

RCBI

RCBI-c

Calculation Methodology

MICEX

January 2004

1. General provisions

1.1. The Calculation Methodology (hereinafter, the Methodology) determines the rules and the order of calculation of Russian Corporate Bond Indices (hereinafter, the Indices), calculated by MICEX.

1.2. Amendments and supplements to the Methodology shall not be enacted more often than once a quarter if not stipulated otherwise by the MICEX Index Committee. Participants of trading and other interested parties shall be informed of the enactment of the Methodology and all amendments and supplements to it by posting the text of the present document on MICEX web site as well as through a press release.

1.3. The Indices are capitalizationally-weighted indices of corporate bonds listed on MICEX.

1.4. The family of Russian Corporate Bond Indices, calculated by MICEX, includes:

1.4.1 the Russian Corporate Bond Index (RCBI), calculated as a simple price index;

1.4.2. the Russian Corporate Bond Index (coupon) (RCBI-c) including accrued interest and coupon payments.

1.5. The terms and definitions, used in the Methodology, have the meaning accepted in MICEX internal documents as well as in RF laws, legal acts of the RF Commission for the Securities Market and other legal acts of the Russian Federation.

2. Calculation of the Indices

2.1. The Indices are calculated on the basis of the prices of the transactions concluded on MICEX in the main trading mode with orders addressed to all participants of trading.

2.2. The base date of the Indices is December 31, 2002. The corresponding base value is 100.

2.3. The values of the Russian Corporate Bond Index are calculated continuously in the real-time mode in the course of trading as transactions in corporate bonds, comprising the Index calculation base, are made.

2.4. The values of the Russian Corporate Bond Index (coupon) are calculated once a day as of the end of the trading session. The calculation of RCBI-c takes into account the average weighted prices of transactions in corporate bonds on the basis of orders addressed to all participants of trading and the sum of the accumulated coupon yield and the sum of coupon payments on bonds comprising the Index calculation base.

2.5. The values of the Indices are calculated to the second decimal place.

3. Calculation Base

3.1. For the purposes of the Methodology, the Indices calculation base (hereinafter, the Calculation Base) is the list of bonds (bond issues) used to calculate the values of the Indices.

3.2. The Calculation Base is comprised of the bonds of not less than 10 issuers.

3.3. Bonds that qualify for inclusion in the calculation base satisfy the following criteria (if not stipulated otherwise by the MICEX Index Committee):

- the volume of bond issue is not less than 500 million rubles;

- the daily average trading volume, calculated for transactions concluded during the last 30 trading days on the basis of orders addressed to all participants of trading, is not less than 1 million rubles (transactions concluded in the course of placement of bonds are not taken into account);
- the number of days (within the last 30 trading days) during which transactions in the bond were made on the basis of orders addressed to all participants is more than 15.

3.4. Bonds with less than three months period to maturity do not qualify for inclusion in the calculation base.

3.5. If bonds of fewer than 10 issuers satisfy the selection criteria, the MICEX Index Committee may decide to include in the calculation base bonds which do not satisfy the selection criteria.

3.6. Changes in the calculation base shall be made not more often than once a quarter (if not stipulated otherwise by the MICEX Index Committee). Participants of trading and other interested parties are informed about the changes in the calculation base by posting the corresponding information on MICEX web site.

4. Calculation formulas

4.1. The Russian Corporate Bond Index is calculated according to the formula:

$$PI_t = D * PI_{t-1} * \frac{\sum_i P_{i,t} * N_{i,t-1}}{\sum_i P_{i,t-1} * N_{i,t-1}}$$

where:

- PI_t is the Index value at a time t ;
- $\sum_i P_{i,t} * N_{i,t-1}$ is the sum market value of bonds (without the accumulated coupon yield) forming the calculation base on day t ;
- $P_{i,t}$ is the ruble-denominated price of the i -th bond at a time t ;
- D is the correction factor, different from 1, on the day of the change in the calculation base. It is defined as the ratio of the Index value on day t , calculated on the basis of the old calculation base, to the Index value on day t calculated on the basis of the new calculation base;
- $N_{i,t}$ the volume of issue of the i -th bond (or its part), used in the calculation of the Index, expressed as the issue size.

4.2. The Russian Corporate Bond Index (coupon) is calculated according to the formula:

$$CI_t = D * CI_{t-1} * \frac{\sum_i (P_{i,t} + A_{i,t} + G_{i,t}) * N_{i,t-1}}{\sum_i (P_{i,t-1} + A_{i,t-1}) * N_{i,t-1}}$$

where:

- CI_t is the Index value at a time t ;

- $\sum_i (P_{i,t} + A_{i,t} + G_{i,t}) * N_{i,t-1}$ is the total market capitalization of bonds, comprising the calculation base, on day t ;
- $P_{i,t}$ is the average weighted ruble-denominated price of the i -th bond on day t ;
- $A_{i,t}$ is the accrued ruble-denominated coupon yield of the i -th bond on day t ;
- $G_{i,t}$ is the sum of the ruble-denominated coupon payment made on the i -th bond on day t ;
- D is the correction factor, different from 1, on the day of the change in the calculation base. It is defined as the ratio of the Index value on day t , calculated on the basis of the old calculation base, to the Index value on day t calculated on the basis of the new calculation base;
- $N_{i,t}$ the volume of issue of the i -th bond (or its part), used in the calculation of the Index, expressed as the number of units of the security.

5. Disclosure of information on Indices

5.1. Information about the Indices is disclosed in compliance with MICEX internal documents regulating the order of disclosing information about trading in securities on MICEX, considering the provisions set forth in this section of the Methodology.

5.2. The Methodology, the calculation base and the history values are disclosed on MICEX web site. Other information (including calculated information) may be posted on MICEX web site, such as the share of capitalization of each bond, comprising the calculation base, in the total capitalization of all bonds, comprising the calculation base, over the last two years.