



**MOSCOW  
ECONOMY**

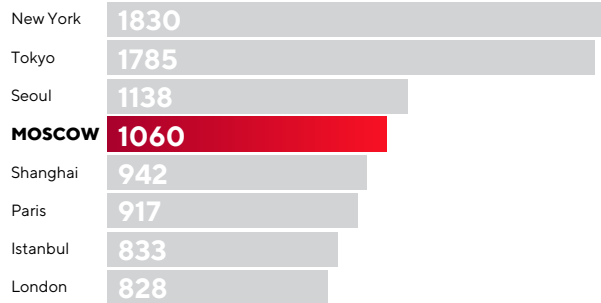
# **MOSCOW BONDS PLACEMENT**

**GREEN BONDS**

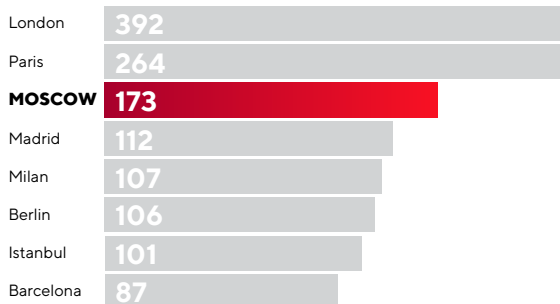
**MAY 2021**

**One of the largest global metropolitan areas**

**GRP of global metropolitan areas, USD bln at purchasing power parity (PPP), 2020**



**Consumer spending in European cities, USD bln, 2020**

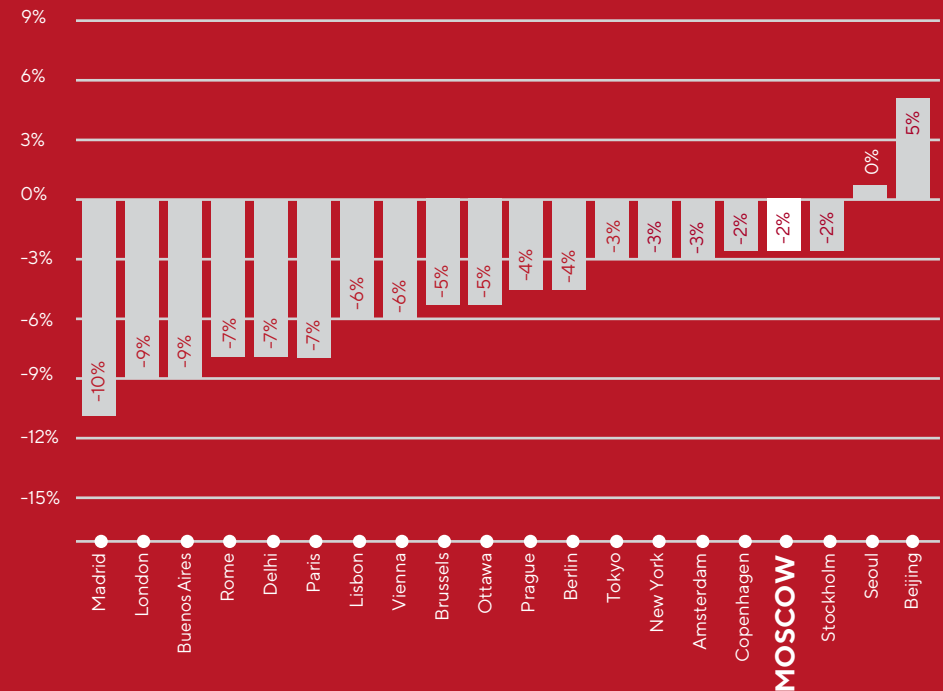


**The COVID-19 pandemic has moderately affected Moscow's economy compared to other world capitals**

**Moscow timely and adequately applied anti-epidemic measures**



According to the cross-country assessment by Euromonitor International, the real GRP of Moscow (at PPP), decreased by 2% at the end of 2020 compared to 2019, being significantly better vs top global metropolises





The combination of federal and regional support measures allowed to localize losses and quickly move to economic recovery



The total volume of business support in Moscow

~ **1/2 RUB tln**

For a number of key economic indicators, positive dynamics persisted even in the crisis circumstances of 2020:

- the physical volume of investments in fixed assets at the end of the year increased by **1.7%**
- actual payroll increased by **4.0%**
- the growth rate of industrial production exceeded **5%**
- high rates of housing construction are maintained (about **5 million m2** per year)



The City's economy continues stable development.

**2023 versus 2020:**

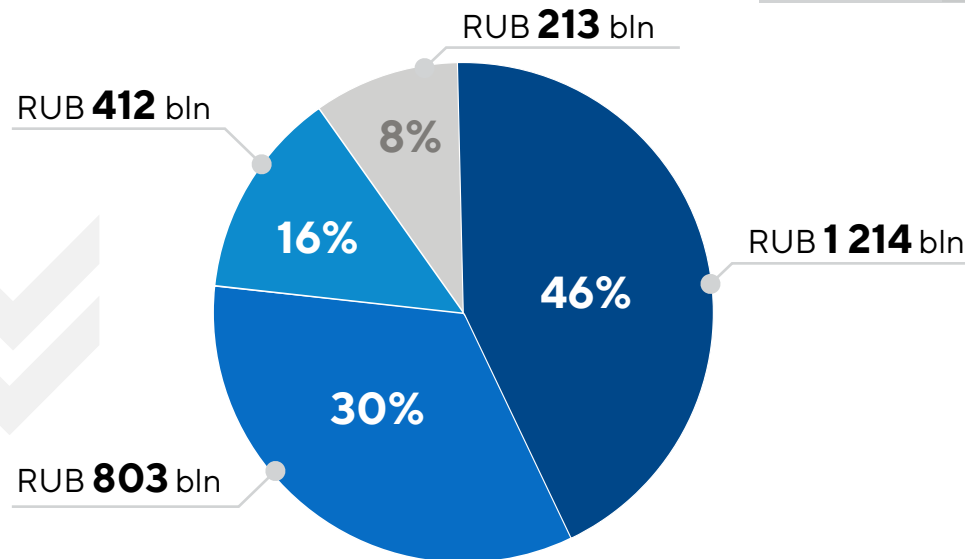
- the physical volume of GRP will increase by more than **10%**
- actual investments in fixed assets will grow by **17%**
- actual payroll in organizations will increase by **10%**

**Moscow's budget revenue is based on its own revenue sources**

The budget revenues mostly come from the personal income tax. In 2021-2023, the personal income tax share will amount to **46%**

## BUDGET REVENUE STRUCTURE IN 2021

Total RUB **2.6** tln



- Personal Income Tax
- Corporate Income Tax
- Other tax revenues
- Non-tax revenues

## Moscow Budget Expenditures



The city social obligations are fully sourced from its own income



**Moscow plans to attract loans for increasing infrastructure investments:** 18-20% of expenditures is the average share of budget expenditures on a targeted investment program, Moscow plans to keep the same level in 2021-2023

Moscow budget law approved the maximum possible amount of borrowings, RUB bln

2021	2022	2023
<b>396</b>	<b>178.5</b>	<b>44.1</b>



Actual volume of the bond issue will be determined based on the budget implementation

**Moscow social obligations are met from the current budget revenues, loans are attracted to finance the most important urban infrastructure projects**



Moscow receives **over 3 rubles** of private investment for every ruble of its budget



**It is more profitable for Moscow to borrow funds and develop infrastructure today rather than to build it in a few years using its own sources**



**The annual growth in the cost of investment projects is comparable to the expected annual cost of servicing a bonded loan.**

Tax revenue from investment projects incl. the multiplier effect is 1.5-2 times higher than the amount of coupon payments






Moscow credit ratings correspond to the ratings of the Russian Federation  
S&P:BBB- / Moody's: Baa3 / Fitch:BBB / AKRA: AAA (RU)  
and have the Stable and Positive forecast

Issue Volume

Coupon Rate

Coupon Period

<p><b>1. Three-year bonds (general)</b> RU25072MOSO</p>	<p>RUB <b>70</b> bln</p>	<p><b>6.55%</b></p>	<p><b>182</b> days</p>
<p> First distribution in the amount of <b>RUB 35 bln</b> was held on April 27, 2021; yield to placement 6,73% Demand at the auction <b>RUB 79,3 bln</b> (2,3 times more)</p>			
<p><b>2. Five-year bonds (general)</b> RU25073MOSO</p>	<p>RUB <b>70</b> bln</p>	<p><b>7.2%</b></p>	<p><b>182</b> days</p>
<p> First distribution will be held at the auction in June, 2021</p>			
<p><b>3. Seven-year bonds (green)</b> RU26074MOSO</p>	<p>RUB <b>70</b> bln</p>	<p>Will be determined at the first distribution</p>	<p><b>182</b> days</p>
<p> First distribution will be held via bookbuilding on May 27, 2021</p>			



**Long-term conservative budget policy ensured that Moscow's debt was reduced**

**to 1% revenues**  
by early 2021



**The city will maintain an exceptionally stable budget system even with the maximum borrowings:**

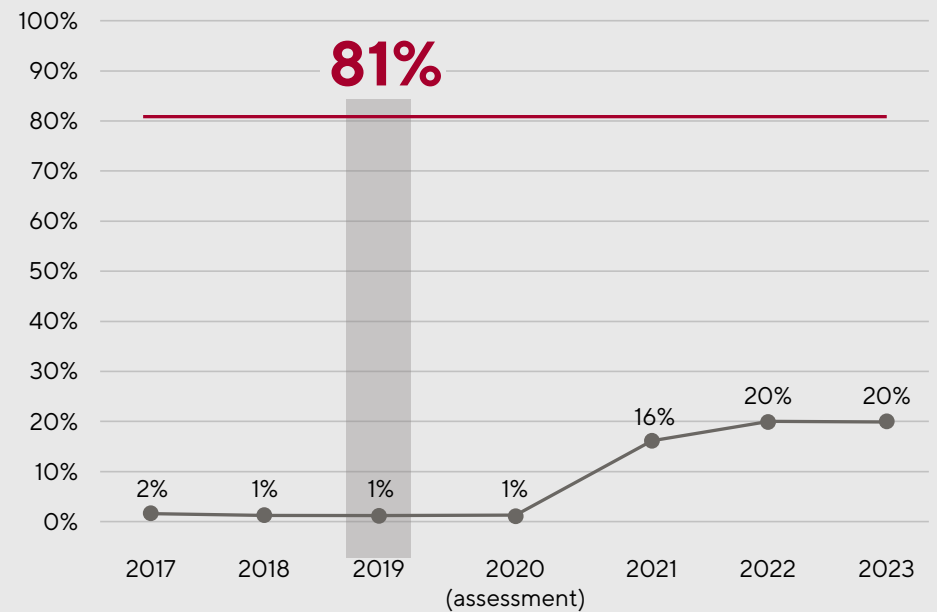
**debt level by the end of 2021 will not exceed 16% of revenues**



**Next lower order than the average debt-to-income ratio of major European cities with a credit rating according to S&P (2019)**



**The Moscow maximum debt to budget revenues ratio at the end of the year, %**



— Average debt-to-income ratio of major European cities rated by S&P (2019)

### The Moscow Government approved CITY OF MOSCOW GREEN BOND FRAMEWORK

Moscow is the first region  
of the Russian Federation placing  
green bonds

The issue shall comply with the general regional  
bonds rules prescribed by the Budget Code  
of the Russian Federation

The green bond issue shall be identified  
by **specifying the volume of the bond issue  
in the Framework**



The issuance of Moscow green bonds reflects  
the increased attention of the authorities and  
the population to the City's sustainable  
and environmentally efficient development



Although the expected demand from  
Russian investors is sufficient for the issue  
distribution, **the city is interested  
in the foreign investors**

The Framework and the Statement  
of Green Compliance are available online



Web Portal  
Moscow Open Budget



## International status

According to international practice, bonds are recognized as green bonds based on the assessment of **Green Bond Framework**

On April 30, 2021 the Framework has got the **independent Statement of Green Compliance**



Moscow bonds issue is **included in ICMA Sustainable Bonds Database**



## Regulation in Russia

Regulation of the issuance and circulation of public green bonds in the Russian Federation is **just under development**

On April 29, 2021 Moscow bonds were considered as a **green financial instrument** by VEB.RF



The Moscow Exchange changes the Listing Rules to include bonds of the regions of the Russian Federation in the Sustainable Development Sector. **Changes will be approved prior to distribution**



**Moscow bus fleet replacement  
with electric buses**

**400** electric buses are planned to be purchased by the City in 2021

**600** electric buses are being used in Moscow as of the early 2021

Replacing a bus with an electric bus **reduces:**



**190-260 kg** of pollutant emissions annually;

**60.5 tonnes** of greenhouse gas emissions (CO<sub>2</sub>) per year

**Expansion of the metro system**

**18**  
**stations**

**43.8**  
**km of lines**

Development of the Big Circle Line using bonds

**31**  
**stations**

**70**  
**km of lines**

The Big Circle Line will become the largest subway ring line in the world



Subway construction **reduces the use of private vehicles**, and thus minimizes pollutant and greenhouse gas (CO<sub>2</sub>) emissions

**Moscow will send the equivalent of the funds received from the distribution of green bonds to finance the projects declared in the Framework** (compliance with the cash unity principle in the Budget Code of the Russian Federation)