

Cbonds

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**CBONDS SELECT VALUE MUNI AND PERPETUAL BOND
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CALCULATION METHODOLOGY**

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General provisions

1. CBONDS SELECT VALUE MUNI AND PERPETUAL BOND INDEX reflects the minimum price of a security in a portfolio consisting of perpetual bonds of Russian banks and bonds of Russian municipal issuers, formed according to the current methodology (section “Index list formation methodology”)
2. The calculation of the CBONDS SELECT VALUE MUNI AND PERPETUAL BOND INDEX value is carried out once a day on Moscow Exchange business days.
3. The index is calculated based on current bond prices quoted at the US dollar (USD) exchange rate. The current price means the quotation determined under this method (section "Quote selection").
4. The date of beginning of the index calculation - 01.04.2024

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Index List

1. For the purposes of this methodology, the Index List means a list of bonds of Russian corporate and municipal issuers admitted for circulation on the Moscow Exchange, on the basis of which the CBONDS SELECT VALUE MUNI AND PERPETUAL BOND INDEX is calculated.
2. The Index List is reviewed once a quarter. The Index List is published at cbonds.ru.

Formation of the Index List

1. For inclusion in the Index List, perpetual bonds of Russian non-public banks with equity capital of at least 500 billion rubles are initially considered, as well as ruble bonds of Russian municipal issuers.
 - 1.1. Non-public banks mean the banks whose shares are not traded on the Moscow Exchange.
 - 1.2. The amount of the issuer's equity capital is determined according to the report "Calculation of equity (capital) (Basel III)" (Form 123), published on the website of the Central Bank of the Russian Federation (https://www.cbr.ru/banking_sector/credit/FullCoList/), according to the line 000 "Equity (capital), total".
2. Eurobonds are excluded from the general list.
3. Securitization securities, convertible bonds, mortgage bonds, issues of international organizations, Structured products, Green/ESG Bonds, indexed bonds are excluded from the general list.
4. Bank bonds with a remaining maturity of less than 182 days, as well as Russian municipal issuers bonds with a remaining maturity of less than 1080 days are excluded from the total set of issues formed by clause 3.
5. Low-liquid securities determined by the following criteria are excluded from the total set of issues formed by clause 4:
 - 5.1. Issue amount is less than 8.5 billion rubles. If the issue currency is different from ruble, the amount is recalculated at the corresponding closing rate of currency trading of the main trading session of the Moscow Exchange.
6. The list obtained as a result of the actions specified in cl. 1-5 is called the Index List.
7. If a security is declared in technical default, it remains on the index list until the end of the grace period. If the technical default changes to "default" status, the security is excluded from the index list.
8. A bond is excluded from the list in the following cases:
 - 8.1. The issuer is in bankruptcy or has defaulted on other debt obligations (cross-default).

Quote selection

1. The index is calculated on the basis of the latest net Bid quotes (excluding ACI) at the closing of the main trading session of the Moscow Exchange in the T+1 mode.
2. If on the date of index calculation for a security in the index list there is no net last Bid quote from the Moscow Exchange, the indicative Bid quote calculated according to the Cbonds Estimation Onshore methodology of "Cbonds.ru" LLC is used.
3. If on the date of index calculation for a security in the index list there is no quote calculated according to the Cbonds Estimation Onshore methodology as well, the minimum quote from the quotes available from market participants on the calculation date is used.

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4. If on the date of index calculation for a security in the index list there are no quotes, the selection algorithm described in cl. 1-3 is repeated for the previous business day of the Moscow Exchange. The algorithm is repeated until the last available quote is obtained.
5. If there are no quotes for a security for a long time, the last available quote continues to be used.

Adjusting for the USD exchange rate

1. To calculate the index, the received quotes for issues with currencies other than USD are adjusted to the USD exchange rate.
2. Adjusting for the USD exchange rate means multiplying the current price by the currency coefficient.
3. The currency coefficient means the ratio of the exchange rate of the bond currency to USD as of the current date to the exchange rate of the bond currency to USD as of the start date of the index calculation.

$$coefficient_t = \frac{currency_t}{currency_0}$$

currency coefficient_t — *currency coefficient*;

currency_t — *the cross rate calculated from exchange rates set by the Central Bank of Russian Federation*

4. In turn, the cross rate of a certain currency (CURR) to the dollar (CURR/USD) is the ratio of the CURR/RUB rate to the USD/RUB rate.

$$currency_t = \frac{CURR/RUB_t}{USD/RUB_t}$$

where

CURR/RUB_t — *the exchange rate of CURR/RUB currency pair set by the Central Bank of Russian Federation on the date following the date of index calculation*

USD/RUB_t — *the exchange rate of USD/RUB currency pair set by the Central Bank of Russian Federation on the date following the date of index calculation.*

Determination of the index value

The index value corresponds to the minimum quote from the set of quotes obtained in the previous steps *{quotes}*.

$$I_t = \min\{\text{quotes}\}$$

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Appendix: History of changes in the method of calculating the index

Date	Before making changes	After making changes
13.06.2024	Conversion to the US dollar exchange rate is based on closing quotes of currency trading at the main trading session of the Moscow Exchange.	Conversion to the US dollar exchange rate based on the official exchange rates set by the Central Bank of the Russian Federation on the date following the date of the index calculation.