



Covered Bonds vs. MBS and Deposits in Russia

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Where is the Russian Market Today?

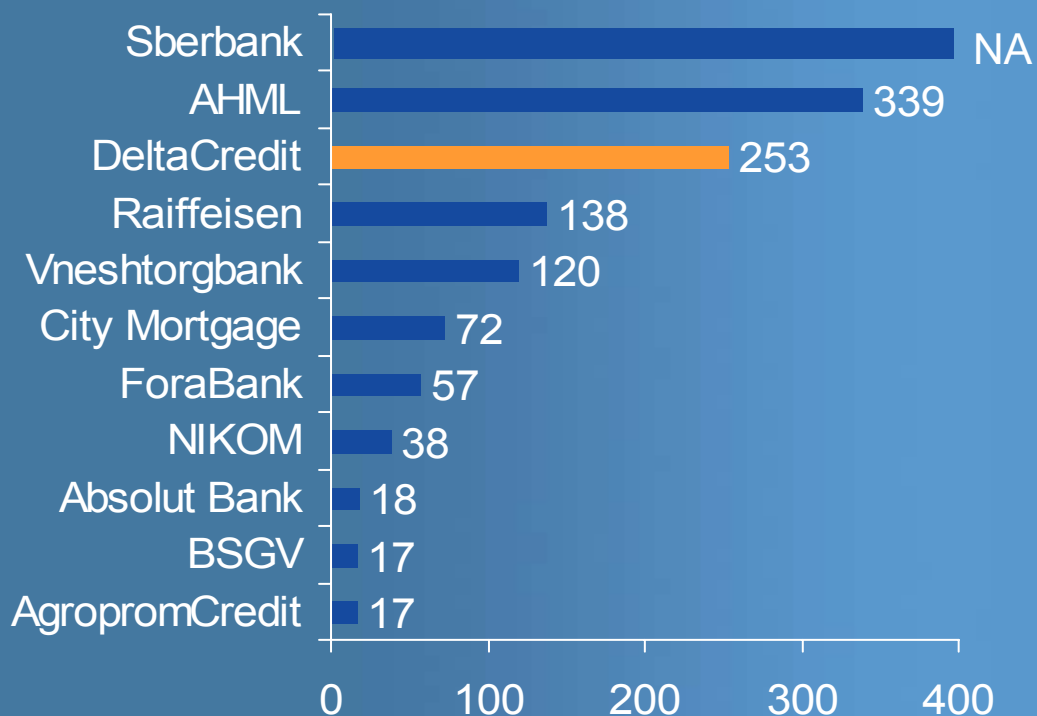
Mortgage Market forecast



- Increased competition in all markets, especially in Moscow and St.-Pete.
- Credit Performance – delinquency rates less than 1% at DeltaCredit
- Legal environment favorable to creditors – DeltaCredit has won every court case

Mortgage Sector

Top Mortgage Lenders (mils., cumulative)



- Mortgage market remains small
- 3 of top 5 players are state-owned
- Market capacity for many new entrants

Source: Finans, September 2005

Legislative Framework

- Federal Law № 152-FZ dated November 11, 2003 “On Mortgage Backed Securities”
- Instruction № 112-I dated March 31, 2004
- Federal Law № 194-FZ dated December 29, 2004 amended Civil Procedure Code, permitting foreclosure on sole residential premises
- Federal Law № 121-FZ dated August 20, 2004 (effective November 20, 2004) Amended Law on Bankruptcy of Credit Organizations
- Federal Law № 193-FZ dated December 29, 2004 amended Law on Mortgage-Backed Securities

Mortgage Bonds vs. Deposits

Mortgage Bonds - Remaining Regulations to be issued by Federal Securities Commission and approved by Ministry of Justice in November 2006

- Issue Standards
- Disclosure Requirements
- Rules on Maintaining the Register
- Regulations of the Depositary

Time Deposits – Legislation approved only in 3rd Quarter 2005

- Time Deposits will be introduced on January 1, 2006



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