

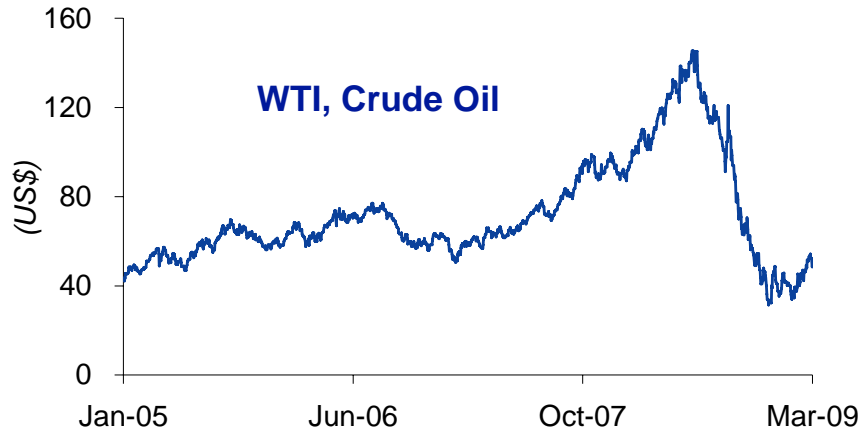
Equity capital markets: past performance and future prospects

2nd of April 2009

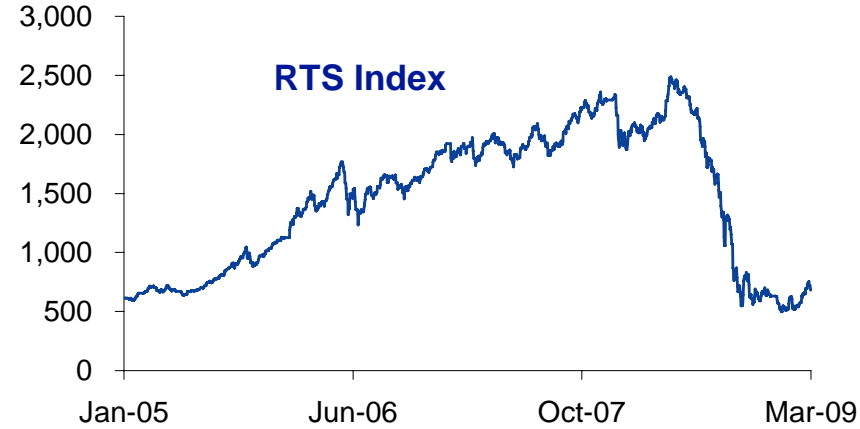


Past performance of Russian equity capital markets

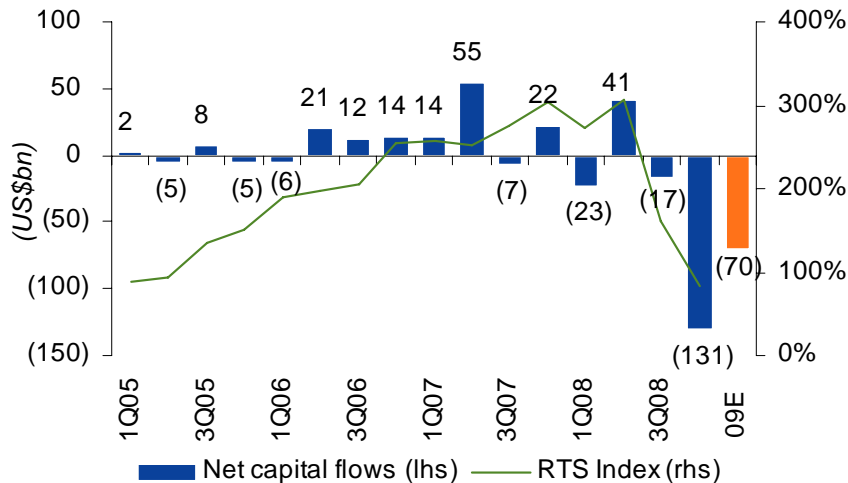
Commodity prices...



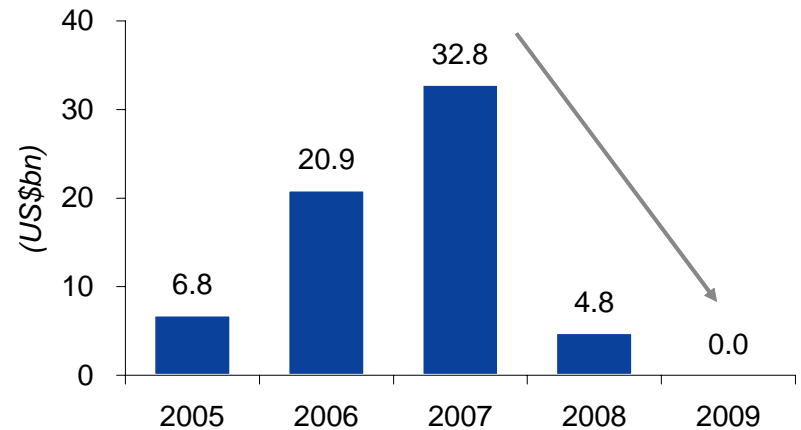
...have been driving Russian ECM performance...



...capital inflow and outflow...

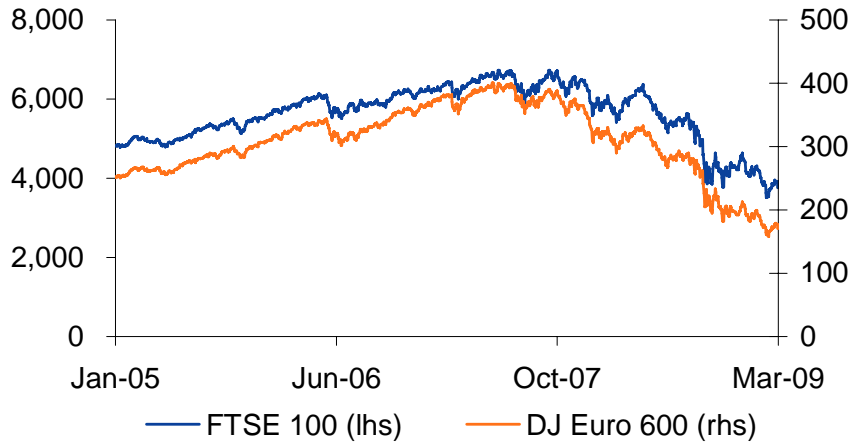


...and ECM transactions dynamics

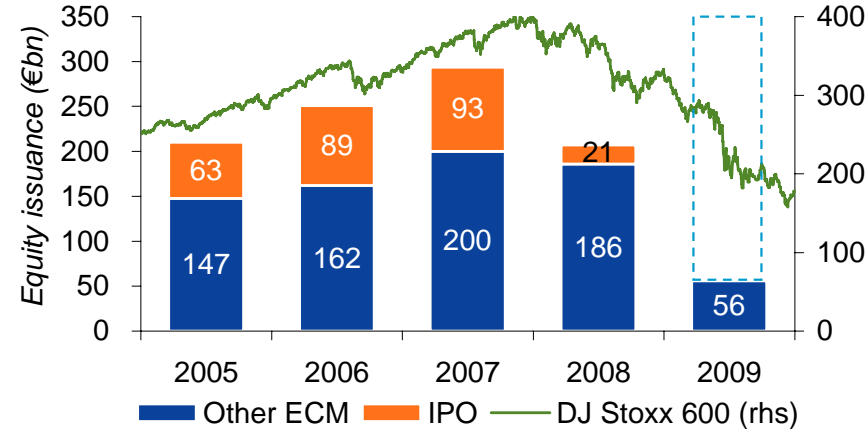


Past performance of European equity capital markets

Although European markets declined substantially during the current downturn...



...equity issuance environment proved to be more resilient which underpins greater sophistication of European financial markets

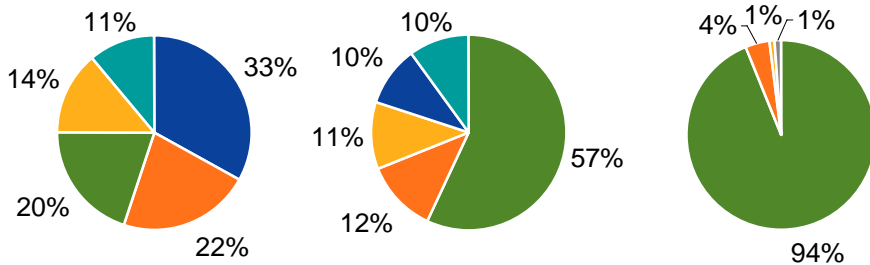


Issuers continued to raise capital in ECM – predominantly in the form of rights issues...

2007

2008

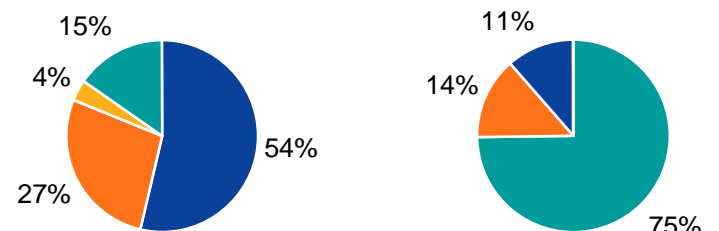
2009 YTD



...whereas such instrument is not available in Russia (rights are not tradable under Russian law)

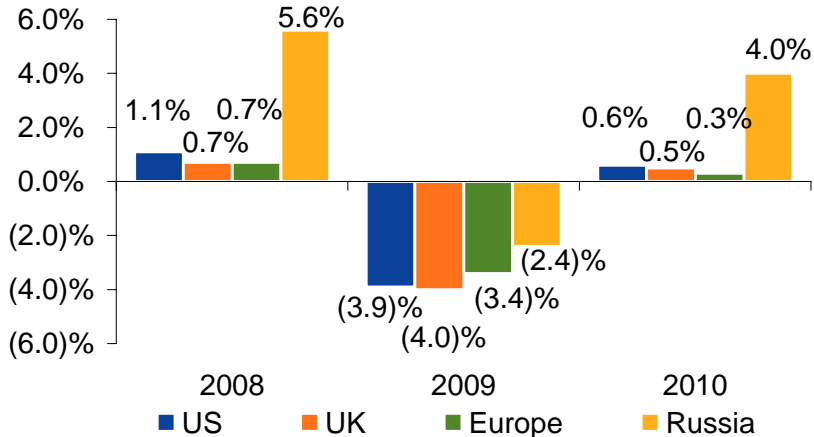
2007

2008



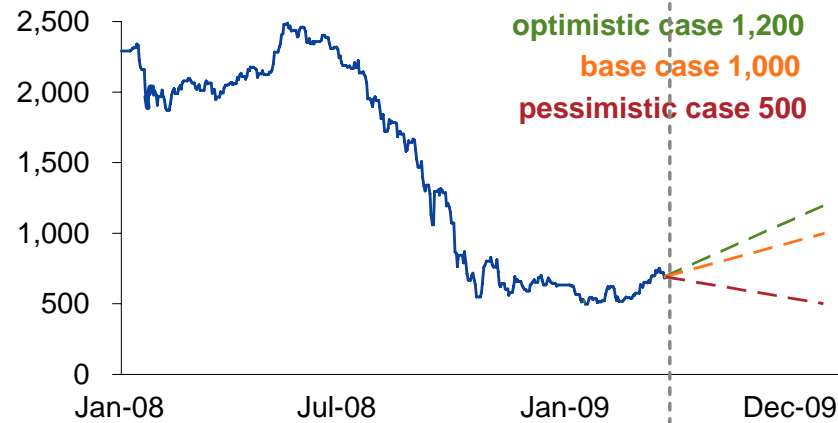
Future prospects of Russian equity capital markets

Deutsche Bank economists expect global recovery to start in 2010 in line with market consensus



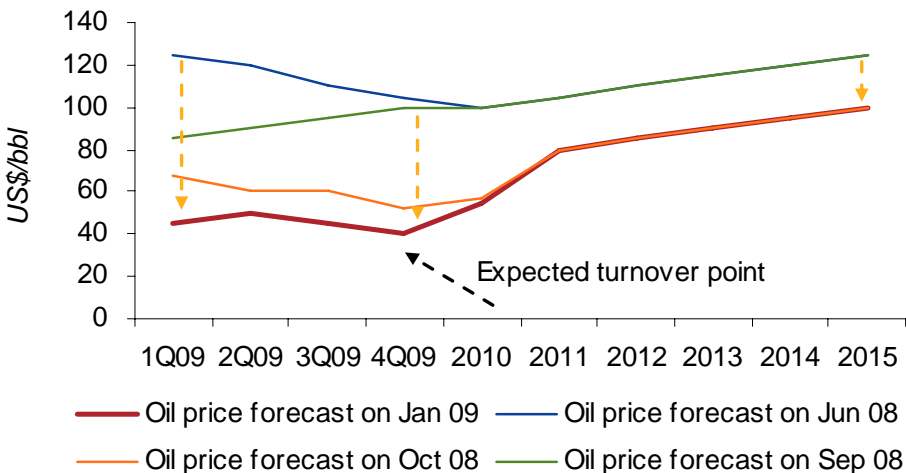
Source: Deutsche Bank research

A base case scenario for RTS index from Deutsche Bank analyst currently stands at 1,000 bp...



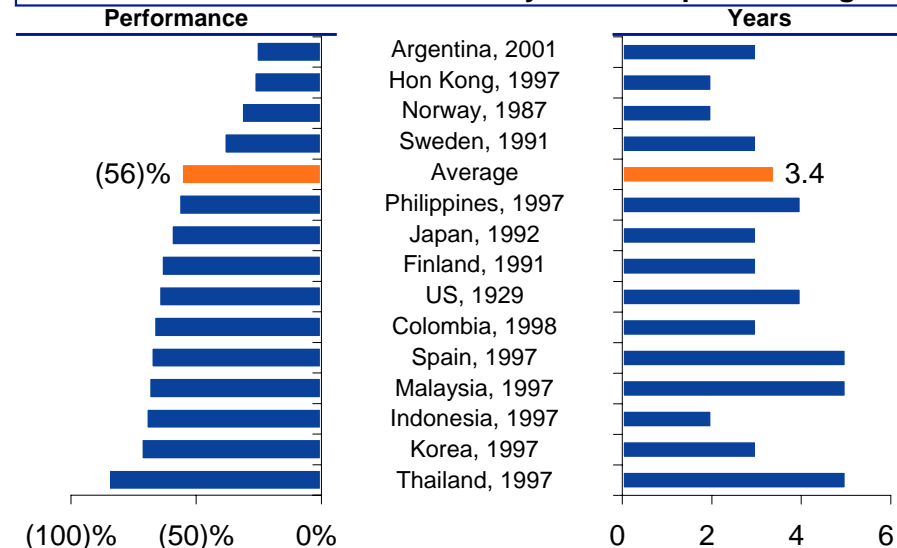
Source: Bloomberg, Deutsche Bank research

... although consecutive downgrades of commodities suggest that expectations can change



Source: Deutsche Bank research

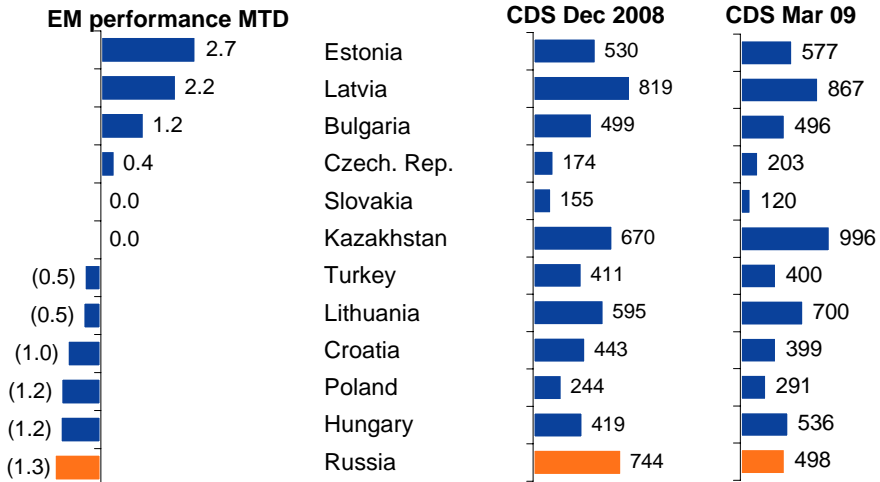
...and experience of past financial crises shows average decline of 56% and duration of 3.4 years from peak to trough



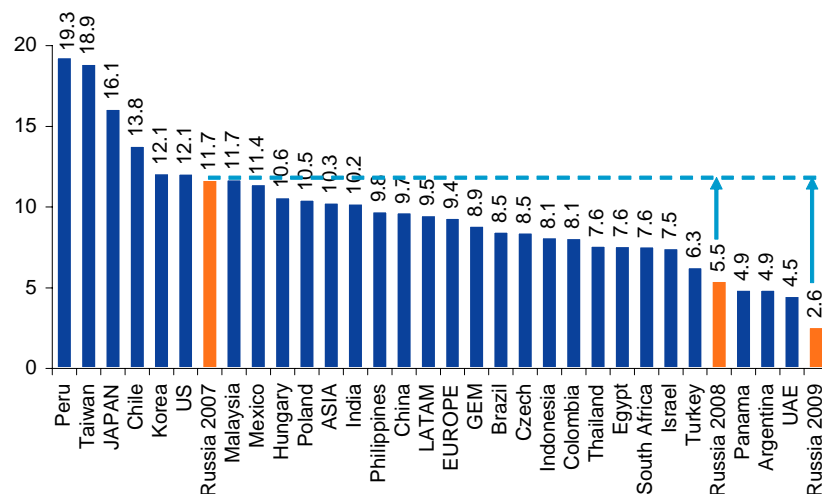
Source: American Economic Association, 03 January 2009

Future prospects of Russian equity capital markets (continued)

Although investor sentiment towards Russia decreased substantially ...

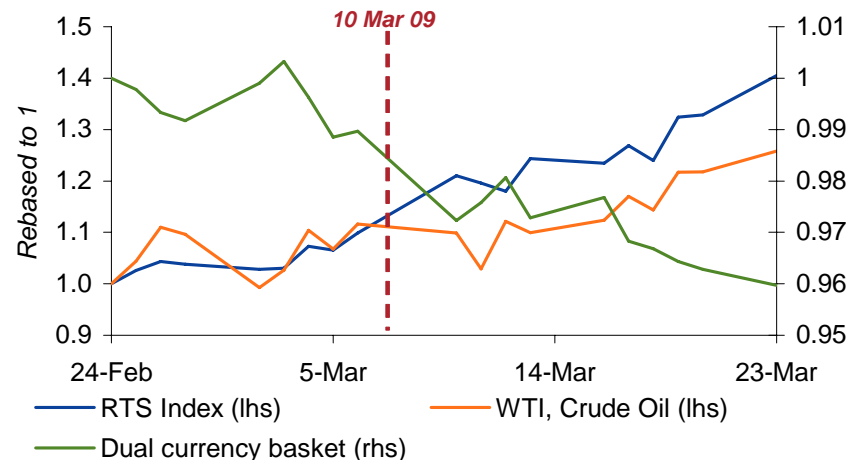
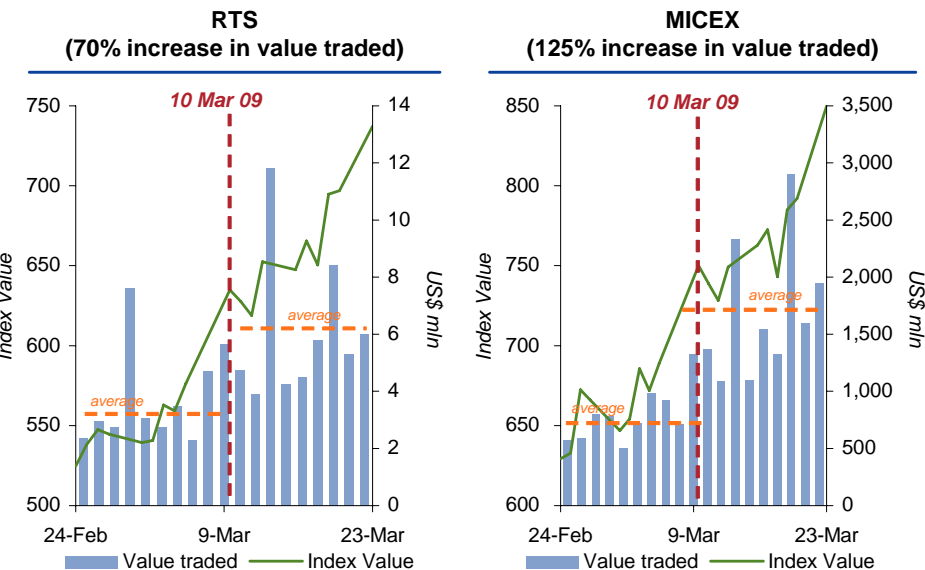


...material and rapid recovery may take place on the back of Russia's significant undervaluation...



...which was proven by the March rally fuelled by significant inflows from foreign long-only investors...

...the main drivers for this rally being rising price of crude oil and appreciating ruble



Source: Bloomberg, 24 March 2009

When will equity markets reopen?

