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## Lukoil concludes deal to enter project on shelf of Cameroon

Lukoil has concluded a deal on entering a project for the development of the Etinde section in the offshore area of the Republic of Cameroon in the Gulf of Guinea in Western Africa, the Russian company said in a statement.

## Belarus, Russia sign balance sheets for food

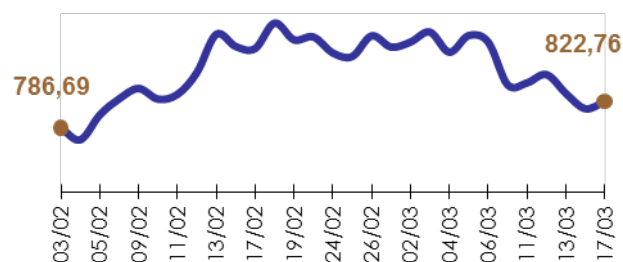
Belarus and Russia have signed forecast balance sheets for mutual food shipments within the Union State of Russia and Belarus, Russian Agriculture Minister Nikolai Fyodorov said after the documents were signed in Minsk on Tuesday.

## INDICATORS

### Chief Russian Financial and Macroeconomic Indicators

	18.03.15	17.03.15
Official Exchange Rate of Ruble to Dollar (ruble/\$1)	61.7510	62.1497
Official Exchange Rate of Ruble to Euro (ruble/EUR1)	65.4314	65.4063
	17.03.15.	16.03.15
RTS Index (\$), points	822.76	812.88
Russia stock market capitalization, \$bln	427.419	435.459
	06.03.15	27.02.15
CBR International Reserves (\$bln)	356.7	363.0
	February 2015	January 2015
Consumer Price Index (%)	2.2	3.9

### DOLLAR RTS INDEX ↑+1.22%



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## HEADLINE NEWS

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### Digest of headline news

\*\*\* A government commission has approved a bill to ratify the **Russian-Kyrgyz intergovernmental agreement** on a development fund, the Russian Cabinet's website reported on Monday.

Under the bill, Russia will ensure that Kyrgyzstan receives funds for projects through the fund by forming its charter capital of \$500 million and providing credit resources of at least \$500 million.

The fund's charter capital of \$500 million will be contributed by Russia with money from the federal budget in 2014-2016. Contributions can be made both in U.S. dollars and in Russian rubles.

\*\*\* The Eurasian Economic Commission (**EEC**) is hoping to sign a free trade zone agreement with **Vietnam** in May of this year, EEC Trade Minister Andrei Slepnev told reporters in Moscow on Tuesday.

"We are currently in the final stages of talks with Vietnam. These are actually substantive talks. We are now finishing up work on the text's technical revision, and we're hoping to be able to sign in May," he said.

\*\*\* Prime Minister Dmitry Medvedev has approved the makeup of Russia's state **commission for Arctic development**, Kommersant reported on Tuesday.

Deputy Prime Minister Dmitry Rogozin will be commission chairman. He will have five deputy chairmen: Natural Resources and Environment Minister Sergei Donskoi, Energy Minister Alexander Novak, Economic Development Minister Alexei Ulyukayev, Transportation Minister Maxim Sokolov and Deputy Security Council Secretary Vladimir Nazarov (subject to agreement).

\*\*\* **Lukoil** has concluded a deal on entering a project for the development of the Etinde section in the offshore area of the **Republic of Cameroon** in the Gulf of Guinea in Western Africa, the Russian company said in a statement.

"Earlier, the Company met all the preliminary conditions of the acquisition agreement signed in June 2014. This included obtaining approval from the Cameroon Ministry of Mines and Energy on October 21, 2014 and gazetting the Presidential Decree on February 18, 2015 approving the transaction," the statement said.

\*\*\* **Polymetal** has signed an agreement on increasing its stake in LLC **Vostochny Basis**, which holds the licenses for the development of the Tarutin copper field, from 25% to 50%, the company said.

"Following the successful exploration results at Tarutin area, Polymetal has purchased an additional 25% from Gerosena Trading Ltd, the owner of the remaining stake in LLC "Vostochny Basis", increasing the Company's interest in Tarutin to 50%. The consideration comprises \$14.2 million payable by 1,746,692 newly issued Company shares (0.41% of Polymetal's increased ordinary share capital)," the statement said.

\*\*\* Musa Bazhayev's **Russian Platinum**, which is developing two platinum-group fields on the Taimyr Peninsula, has offered to buy the **Nickel Plant**, which MMC Norilsk Nickel is preparing to mothball, Russian Platinum spokesman Andrei Romyantsev told Interfax.

"We think the closure of the Nickel Plant would cause Norilsk Nickel and the city a number of problems - social, technological and infrastructural - which we could resolve. We could take on some of the risks of closing the plant, restructuring the industrial site and re-creating jobs, thereby generating taxes," he said.

\*\*\* The **BRICS countries** (Brazil, Russia, India, China and South Africa) have good potential for the implementation of large **agricultural projects**," the Russian Agriculture Ministry said.

The ministry's press service said that this was announced by Deputy Agriculture Minister and Federal Fisheries Agency director Ilya Shestakov at the 14th meeting of the ministers of agriculture and agricultural development of BRICS countries, which took place in Brazil.

\*\*\* Presidential administration chief **Sergei Ivanov** may become chairman of the board of directors of **Rostelecom**, presidential press secretary Dmitry Peskov told journalists on Tuesday.

"Sergei Borisovich (Ivanov) may head the Rostelecom board of directors," Peskov said.

"Rostelecom is the biggest state asset in the communications sector and naturally, in this way, the state is demonstrating the importance it assigns to further development of this sector," Peskov said.

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## POLITICS. ECONOMY

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### **Govt commission approves bill to ratify Russian-Kyrgyz agreement on development fund**

MOSCOW. March 17 (Interfax) - A government commission has approved a bill to ratify the Russian-Kyrgyz intergovernmental agreement on a development fund, the Russian Cabinet's website reported on Monday.

Under the bill, Russia will ensure that Kyrgyzstan receives funds for projects through the fund by forming its charter capital of \$500 million and providing credit resources of at least \$500 million.

The fund's charter capital of \$500 million will be contributed by Russia with money from the federal budget in 2014-2016. Contributions can be made both in U.S. dollars and in Russian rubles.

Russia made the first contribution of \$100 million to the fund's charter capital in 2014. The remaining \$400 million in dollars or the ruble equivalent will be deposited in the fund's account at the National Bank of Kyrgyzstan according to schedule, including \$250 million in 2015 and \$150 million in 2016.

Projects implemented by the fund in Kyrgyzstan will be aimed at getting the country's economy ready to join the Customs Union and Common Economic Space.

The bill, submitted by the Foreign Ministry and Finance Ministry, will be considered at a meeting of the Russian government.

### **EEC hoping to sign free trade zone agreement with Vietnam in May 2015**

MOSCOW. March 17 (Interfax) - The Eurasian Economic Commission (EEC) is hoping to sign a free trade zone agreement with Vietnam in May of this year, EEC Trade Minister Andrei Slepnev told reporters in Moscow on Tuesday.

"We are currently in the final stages of talks with Vietnam. These are actually substantive talks. We are now finishing up work on the text's technical revision, and we're hoping to be able to sign in May," he said.

Slepnev added that the EEC was planning to meet with China next week discuss ways of cooperating within the Eurasian Economic Union. Representatives of the commission are set to visit China, where formal cooperation will be discussed.

The EEC is also planning to prepare recommendations this year on moving into the negotiation stage of a free trade zone with India. Work is also underway with Israel and Egypt, while a large interest in trade with the Eurasian Economic Union is being expressed by countries of Latin America, Western Asia and the Asian Pacific. This includes countries with developed economies, Slepnev added.

## **Armenia wants to combine EEU membership with EU agenda - president**

YEREVAN. March 17 (Interfax) - Armenia will seek interaction between different integration processes, Armenian President Serzh Sargsyan told the Euronest Parliamentary Assembly in Yerevan on Tuesday.

"Our position is that Armenia's membership in the Eurasian Economic Union with all ensuing obligations can be combined with the deep and comprehensive agenda of the European Union. Moreover, we want to find common ground and to promote cooperation and dialogue by building strong ties between various integration projects," Sargsyan said.

Armenia wants to broaden cooperation with the European Union in order to perfect the judiciary and democratic institutions, and stimulate human rights and rule of law, effective governance and fight against corruption; to strengthen civil society and to improve the business environment for expanding trade and investment, Sargsyan said.

"We hope for the European Parliament's assistance in launching talks on our citizens' visa-free travel to the European Union," the Armenian president said.

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## STATISTICS & DUTIES

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### **Russia slows rate of reducing investments in US Treasuries, Japan overtakes China**

WASHINGTON. March 17 (Interfax) - Russia has reduced investments in US Treasuries in January 2015 for the fifth month in a row, although, the rate of the reduction in comparison with December sharply slowed, which was shown in the research results of the U.S. Treasury Department and the Federal Reserve, which were published during early hours of Tuesday.

Investments fell by \$3.8 billion in comparison with by \$22.1 billion for December, when the rate of the fall in Russia's investments in US Treasuries was at its highest point since March 2014 (\$25.8 billion) - the month when relations between Russia and the West sharply deteriorated due to the Ukrainian crisis.

At the end of January the amount of US Treasuries that belong to Russia was \$82.2 billion against \$86 billion in December and \$108.1 billion in November. With this amount, Russia fell from the position of 12th largest holder of US Treasuries to the 15th largest holder behind India, Mexico and Turkey. In the overall list including groups such as "Caribbean banking countries" and "Oil exporting countries," Russia places 17th.

The total amount of investments of non-residents in US Treasuries rose in January by \$61.9 billion to a record \$6.22 trillion, of which \$4.12 trillion belongs to governments or central banks of foreign states.



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## COMPANIES & MARKETS

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### ENERGY & RESOURCES

#### **Government approves makeup of state commission for Arctic development - newspaper**

MOSCOW. March 17 (Interfax) - Prime Minister Dmitry Medvedev has approved the makeup of Russia's state commission for Arctic development, Kommersant reported on Tuesday.

Deputy Prime Minister Dmitry Rogozin will be commission chairman. He will have five deputy chairmen: Natural Resources and Environment Minister Sergei Donskoi, Energy Minister Alexander Novak, Economic Development Minister Alexei Ulyukayev, Transportation Minister Maxim Sokolov and Deputy Security Council Secretary Vladimir Nazarov (subject to agreement).

The commission will have over 60 members in all, including representatives from the big state companies (Gazprom, Rosneft and Transneft), the armed services (including Deputy Defense Minister Dmitry Bulgakov and FSB head of the economic security service Yury Yakovlev), the presidential administration, the gubernatorial ranks and other state executive bodies.

The commission will coordinate the operations of all the federal and regional government bodies connected with development of the Arctic, Kommersant said, citing documents it examined. The commission's decisions will be mandatory for all those bodies. It will meet at least once every six months. The commission's presidium - whose selection process and makeup will be decided by the commission itself - will be responsible for operational management.

The commission's competency will include socioeconomic as well as political - including military - aspects of Arctic development. The commission will assess the effectiveness of the use of the Arctic's resource base and make decisions about the development and implementation of priority investment programs.

#### **Lukoil concludes deal to enter project on shelf of Cameroon**

MOSCOW. March 17 (Interfax) - Lukoil has concluded a deal on entering a project for the development of the Etinde section in the offshore area of the Republic of Cameroon in the Gulf of Guinea in Western Africa, the Russian company said in a statement.

"Earlier, the Company met all the preliminary conditions of the acquisition agreement signed in June 2014. This included obtaining approval from the Cameroon Ministry of Mines and Energy on October 21, 2014 and gazetting the Presidential Decree on February 18, 2015 approving the transaction," the statement said.

"The Etinde project is being executed under the production sharing agreement (PSA) signed on December 22, 2008. The project partners are LUKOIL (30%), New Age (African Global Energy) Ltd (30%, operator), Bowleven Plc (20%), and state-owned Societe Nationale des Hydrocarbures (20%) of Cameroon. The license to develop the Etinde area was issued on July 29, 2014 and is valid for 20 years," Lukoil said.

## Lukoil Overseas boost production 140% in 2014 thanks to Iraq

MOSCOW. March 17 (Interfax) - Lukoil Overseas, the operator of the foreign projects of Russian oil company Lukoil, increased oil production by about 140% to 9.6 million tonnes in 2014 thanks to the launch of the West Qurna-2 field in Iraq, the company said in a press release.

Gas production totalled 6.8 billion cubic meters, and overall hydrocarbon production amounted to 112 million barrels of oil equivalent (boe).

The share of Lukoil Overseas in Lukoil's total oil production more than doubled to 10% in 2014 from 4.4% in 2013, and its share in total hydrocarbon production grew to 13.3% from 9.5%.

Proved, probable and possible reserves audited by Miller and Lents totaled about 2 billion boe as of January 1, 2015, and contingent resources of all categories exceeded 0.7 billion boe. Production was fully replaced by an increase in proven reserves, mainly from additional exploration of the Gissar, Kandym (Uzbekistan) and Shah Deniz (Azerbaijan) fields, the company said.

The highlights of 2014 were the commissioning of the West Qurna-2 field and the beginning of investment recovery for the project via compensation oil exports (more than 30 million barrels shipped by the end of the year). The field produced 11 million tonnes of oil in 2014 (6.1 million tonnes for Lukoil's share), which exceeded the target by 6%, the company said.

The company continued the implementation of gas projects in Uzbekistan. A booster compressor station was launched in November at the Khauzak-Shady field, allowing for a 20% increase in production. The Early Gas Kandym large capital project entered its active phase; work was done on design documentation development, equipment fabrication and delivery, as well as early construction under the Gissar Full Development project. Annual production at fields in Uzbekistan totaled 4 bcm of gas and over 100,000 tonnes of liquid hydrocarbons, the company said.

## Gazprom signs framework agreement on supplies of LNG to Egypt

MOSCOW. March 17 (Interfax) - Gazprom Global LNG Limited has signed a framework agreement on supplies of liquefied natural gas (LNG) to Egypt's EGAS, Gazprom Marketing and Trading (GM&T) said in a press release.

"Both parties are in the final stages of concluding the terms of a long term commercial arrangement," the company said, adding that it would provide more details as they become available.

Egyptian Petroleum Minister Sherif Ismail said Egypt expected to conclude a five-year contract with Gazprom on supply of 35 shipments of LNG, or seven LNG carrier loads a year beginning in 2015.

Egypt's gas production declined substantially in the aftermath of the Arab Spring, including a drop of 8% to 56.1 billion cubic meters in 2013, leading the country to seek outside supplies of natural gas.

## Gazprom Neft working to organize production of parts, materials for Prirazlomnoye

MOSCOW. March 17 (Interfax) - Gazprom Neft is discussing organization in Russia of production of spare parts and materials for the Prirazlomnoye offshore platform on the Arctic shelf, which was commissioned last year, the head of material and technical resources procurement Sergei Datsenko said at the Neftegazsnab-2017 oil and gas supply chain conference in Moscow on Tuesday.

Under the import substitution program, Gazprom jointly with Russian manufacturers has intensified the search for the necessary technological solutions. "We have defined a host of projects that are located, as is said, in the zone of maximal import. In extraction these are projects on the shelf first of all and here we are probably conducting the most intensive studies. In refining, these are projects connected with catalysts," he said.

Commenting on the import substitution challenge at the Prirazlomnoye platform, he said: "Over a certain period of time, a significant quantity of spare parts and expendable materials are needed," he said. "We forecast that by 2020, demand for these spare parts and expendables will multiply, by a factor of two, perhaps more, which is somewhat of a problem for the company," he said.

One of the tasks is to create technical documentation for the imported equipment. "One of the options we see for resolving this issue is the action of the center in support of Russia's technology agency, which could engage in creating the technical documentation and organizing production at existing Russian enterprises," he said.

A number of equipment items for use on the platform are already undergoing testing at Russian companies, including wellhead and electro-technical equipment. "That is, the process has progressed from words to deeds. Potentially, before the end of the year, Russian manufacturers may supply such equipment for Prirazlomnoye," Datsenko said.

Datsenko noted in their dealings with suppliers, Gazprom Neft representatives had learned that in fact the engineering and supply of equipment for the platform was performed by Russian enterprises. The equipment and materials were produced in Russia, then packaged as a foreign brand. "These are not isolated instances. That is, there is the potential and the opportunity for this production [at Russian enterprises]," he said.

## Kuzbass Fuel Co may not pay dividends for first time since 2010

KEMEROVO. March 17 (Interfax) - The board of directors of OJSC Kuzbass Fuel Company, which is based in Kemerovo, on Monday recommended that shareholders at an annual meeting on May 15 vote against dividend payments for operations in 2014, the company said in materials.

Since 2010, when Kuzbass Fuel Company had an IPO, the company has paid dividends annually.

"The dividend policy was changed and in the future the company is planning to pay no less than 25% of net profit to International Financial Reporting Standards (IFRS)," the company said in a statement. The company said: "Management is expecting a zero financial result to IFRS for 2014."

Kuzbass Fuel Company told Interfax that earlier the company paid no less than 25% of net profit to Russian Accounting Standards (RAS).

Kuzbass Fuel Company still has not disclosed financial results for 2014. In January-September 2014 the company reduced net profit to RAS by 57% year-on-year to 149.867 million rubles. The company posted net losses to IFRS of 469 million rubles in 9M 2014 against 329 million rubles of net profit in 9M 2013.

According to the company's statement, the list of people entitled to participate in the annual meeting will be compiled according to the register's data on March 27, 2015.

## **Kazakhstan ratifies protocol to oil deal with Russia**

ASTANA. March 17 (Interfax-Kazakhstan) - Kazakh President Nursultan Nazarbayev has signed the Law on Ratification of the Protocol on Amendments to the Agreement between the Kazakh and Russian Governments on Trade and Economic Cooperation in the Field of Oil and Oil Product Supplies to Kazakhstan dated December 9, 2010, the press office of the head of state said.

The protocol signed on May 29, 2014 in Astana extended the deadline of the agreement until January 1, 2019. The agreement may be automatically extended for another five years unless one party notifies the other one of its intention to terminate the agreement no later than six months prior to the expiry of the initial agreement duration.

## **TANAP project launched in Turkey**

BAKU. March 17 (Interfax) - A groundbreaking ceremony for the Trans-Anatolian Gas Pipeline project (TANAP) was held in Turkey's Kars Province on Tuesday, the Turkish television station TRT Haber has reported.

The ceremony was attended by Azeri, Turkish and Georgian presidents Ilham Aliyev, Recep Erdogan and Giorgy Margvelashvili, and other officials.

TANAP will transport Azeri gas from the Shah Deniz gas field under Stage 2 from the Georgian-Turkish border to the western borders of Turkey. Its handling capacity is expected to amount to 16 billion cubic meters as a minimum, of which 10 billion will flow to Europe and 6 billion to western Turkey. TANAP is estimated at \$10 billion - \$11 billion. Azerbaijan's state oil company SOCAR holds an 58% stake in the project, BP 12% and Botas 30%.

## **ELECTRICITY PRODUCTION & DISTRIBUTION. NUCLEAR POWER**

### **Power Machines builds first of three generators for Turkish hydro plant**

ST. PETERSBURG. March 17 (Interfax) - Power Machines has built and shipped the first of three 46.6-MW generators for the Kigi hydropower plant being built in Turkey's Elazig province, the Russian power engineering company said.

The equipment is expected to be delivered to the site of the plant in May.

Power Machines signed the contract to manufacture and deliver the equipment with DSI, the directorate of hydraulic works at the water resources department of Turkey's Forestry and Water Affairs Ministry, in December 2013.

Under the contract, Power Machines is supposed to deliver turn-key electromechanical equipment for the hydropower plant, including three hydro turbines with capacity of 46.6 MW each with pre-turbine gate valves, three generators with the same capacity, all electromechanical equipment for the turbine room and switchgear.

The three generating units are supposed to go into operation in 2016. Power Machines is now working on building the three turbines and another two generators.

## Mikhail Prokhorov's Quadra ready to propose projects for state support

MOSCOW. March 17 (Interfax) - Mikhail Prokhorov's power generation concern Quadra plans to receive state assistance in its status as backbone enterprise, General Director Vladlen Alexandrovich told journalists on Tuesday.

"We are included in the pool of backbone enterprises. We currently have a pair of projects that we want to propose for implementation under this methodology," he said when asked if the company planned to request project financing.

"There is NWF [National Welfare Fund] money, subsidies, that is, project financing. For us, of course, this involves project financing; we don't have global projects," Alexandrovich said. The projects are not for construction of new generating capacity but those that would see the charges it collect from households reduced owing to installation of meters and energy efficiency and conservation measures.

Alexandrovich did not specify the projects or the amounts concerned. Quadra has not approached banks concerning the issue, he said.

In February, the Russian government included the company on the list of 199 backbone enterprises that might receive anticrisis support. Receipt of state support is contingent on the companies meeting restructuring and increased efficiency goals. Separate attention is to be paid to elimination of administrative, legislative and labor barriers to the conduct of business in the relevant economic sectors.

Meanwhile Quadra may postpone the commissioning of power blocks being built under capacity provision agreements (CPA) by 6-18 months, Alexandrovich told journalists.

"We have four CPAs. We want to reschedule them, not for very long terms: from half a year to one and a half years maximum," Alexandrovich said, noting that the company has already expended its grace period [during which CPAs may be delayed without penalty]," Alexandrovich said.

It was reported earlier that Quadra was discussing adjustments to the schedule for carrying out CPAs. The four remaining projects will be implemented, but their timing needs alteration, a Quadra representative told Interfax.

The rescheduling, which Quadra hopes to arrange without triggering penalties, is the product of the current economic situation, problems raising loans and slowing electricity consumption, which might mean there is no demand for the new generating capacity.

## E.ON Russia posts adjusted IFRS earnings of 17.1 bln rubles in 2014

MOSCOW. March 17 (Interfax) - E.ON Russia had net profit of 17.1 billion rubles to International Financial Reporting Standards (IFRS) in 2014, adjusted for a one-time effect of impairment, the generating company said.

This was practically level with net profit for 2013.

Unadjusted net profit grew 17% to 16.88 billion rubles.

Revenue was 77.7 billion rubles, down a shade from 78.8 billion rubles in 2013.

Earnings before taxes, depreciation and amortization (EBITDA) fell 10% to 26.2 billion rubles due to margin reduction: in particular, the indicators were influenced by the results of KOM in Siberia in 2014 (Berezovskaya GRES), decrease in power generation (due partly to the CCGT scheduled repairs), which was only partially compensated by electric power prices growth.

EBITDA was slightly higher than the 25 billion rubles that management forecast and roughly in line with what analysts predicted in a consensus forecast for Interfax.

Operating costs fell 7% to 59.3 billion rubles last year. EBIT came to 19.2 billion rubles, as in 2013.

E.ON Russia will have earnings before interest, taxes, depreciation and amortization (EBITDA) in excess of 30 billion rubles in 2015, rising to 35 billion rubles in 2016, according to a graphic included in a company presentation on the results for 2014.

"Growth in EBITDA reflects the startup of the new block at the Berezovskaya GRES in 2015," the materials say.

### Dividends

E.ON Russia might pay out 100% of net profit for 2013 under Russian Accounting Standards (RAS) as dividends for 2014, the company said.

The company is set to release its RAS report on March 23.

The CEO of E.ON Russia, Maxim Shirokov, has previously told reporters that E.ON's 2014 dividends might exceed 60% of net profit, though he did not specify whether this was RAS or IFRS profits.

The company had RAS net profit of 18.9 billion rubles in 2013 and IFRS net profit of 14.4 billion rubles.

E.ON Russia has paid out record dividends for two years in a row. For 2012, shareholders were paid 100% of IFRS net profit, while 2013 dividends totaled 100% of RAS net profit. The company also paid 5 billion rubles from undistributed profit from previous years.

The company's charter capital is 25,219,482,458.37 rubles, which is divided into 63,048,706,145 shares with a nominal value of 0.4 rubles. The German concern E.ON holds an 83.7% stake in the company.

OJSC E.ON Russia has five thermal power plants: Surgutskaya GRES-2 with a capacity of 5,597 MW, Berezovskaya GRES, Shaturskaya GRES (1,493 MW), Smolenskaya GRES (630 MW) and Yayvinskaya GRES (1,205 MW).

## Surgut power unit

E.ON Russia estimates preliminary damages from an accident at the No. 4 generating unit of its Surgut-2 state district power plant at 556.9 million rubles, the company said.

The cost of repairing the unit is 1.146 billion rubles, and the company will get 589.029 million rubles back on insurance.

On January 4, 2015, there was a partial collapse of the roof of the power unit. This collapse resulted in damage to certain equipment and a temporary reduction in production capacity.

"A preliminary calculation of the damage incurred amounts to 556.874 million, which is calculated as the difference between the costs of repair amounting to 1.146 billion rubles and the compensation from insurance payments amounting to 589.029 million rubles," the company said.

"According to the expectations of the company's management, the damage will be compensated by the insurance company in accordance with the terms of the insurance contract," it said.

OJSC E.ON Russia has five thermal power plants: Surgutskaya GRES-2 with a capacity of 5,597 MW, Berezovskaya GRES, Shaturskaya GRES (1,493 MW), Smolenskaya GRES (630 MW) and Yayvinskaya GRES (1,205 MW).

## Board of directors of IDGC Centre adjusts investment program until 2020, capex for 2015 - 11.5 bln rubles

MOSCOW. March 17 (Interfax) - The board of directors of IDGC Centre has adjusted the investment program for 2015 and for the period of 2016-2020, the grid company's press service said.

Capex is planned at 11.5 billion rubles, without VAT.

In the future, the growth of investments and commissioning of capacities are being forecast. Investments in 2020 are planned at 16.5 billion rubles, which is 43% more than in 2015.

### Investment plans of IDGC Centre

Indicator	UoM	2015	2016	2017	2018	2019	2020
Capital investment, VAT exclusive	Bln rubles	11.5	12.9	13.7	15.1	15.6	16.5
Financing, VAT inclusive	Bln rubles	13.4	15.4	16.2	17.9	18.3	19.5
Commissioning of fixed assets, VAT exclusive	Bln rubles	11.9	12.8	13.9	15.5	15.7	16.6
Commissioning of capacity	MVA	909	666	807	835	831	531
	km	3506	4197	4351	4695	4779	4625

"The adjustment of the Investment program was carried out taking into account the updated forecast of socio-economic development of the Russian Federation for 2015 and the planning period of 2016 - 2017, as well as the full implementation of the Company's obligations under grid connection contracts of consumers in the regions of its service area [and also the inclusion of actual results of trade and purchase procedures in 2014]," the company said.

In September 2014 it was reported that the capex of IDGC Centre in 2014 was being planned at 11.9 billion rubles without VAT, which is 17.4% lower than in 2013. The financing of capex with VAT was planned at 14.3 billion rubles.

## METALS & MINERALS

### **Mechel proposes creditors lower loan interest rates - paper**

MOSCOW. March 17 (Interfax) - Mechel and Rothschild Group, the Russian steel and coal company's mediator in negotiations with creditor banks, have proposed that state bank VTB lower the interest rate on a loan of 44 billion rubles, business daily Vedomosti reported on Tuesday, citing a source involved in the negotiations.

Following changes in the Central Bank's key interest rate, the interest rate on this loan has spiked to 35% from the 12% it was set at when the loan was extended. VTB said earlier that it could lower the rate on the loan to 18.5% if Mechel would service the debt.

Proposals that were sent to banks on Friday offer a solution that does not include conversion of debt into shares, the head of Rothschild Group's Russian office, James Friel told the paper. "Based on the company's financial indicators, we believe that the company will be able to meet its obligations to pay interest without this option," he said, though he declined to disclose details.

Representatives of VTB and Mechel declined to comment.

It was reported earlier that Mechel principal shareholder Igor Zyuzin and VTB head Andrei Kostin will meet this week to discuss measures to settle the company's debts. The meeting is scheduled for Wednesday, Vedomosti reported a source as saying.

The proposals to other banks are similar to those made to VTB. Mechel is asking them to lower interest rates on loans, a source close to another creditor of the company told the paper. But the proposals do not take into account the interests of creditors, he said.

The banks are proposing that Zyuzin consider a partial conversion of debt into shares in the company, the source said, without specifying what portion of the debt the banks have in mind. Essentially, the negotiating positions of the banks and Mechel have not changed much since the previous round of talks, he added.

Current interest rates on Mechel's loans are in line with the proposals sent to VTB. They are fixed at 12% on loans of 12.4 billion rubles and 15 billion rubles from Sberbank. The interest rate on a loan of \$550 million from Gazprombank is equivalent to the three-month LIBOR+5.25%.

On March 7, VTB informed Mechel creditors through the media that it would file a motion in court on the company's insolvency. A month after publication of the notice, the bank will make the filing in the arbitration court where Mechel is registered, but until then VTB sees a "possibility for constructive dialog between creditors and Mechel in order to settle the debt of the steel company." Mechel, in turn, said it hopes the negotiations to restructure its debts will be successful.

VTB, Gazprombank and Sberbank account for more than half of Mechel's debts; the group's net debt stood at \$6.3 billion at the end of January. Creditors have insisted on the conversion of the company's debt into shares, but Zyuzin opposes this solution.



## Polymetal boosts stake in Tarutin copper field from 25% to 50%, deal was \$14.2 mln

MOSCOW. March 17 (Interfax) - Polymetal has signed an agreement on increasing its stake in LLC Vostochny Basis, which holds the licenses for the development of the Tarutin copper field, from 25% to 50%, the company said.

"Following the successful exploration results at Tarutin area, Polymetal has purchased an additional 25% from Gerosena Trading Ltd, the owner of the remaining stake in LLC "Vostochny Basis", increasing the Company's interest in Tarutin to 50%. The consideration comprises \$14.2 million payable by 1,746,692 newly issued Company shares (0.41% of Polymetal's increased ordinary share capital)," the statement said.

"As result of the issuance of consideration shares, Polymetal's share capital will comprise 422,566,635 shares. Consideration shares are expected to be admitted to trading on or around March 18, 2015," Polymetal said.

"Tarutin is a conventional copper-gold skarn mineralization. Following the results of 2013-2014 drilling campaign on the deposit, Polymetal performed a JORC-compliant mineral resources estimate for the Tarutinskoye copper deposit up to the depth of 200m from the surface," the company said.

Tarutin mineral resources estimate as at January 1, 2015

Mineral Resources	Indicated	Inferred	Total
Tonnage, mln tonnes	6,080	4,170	10,250
Gold content, grams/tonne	0,09	0,09	0,09
Silver content, grams/tonne	7,52	6,37	7,05
Copper content, %	1,12%	0,81%	0,99%
Gold, '000 ounces	17	12	30
Silver, mln ounces	1,470	0,853	2,324
Copper, '000 tonnes	68	34	101

Vostochny Basis acquired the licenses for Tarutin in September 2013 for 15 million rubles (close to \$0.5 million at the exchange rate at that time).

"The Tarutin licence plot covers an area of 1.8 square km and is located 28 km from the town of Chesma (population approximately 7,000) in the Chelyabinsk region of Russia and approximately 150 km by road from the Varvara copper-gold mining operation in Kazakhstan, which is owned by the Company. The infrastructure in the region where the licence area is located is well developed, with a railway station located 20 km from the deposit," the company said.

## Russian Platinum offers to buy Norilsk's Nickel Plant

MOSCOW. March 17 (Interfax) - Musa Bazhayev's Russian Platinum, which is developing two platinum-group fields on the Taimyr Peninsula, has offered to buy the Nickel Plant, which MMC Norilsk Nickel is preparing to mothball, Russian Platinum spokesman Andrei Rumyantsev told Interfax.

"We think the closure of the Nickel Plant would cause Norilsk Nickel and the city a number of problems - social, technological and infrastructural - which we could resolve. We could take on some of the risks of closing the plant, restructuring the industrial site and re-creating jobs, thereby generating taxes," he said.

Russian Platinum estimates it will cost Norilsk Nickel 1.5 billion rubles to mothball the Nickel Plant. Rummyantsev did not say how much Russian Platinum estimated the plant was worth. He said a response to the initiative had not been received. Norilsk Nickel is not commenting.

An alternative to buying the Nickel Plant might be to buy the site and the enterprise's energy infrastructure, Rummyantsev said.

Norilsk Nickel plans to mothball the obsolete Nickel Plant, built in 1942, next year at an overall cost of 11 billion rubles including retraining and relocating employees - money the company would save if plans to abolish copper and nickel export duty are brought forward. The Nickel Plant's refining and smelting operations would be moved to the more up-to-date Nadezhda Metallurgical Plant, which is being upgraded for the purpose.

## METAL GOODS & ENGINEERING

### **VEB ready to purchase Kamaz bonds; needs clarity on financing source**

TIKHVIN. March 17 (Interfax) - Vnesheconombank (VEB) (MOEX; VEBM) is ready to purchase bonds being placed by Russian truck maker Kamaz but the source of financing needs to be determined, VEB chief Vladimir Dmitriev told Interfax in Tikhvin on Monday.

"The sources of financing need to be determined now. In principle: yes, of course [VEB is ready to buy]," he said.

Earlier, at a working meeting with President Vladimir Putin, Dmitriev said that the bank had received a request to purchase Kamaz bonds. "In fact, we recently received a request and are looking at it, on an additional 35 billion rubles to purchase bonds issued by Kamaz "for new production capacity," Dmitriev said.

It was also reported that the Kamaz board of directors approved the prospectus for an issue of securities and issuance of bond series BO-07 to BO-15.

Late last year, the Finance Ministry, VEB and Kamaz concluded an agreement on provision of state guarantees to the truck maker on exchange bonds totaling 35 billion rubles. The guarantees are for 15 years for bond series BO-07-BO-11 of 3 billion rubles each and for BO-12-BO-15 of 5 billion rubles each.

### **Tractor Plants hoping to finish restructuring debt owed to VEB in mid-April**

TIKHVIN. March 17 (Interfax) - Tractor Plants Concern (KTZ) is planning to finish restructuring debt owed Vnesheconombank (VEB) in mid-April, the CEO of Corporate Governance Concern Tractor Plants, Mikhail Bolotin, said in Tikhvin on Monday.

"The restructuring program that was approved and confirmed by VEB is not yet complete. We expect it to end by mid-April," he said, declining to disclose the terms of the restructuring. Bolotin confirmed that the option to keep the concern in the hands of its former owners remains in effect.

"The management structure isn't changing. As the only structure, the concern is functioning and will continue to function this way in the future," he said, adding that Tractor Plants would put free production sites up for sale.

"We are going to sell them. This is in the restructuring program for our own assets. Because we have around 1 million square meters of free production space that is not being used. Naturally, we need to do something with it. We aren't realtors, and we do not currently carry out development projects, nor do we want to," Bolotin said, noting that Tractor Plants would either sell or transfer the land and production sites to other investors who already have an interest.

He said such assets included locations in Krasnoyarsk, Volgograd and Lipetsk. "There are 120 hectares in Volgograd, 150 in Lipetsk and 80 in Krasnoyarsk," Bolotin said. Harvesting machinery production was moved from Krasnoyarsk to Cheboksary's OJSC Promtractor. The company is not planning to move any other enterprises. "Our restructuring program [will be] completed in 2015," he noted.

Bolotin added that the company was not discussing separating the military and civil portions of the concern.

He also said that the company's wagon building enterprises needed orders more than anything, not government support measures. "Throwing money into a furnace is useless. Together with wagon builders, we are trying to place orders among the internal concern cooperation. Some things are working out okay, but some aren't. With time, I think that the share of orders inside the concern will be fairly significant," Bolotin said, adding that he hoped the crisis would end soon for wagon construction. "I estimate that there will be panic buying in three or four years," he said.

The farming equipment market is improving, Bolotin noted. "After a ban on buying road construction and agricultural equipment with budgetary funds, fairly high demand appeared. But unfortunately this demand is not provided with money. That is, there's a need and there's a desire, but there's unfortunately no financing," he said. The government and the Agriculture Ministry have enough ways of supporting buyers, Bolotin said. "I think that this program will start working over the next three or four months," Bolotin noted.

Discussing the activities of enterprises currently controlled by the concern, Bolotin said that the number of employees has been optimized by a total of 20,000. "We think that this is the optimum number given the level of equipment that we have. If technical modernization occurs as a result, then the number will naturally be cut," he said.

VEB has decided to restructure 15 billion rubles in Tractor Plants' debt, the head of the republic of Chuvashia, Mikhail Ignatyev, said previously during a video-conference call with municipal heads. Chuvashia's economic development, industry and trade minister Vladimir Avrelkin, also told Interfax that VEB's supervisory board decided to restructure 32 billion rubles of Tractor Plants' debt owed to a syndicate of banks.

"The decision has now been made to restructure 32 billion rubles in debt owed to a syndicate of banks, not only to VEB. VEB simply has the largest loan debt at 15 billion rubles. Now the restructuring mechanism is being determined. The final setup will be formulated in February-March [2015]," he said.

## IT & TELECOMS

### **Sergei Ivanov may head Rostelecom board of directors - Peskov**

MOSCOW. March 17 (Interfax) - Presidential administration chief Sergei Ivanov may become chairman of the board of directors of Rostelecom, presidential press secretary Dmitry Peskov told journalists on Tuesday.

"Sergei Borisovich (Ivanov) may head the Rostelecom board of directors," Peskov said.

"Rostelecom is the biggest state asset in the communications sector and naturally, in this way, the state is demonstrating the importance it assigns to further development of this sector," Peskov said.

Ivanov would be the highest ranking official on the board of directors of the state-controlled company. He will have a "special task," an acquaintance of Ivanov's told Vedomosti, but without specifying what exactly that would entail. Analysts surveyed by Interfax speculated that it might have to do with Rostelecom's privatization.

At the end of December, Prime Minister Dmitry Medvedev said it would make sense to have high-ranking government officials (deputy prime ministers, ministers, agency heads) return to the boards of directors of the big state companies. Since then Energy Minister Alexander Novak has been nominated for a seat on the Gazprom board of directors and reports have said Deputy Prime Minister Arkady Dvorkovich may join the Russian Railways (RZD) board.

### **Alfa Group makes offer for purchase of 13.76% of Turkcell for \$2.8 bln**

MOSCOW. March 17 (Interfax) - Alfa Telecom Turkey Ltd., which belongs to Alfa-Group, has made an offer for the purchase of a 13.76% stake in Turkcell mobile operator, which is being held as collateral by Turkey's Ziraat Bank.

Alfa Telecom Turkey offered to buy 51 Class B shares for \$54.9 million per share for a total of \$2.8 billion, Turkcell said in a statement.

If the deal takes place, Alfa, which already has a 13.2% stake in Turkcell, will double its stake in the operator.

Turkcell is owned by Turkcell Holding A.S., which holds a 51% stake. The holding in turn is owned by Cukurova Telecom Holdings Ltd. (51% is owned by Cukurova Finance International and 49% by Alfa), which holds a 52.91% stake, 47.09% is owned by Swedish-Finnish TeliaSonera. With account of directly held stakes, TeliaSonera owns 37% of Turkcell, Cukurova - 26.98%, and Alfa - 13.2%.

## MTS ups Q4 GAAP revenue 2.3% to 107.2 bln rubles, OIBDA down 5.3%

MOSCOW. March 17 (Interfax) - Mobile TeleSystems (MTS) raised net profit to US GAAP 2.3% year-on-year in Q4 2014 to 107.19 billion rubles, the telco said in a report.

OIBDA fell, by 5.3% to 42.6 billion rubles and the OIBDA margin was 39.7%, down from 42.9% a year previously.

Net profit plummeted 91.7% year-on-year to 1.65 billion rubles.

Revenue was higher than the 106.5 billion rubles that analysts predicted in a consensus forecast for Interfax. The analysts forecast 43.3 billion rubles OIBDA and a margin of 40.7%. They said net profit before FX losses might have been as high as 12.6 billion rubles, but some analysts thought the company might post losses of 6.8 billion rubles.

Net debt was 185.5 billion rubles as of December 31, 2014, and 75% of this was denominated in rubles. MTS' net debt/OIBDA ratio was 1.05, which was in line with the company's forecast.

Operating cash flow from continuing activities fell 0.3% year-on-year to 159.5 billion rubles. Free cash flow declined 22.6% in the reporting period to 57 billion rubles. This occurred due to increased capex stemming from prepayments to vendors for equipments supplies, as well as the purchase of assets in Russia (shares in Ozon Holdings, three SMARTS subsidiaries and participation in MTS Bank's additional issue).

The group's overall capex in 2014 was 92.6 billion rubles, or 22.5% of revenues, which was 13.5% more than in 2013. MTS President Andrei Dubovskov said capex increased due to a large prepayment made for equipment from foreign vendors in Q3 2014.

### Revenue forecast

MTS is expecting to boost revenue by more than 2% in 2015, the company said.

OIBDA margin might be over 40% versus 42.7% in 2014, while capex is expected at 85 billion rubles.

Revenue growth in Russia is forecast at more than 3%.

"Traditionally we think that Russia will demonstrate more positive numbers than the group in general. We also suggest that capex will fall. 2014 was the main year for the creation of a fixed business in the Moscow region, in 2015 we will complete the construction of the network for GPON technology, these expenditures will go. We also are not seeing a reason for significant investment in the construction of second generation networks. Our enthusiasm for the construction of third generation (3G) networks is falling. As concerns 4G networks, it is necessary to understand, that the ratio of already built and possible for use and the level of penetration of 4G devices is such that we are going at a faster rate," MTS President Andrei Dubovskov told journalists on Tuesday.

According to the EFIR-Interfax analytical terminal, the consensus forecast among analysts at investment banks for MTS revenue in 2015 is currently 419.417 billion rubles, or 2% more than in 2014. The consensus for the OIBDA margin is 42%.

The revenue of MTS in 2014 was 410.8 billion rubles, which is 3.1% more than a year earlier. Earlier in Q3 the company reduced the forecast for revenue growth to 1%. Revenue from the Russian business was 374.9 billion rubles, which is 5.6% more than in 2013.

Adjusted OIBDA (without account of income of 6.7 billion rubles from the resumption of activity in Uzbekistan and 5.1 billion rubles of reserves at Delta Bank for investment) rose by 0.3% to 175.46 billion rubles. OIBDA margin for 2014 fell to 42.7% from 43.9%.

## Stable dividends

MTS expects dividends in 2015 will be stable, the telco's CFO, Alexei Kornya, told reporters.

He did not say exactly how much would be paid this year. "The specific recommendations will be issued in April-May, by the board of directors," he said.

MTS confirmed its forecast for dividend payments in 2014-2015 of at least 90 billion rubles.

MTS paid 51.2 billion rubles in dividends for 2014, 24.9% more than for 2013, when it paid a total of 41 billion rubles. The final dividend for 2013 was 38.44 billion rubles or 18.6 rubles a share, and dividends for H1 2014 were 12.8 billion rubles or 6.2 rubles a share.

Cash flow from continuing operations, where MTS sources its dividends, fell 22.6% last year to 57 billion rubles due to higher capex, prepayments for foreign equipment and acquisitions, including subscription to the MTS Bank share issue.

The company's dividend policy is to pay the greater of at least 75% of free cash flow for a previous year or 40 billion rubles a year. MTS paid its first interim dividend in 2013 and said at the time that it would be doing this regularly, sharing profit with shareholders twice a year.

MTS is Russia's largest mobile operator. It has 2,066,413,144 ordinary issued shares, par value 0.1 rubles each. AFK Sistema owns 53.5% of shares. The rest trade on the NYSE and Moscow Exchange.

Sales revenue to US GAAP grew 3.1% last year to 410.8 billion rubles but net profit fell 35.1% to 51.8 billion rubles.

## Rusnano extends deadline by three months for NeoPhotonics to meet investment obligations

MOSCOW. March 17 (Interfax) - Russian nanotechnology corporation Rusnano has extended the deadline for the American company NeoPhotonics to carry out its investment obligations of organizing production in Russia until June 30, 2015, Rusnano materials show.

Over the next several weeks, NeoPhotonics and Rusnano are planning to finish working out the question of NeoPhotonics' long-term (five-year) plan for developing its business in Russia. Because of this, Rusnano has decided to extend the deadline for NeoPhotonics to carry out its investment obligations until June 30, Rusnano said.

"According to the agreement, Rusnano purchased newly-issued common shares of NeoPhotonics for \$39.8 million in cash, which constitutes approximately 17% of the company's outstanding common stock after completion of the transaction," Rusnano has said in a statement. The American company was supposed to invest \$30 million by March 31 of this year in organizing a production site in Russia. Of this, no less than \$15 million was supposed to be capex.

In early 2015, Rusnano said that NeoPhotonics was planning to invest \$30 million in creating a production site at Moscow Technopolis.

"Moscow Technopolis attracted us mostly because several companies of the microelectronics cluster already work here and they have been able to find joint suppliers and even consumers. It has become very important to us that Technopolis' clean rooms have high class cleanliness and a high level of preparedness," Novica Mrdovic, a managing director of NeoPhotonics, said in January.

Initially, NeoPhotonics is hoping to organize production of fiber optic splitters at Moscow Technopolis. By the end of this year, the company intends to launch full cycle production of silicon chips. It is assumed that 30 specialists will work at the company's Moscow Technopolis space.

NeoPhotonics currently has production sites in the U.S., Japan and China.

Moscow Technopolis is being created with the support of the Moscow government, which has invested 5 billion rubles in the project over a three-year period. An additional 10 billion rubles in private investments were invested in the project as well.

## CONSTRUCTION & PROPERTY

### **Sberbank, VTB ready to lower subsidized mortgage rates to 12% from 13%**

MOSCOW. March 17 (Interfax) - The Russian banks Sberbank and VTB are ready to lower their subsidized mortgage rates to 12% from 13%.

At an anti-crisis committee meeting on Tuesday, Sberbank CEO German Gref and VTB CEO Andrei Kostin informed the committee's chairman, First Deputy Prime Minister Igor Shuvalov, that the rate can be lowered by 1 percentage point without changing the amount of government subsidies, a representative of Shuvalov's secretariat told reporters.

The government is planning to allocate 20 billion rubles to subsidizing mortgage rates, which will allow for 400 billion rubles in mortgages to be offered under concessionary terms.

The committee is set to discuss issues with the development of infrastructure construction at its next meeting, Shuvalov's secretariat said.

### **AFI Development swings to loss of \$287 mln in 2014 on revaluation of real estate projects**

MOSCOW. March 17 (Interfax) - Lev Leviev's property development group AFI Development swung to a loss of \$287.3 million in 2014 on revaluation of real estate projects due to the ruble devaluation and unfavorable macroeconomic factors, the company reported on Tuesday.

AFI posted a net profit of \$103.9 million in 2013.

The revaluation loss in the fourth quarter totaled \$220.7 million. At the end of February, AFI warned investors of losses in the fourth quarter, which it tentatively valued at \$210 million.

Rental payments declined slightly, by 2% to \$141.4 million from \$144.5 million in 2013, with the lion's share in both years coming from the company's flagship property: AFIMALL City in central Moscow (\$107 million).

The value of AFI assets fell to \$2 billion from \$2.4 billion at the end of 2013, according to a valuation performed by Cushman & Wakefield.

AFI Development was founded by Soviet-born Israeli billionaire Leviev to carry out development projects in Russia.

Meanwhile the Russian bank VTB has restructure a loan given to a company that is part of Lev Leviev's AFI Development group, AFI said in a report.

In January 2015, Krown Investments, which owns one of the group's projects (the Ozerkovskaya III office center) signed addendums to a loan agreement with VTB. The loan was originally set to mature on January 26, when the company was supposed to pay the state-owned bank \$205 million.

According to the new terms of the agreement, Krown paid just \$10 million on January 26, while new terms were approved for the remaining portion of debt. The loan has also been prolonged until January 26, 2018. Though the company will begin repaying the debt in Q4 2015, around 90% of the debt is to be repaid in 2018.

A new interest rate, which AFI has not disclosed, and covenants were also agreed upon.

## FOOD & AGRICULTURE. PROCESS INDUSTRIES, FORESTRY & TIMBER

### **Belarus, Russia sign balance sheets for food**

MOSCOW. March 17 (Interfax) - Belarus and Russia have signed forecast balance sheets for mutual food shipments within the Union State of Russia and Belarus, Russian Agriculture Minister Nikolai Fyodorov said after the documents were signed in Minsk on Tuesday.

"Russia met Belarus halfway, and shipments will be increased for certain items," he said.

Fyodorov added that it was not yet planned to do away with the forecast balance sheets. "We aren't going to get rid of the balance sheets in the near future," he said.

"The question is reasonable. We are going to try to do away with the balance sheets. But given the expansion of the Eurasian Economic Union, they are still relevant for the near future," Fyodorov said, adding that the forecast balance sheets when the union is expanded will be interesting mostly for business representatives of countries that are being integrated into the union - Armenia and Kyrgyzstan.

"The list of products the forecast balance sheets are used for will shrink," Fyodorov said.

### **BRICS countries have good potential for implementing large agricultural projects - AgMin**

MOSCOW. March 17 (Interfax) - The BRICS countries (Brazil, Russia, India, China and South Africa) have good potential for the implementation of large agricultural projects," the Russian Agriculture Ministry said.

The ministry's press service said that this was announced by Deputy Agriculture Minister and Federal Fisheries Agency director Ilya Shestakov at the 14th meeting of the ministers of agriculture and agricultural development of BRICS countries, which took place in Brazil.

He said that agriculture is a strategic sector for the economies of BRICS, upon which the social stability and the quality of life of the rural population largely depends. "BRICS countries have significant potential in the expansion of trade and economic cooperation, the expansion of mutual investments and the launch of large multilateral projects in the field of agriculture," the press service cited the official as saying.



At the meeting issues were discussed concerning cooperation in the provision of food for the most vulnerable segments of the population, the exchange of agricultural information between the agriculture ministries of BRICS countries, the development of trade and investments, the reduction of the negative effects of climate change on food security and the adaptation of agriculture to climate changes, the development of cooperation in agricultural technologies and innovation.

After the meeting the heads of the delegations confirmed a joint declaration.

From April 1, 2015 the chairmanship in the "five" will go to Russia. For the expansion of cooperation in agriculture, Russia is planning to organize an exhibition of agricultural investment projects of BRICS countries on October 7-10 and to hold a number of business events.

## RESTAURANTS & CATERING

### **Subway reduces value of franchise in Russia by 37.5% due to ruble's devaluation**

MOSCOW. March 17 (Interfax) - Subway Russia Franchising Company, which sells franchises for the development of the Subway fast food chain in Russia, has temporarily reduced the franchising fee by 37.5% due to the devaluation of the ruble.

"This step allowed for mitigating the sharp growth of concession payments, which are attributable to the change in the ruble's exchange rate at the end of 2014," the statement said.

The concession reimbursement for the first franchise of Subway was reduced to \$7,500 from \$12,000, and that of the second and the last franchise to \$5,625 and \$3,750, respectively.

"Having analyzed the state of the market today, the company decided to reduce the value of the franchise, in order to ease the entry into the chain for new partners. Now we are observing a situation when small business is the most profitable form of entrepreneurship. Therefore the current period is an excellent opportunity for company to attract new partners for cooperation," Subway Russia Vice President Gennady Kochetkov was cited as saying in the statement.

Subway is a large franchising chain of fast food restaurants, which includes 43,690 restaurants in 110 countries. The first franchise on the Russian market was sold in 1994. Today more than 670 restaurants are open in Russia. Russia is among the top five largest markets for the company with the fastest rates of growth.

## FINANCIAL MARKETS

### Dollar, euro down against ruble in evening trading despite falling oil prices

MOSCOW. March 17 (Interfax) - The dollar and euro were falling against the ruble in evening trading on the Moscow Exchange Tuesday despite falling oil prices.

The dollar was down 50.2 kopecks from previous closing at 61.69 rubles/\$1 by 7:00 p.m. Moscow time and the euro was down 32.8 kopecks at 65.421 rubles/EUR1. The bi-currency basket (\$0.55 and EUR0.45) decreased 42 kopecks to 63.37 rubles.

The average weighted dollar rate in Today trading fell 42.43 kopecks from previous closing to 61.7189 rubles/\$1. The Tomorrow rate was down 44.34 kopecks by 7:00 p.m. at 61.7635 rubles/\$1. Dollar trading amounted to \$5.133 billion by that time, with \$1.327 billion in Today and \$3.807 billion in Tomorrow deals.

The average weighted euro Today rate fell 5.21 kopecks to 65.393 rubles/EUR1. By 7:00 p.m., the Tomorrow rate was down 2.69 kopecks at 65.5518 rubles/EUR1. Euro trading amounted to EUR418.623 million by that time, with EUR188.409 million in Today and EUR230.214 million in Tomorrow trades.

On the money market, the overnight MosPrime Rate advanced 13 basis points to 14.3% per annum.

### Central Bank of Russia ruble exchange rates from 18.03.2015

Currency	Per	Rate	Change, %
Australia (Dollar)	1	47.2704	-0.446
Azerbaijan (Manat)	1	58.8778	-0.604
Armenia (Dram)	100	12.9051	-0.019
Belarus (Rubel)	10000	40.7597	-0.969
Bulgaria (Lev)	1	33.4549	-0.065
Brazil (Real)	1	18.9090	-1.153
Hungary (Forint)	100	21.5649	0.486
South Korea (Won)	1000	54.7758	-0.332
Denmark (Krone)	10	87.6871	-0.093
United States (Dollar)	1	61.7510	-0.642
EURO	1	65.4314	0.038
India (Rupee)	100	98.4276	-0.535
Kazakhstan (Tenge)	100	33.2863	-0.647
Canada (Dollar)	1	48.3563	-0.556
Kyrgyzstan (Som)	100	99.9207	0.323
China (Yuan)	10	98.8063	-0.443
Moldova (Lei)	10	33.7806	-1.620
Romanian (Leu)	1	14.7423	-0.051
Turkmenistan (Manat)	1	17.6457	-0.641
Norway (Krone)	10	74.3361	-1.729

Currency	Per	Rate	Change, %
Poland (Zloty)	1	15.8194	0.148
SDR (Special Drawing Rights)	1	84.5495	-0.765
Singapore (Dollar)	1	44.4572	-0.591
Tajikistan (Somoni)	1	10.3802	-7.722
Turkish (Lira)	1	23.5646	-0.661
Uzbekistan (Sum)	1000	24.8695	-1.162
Ukraine (Hryvna)	10	28.2924	-0.949
United Kingdom (Pound STG)	1	91.2371	-0.682
Czech Republic (Koruna)	10	24.0080	0.085
Sweden (Krona)	10	71.4025	-0.056
Switzerland (Franc)	1	61.4132	-0.661
South Africa (Rand)	10	49.8165	-0.468
Japan (Yen)	100	50.8636	-0.732

\* SDR - Special Drawing Rights. It is the unit of account for the International Monetary Fund

## Moscow interbank bid, offered & actual rate

17.03.2015

Rate/term	overnight	1 week	1 month	3 months	6 months	1 year
MIBID	13.83	14.12	14.46	15.32	15.52	15.37
Change	(-0.18)	(-0.21)	(-0.53)	(-0.31)	(-0.44)	(-0.36)
MIBOR	15.18	15.72	16.80	17.40	18.02	18.21
Change	(-0.13)	(0.05)	(-0.08)	(-0.26)	(-0.48)	(-0.46)
MIACR	14.14	14.96	-	-	-	-
Change	(-0.28)	(-0.83)	-	-	-	-

MIBID - Moscow Interbank Bid

MIBOR - Moscow Interbank Offered Rate

MIACR - Moscow Interbank Actual Credit Rate for current day

## Official exchange rates for CIS and Baltic nations as of 17.03.2015

Country	Currency	For \$1	For 1 ruble	For 1 EUR
Azerbaijan	manat	1.0488	0.0169	1.1081
Armenia	dram	479.74	7.79	508.86
Georgia	lari	2.1782	0.035002	2.2941
Belarus	bel.ruble	15120	244	15900
Kazakhstan	tenge	185.35	2.98	195.32
Kyrgyzstan	som	61.8	0.9944	65.1125
Moldova	leu	18.3847	0.2951	19.3546
Russia	ruble	62.1497		65.4063
Tajikistan	somoni	5.6258	0.0912	5.9439
Turkmenistan	manat	3.5	0.056379	3.6862
Ukraine	hryvnia	22.246866	0.35796	23.486016
Uzbekistan	sum	2478.23	40.42	2656.19

## SECURITIES

### STOCKS. CORPORATE BONDS

#### Russian stock market up in evening trading Tuesday

MOSCOW. March 17 (Interfax) - The Russian stock market was improving in evening trading on Tuesday as the MICEX stock index reached 1610.

The MICEX stock index closed at 1611.69, up 0.1%, while the dollar-denominated RTS index was at 822.76 points, up 1.2%. Ruble-priced blue chips moved by up to 2.9% on the Moscow Exchange.

Prices were up for Lukoil (+0.9%), Magnit (+0.1%), Norilsk Nickel (+2.9%), Rosneft (+0.1%), Rostelecom (+0.2%), Surgutneftegas (+1.3%) and Federal Grid Company (+6.6%).

Prices fell for VTB (-1.8%), Gazprom (-0.04%), Gazprom Neft (-0.6%), MTS (-1%), Novatek (-1.3%), Polyus Gold (-6.1%), Sberbank (-1.4%) and Tatneft (-0.2%).

Second-tier advancers on the Moscow Exchange were Sistema (+7.5%), E.ON Russia (+5.3%), Inter RAO (+4.4%), Alrosa (+4%) and Sollers (+3.3%).

Prices also fell for Pharmstandard (-5.2%), PIK (-4.6%), Aeroflot (-4.1%), TMK (-3.1%), Acron (-2.6%) and VSMPO-Avisma (-2.5%).

Combined trading volume on the main Moscow Exchange market was 33.791 billion rubles for the day, of which 11.909 billion rubles were in ordinary Sberbank shares.

#### Main indexes of the Russia stock market for March 17

Index	Value	Net	% Change
RTS Index, USD	822.76	9.88	1.22
MICEX Index, RUB	1611.69	1.84	0.11
MICEX10 Index, RUB	3562.33	-3.56	-0.10
MICEX Chemicals, RUB	9692.10	4.38	0.05
MICEX Consumer Goods, RUB	6355.20	-33.17	-0.52
MICEX Financials, RUB	4639.37	16.30	0.35
MICEX Innovation Index, RUB	248.22	0.18	0.07
MICEX Manufacturing, RUB	1318.23	26.84	2.08
MICEX Metals and Mining, RUB	4299.33	44.34	1.04
MICEX Oil and Gas, RUB	4145.71	-2.27	-0.05
MICEX Power, RUB	949.77	21.13	2.28
MICEX Second-Tier Index, RUB	3285.11	5.88	0.18
MICEX Telecommunication, RUB	1695.57	-18.49	-1.08
MICEX - Transport, USD	23.29	-0.58	-2.43
MICEX Chemicals, USD	163.71	1.81	1.12

Index	Value	Net	% Change
MICEX Consumer Goods, USD	233.24	1.36	0.59
MICEX Financials, USD	130.77	1.78	1.38
MICEX Manufacturing, USD	49.13	1.54	3.24
MICEX Metals and Mining, USD	146.44	3.10	2.16
MICEX Oil and Gas, USD	130.42	1.36	1.05
MICEX Power, USD	38.92	1.17	3.10
MICEX Telecommunication, USD	84.24	0.02	0.02
RTS2 Index, USD	699.34	6.41	0.93
MICEX Index Blue Chip, RUB	10684.62	-2.78	-0.03
RTS Sibir, RUB	542.03	1.91	0.35
RTX Index	1143.81	14.40	1.28

## Capitalization of Russian stock market decreases 0.51% on Tuesday

MOSCOW. March 17 (Interfax) - The capitalization of the Russian stock market, based on average-weighted prices on the Moscow Exchange's Main Market, decreases 0.51%, or by 136.958 billion from the previous session, to 26.564 trillion rubles (\$427.419 billion at the Central Bank's official exchange rate) on Tuesday.

The leaders in market value were Gazprom, with 3.317 trillion rubles, Rosneft, with 2.533 trillion rubles, LUKOIL, with 2.290 trillion rubles.

Capitalization has increased 15.18% from 23.062 trillion rubles on December 30, 2014.

## Aggregated results for trading of shares in Moscow Exchange

17.03.2015

Company	Average price, rub	Market price1, rub	Market price2, rub	Volume, ths. rub	Volume, shares
GTL	0.06	0.062	-	39.002	651000
PolyusGold InternationLtd	181.15	181.15	181.15	5943.358	32810
Abrau-Dyurso	103.0	104.0	-	144.35	1400
AVTOVAZ	11.56	11.56	11.56	2072.425	179200
AVTOVAZ, pr	3.335	3.335	3.335	2216.675	664800
Acron	2292.0	2292.0	2292.0	36432.318	15894
ALROSA	82.71	82.71	82.71	1361282.361	16458054
ANK Bashneft	1731.0	1731.0	1731.0	69800.675	40335
ANK Bashneft, pr.	1242.0	1242.0	1242.0	23338.641	18784
Pharmacy Chain 36.6	15.52	15.52	15.52	4234.51	272810
ARMADA	35.5	35.5	35.5	919.49	26050
Arsagera	0.795	0.78	-	246.578	310000
Sistema	15.46	15.46	15.46	660225.512	42692839
Ashinsky Metallurg Plant	5.26	5.38	-	16.314	3100

Company	Average price,rub	Market price1,rub	Market price2,rub	Volume, ths.rub	Volume, shares
Aeroflot	35.83	35.83	35.83	120674.506	3368197
AESSEL TIG	104.0	105.0	106.0	799.5	7700
St.Petersburg Bank	32.2	32.2	32.2	2206.424	68550
Bank FK Otkritie	1105.0	1105.0	1105.0	3522.668	3188
Belon	3.835	3.835	3.835	2459.02	640800
Buryatzoloto	889.0	889.0	868.0	8.89	10
GAZ Auto Plant	426.0	429.0	-	217.35	510
GAZ Auto Plant, pr.	280.0	311.0	-	16.79	60
Gazprom	140.12	140.12	140.12	3805167.831	27156432
HALS-Development	1755.0	1773.0	-	284.351	162
GlavTorgProdukt	2.15	2.15	2.15	1534.626	712800
Norilsky Nickel	10492.0	10492.0	10492.0	2105710.337	200705
LSR Group	628.0	628.0	628.0	30812.988	49095
Razguliyay Group	16.14	16.14	16.14	15437.201	956350
Cherkizovo Group	825.0	825.0	825.0	2806.688	3400
Dagestanskaya Sales Co	0.117	0.117	0.117	1796.624	15340000
Far Eastern Energy Company	1.371	1.371	1.371	5236.888	3819000
Fesco	3.08	3.11	-	215.662	70000
DIXY GROUP	491.0	491.0	491.0	2803.332	5710
DIOD	4.22	4.11	-	204.165	48400
Human Stem Cell Institute	8.75	8.8	-	155.815	17800
Inter RAO	0.886	0.886	0.886	34727.051	39186614
Irkut	6.58	6.62	-	50.676	7700
Irkutskenergo	6.28	6.28	-	499.251	79500
KamAZ	37.85	37.85	37.85	2356.89	62300
Kamchatskenergo	0.079	-	-	0.792	10000
Kostroma Retail Co	0.258	-	-	90.3	350000
Kostroma Retail Co, pr.	0.307	0.255	-	3.07	10000
Krasnoyarsk PowerStation	70.0	70.0	70.0	9947.822	142110
Krasniy Kotelshik, pr.	2.03	2.03	-	2.027	1000
Krasniy Oktyabr, pr.	83.5	91.0	-	3.34	40
Kubanenergo	48.1	49.1	-	270.428	5620
Kubanenergobyt	69.0	69.0	69.0	3008.872	43581
KUZBASSKAYA TK	109.3	109.3	109.3	1365.241	12490
KuibyshevAzot	78.0	77.0	77.1	15.6	200
Levenguk	7.95	7.8	-	11.925	1500
Lenzoloto	4910.0	4910.0	4910.0	1001.13	204
Lenzoloto, pr.	1585.0	1620.0	-	126.85	80
Lenenergo	2.65	2.665	-	379.341	143200
Lenenergo, pr.	11.5	11.5	11.5	705.0	61400
M.Video	169.7	169.7	169.7	8697.328	51250
Magnit	10391.0	10391.0	10391.0	866623.358	83403
MG War and Peace	0.948	0.948	0.948	855.101	902000
MegaFon	877.0	877.0	877.0	142694.8	162715

Company	Average price,rub	Market price1,rub	Market price2,rub	Volume, ths.rub	Volume, shares
Mediaholding	0.171	0.171	0.171	502.002	2947000
Mechel	73.57	73.57	73.57	757198.499	10292715
Mechel, pr.	46.85	46.86	46.86	71641.309	1529050
MMK	15.3	15.3	15.3	204209.072	13346653
Moscow Exchange	68.3	68.3	68.3	431734.413	6321156
Mosoblbank	16.9	-	-	5.07	300
MOSTOTREST	80.0	80.0	80.0	2635.691	32950
Mosenergo	0.71	0.71	0.71	7103.437	10002017
Mosenergosbyt	0.36	0.36	0.36	1392.375	3865700
Motivilicha plants	3.79	4.28	-	7.58	2000
MOESK	1.075	1.085	-	69.122	64330
MRSK of Volga	0.027	0.027	-	226.558	8530001
MRSK of Nothern Caucasus	17.0	17.0	17.0	723.698	42565
MRSK of North-West	0.032	0.033	-	199.414	6270000
MRSK of Siberia	0.082	0.082	-	0.824	10000
MRSK of Urals	0.073	0.075	-	92.923	1280000
MRSK of Center	0.298	0.297	-	421.545	1417000
MRSK of Center and Volga	0.075	0.075	0.075	2414.666	32025768
MRSK of South	0.035	0.035	-	222.294	6380000
Mobile TeleSystems	221.85	221.85	221.85	885619.229	3991552
Multisystema	15.7	15.7	15.7	100.48	6400
Nauka NPO	135.0	145.0	-	16.18	120
Nauka-Svyaz	171.0	-	-	1.71	10
Nizhnekamskneftekhim	28.55	28.55	28.55	636.943	22301
Nizhnekamskneftekhim, pr.	20.87	20.87	20.87	1170.78	56100
Nizhnekamskshina	9.55	10.1	-	9.84	1050
LUKOIL	2692.0	2692.0	2692.0	2958080.843	1098842
Novolipets Steel	78.005	78.005	78.005	160204.955	2053790
Novorossiysk Commercial Sea Port	1.47	1.47	1.47	930.505	634000
NOVATEK	462.1	462.1	462.1	505195.218	1093322
OGK-2	0.202	0.202	0.202	31245.077	154409320
United Heavy Machinery, pr.	2780.0	2780.0	-	13.89	5
OMPK	17.2	17.7	-	18.87	1100
Omskshina	552.0	597.0	-	16.56	30
Kazan Orgsintez	20.95	20.95	20.95	1822.708	87014
Kazan Orgsintez, pr.	3.95	3.95	3.95	592.69	150000
Otisifarm	199.6	199.6	199.6	1722.445	8630
Open Investments	208.0	208.0	-	463.253	2224
RusHydro	0.546	0.546	0.546	229460.608	420402108
Severstal	700.3	700.3	700.3	493189.839	704252
Solikamsk Magnesium Plant	3720.0	3610.0	-	96.78	26
Pharmsynthez	12.35	12.35	12.35	2224.51	180300

Company	Average price, rub	Market price1, rub	Market price2, rub	Volume, ths. rub	Volume, shares
PhosAgro	2013.0	2013.0	2013.0	4236.021	2104
Unified National Electric	0.076	0.076	0.076	273441.614	3609138846
Central Telegraph	13.95	13.45	-	93.47	6700
Central Telegraph, pr.	5.51	5.71	-	1.101	200
Chelyab. Forge-Press Plant	1820.0	1680.0	-	1.82	1
Chelyabinsk Metallurgical Plant	1631.0	1631.0	1631.0	1183.956	726
Chelyabinsk zinc factory	439.5	439.5	439.5	9717.79	22110
Chelyabinsk Pipe Works	42.4	42.1	-	144.23	3400
E.ON Russia	2.8	2.8	2.8	62849.42	22449167
Enel Russia	0.776	0.776	0.776	3472.782	4474665

## GOVERNMENT SECURITIES

### Russian Eurobond prices consolidate on Tuesday

MOSCOW. March 17 (Interfax) - Russian Eurobond prices were little changed on Tuesday as US Treasuries traded sideways.

Russia's benchmark 2030 bond was up 8 basis points by 4:40 p.m. Moscow time to 108.63%, yielding 5.46% p.a., down 2 b.p. from previous closing.

Ten-year US Treasuries were up 5 b.p. to 99.41%, yielding 2.06% p.a., up 1 b.p. from previous closing.

Spread in yield between Russia-30 and UST10 narrowed 1 basis point to 340 b.p.

### Quotations for Russian Eurobonds March 17

Dealer	Date of issue							
	29.04.15	04.04.17	24.07.18	29.04.20	04.04.22	24.06.28	31.03.30	04.04.42
Adamant Capital								
	100.01	99.18	118.35	96.43	91.00	143.82	108.63	85.97
	100.29	99.43	119.35	96.75	91.50	144.57	108.80	86.72
Evrofinance Mosnarbank								
	-	-	-	96.07	-	-	107.97	-
	-	-	-	98.00	-	-	109.14	-
HSBC Executable								
	99.88	99.13	114.00	95.50	90.50	141.50	108.50	85.00
	100.13	99.50	119.00	96.50	91.50	146.50	109.00	87.00
Kit Finance								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Promsvyaz								
	101.75	103.13	130.00	103.75	98.88	168.00	102.00	99.00
	102.00	104.00	131.00	104.63	99.50	169.00	103.00	100.00



Dealer	Date of issue							
	29.04.15	04.04.17	24.07.18	29.04.20	04.04.22	24.06.28	31.03.30	04.04.42
RB International								
	99.90	98.73	117.45	96.19	90.64	143.13	108.57	85.55
	100.40	99.48	120.45	97.19	91.64	145.13	108.82	86.55
Standard BK London								
	100.00	99.00	118.00	97.00	92.25	145.50	108.50	87.50
	101.00	100.00	119.00	98.00	93.25	147.00	109.00	88.50
VTB Capital Plc								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
average bid	100.31	99.83	119.56	97.49	92.65	148.39	107.36	88.61
average ask	100.76	100.48	121.76	98.51	93.48	150.44	107.96	89.76
change bid, abs	-0.03	-0.01	-0.27	-0.36	-0.47	-0.54	0.00	-0.55
change ask, abs	-0.04	-0.01	-0.27	-0.36	-0.47	-0.54	0.00	-0.55

Changes in average bid and ask prices are compared with similar time of previous trading day

## Results of Interregional Trading for OFZ & OBR

17.03.2015

Issue	Maturity	Open, %	Close, %	Low, %	High, %	WAPrice, %	Trend WAP, p.p.	Yieldat WAP	Quantity	Value	Volume, Mln.Rbs
OFZ25075	15.07.15	98.1955	98.2	98.13	98.2	98.1499	-0.0167	12.96	13	37749	37.05
OFZ25077	20.01.16	96.3	96.09	95.95	96.3	96.063	0.158	12.71	17	104360	100.25
OFZ25079	03.06.15	98.79	98.6201	98.5501	98.9889	98.6869	-0.2095	14.1	199	1509875	1490.05
OFZ25080	19.04.17	92	90.11	89.7502	92	89.8065	0.0015	13.35	8	104	0.09
OFZ25081	31.01.18	83.3003	83.4	83.3002	84.2499	83.5643	-0.1269	13.77	15	6286	5.25
OFZ25082	11.05.16	94.6	94.6	94.6	94.6	94.6	1.6	11.41	1	1	0.00
OFZ26011	25.01.23	71.0999	72.5	71.0999	72.5	71.1371	-0.3879	13.01	5	51361	36.54
OFZ26203	03.08.16	94.4999	92.8	92.5	94.4999	92.8858	0.0646	13.13	20	362489	336.70
OFZ26204	15.03.18	90	86.5	86.0011	90	86.1995	-0.4209	13.52	16	576	0.50
OFZ26205	14.04.21	78.25	77.5	77.5	78.25	78.049	0.0131	13.5	17	217450	169.72
OFZ26206	14.06.17	89.7998	89.7999	89.7998	89.7999	89.7999	0.2999	13.16	2	8	0.01
OFZ26207	03.02.27	73	72	72	73.5	72.7357	-0.16	13.2	88	77210	56.16
OFZ26208	27.02.19	83.25	83.3	82.8001	83.5	83.2283	0.1489	13.46	8	7162	5.96
OFZ26209	20.07.22	75.0001	75	75	75.0001	75	-0.5001	13.4	2	101	0.08
OFZ26210	11.12.19	78.5	78.5	78.5	78.5	78.5	0	13.44	3	50000	39.25
OFZ26212	19.01.28	64.55	64.001	64.001	64.99	64.4454	-0.8337	13.25	22	29544	19.04
OFZ26215	16.08.23	71.25	71.9999	70.75	71.9999	71.0626	-0.1021	12.85	9	20001	14.21
OFZ26216	15.05.19	0	0	0	0	0	0	0	0	0	0.00
OFZ46011	20.08.25	0	0	0	0	0	0	0	0	0	0.00
OFZ46012	05.09.29	0	0	0	0	0	0	0	0	0	0.00
OFZ46014	29.08.18	84	83.95	83.95	84	83.9689	-1.0745	13.76	7	11400	4.79
OFZ46017	03.08.16	94.6	94.6	94.6	94.6	94.6	-0.0525	13.26	1	1	0.00
OFZ46018	24.11.21	0	0	0	0	0	0	0	0	0	0.00
OFZ46019	20.03.19	0	0	0	0	0	0	0	0	0	0.00
OFZ46020	06.02.36	60	58	58	60	58.9028	-1.1006	13.14	13	7296	4.30
OFZ46021	08.08.18	75.5002	80.5	75.5001	80.5	80.2085	-0.6815	13.91	8	4437	3.56

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Issue	Maturity	Open, %	Close, %	Low, %	High, %	WAPrice, %	Trend WAP, p.p.	Yieldat WAP	Quantity	Value	Volume, Mln.Rbs
OFZ46022	19.07.23	0	0	0	0	0	0	0	0	0	0.00
OFZ46023	23.07.26	0	0	0	0	0	0	0	0	0	0.00
OFZ48001	31.10.18	0	0	0	0	0	0	0	0	0	0.00
Total:											
OFZ									519	2582304	2401.46

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