrictions and has not made payments on eurobonds. In early August 2022, holders of the company's eurobonds agreed to alternative payment mechanisms. Sovcomflot placed local substitute bonds in a volume of \$317.8 mln (73.9% of the issue size) intended to replace the company's outstanding eurobond issue maturing in 2028. The company also conducted a tap placement of this issue in a volume of \$65 mln.
STLC	<ul style="list-style-type: none"> STLC is under EU, UK and US (SDN) blocking restrictions. The company substituted all of its eurobonds. Payments to foreign holders are not being made due to imposed restrictions. After a long pause, STLC started making coupon payments within the internal perimeter. On November 2, it also paid to local holders the coupons on eurobonds skipped over the April 2022 – May 2023 period, with the total amount of payments exceeding the equivalent of \$84 mln.

Uralkali	<ul style="list-style-type: none"> The company received permission from the government commission not to substitute its only bond issue with maturity in 2024. Instead, direct payments will continue. In September 2022, the company received investor consent to make split payments.
VEON	<ul style="list-style-type: none"> VEON is making payments in the external perimeter. The company announced a deal to sell its Russian business (VimpelCom) to the management and obtained consent from holders of two eurobond issues maturing in 2023 to amend their terms. Thereafter, the scheme received court approval. The company offered investors a 200 bps premium for their consent to change the issue terms. The premium will be paid upon maturity. The company is exchanging five eurobond issues for new bonds. The new securities will be accounted in Western infrastructure, which should eliminate the problem with settlements. The key adjustments are an 8-month maturity extension (until October 2023 for the issue with original maturity in February and until December 2023 for the issue maturing in April). In addition, an extra put option was included into the structure of both issues at a price of 102% of par value and with validity for two weeks starting from the second day after the scheme comes into force. Thus, upon obtaining all the necessary permits and licenses, an event called Amendment Effective Day took place on April 4. The aggregate volume of the buyback of the two issues within the framework of the put option totaled \$459.1 mln.
FINANCIAL SECTOR	
Alfa Bank	<ul style="list-style-type: none"> Alfa Bank is under US (SDN), EU and UK blocking restrictions and is making payments in rubles through the NSD. The bank placed local bonds as part of the substitution of two RUB-denominated eurobond issues maturing in January and August 2025. Currently, the issuer is collecting orders for the substitution of its perpetual subordinated issue.
Credit Bank of Moscow	<ul style="list-style-type: none"> Credit Bank of Moscow is under US (SDN), EU and UK blocking restrictions and is making payments in rubles through the NSD. The bank substituted its bond issues maturing in June 2024, September 2026, January 2025 and January 2026. Earlier, the bank's Supervisory Board approved the issuance of local bonds to substitute nine eurobond issues. In June 2023, the bank received consent from holders of its senior USD-denominated bond issues maturing in 2024, 2025 and 2026, as well as of its two EUR-denominated issues maturing in 2024 and 2026 to amend the issue documentation. The changes include the introduction of an alternative payment method, extension of the grace period, simplification of the bond cancellation procedure and a change of the trustee. In February 2024, the bank obtained similar consent with regard to its two perpetual USD-denominated issues with coupon rates of 8.875% and 7.625%. At the same time, the bank did not announce the results of the vote on the USD-denominated bond maturing in 2027, which was conducted simultaneously with that on the perpetual issues. Once the changes are incorporated in the documentation, the bank will offer its eurobond holders whose rights are registered in foreign depositories the option to receive skipped coupon payments in rubles using the direct payment option.
Sberbank	<ul style="list-style-type: none"> Sberbank is under US (SDN), EU and UK blocking restrictions. In May 2023, the bank repaid its last outstanding eurobond issue through the internal perimeter in rubles. The payment through the external perimeter was likely not carried out. Until December 1, 2023, Sberbank was conducting the process of identifying its eurobond holders whose rights are recorded in external infrastructure.
Sovcombank	<ul style="list-style-type: none"> As Sovcombank is under US (SDN), EU and UK blocking restrictions, no payments to foreign holders are being made. The bank completed the substitution of all of its outstanding eurobonds. In November 2022, the bank completed the placement of local subordinated bonds that could be acquired with funds from the sale of eurobonds. The volume of the placement totaled \$163.6 mln, with a term to maturity of 8.5Y and a coupon rate of 6.5%. The papers are not substitute bonds. In February 2023 the bank offered to buy back four eurobond issues from their holders.
Tinkoff	<ul style="list-style-type: none"> The bank is under US (SDN), EU and UK blocking restrictions. Tinkoff Bank conducted the substitution of both of its outstanding perpetual eurobond issues. The local issue substituting the eurobond issued in 2017 was placed in the amount of \$146.2 mln (48.74% of the eurobond issue). The placement volume of the second issue equaled \$288.7 mln (48.1% of outstanding eurobonds). In February 2023, the bank obtained consent from eurobond holders to amend the documentation for two perpetual issues with regard to payment mechanisms.
VEB	<ul style="list-style-type: none"> VEB is under US (SDN), EU and UK blocking restrictions and is conducting payments in rubles through the NSD. The bank received permission from the government commission not to substitute its only bond issue with maturity in 2025. Instead, direct payments will continue.
VTB	<ul style="list-style-type: none"> VTB is under US (SDN), EU and UK blocking restrictions and is executing payments in rubles through the NSD. The bank has begun collecting bids for the substitution all three of its outstanding eurobond issues. On May 6, VTB plans to start making payments on the substitute of its perpetual subordinated issue. Payments on the corresponding eurobond have not been made since December 6, 2022.

Source: company data, open sources, Gazprombank

Table 2. Status of payments on Russian corporate eurobonds since March 2024

DATE	BOND ISSUE	ISIN	VOLUME OUTSTANDING MLN	CURRENCY	REDEMPTION VOLUME (NOMINAL CURRENCY, MLN)	COUPON	PAYMENT STATUS
01.03.2024	Russian Railways 24	XS1574068844	320	USD	320	7	To local holders paid in rubles.
02.03.2024	Russian Railways 28 RUB (S)	XS2271376498	25,000	RUB		822	To local holders paid in rubles.
04.03.2024	Russian Railways 24 RUB	XS1574787294	15,000	RUB	15,000	669	To local holders paid in rubles.
10.03.2024	STLC 27	XS2131995958	253	USD		6	Substitute bonds issued for payments to local holders. Payments in the external perimeter have not been made.
10.03.2024	Russian Railways 26 RUB	XS1843431690	15,000	RUB		574	To local holders paid in rubles.
11.03.2024	VimpelCom 25 RUB	XS2226716392	10,000	RUB		324	The company is making payments through international infrastructure.
11.03.2024	Norilsk Nickel 25	XS2134628069	500	USD		6	Substitute bonds issued for payments to local holders. Payments to non-residents are being sent to the paying agent.
12.03.2024	Russian Railways 26 CHF (G)	CH0522690715	250	CHF		2	To local holders paid in rubles.
15.03.2024	Tinkoff perp	XS1631338495	154	USD		4	Substitute bonds issued for payments to local holders. Payments to the external perimeter are not being made due to imposed restrictions.
16.03.2024	VimpelCom 26	XS2343532508	20,000	RUB		810	The company is making payments through international infrastructure.
16.03.2024	Severstal 24	XS2046736919	800	USD		13	To local holders paid in rubles.
16.03.2024	PhosAgro 28	XS2384719402	117	USD		2	Substitute bonds issued for payments to local holders. Earlier, the company made direct payments to foreign investors.
17.03.2024	Borets 26	XS2230649225	96	USD		3	Substitute bonds issued for payments to local holders. For eurobonds outstanding, funds are directed to the paying agent.
18.03.2024	Russian Railways 28 RUB	XS2318748956	20,000	RUB		743	To local holders paid in rubles.
20.03.2024	Tinkoff 6 perp	XS2387703866	311	USD		5	Substitute bonds issued for payments to local holders. Payments to the external perimeter are not being made due to imposed restrictions.
21.03.2024	Gazprom 25 EUR	XS0906949523	500	EUR		22	Substitute bonds issued for payments to local holders. For eurobonds outstanding, funds are directed to the external perimeter.
21.03.2024	Gazprom 26 EUR	XS1795409082	750	EUR		19	Substitute bonds issued for payments to local holders. For eurobonds outstanding, funds are directed to the external perimeter.
21.03.2024	Moscow Credit Bank 26 USD	XS2384475930	500	USD		10	Substitute bonds issued for payments to local holders. Payments in the external perimeter have not been made.
21.03.2024	NLMK 24	XS1577953174	296	USD		6	The company is making split payments to local and foreign holders.
23.03.2024	Sibur 24	XS2010044621	500	USD		9	The company is making payments in local infrastructure, including to D-type accounts.
25.03.2024	Gazprom 27	XS1585190389	446	USD		11	Substitute bonds issued for payments to local holders. For eurobonds outstanding, funds are directed to the external perimeter.
25.03.2024	Russian Railways 31 GBP	XS0609017917	627	GBP		23	To local holders paid in rubles.
02.04.2024	Evrast 24	XS1843443273	700	USD	700	18	Payment not made.
04.04.2024	MCB 7.625 perp	XS2392969395	350	USD		7	To local holders paid in rubles.
05.04.2024	MCB 27	XS1589106910	440	USD		17	To local holders paid in rubles.
05.04.2024	Russian Railways 25 RUB	XS1843442465	20,000	RUB		882	To local holders paid in rubles.
06.04.2024	Gazprom 24 GBP	XS1592279522	439	GBP	439	9	Substitute bonds issued for payments to local holders. For eurobonds outstanding, funds are directed to the external perimeter.



07.04.2024	Sovcombank 30 SUB	XS2010043656	274	USD		11	Substitute bonds issued for payments to local holders. Payments in the external perimeter have not been made.
09.04.2024	Alrosa 24	XS1843441731	500	USD	500	12	To local holders paid in rubles.
09.04.2024	VimpelCom 25	XS2058691663	1,000	USD		20	The company is making payments through international infrastructure.
09.04.2024	Nord Gold 24	XS2060792236	400	USD		8	Substitute bonds issued for payments to local holders. No data for eurobonds outstanding.
14.04.2024	Polyus 28	XS2396900685	700	USD		11	To local holders paid in rubles. Payments to the external perimeter were likely not made due to imposed restrictions.
15.04.2024	Alfa Bank 30 SUB	XS2063279959	850	USD		25	To local holders paid in rubles.
15.04.2024	Gazprom 25 2.95 EUR	XS2157526315	1,000	EUR		30	Substitute bonds issued for payments to local holders. For eurobonds outstanding, funds are directed to the external perimeter.
17.04.2024	STLC 25	XS1713473608	208	USD		6	Substitute bonds issued for payments to local holders. Payments in the external perimeter have not been made.
19.04.2024	Russian Railways 7.9 24 RUB	XS1701384494	15,000	RUB		594	To local holders paid in rubles.
22.04.2024	Metalloinvest 28	XS2400040973	364	USD		6	Substitute bonds issued for payments to local holders. Payments to the external perimeter were not made due to imposed restrictions.
22.04.2024	UralKali 24	XS2010040397	500	USD		10	The company is making split payments to local and foreign holders.
24.04.2024	Alfa Bank 6.95 Perp	XS1760786340	500	USD		9	To local holders paid in rubles.
26.04.2024	Alfa Bank 31 SUB	XS2333280571	350	USD		10	To local holders paid in rubles.
26.04.2024	Lukoil 27	XS2401571448	893	USD		13	Substitute bonds issued for payments to local holders. For eurobonds outstanding, funds are directed to the external perimeter.
26.04.2024	Lukoil 31	XS2401571521	896	USD		16	Substitute bonds issued for payments to local holders For eurobonds outstanding, funds are directed to the external perimeter.
26.04.2024	Sovcomflot 28	XS2325559396	47	USD		1	Substitute bonds issued for payments to local holders. Payments to the external perimeter are not being made due to imposed restrictions.
27.04.2024	Norilsk Nickel 26	XS2393505008	167	USD		2	Substitute bonds issued for payments to local holders. Payments to non-residents are directed to the paying agent.
28.04.2024	Gazprom 34	XS0191754729	660	USD		29	Substitute bonds issued for payments to local holders For eurobonds outstanding, funds are directed to the external perimeter.
28.04.2024	Norilsk Nickel 24	XS2069992258	750	USD		13	Payments to internal holders are being made through local infrastructure. Payments to non-residents are directed to the paying agent.

Source: company data, open sources, Gazprombank

Table 3. Calendar of upcoming payments on Russian corporate eurobonds in May 2024

DATE	BOND ISSUE	ISIN	VOLUME OUTSTANDING MLN	CURRENCY	PRINCIPAL REDEMPTION (NOMINAL CURRENCY, MLN)	COUPON PAYMENT	RISK OF NOT RECEIVING PAYMENT BY	
							LOCAL HOLDERS	FOREIGN HOLDERS
02.05.2024	Lukoil 26	XS1514045886	684	USD		16		
06.05.2024	Lukoil 30	XS2159874002	1,213	USD		23		
06.05.2024	Sovcombank 7.75 perp	XS2113968148	177	USD		3		+
17.05.2024	Sovcombank 7.6 perp	XS2393688598	184	USD		3		+
19.05.2024	PIK 26	XS2010026560	525	USD		15		+
22.05.2024	VEB 25	XS0559915961	1,000	USD		34		+
23.05.2024	Alfa Bank 5.9 Perp	XS2410104736	400	USD		6		+
23.05.2024	Russian Railways 27 EUR (G)	XS1843437036	500	EUR		11		+
25.05.2024	VimpelCom 27	XS2252958751	1,250	USD		21	+	
26.05.2024	Moscow Credit Bank 25R	XS1143363940	5,000	RUB		411		+
30.05.2024	NLMK 26	XS1843435337	224	USD		5		
31.05.2024	STLC 24	XS1577961516	248	USD	248	6		+

Source: company data, open sources, Gazprombank

Research Department**+7 (495) 983 18 00****EQUITY SALES****+7 (495) 988 24 10****FIXED INCOME SALES****+7 (495) 980 41 82****FIXED INCOME SALES (ZURICH)****Timon Sommer: +41 (0) 44 386 86 73****Sanela Hot: +41 (0) 44 386 86 79****FIXED INCOME SALES (LUXEMBOURG)*****Fixed-Income-Sales@gazprombank.lu****Andre Beck: +352 26 29 75 263**

** For GPBL clients in the EU, please contact your sales manager at GPBL should you have any questions*

Copyright © 2003-2024, Gazprombank (Joint Stock Company). All rights reserved

This document has been prepared by the Research Department of Gazprombank (Joint Stock Company) (hereinafter referred to as "Gazprombank" or "we"), registered in Moscow, Russia, and licensed by the Central Bank of the Russian Federation. If this document contains a reference to "you", the reference is to you or your organization.

This document is not an individual investment recommendation in accordance with Federal Law No. 39-ФЗ dated April 22, 1996 "On the Securities Market" (hereinafter - Law No. 39-ФЗ), and the financial instruments or operations mentioned in it may not correspond to the investment profile and investment goals (expectations) of the addressee. Determining the compliance of a financial instrument or transaction with interests, investment goals, investment horizon and the level of acceptable risk of the addressee is the addressee's task. Gazprombank is not responsible for possible losses in the event of transactions or investments in financial instruments mentioned in this document, and does not recommend using this information as the only source of information when making an investment decision.

This document is not a marketing message, investment advice or personal recommendation as defined by the Markets in Financial Instruments Directive 2014/65 (hereinafter referred to as MiFID II).

At the same time, this document is an investment recommendation in accordance with the provisions of the EU Market Abuse Regulation 2014/596 (hereinafter - MAR) and was prepared in accordance with MAR and MiFID II, as well as with the policies, procedures and internal rules of Gazprombank in terms of regulation of conflicts of interest.

This document contains an independent explanation of the matters contained within and must not be relied upon as investment advice. It does not take into account whether an investment, course of action, or associated risks are suitable for the recipient. This material is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Recipients should seek independent professional financial advice regarding the legal, financial, tax and regulatory consequences of any transaction as well as the suitability and/or appropriateness of making an investment or implementing any investment strategies discussed in this document and should understand that statements regarding future prospects may not be realised. Any information and opinions contained in the report are published for the assistance of recipients, but are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient, are subject to change without notice and not intended to provide the sole basis of any evaluation of the instruments discussed herein.

This investment recommendation is based on information obtained from public sources believed by Gazprombank (Joint Stock Company) (hereinafter referred to as "Gazprombank" or "we") to be reliable, but we do not represent it as accurate or complete, and it should not be relied on as such. With the exception of information directly pertaining to Gazprombank, Gazprombank shall not be liable for the accuracy or completeness of any information shown herein.

We certify in this investment recommendation that (i) the views expressed in this investment recommendation accurately reflect our personal views about the subject company or companies and its or their securities, and (ii) no part of the analyst's remuneration was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this investment recommendation, and all opinions should not be regarded as Gazprombank's position. All opinions and estimates are given as of the date hereof and are subject to change without notice. All opinions herein represent solely analysts' personal opinion regarding the events and situations described and analyzed in this investment recommendation and may differ from or be contrary to the opinions expressed by business and investments divisions of due to using different approach or assumptions in making conclusions by them.

Investment recommendations may contain forecasts, projections and/or price targets that constitute the current judgment of the author as of the date of the relevant communication.

Gazprombank shall be under no obligation to update, amend this investment recommendation or otherwise notify anyone of any such changes. The financial instruments mentioned herein may be unsuitable for certain categories of investors. This investment recommendation is intended for Professional Clients identified by MiFID II.

This investment recommendation should not be the only basis used when adopting an investment decision. Investors should make investment decisions at their own discretion, inviting independent legal, financial, tax or any other consultants, if necessary, for their specific interests and objectives. Investors should note that financial instruments and other investments denominated in foreign currencies are subject to exchange rate fluctuations, which may adversely affect the value of the investment or financial instrument.

Gazprombank and its associated individuals (excluding any financial analysts or other employees involved in the preparation of this document) may (in various capacities) hold positions or enter into transactions, including securities (or related derivatives) identical or similar to those described herein. Gazprombank and / or its affiliates may also own securities of issuers under its analytical coverage.

Gazprombank and/or its affiliate(s) may make a market and/or provide liquidity in the instruments within the investment recommendation.

Gazprombank respects the confidentiality of information it receives about its clients and complies with all applicable laws with respect to the handling of that information. Gazprombank has enacted effective internal procedures in respect of informational barriers (including the establishment of "Chinese walls") which are designed to restrict information flows between different areas of the Gazprombank. For more information, please, use the link: <https://www.gazprombank.ru>.

Employees are paid in part based on the profitability of Gazprombank and its affiliates, which includes investment banking revenues.

To the fullest extent permitted by law, Gazprombank accepts no liability and will not be liable for any loss, damage or expense arising directly and indirectly (including, but not limited to, special, incidental, consequential, punitive or exemplary damages or any loss, damage or expense arising from, but not limited to, any defect, error, imperfection, fault, mistake or inaccuracy contained herein or any associated services, or due to any unavailability of this communication or any contents or associated services) from the use of any information contained on this website, including any information which may constitute an investment recommendation/research.

Any information contained herein or in the appendices hereto shall not be construed as an offer or a solicitation of an offer to buy or sell or subscribe for any securities or financial instruments or as any investment advertisement, unless otherwise expressly stated herein or in the appendices hereto. Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized.

Disclosures of conflicts of interest, if any, can be found in the Disclosures section.

Further information on the securities referred to in this investment recommendation can be obtained from Gazprombank upon request.

Redistribution or reproduction of this investment recommendation, wholly or in part, is prohibited without prior written permission from Gazprombank.

The MiFID II rules on inducements have not been taken into account in this document. Recipients should consider whether a particular Investment Recommendation/Investment Research qualifies an inducement under MiFID II. If you are required or otherwise wish to pay for this research, we will enter into a separate written agreement which shall set out the terms on which research is provided to you, including the charges payable by you for receiving such material.

For residents of Hong Kong: Research which relates to "securities" (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)) is issued in Hong Kong by, or on behalf of, GPB Financial Services Hong Kong Limited (GPBFSHK), which takes responsibility for that content. Information in this investment research shall not be construed to imply any relationship, advisory or otherwise, between GPBFSHK and the recipient or user of the investment research unless expressly agreed by GPBFSHK. GPBFSHK is not acting nor should it be deemed to be acting, as a "fiduciary" or as an "investment manager" or "investment advisor" to any recipient or user of this information unless expressly agreed by GPBFSHK. GPBFSHK is regulated by Hong Kong Securities and Futures Commission. Please contact Mr. Victor Yip (+852 2867 1883) or Mr. Artem Kornilitsyn (+852 2867 1886) at GPBFSHK if you have any queries on or any matters arising from or in connection with this investment research.

For GPB-Financial Services Ltd: The content of this investment research has been prepared within the meaning of Markets in Financial Instruments Directive 2014/65/EU (MiFID II). The information contained herein is provided for information purposes only and it is not a marketing communication, investment advice or personal recommendation within the meaning of MiFID II. The information must not be used or considered as an offer or solicitation of an offer to sell or buy or subscribe for any securities or financial instruments. GPB-Financial Services Ltd is regulated by the Cyprus Securities and Exchange Commission under license number 113/10.