

Russian Federation – Key Geographical Data

Capital – Moscow

Russia is located in the eastern part of Europe and in the northern part of Asia

Total area¹ – 17,152.4 thousand km² (as of January 1 2010 agricultural acreage amounted to 13% of the total area, forests – 51%, surface waters (including marsh) – 13%)

Population 146.3 million people – (as of January 1, 2015)

Density of the population as of January 1, 2015 – 8.5 people per km²

Maximum length, thousand km:

Longitudinal direction – 4
Latitudinal direction – 9

Russia is surrounded by:

Arctic Ocean (Barents Sea, White Sea, Kara Sea, Laptev Sea, East Siberian Sea, Chukchi Sea)

Pacific Ocean (Bering Sea, Sea of Okhotsk, Sea of Japan)

Atlantic Ocean (Baltic Sea, Black Sea, Sea of Azov)

Largest islands, thousand km²:

Novaya Zemlya Archipelago	82,6
Sakhalin	76,4
New Siberian Islands	38
Severnaya Zemlya Archipelago	37

State border:

North-west – Norway and Finland

West – Poland, Estonia, Latvia, Lithuania, and Belarus

South-west – Ukraine

South – Azerbaijan, Georgia, and Kazakhstan

South-east – China, Mongolia, Democratic People's Republic of Korea

East (maritime) – the USA and Japan

Longest rivers,² km:

Lena	4,337
Yenisei (with Angara)	3,844
Volga	3,694
Ob	3,676
Amur	2,824

Largest lakes,³ thousand km²:

Baikal	31,5
Ladoga	17,7
Onega	9,7

Highest elevation, m:

Elbrus	5,642
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Average temperatures:

January from 0 °, –5 °C (Northern Caucasus) to –40 °, –50 °C (east of Sakha (Yakutia) where the lowest temperatures can reach –65 °, –70 °C);
July from 1 °C (northern Siberian coast) to 24–25 °C (Caspian lowlands)

The Russian Federation has the largest land area in the world; it is ninth in population globally⁴ and sixth in GDP denominated in USD at purchasing power parity.⁵

¹ Source: Federal State Statistics Service.

² Data from statistical handbook of the Federal Agency for Water Resources.

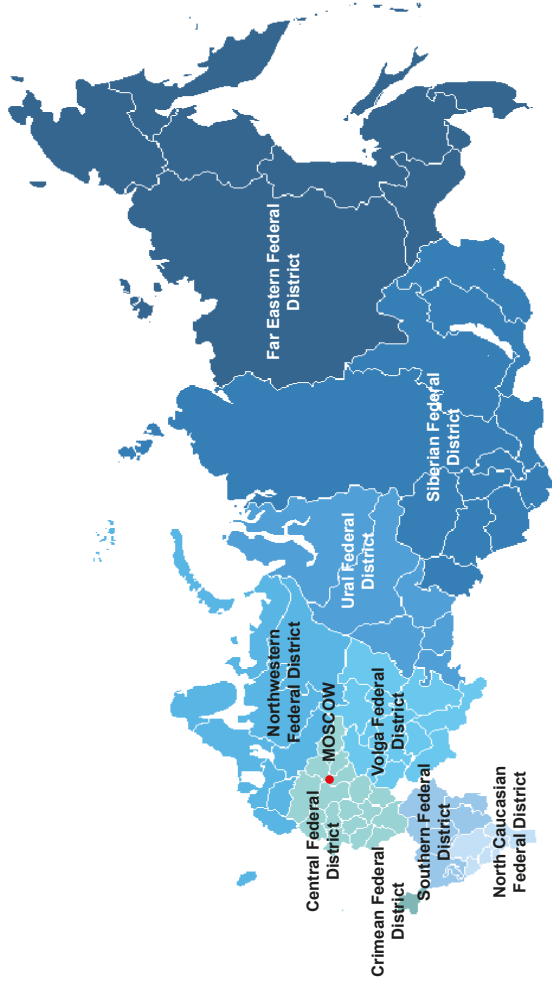
³ Source: Federal Agency for Water Resources.

⁴ Source: IMF, 2014.

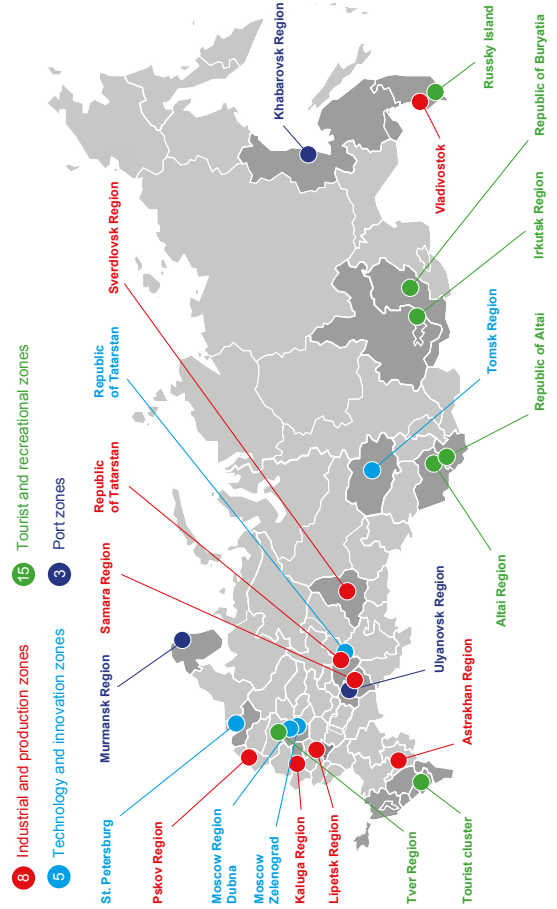
⁵ Source: IMF, 2014.

**1st in total land area,
6th in GDP**

Map of Russia



Special Economic Zones



Administrative Structure

EXECUTIVE BRANCH

President

- Elected for 6 years by citizens of the Russian Federation
- Head of State; determines the guidelines of domestic and foreign policies



Vladimir Putin
President of the Russian Federation

Government

- Exercises the executive power in Russia
- Consists of the Prime Minister, Deputy Prime Ministers and Federal Ministers



Dmitry Medvedev
Prime Minister of the Russian Federation

Prime Minister

- Appointed by the President with the consent of the State Duma

Deputy Prime Ministers

- Coordinate activities of various federal executive power bodies, or all such bodies in a specific area (economy, social policy, etc.)
- Some of the Deputy Prime Ministers are simultaneously heads of particular ministries
- Deputy Prime Ministers are proposed by the Prime Ministers and appointed by the President

Cabinet of Ministers

- The Interior
- Civil Defence, Emergencies, and Disaster Relief
- Foreign Affairs
- Defence
- Justice
- Healthcare
- Labour and Social Security
- Culture
- Education and Science
- Natural Resources and Environment
- Industry and Trade
- Communications and Mass Media
- Agriculture
- Sport
- Transport
- Finance
- Economic Development
- Energy
- Coordination of Open Government
- Crimean Affairs
- Development of the Russian Far East
- North Caucasus Affairs

LEGISLATIVE BRANCH

The Federal Assembly

- Consists of two chambers: the Council of the Federation and the State Duma
- The Council of the Federation includes two representatives from each subject of the Russian Federation: one from the legislative and one from the executive body of state authority
- The State Duma consists of 450 deputies (parties present in the current Duma are United Russia, KPRF, LDPR, and A Just Russia), and shall be elected for a term of five years

JUDICIAL BRANCH

- Constitutional Court (consists of two chambers, represented by 10 and 9 judges respectively, judges are selected by lot; main function is checking the laws for consistency with the Constitution)
- The Supreme Court of the Russian Federation is the supreme judicial body for civil, criminal, administrative, and other cases under the jurisdiction of common courts, shall carry out judicial supervision over their activities and provide explanations on the issues of court proceedings

Key Macroeconomic Indicators

	2008	2009	2010	2011	2012	2013	2014
Production Indicators							
GDP change (%), year-on-year	5.2	-7.8	4.5	4.3	3.4	1.3	0.6
GDP per capita, PPP (USD)	21,615	20,066	21,211	22,564	23,700	24,298	24,805
Nominal GDP per capita (USD)	11,615	8,573	10,667	13,318	13,696	14,496	13,088
Industrial output, change (%), year-on-year	0.6	-9.3	8.2	4.7	2.6	0.3	1.7
Manufacturing, change (%), year-on-year	0.5	-15.2	11.8	6.5	4.1	0.1	2.1
Extraction of mineral resources, change (%), year-on-year	0.4	-0.6	3.6	1.9	1.1	1.2	1.4
Fixed capital investment, change (%), year-on-year	9.5	-13.5	6.3	10.8	6.6	0.8	-2.7
Fiscal and Monetary Indicators							
Deficit (surplus) of the federal budget, (% of GDP)	4.1	-6.0	-3.9	0.8	-0.1	-0.5	-0.5
Federal budget expenditures, USD billion	257.7	319.4	332.0	339.3	424.6	407.7	386.2
Public debt (% of GDP)	6.5	8.3	9.0	9.5	10.5	11.4	14.4
M2, change (%), end year / end year	0.8	17.7	31.1	22.3	11.9	14.6	2.2
Inflation (CPI), change (%), at year-end	13.3	8.8	8.8	6.1	6.6	6.5	11.4
GDP deflator	118.0	102.0	114.2	115.2	107.4	105.5	107.2
Producer price index (PPI), (%), at year-end	-7.0	13.9	16.7	12.0	5.1	3.7	5.9
Nominal exchange rate, average, RUB/USD	24.85	31.75	30.37	29.39	31.09	31.84	37.97
Real effective exchange rate, change (%), year-on-year	5.1	-5.6	9.6	4.7	2.4	1.2	-8.4
Reserve Fund, USD billion, at the end of period	137.1	60.5	25.4	25.2	62.1	87.4	87.9
National Wealth Fund, USD billion, at the end of the period	88.0	91.6	88.4	86.8	88.6	88.6	78.0
Reserves (including gold), USD billion, at the end of the period	426.3	439.5	479.4	498.6	537.6	509.6	385.5

Source: IMF, Federal State Statistics Service, Central Bank of the Russian Federation, Ministry of Finance of the Russian Federation

Key Macroeconomic Indicators (Continued)

	2008	2009	2010	2011	2012	2013	2014
Balance of Payment Indicators							
Trade balance, USD billion	177.6	113.2	147.0	196.9	192.3	177.3	189.7
Share of energy resources in export of goods, %	66.8	66.7	67.9	70.0	70.2	66.8	69.6
Current account, USD billion	103.9	50.4	67.5	97.3	71.3	34.8	59.5
Export of goods, USD billion	466.3	297.2	392.7	515.4	528.0	523.3	497.8
Import of goods, USD billion	288.7	183.9	245.7	318.6	335.8	344.3	308.0
Gross foreign direct investments, USD billion	74.8	36.6	43.2	55.1	50.6	70.7	20.1
Average export price of Russian crude oil, USD/bbl	94.4	61.1	78.2	109.3	110.5	107.9	97.6
Financial Markets Indicators							
Weighted average corporate loan rate ¹ , %	12.2	15.3	10.8	8.5	9.1	9.5	11.1
CBR refinancing rate, %, at the end of the period	13.0	8.75	7.75	8.0	8.25	8.25	8.25
Assets of Russian Banking System, USD billion	953	975	1 108	1 293	1 578	1 805	1 380
Stock market index (RTS, in RUB, at the end of the period)	632	1 445	1 770	1 382	1 527	1 443	791
Capitalization of Russian stock market, USD billion	370	751	942	770	794	771	406
Income, Poverty, and Labour Market							
Real disposable income, change (%), year-on-year	2.4	3.0	5.9	0.5	4.6	4.0	-0.8
Average wages in USD	695.8	587.0	689.9	795.1	856.5	936.3	858.9 ²
Unemployment rate, %	6.2	8.3	7.3	6.5	5.5	5.5	5.2

Source: Federal State Statistics Service, Central Bank of the Russian Federation, NAUFOR, Federal Customs Service.

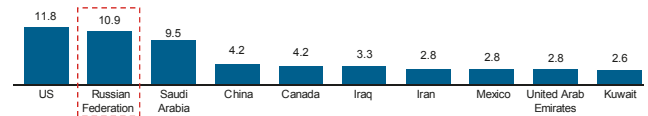
¹ Average weighted rate for RUB loans to non-financial institutions up to 1 year.
² Preliminary estimate.

Russia and ROW Comparison

Russia's global ranking in production of select industrial and agricultural products

Oil Production

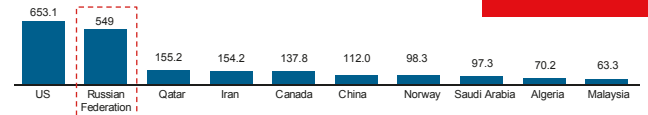
2014
mbpd



Source: International Energy Agency – Oil Market Report

Gas Production

2014
bcm

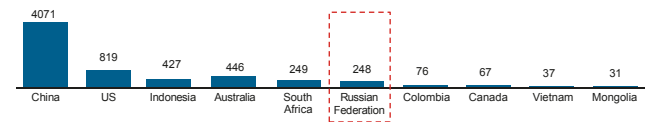


One of the leading countries in crude oil and gas production

Source: Euromonitor International from BP Amoco, BP Statistical Review of World Energy 2014

Coal Production (total marketable production)

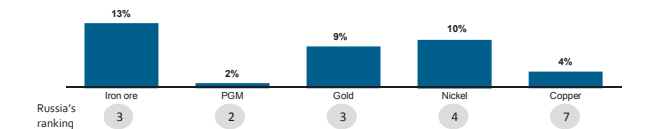
2014
million tonnes



Source: Wood Mackenzie 2015

Global Leader in Metal Reserves

% of total global reserves

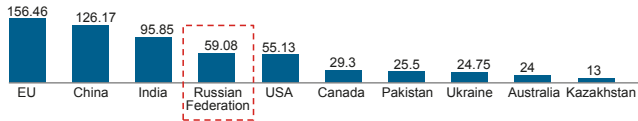


Source: US Geological Survey, 2015

Russia and ROW Comparison (Continued)

Wheat

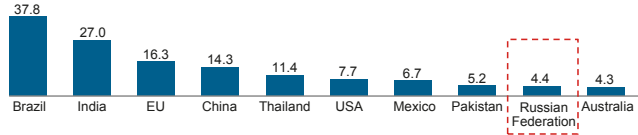
2014 preliminary
million tonnes



Source: USDA

Centrifugal Sugar

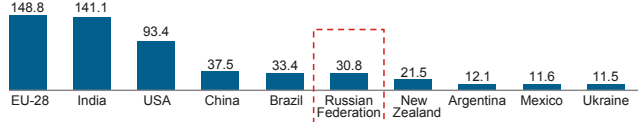
2014
million tonnes



Source: USDA

Milk

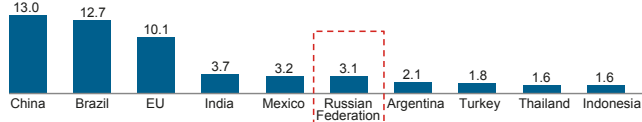
2014
million tonnes



Source: USDA

Poultry, Meat, Broiler

2014
million tonnes

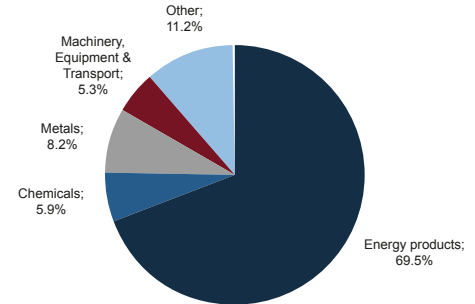


Source: USDA

Russian Exports

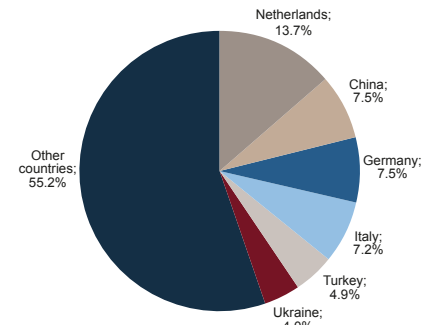
Goods Export Structure

\$497.8 billion volume in 2014



Source: Federal Customs Service

Exports of Goods By Direction of Trade

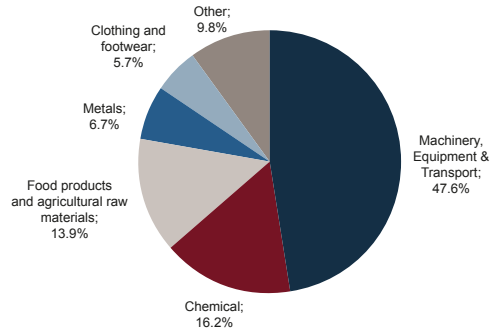


Source: Federal Customs Service

Russian Imports

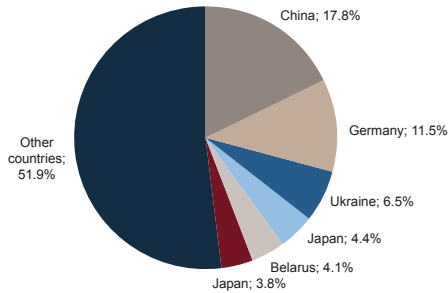
Goods Import Structure

\$286.7 billion volume in 2014



Source: Federal Customs Service

Imports of Goods By Origin of Trade



Source: Federal Customs Service

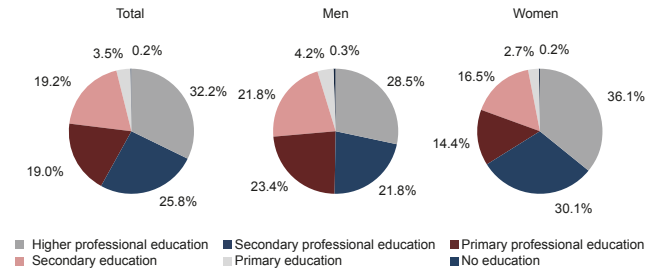
Employment and Education

Distribution of Employed Population by Age in 2014

	Total	Men	Women
Employed – total	100	100	100
<i>Including people aged, years:</i>			
15–19	0.6%	0.7%	0.4%
20–24	7.8%	8.6%	7.0%
25–29	14.5%	15.5%	13.4%
30–34	13.5%	14.0%	13.0%
35–39	12.8%	12.6%	13.0%
40–44	12.0%	11.5%	12.4%
45–49	11.8%	11.0%	12.6%
50–54	13.3%	12.2%	14.4%
55–59	9.0%	9.2%	8.7%
60–72	4.8%	4.7%	5.0%
Average age of employed population, years	40.4	39.9	41.0

Source: Federal State Statistics Service

Distribution of Employed Population by Education in 2014



Source: Federal State Statistics Service

¹ According to a random poll of the population on employment issues.

Economically Active Population

As percent of the total¹

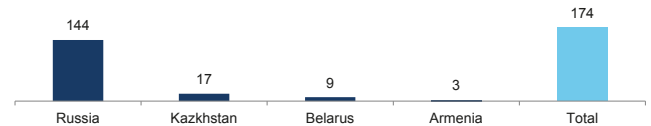
	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Economically Active Population – total	100	100	100	100	100	100	100	100	100	100	100
Including:											
Employed	89.4	92.8	92.8	93.9	93.7	91.6	92.5	93.5	94.5	94.5	94.8
Unemployed	10.6	7.2	7.2	6.1	6.3	8.4	7.5	6.5	5.5	5.5	5.2
Men	100	100	100	100	100	100	100	100	100	100	100
Including:											
Employed	89.2	92.7	92.5	93.6	93.4	91.0	92.0	93.1	94.2	94.2	94.5
Unemployed	10.8	7.3	7.5	6.4	6.6	9.0	8.0	6.9	5.8	5.8	5.5
Women	100	100	100	100	100	100	100	100	100	100	100
Including:											
Employed	89.6	93.0	93.2	94.2	93.9	92.2	93.1	94.0	94.9	94.8	95.2
Unemployed	10.4	7.0	6.8	5.8	6.1	7.8	6.9	6.0	5.1	5.2	4.8

Source: Federal State Statistics Service

Eurasian Customs Union – A Large Addressable Market

Population 2014

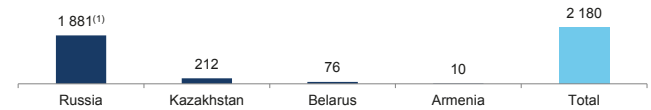
(million)



Source: Rosstat, IMF, Armenia Statistics Service

Nominal GDP 2014

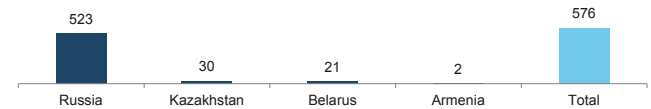
(USD billion)



Source: Federal State Statistics Service, IMF

Retail Market 2014

(USD billion)



Source: Euromonitor

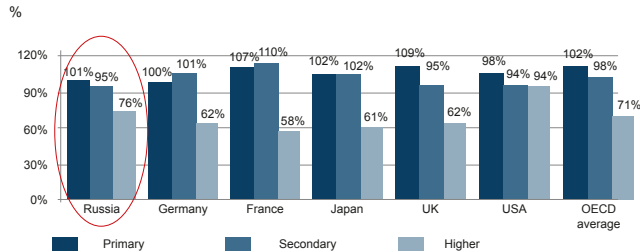
¹ According to the data obtained from a random poll of the population on employment issues: 1992, 1995 – as of the end of October; 2000–2008 – as of the end of November; 2009–2011 – average annual rate. Starting from 2006 data includes the Chechen Republic.

¹ Including Crimea region.

Human Capital

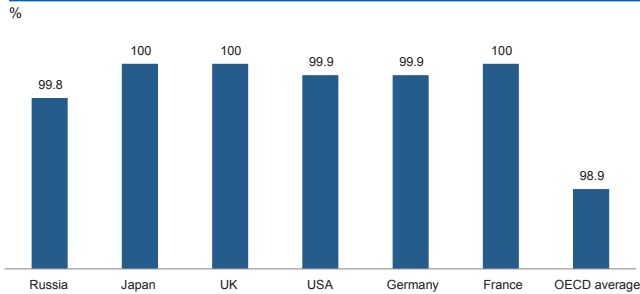
- Highly educated labour force
- One of the 7 leading countries by the number of Nobel Prize winners, most prizes awarded for achievements in the field of physics
- High level of basic education
- Significant scientific research and technical resources base
- Substantial human capital supporting favourable opportunities for innovative growth

Level of Education (gross enrolment ratio)¹ – OECD Countries



Source: World Bank, 2012

Literacy Rate (% of population aged 15+) – OECD Countries



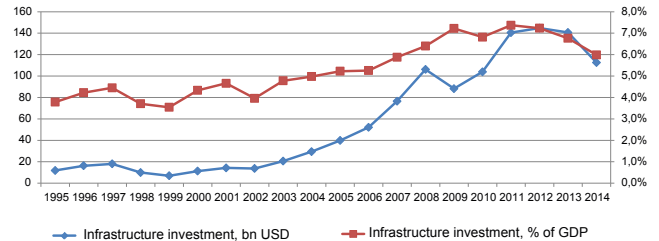
Source: Euromonitor, 2014

¹ Gross enrolment ratio is the total enrolment in primary education, regardless of age, expressed as a percentage of the population of official primary education age. GER is higher than the net enrolment ratio and can exceed 100% due to the inclusion of over-aged and under-aged students because of early or late school entrance and grade repetition.

Infrastructure Investment

Infrastructure Investment

USD billion



Source: Federal State Statistics Service

Completed

Project Name	Sector	Project Budget, USD billion	Short Description
Development of Sochi region (Sochi 2014)	Transport	50.0	Besides sport venues and supporting facilities construction, development of Sochi area will also include gas pipeline construction, creating of area transport infrastructure (widening of existing railway, construction of roads on the shore and in the mountains). More than half of the funds come from the private sector.
North Stream	O&G midstream	9.6	Two-line 1224 km 55 bcm pipelines from Russia (Vyborg) to Germany (Greifswald)
Sakhalin-Khabarovsk-Vladivostok pipeline	O&G midstream	10.0	Construction of 1800 km Sakhalin-Khabarovsk-Vladivostok gas transmission system
BPS-2	O&G midstream	3.2	Construction of 1000 km pipeline from Unechka on Belarus border to Ust-Luga port near St. Petersburg
Boguchansk hydro power and aluminium plant	Energy	5.8	Boguchansk Dam in the middle of Siberia on the Angara river is one of the largest. Planned capacity is 3000 MW. Length exceeds 2.5 km, artificial lake will cover 2,326 km ²
Ust-Luga port	Water transport	8.1	Harbour deepening, construction of quays, rail connections, and road connections from Novgorod. One of the largest infrastructure projects in Russia.

Source: Broker reports

Infrastructure Investment (Continued)

In Progress

Project Name	Sector	Project Budget, USD billion (at USD/ RUB= 50)	Short Description
Moscow Metro renovation & development	Transport	28.2	Reconstruction of existing metro stations, expansion of train lines by 460 km, building of 72 new stations and renovation of rolling-stocks. Project is planned to be completed by 2021.
Moscow-Kazan high speed line	Roads	25	The high-speed line between Moscow and Kazan will be 770km long and it is intended to reduce travelling time between the two cities from 11.5 to 3.5 hours.
Power of Siberia pipeline	O&G mid-stream	16–20	The pipeline linking gas fields in eastern Siberia to China will be the world's largest fuel network in the world. Technical features: length – about 4,000km, capacity of 1,420 mm, annual throughput – 61 billion cubic meters.
Bovanenka	O&G E&P	15.0	Construction of 572 km railway Obskaya-Bovanenka (completed) and 2400 km gas pipeline Bovanenka-Ukhta, Ukhta-Torzhek to be finished in 2016
Turkish Stream	O&G mid-stream	14.3	The Turkish Stream is a working name of the proposed natural gas pipeline from the Russian Federation to Turkey across the Black Sea. The proposed pipeline should replace the cancelled South Stream project. The planned capacity of the pipeline is 50-60 billion cubic meters per annum of natural gas.
Infrastructure project for FIFA 2018 World Cup	Transport	13.3	Besides sport venues and supporting facilities construction, the investment program also includes construction and renovation of roads and airports.
Trans-Siberian railway, Baikal–Amur Mainline (BAM) modernization	Transport	11.2	Development of Eastern Polygon (BAM and Trans-Siberian railways), upgrade railway infrastructure. Railways capacity and train carrying capacity are to be increased. Project is expected to be finished by 2018.
M-11 Moscow–St. Petersburg toll road	Roads	7–9	669 km 4-10 lane Moscow-St. Petersburg highway to be finished in 2018.
M-1 "Belarus"	Roads	4–5	449 km lane Moscow-Minsk. First phase of 18.5km was finished in 2013. The whole project is to be finished by 2025.
Kerch Strait Bridge	Roads	4.6	The bridge will connect the Kerch Peninsula of Crimea and the Taman Peninsula of Russia's Krasnodar Krai and have total length of 19km. Project is expected to be completed by 2018.

Source: Broker reports, public statements

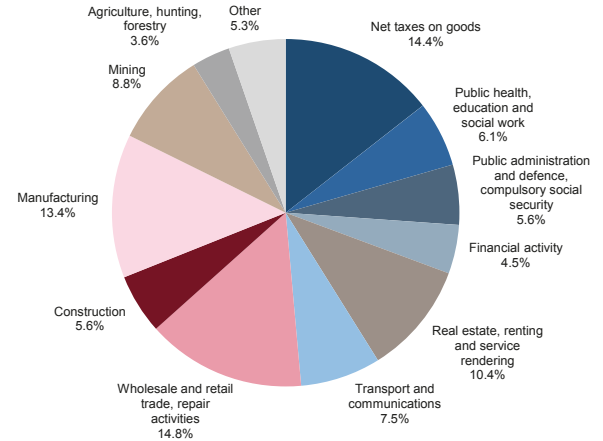
- Russian infrastructure investment as a percentage of GDP has grown from 4.0-5.0% to 6.0% over the last decade, and by about four times in terms of US dollars, amounting to USD 113 billion in 2014.
- The Russian government seeks to increase the role of the private sector in building, operating, and financing infrastructure projects.

Russia – Investment Priorities

Diversification of Economy – Development Priority

- Share of the mineral resources sector in GDP and in export is still fairly high; however, specific measures are being taken in order to diversify the Russian economy, this should have a positive effect on Russia's global competitiveness.

2014 GDP Breakdown



Source: Federal State Statistics Service

- Key areas of diversification identified by the Russian President:
 - Energy efficiency
 - Nuclear technologies
 - IT and software
 - Space technologies and telecommunications
 - Medical technologies and pharmaceuticals

The goal is to modernize and to diversify the economy

Priorities in Modernization of Russia's Economy



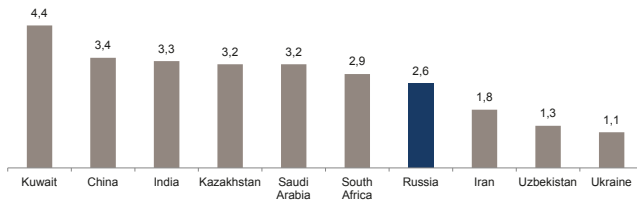
Energy Efficiency

Main Objectives

- Reduce Russia's energy intensity to GDP ratio by 40% through energy saving, improving energy efficiency and eliminating regulatory gaps by 2020

Energy Intensity of GDP in 2014

'000 USD per tonne of oil equivalent of energy consumed



Source: International Energy Association (IEA)

Priorities in Modernization of Russia's Economy (Continued)



Space Technologies and Telecommunications

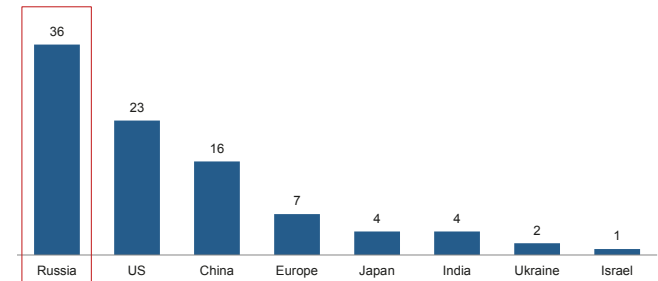
Main Objectives

- Increase the efficiency and quality of information services
- Develop a modern information infrastructure in all sectors of the national economy

Number of Blast-offs (Orbital Launch Attempts)

2014

Russia plays a leading role in space exploration



Source: 2014 Space Launch Report

Priorities in Modernization of Russia's Economy (Continued)



Medical Technologies and Pharmaceuticals

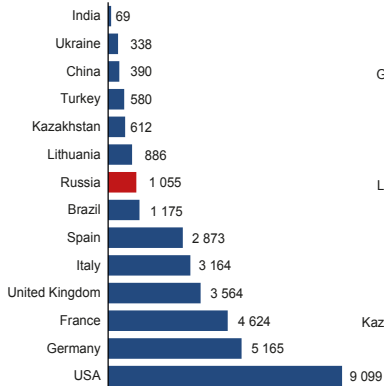
Main Objectives

- Production of most medications and medical equipment in Russia
- Development and production of innovative medical products, expansion of Russian manufacturers into new markets

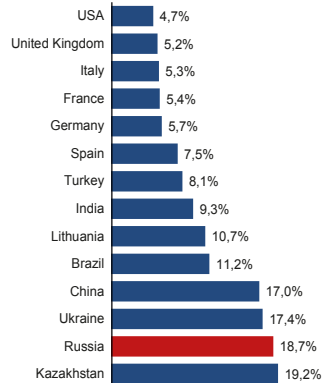
One of the fastest-growing health markets

While Russia's healthcare spending is still low, funding has been increasing at a fast pace

Total HC Spend per Capita 2014 (private and public) (USD per capita)



Total HC Spend per Capita, Growth CAGR 2000–2014 (%)



Priorities in Modernization of Russia's Economy (Continued)



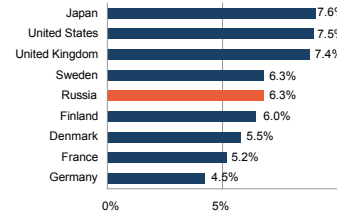
Information Technologies and Software

Main Objectives

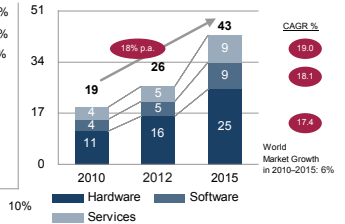
- Develop high-performance, application-oriented computing systems
- Improve the efficiency and quality of information services
- Develop a modern social and industrial information infrastructure

By international standards, current Russian IT spending is low, but growing fast

IT Spending % of GDP, 2012

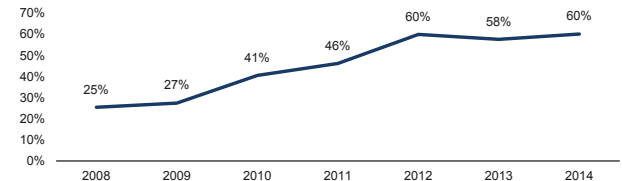


IT Spending USD billion, 2010–2015



Source: Gartner, Global Insight, IDC

Percentage of Individuals with Internet Access



Source: Euromonitor

Priorities in Modernization of Russia's Economy (Continued)



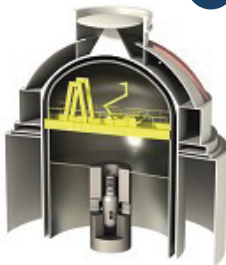
Nuclear Technologies

Main Objectives

- Ensure overall and consistent development of the national nuclear power potential
- Guarantee long-term supply of cheap energy
- Maintain Russia's leadership on the global nuclear market
- Substantially reduce uranium consumption
- Mitigate environmental impact and nuclear proliferation risk

The Safest Nuclear Technology

- 1** A four-physical barrier defence-in-depth system that prevents the potential release of radioactive emissions outside the power unit
- 2** Containment is a double leak-proof envelope that protects the reactor from outside impacts, both natural and technogenic
- 3** A safer two-loop steam cycle of the reactor that precludes the potential release of radioactive substance outside of the reactor hall
- 4** There are passive and active (power supply-dependent) safety systems in place at all the reactors, which, in combination, ensure the highest level of safety in all contingencies



Incentives for Investment Projects

Russian Direct Investment Fund (RDIF)

- The RDIF is a \$10 billion fund established by the Russian government to make equity investments primarily in the Russian economy.
- In all of its investments, the fund is mandated to co-invest alongside some of the largest and most sophisticated global investors, acting as a catalyst for direct investments in Russia.
- RDIF invests between \$50 and \$500 million in equity per project. The fund targets company ownership of less than 50%.
- RDIF together with its partners invested over \$10 billion, of which RDIF alone invested \$1.3 billion and over \$9.3 billion came from co-investors and banks.
- RDIF also attracted over \$15 billion of foreign capital into the Russian economy through long-term strategic partnerships.



Kirill Dmitriev
CEO of RDIF

RDIF investment strategy:

- Improving efficiency of industries;
- Growth of the middle class;
- Regional development;
- Import substitution;
- Infrastructure development;
- Attracting investment to the Far East.

Export Insurance Agency of Russia (EXIAR)

EXIAR is the national export credit agency of Russia. EXIAR mandate is to support Russian export and investment abroad. EXIAR covers short-, medium- and long-term risks. The charter capital makes up 30 billion roubles. The Board of Directors consists of senior executives of the Russian Government and independent directors. The Agency's activities are backed by the Russian Federation in line with the budget legislation.

The Agency provides the following types of insurance coverage:

- Comprehensive Export Credits Insurance
- Buyer Credit Insurance
- Confirmed Letter of Credit Insurance
- Supplier Credit Insurance
- Investment Insurance
- Export Factoring Insurance
- Working Capital Financing Insurance

Main achievements:

- EXIAR's portfolio amounted to \$6 billion (as of March 2015);
- The export deal for financing \$650 million Sukhoi Superjet 100 (SSJ 100) aircraft supplies to Mexican airline Interjet, insured by Exiar
- 3 Reinsurance Agreements were signed by EXIAR with ASHRA (Israel), ODL(Luxembourg), SINOSURE (China), ODL (Luxembourg)
- 4 Memoranda of Understanding (MoU) were signed by EXIAR with the ECIC (South Africa), NEXI (Japan), EKN (Sweden), Atradius (Netherlands)
- Three transactions for the total amount of EUR 86 million were carried out by EXIAR via reinsurance scheme: with EGAP for EUR 68 million and for EUR 14 million respectively, and with SACE for EUR 4 million
- EXIAR's mandate was expanded to cover
 - Russian subsidiaries abroad
 - Commodities products except for oil and gas



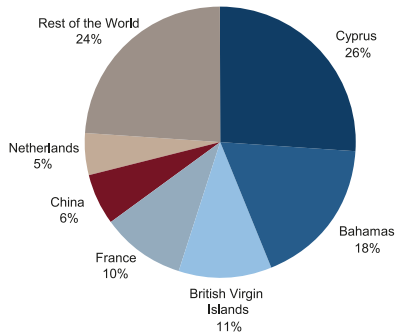
Peter Fradkov
Chairman of the
Management Board

First Deputy Chairman-
Member of the Board,
State Corporation "Bank
for Development and
Foreign Economic Affairs
(Vnesheconombank)"

Russian Inward FDI Structure

By Country of Origin

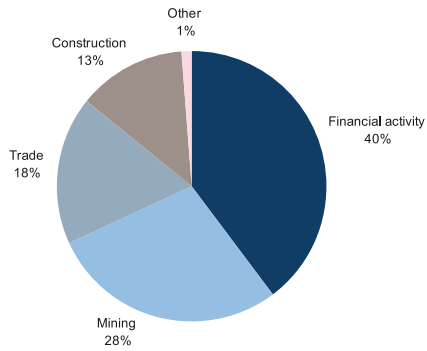
2014



Source: Central Bank of the Russian Federation

By Sector

2014

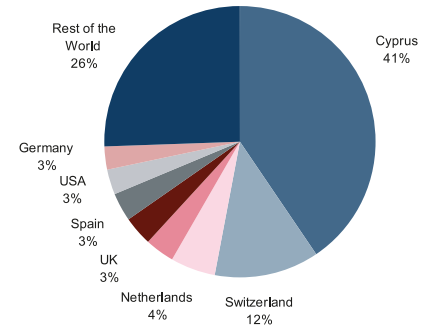


Source: Central Bank of the Russian Federation

Russian Outward FDI Structure

By Country of Origin

2014

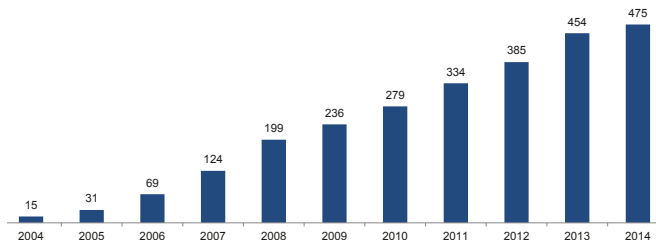


Source: Central Bank of the Russian Federation

Capital Inflow into Russia

Cumulative Stock of Inward FDI

USD billion



Source: Central Bank of the Russian Federation

- No restrictions on free movement of capital in Russia
 - The only limitation is investment in strategic companies which have special importance for national security and economic stability
 - In comparison, there are restrictions on direct foreign investments in China and India, and Brazil is planning to limit the free movement of capital
- Unlike China and India, in Russia there are no foreign currency limitations
 - There is a regime of a managed floating RUB exchange rate, with the rate largely determined by the market and the CBR only intervening to reduce volatility
 - In comparison, there are foreign currency limitations in China and India
- Foreign direct investments over the last 10 years amounted to \$475 billion
 - \$21 billion in 2014

VIRTUALLY
no restrictions
on free movement
of capital

Top Russian Inbound M&A Deals

2011–2015YTD (Deal value larger than \$1.0 billion)

Date	Target	Acquirer	Value, USD billion	% Acquired
Jan-15 (announcement)	EDC	Schlumberger	1.7	45.7
Sep-13	URALKALI	中国投资有限责任公司 CHINA INVESTMENT CORPORATION	2.0	12.5
Dec-12	AVTOVAZ	RENAULT NISSAN	1.2	24.5
Dec-12	ROSNEFT	bp	4.8	5.66
Jun-12	SAB MILLER	EFES Pilsen	1.6	100
May-12	BALTIKA breweries	Carlsberg	1.15	15.28
Apr-12	ТЕЛЕКОМИНВЕСТ	AF Telecom Holding	1.45	26.1
Apr-12	MEGAFON	AF Telecom Holding	3.7	25.1
Mar-12	МЕТРОПОЛИНЕ	Morgan Stanley	1.2	100
Jan-12	ГАЛЕРЕЯ	Morgan Stanley	1.1	100
Aug-11	ДЕНТА	VTB Capital TPG	1.2	43.1
Apr-11	NOVATEK	TOTAL	4.0	12.1
Feb-11	Wimm-Birr-Dan	PEPSI	1.4	23.0

Source: MergerMarket, S&P Capital IQ, DealWatch, Bloomberg

Recent Russian IPOs

Date	Issuer	Value, USD million
Apr-15	 UNITED WAGON COMPANY	174
Feb-14		974
Oct-13	 ALROSA	1,180
Oct-13	 Tinkoff Credit Systems	1,087
Jun-13	 LUXOFT Engineering Business Performance	70
May-13	 QIWI	213
Jan-13	 MMBE MICEX	500
Nov-12	 MEGAFON	1,700
Oct-12	 Mother and child Where the future is born	270
Sep-12	 SBERBANK	5,200
Jan-12	 RUSPETRO	250
Jul-11	 PHOSAGRO	565
Jun-11	 globalports	588
May-11	 Randex	1,435
Apr-11	 RUSAGRO	375
Apr-11	 NOMOS BANK	782
Apr-11	 Etalon Group	575

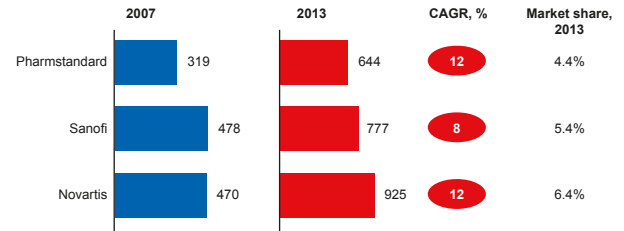
Source: Dealogic

Case Study – Pharmaceutical Industry

- The Russian pharmaceuticals market in 2014 increased by 9,3% and reached a value of 1,143 billion roubles or \$ 35.9 billion (including VAT) in consumer prices
- Russian market is among the largest pharmaceutical markets in the world (11th place in 2013) according to IMS Health
- Novartis is the leading drug manufacturer, generating a 6.4% share of the market's value
- The Russian pharmaceutical market is characterized by fairly strong buyer power, with the ease of market entry strongly affected by legal and regulatory frameworks

TOP-3 Drug Manufacturers in Russia

USD million

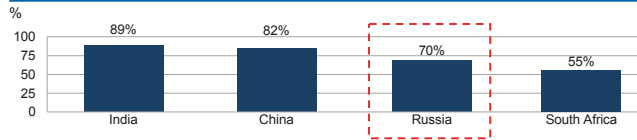


Source: DSM Group research

Russian Banking System

- As of January 1, 2015, total assets of the Russian banking system amounted to approximately \$1,380 billion
- Relatively low deposit activity in banking among BRICS countries – 70% in Russia vs. 82% in China and 89% in India

Share of Deposits in Liabilities

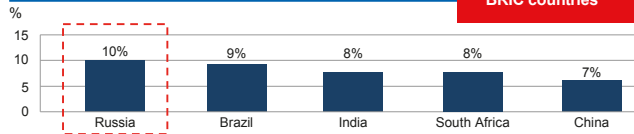


Sources: CBR, National Reserve Bank of India, Central Bank of China, South African Reserve Bank

- 112 Russian banks are controlled by non-resident entities, representing around 15% of all banking assets

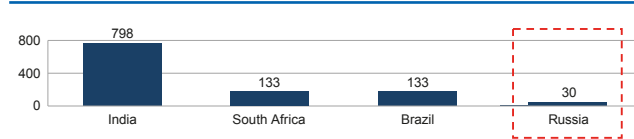
THE HIGHEST share of own funds in the banking system among BRIC countries

Share of Own Funds in Banking System



Sources: CBR, The World Bank, National Reserve Bank of India, Central Bank of China, South African Reserve Bank

Relatively Low Competition – Average Number of Branches of One Bank



Sources: CBR, National Reserve Bank of India, Government of Brazil, Making Finance Work for Africa Partnership

Taxes in Different Countries

Tax rates in Russia vs. other BRICS Countries, as % of GDP (2014)¹

Country	Income Tax		
	Corporate Income Tax	Personal Income Tax	VAT
China	25%	3–45% (progressive)	17%
Brazil	34%	7.5–27.5% (progressive)	20%
India	30%	7.5–30% (progressive)	12.5–15%
South Africa	28%	up to 40% (progressive)	14%
Russia	20%	13%	18%

Tax revenues in Different Countries in 2014, as % of GDP²

Belarus	29.8 %	Italy	44.4 %
Brazil	35.3 %	Japan	28.6 %
Canada	30.7 %	Kazakhstan	13.5 %
China	19.4 %	South Africa	25.8 %
France	45.3 %	South Korea	26.8 %
Germany	37.6 %	United Kingdom	35.2 %
India	7.3 %	USA	24.3 %
		Russia	28.7 %

- Russia has the most liberal and favourable tax regime among all other BRIC countries:
 - Lowest corporate income tax – 20%
 - Personal income tax of 13%, regardless of income size
 - Opportunity to have a one-time write-off of 30% of depreciation costs for tax purposes
 - Zero profit tax for educational and health care institutions
 - No capital gain tax in case of long-term direct investments
 - Cut in social contributions (payroll tax) from 34% to 30% from January 1, 2013

LOW corporate and personal taxes

¹ Source: Deloitte Global Services Limited.

² Source: The Heritage Foundation – 2014 Index of Economic Freedom.

