

# MosPrime Rate

## EBRD Treasury

*November 2011*



# MosPrime Rate

- Origins
- Description
- Contributing Banks
- Benefits
- Uses
- Comparison to MOSIBOR
- Additional Information



# MosPrime: Origins

In April 2005, a new Rouble money-market reference rate was launched in the Russian market - the Moscow Prime Offered Rate (MosPrime Rate) - under the auspices of the National Foreign Exchange Association (NFEA).



## MosPrime: Description

- MosPrime is the yield for money-market time deposits offered by first-tier banks in the Russian market to financial institutions of comparable credit standing.
- MosPrime is calculated daily for O/N, 1W, 2W, 1M, 2M, 3M, and 6M tenors provided by 13 Contributor Banks.
- MosPrime calculation procedure is based on international standards: the arithmetic average of quoted rates after rejecting the highest and the lowest offers.



# MosPrime: Contributing Banks

- A minimum of six banks contribute reference rates, and are selected on the basis of reputation, credit standing, scale of activity and experience in the Russian money-market.
- NFEA's Board reviews the contributors' list at least once a year. There is no restriction on the recurring inclusion of a bank in the list.
- Currently the list of contributing banks consists of:

Bank of Moscow  
Deutsche Bank  
HSBC  
Raiffeisenbank  
Rosbank  
Unicredit  
WestLB Vostok

Citibank  
Gazprombank  
ING Bank  
RBS  
Sberbank  
VTB (Bank for Foreign Trade)



# MosPrime: Benefits

The development of a credible money-market index allows:

- greater pricing transparency and consistency in the pricing of all MosPrime linked loans.
- the interbank money-market to develop greater liquidity, increasing efficiency, and lengthening the maturity of interbank activity.
- the pricing of derivatives including futures and swaps. In January 2008 MosPrime was included into ISDA 2006 Definitions.



# MosPrime: Uses

- Bilateral Loans
- Syndicated Loans
- Bonds
- Derivatives



## MosPrime: Bilateral Loans

- EBRD has arranged RUB 150 billion of MosPrime-linked loans to **financial, corporate and municipal institutions**.
- MosPrime is used by banks for long term **mortgage lending**. DeltaCredit Bank's mortgage portfolio linked to MosPrime is around RUB 2.2 billion.
- MosPrime is used for **analysis and statistics** purposes by 83% and for **internal benchmarking** by 67% of banks surveyed by the NVA.





# MosPrime: Bilateral Loan Borrowers

- Archangelsk Vodokanal, Municipal Unitary Enterprise
- Bureya HPP
- Chelindbank, OJSC
- City of Surgut
- Detsky Mir - Center
- DeltaCredit Commercial Bank, CJSC
- DIXI Group, OJSC
- Fora-Opportunity Russian Bank, CJSC
- Home Credit and Finance Bank, OOO
- Huhtamaki S.N.G, LLC
- Huolintakeskus, OOO
- Hydro OGK, OJSC\*
- Katren, CJSC\*
- Kazan Vodocanal, Municipal Unitary Enterprise
- Krasnodar Tram and Trolleybus Upravlenie, Municipal Unitary Enterprise
- Nizhpharm, OJSC
- Primotsbank, OJSC
- Promsvyazbank, CJSC
- PTPA-Finans, LLP

\* Non EBRD loan



# MosPrime: Bilateral Loan Borrowers (continued)

- Renaissance Capital Commercial Bank, LLC
- Rosbank, JSC
- Russian Standard Bank, JSC
- Rusfinance Bank, LLC
- Sakha (Yakutia), Regional Municipal Services
- Sibirtelecom
- Sibur – Russian Tyres Holding
- Spurt Bank, OJSC
- Surgut Municipal Services
- Syktyvkarskiy Vodocanal, Municipal Unitary Enterprise
- Togliattinskoe Passajirskoe Avtotransportnoe Predpriyatie No.3, Municipal Enterprise
- Ufa Utility for Housing Management, Municipal Unitary Enterprise
- Vologdavodokanal, Municipal Unitary Enterprise
- Wimm-Bill-Dann Foods, OJSC
- Yaroslavlvodokanal, Municipal Enterprise



# MosPrime: Syndicated Loans

The syndication of MosPrime-based RUB loans over the past year at maturities of up to 15 years demonstrates the acceptance of MosPrime as a benchmark for commercial loans in RUB.

*There are 14 syndicated loan borrowers that we are aware of:*

- Commercial Bank "Center-invest", JSC (RUB 0.26 billion)
- Federal Grid, CJSC (RUB 5 billion)
- Forus Bank, CJSC (RUB 0.18 billion)
- Guardian Steklo Ryazan, LLP (RUB 4.3 billion)
- Hydro OGK, OJSC (RUB 6.3 billion)
- International Bank of Azerbaijan – Moscow, LLC (RUB 0.3 billion)\*
- Katren, OJSC (RUB 0.77 billion)\*

\* Non EBRD loans



## MosPrime: Syndicated Loans (continued)

- Krasnodar Krayinvestbank, OJSC (RUB 0.49 billion, RUB 1 bn)\*
- LOCKO – Bank, CJSC (RUB 0.34 billion)
- Mosenergo, JSC (RUB 7.2 billion)
- Nidan Juices (RUB 1.8 billion)\*
- Tatfondbank, JSC (RUB 0.5 bn)\*
- UralTransBank, OJSC (RUB 0.14 billion)
- Volkswagen Group Rus, OJSC (RUB 26 bn)

\* Non EBRD loans



# MosPrime: Syndicated Loan Participants

*There are 31 syndicated loan participants that we are aware of:*

- Alfa-Bank, OJSC
- Bank Austria Creditanstalt AG
- Bank of Moscow, OJSC
- Bank WestLB Vostok, ZAO
- Banque SocGen Vostok, JSC
- BNP Paribas, ZAO
- CALYON Rusbank, ZAO
- Citibank, ZAO
- Commerzbank (Euroasija), ZAO
- Credit Suisse International
- DZ Bank, AG
- Eurofinance Mosnarbank, JSC
- Fortis Bank S.A./N.V.
- HVB, AG
- ING Bank (EURASIA), ZAO
- International Bank of Azerbaijan – Moscow, LLC
- International Moscow Bank, ZAO
- Interregional Transport Bank, OJSC
- LaSalle Bank Midwest N.A.
- LBBW
- National Reserve Bank, OJSC



# MosPrime: Syndicated Loan Participants (continued)

- Nordea Bank, AB
- Raiffeisenbank Austria, ZAO
- SEB, AB
- Skandinaviska Enskilda Banken AB
- Standard Bank, PLC
- Sumitomo Mitsui Finance Dublin Limited
- TransCreditBank, OJSC
- Unicredit Bank, ZAO
- VneshTorgBank, OJSC
- Yapi Kredi Bank Moscow, ZAO



# MosPrime: Bond Issuers

*We know of 8 corporate bonds with coupons linked to MosPrime*

- DeltaCredit Bank, ZAO
- GazPromBank, OJSC
- Home Credit and Finance Bank, LLC
- ING Bank (Eurasia)
- JPMorgan Chase & Co
- Lebedyansky, JSC
- North-West Telecom, JSC
- UniCredito Italiano, S.p.A.



## MosPrime: EBRD Bonds

- EBRD's inaugural RUB bond (RUB 5bn 5yr), May 2005, was the first MosPrime-linked issue.
- To date, EBRD has issued five RUB Floating Rate Notes totalling RUB 40.5 billion, for which a coupon will be linked to 3 month MosPrime on every calendar month of the year.
- Starting from 2007 EBRD has been issuing Rouble Eurobonds swapped to MosPrime.





# MosPrime: Bond Underwriters

- ABN AMRO Bank, ZAO
- Bank Credit Suisse (Moscow), CJSC
- Bank WestLB Vostok, ZAO
- BNP Paribas Bank, ZAO
- Citibank, ZAO
- Commerzbank (Eurasija), SAO
- Credit Europe Bank, Ltd
- Deutsche Bank, LLC
- Gazprombank, CJSC
- Goldman Sachs, OOO
- HSBC Bank (RR), LLC
- ING Bank (Eurasia), ZAO
- JP Morgan Bank International, LLC
- KMB Bank, CJSC
- Morgan Stanley Bank, LLC
- Raiffeisenbank Austria, ZAO
- VneshTorgBank, OJSC
- Unicredit Bank, ZAO
- UralSib Bank, OJSC



# MosPrime: Derivatives

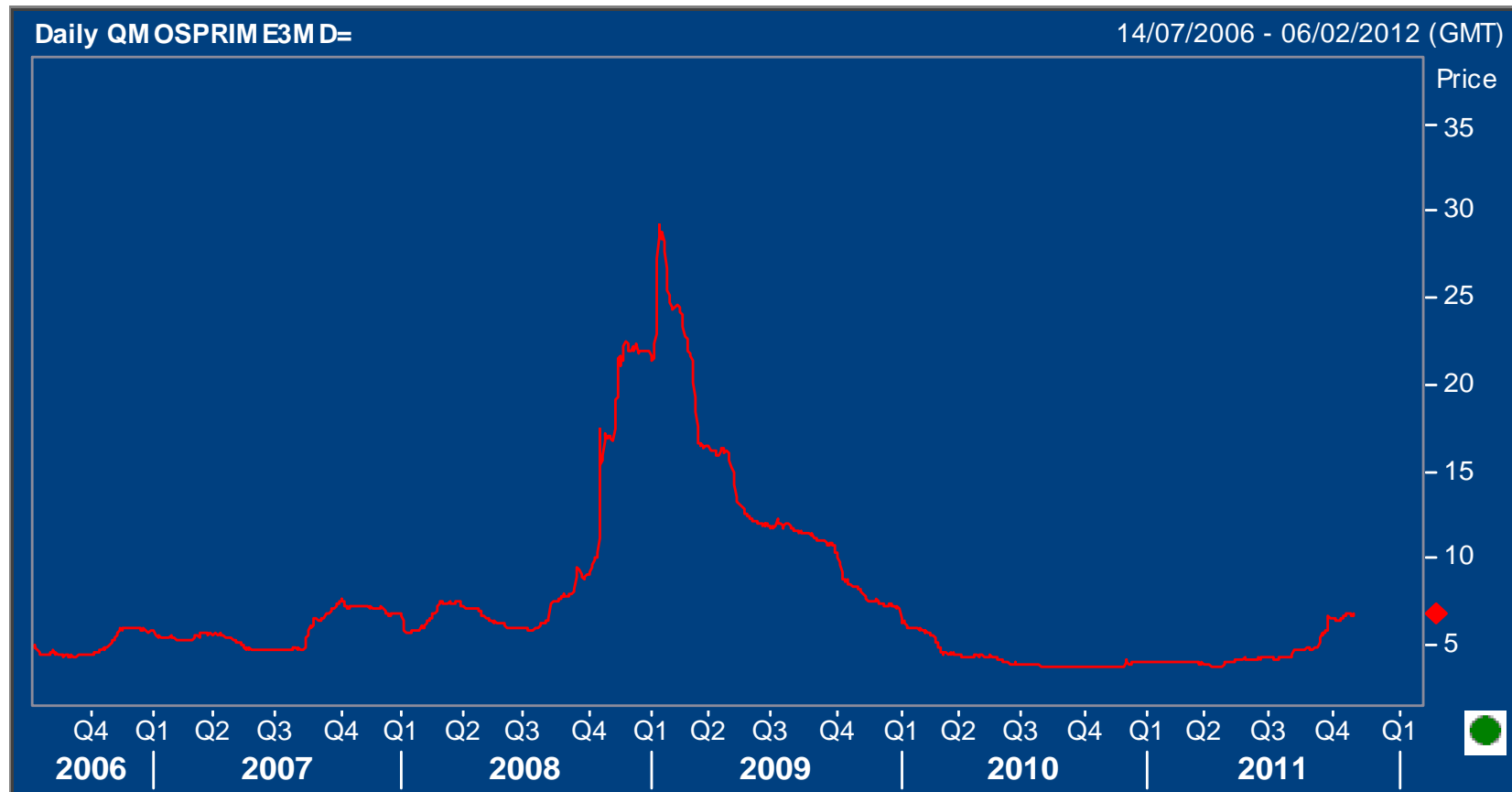
- In May 2006 MosPrime-linked futures were launched on MICEX and subsequently on RTS (Reuters: 0#MP:MM).
- Banks and brokers are quoting RUB interest rate swaps using MosPrime as the index for the floating leg (Reuters: RUBIRS=ICAP, RUBIRS=SAMF, GFIE).
- MosPrime is used in structured bonds with DeltaCredit Bank issuing a capped coupon FRN.

*Expected Bill on Protection of Derivatives should expedite swap activity between Russian counterparties to allow the hedging of interest rate risk.*



# MosPrime: Historical Graph

(3-month rate)



Source : Reuters



## MosPrime: Additional Information

- NFEA undertakes to disclose MosPrime on a daily basis via its website, special Reuters pages and mass media. [www.nva.ru](http://www.nva.ru)
- Contributor Banks undertake to lend to the other panel banks at their MosPrime quotation rate, and to accept deposits from them at MosPrime minus spread.
- Contributor Bank's have agreed to lend to EBRD at their MosPrime quotation rate and accept deposits at no more than 50 basis points below it on the dates of bond coupon fixings.

*EBRD tests the validity of the rates quoted, and monitors the panel of Contributor Banks to ensure the credibility of the MosPrime rate.*



# Disclaimer

This information is provided for discussion purposes only, may not be reproduced or redistributed and does not constitute an invitation or offer to subscribe for or purchase any securities, products or services. No responsibility is accepted in respect of this presentation by its author, the European Bank for Reconstruction and Development (the "Bank") or any of its directors or employees (together with the author and the Bank, the "EBRD") for its contents. The information herein is presented in summary form and does not attempt to give a complete picture of any market, financial, legal and/or other issues summarised or discussed. The EBRD is not acting as your advisor or agent and shall have no liability, contingent or otherwise, for the quality, accuracy, timeliness, continued availability or completeness of the information, data, calculations nor for any special, indirect, incidental or consequential damages which may be experienced because of the use of the material made available herein. This material is provided on the understanding that (a) you have sufficient knowledge and experience to understand the contents thereof; and (b) you are not relying on us for advice or recommendations of any kind (including without limitation advice relating to economic, legal, tax, regulatory and/or accounting risks and consequences) and that any decision to adopt a strategy, deal in any financial product or enter into any transaction is based upon your own analysis or that of your professional advisors, whom you shall consult as you deem necessary.

