



**CITYMORTGAGE BANK:
CROSS BORDER SECURITISATION
under 144a of residential
mortgages
1ST time in RUSSIA**

**February 20
Moscow**



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MACROECONOMIC STATISTICS: Russia

- Population: 142.35 million people.

Below are the data provided by The Economist Intelligence Unit.

	2004	2005	2006	2008	2010
Labor Force, m 	73.40	73.80	73.88	73.70	73.92
Unemployment, % 	8.18	7.58	7.00	6.30	6.00
Lending Interest Rate, % 	11.40	10.68	10.70	8.00	7.00
GDP per Head, USD 	4,104	5,347	6,850	8,760	10,290
Consumer Prices (% change, end-period, pa) 	11.63	10.90	9.60*	8.00	7.00

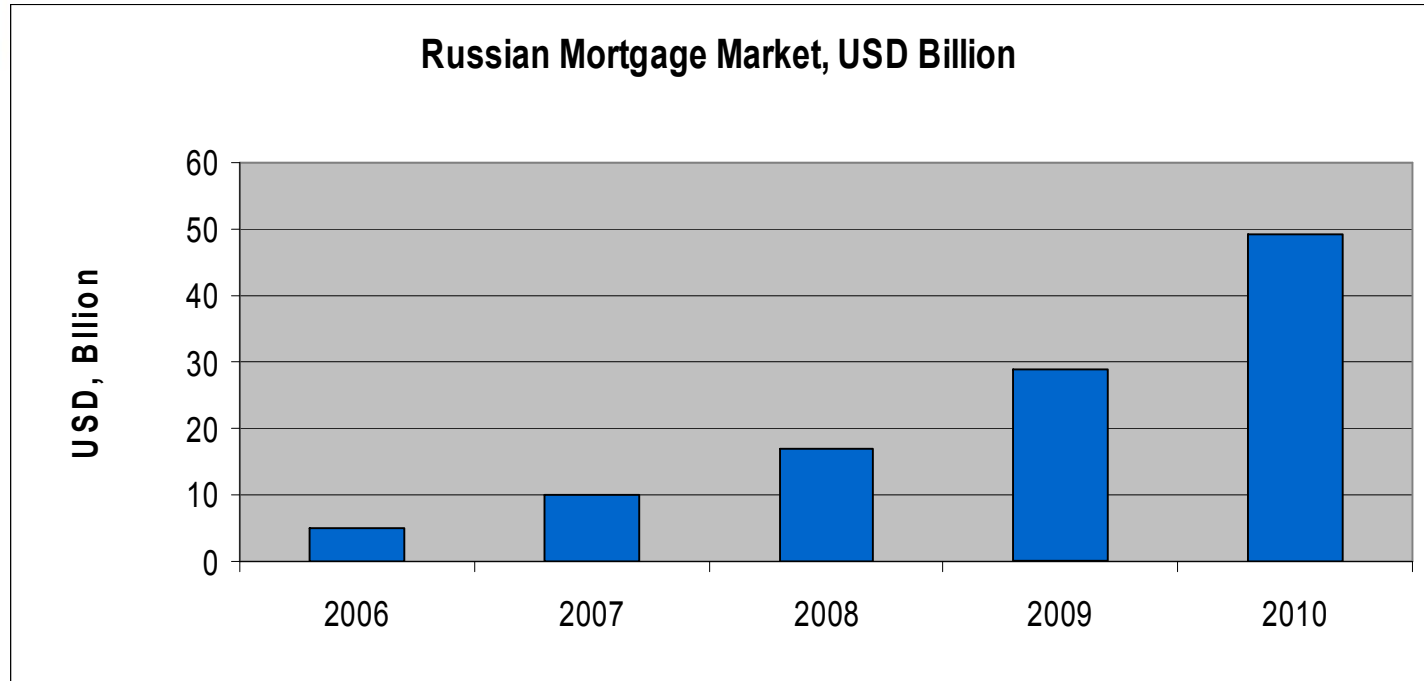
* According to public official sources, inflation was 7.2% in the first 9 months of 2006 and only 0.1% in September. Expected annual rate will not exceed 9% in 2006.



MACROECONOMIC STATISTICS: Russia continued

- Standard & Poor's increased the country's rating from BBB to BBB+ on foreign currency obligations and from BBB+ to A- on national currency obligations (information as of february 2007).
- Alexey Kudrin: 6.6% GDP increase by the end of 2006 and up to 8% by the end of 2007.
- GDP increase in 2006: UK – 2.6%, USA – 2.9%, Japan – 2.7%, China – 10%, Ukraine – 5% (IMF data).
- German Gref: personal income in the first half of the year rose by 11.1% while the salary rose by 12.1%.

RUSSIAN MORTGAGE MARKET POTENTIAL



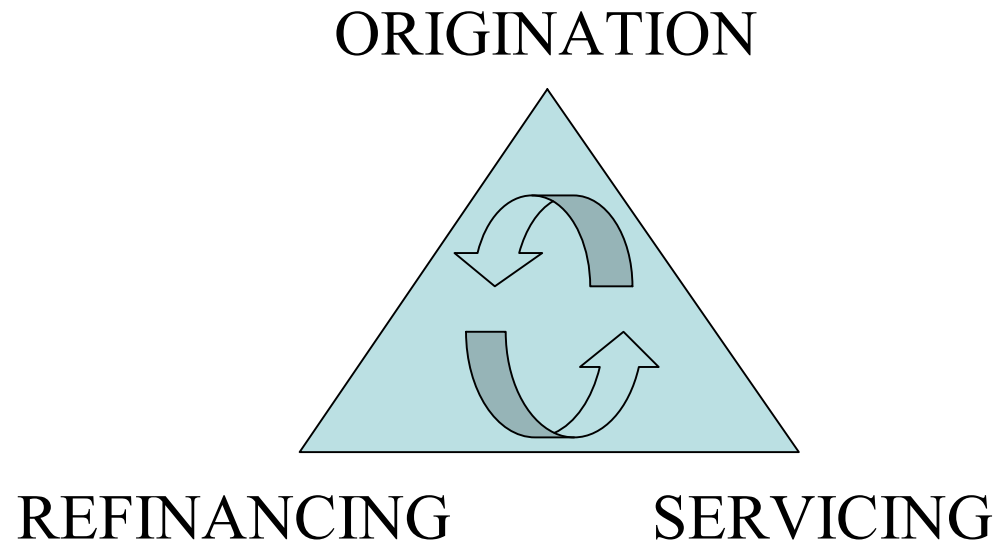
Source: City Mortgage Bank forecast based on current market size and expected market growth rate.



CITYMORTGAGE BANK BACKGROUND

- Start program in March 2004 by experienced management team and Rosgosstrakh Insurance Company
- Mono product specialized residential mortgage lender
- Equity @40mln USD
- Holds a universal banking license and regulated by Central Bank of Russia
- 12 regions of Russia with a Headquarter in Moscow
- Originated over 4 000 loans since inception, totaling about \$400 million
- volume of mortgage loans originated by CMB increased by more then 4 times from 2005 to 2006.
- Part of MorganStanley Group

BUSINESS MODEL: TRIANGLE OF SUCCESS





TRIANGLE OF SUCCESS: ORIGINATION

- Targeted and effective marketing strategy
- Diversified and deep distribution channels
- Regional development
- Competitive product line
- Strong and proven underwriting criteria
- Efficient business processes
- Superior client management and service



TRIANGLE OF SUCCESS: REFINANCING

Product development and offerings are driven by balance sheet

Off balance sheet financing:

- Short to medium term revolving warehouse facilities
- Access to international capital markets through RMBS
- Access to domestic capital markets via mortgage bonds

On balance sheet financing:

- Secured term and revolver borrowings
- Mortgage pool sale servicing released
- Mortgage pool sale servicing retained



TRIANGLE OF SUCCESS: SERVICING

- Servicing of refinanced pools
- Direct debit
- Dedicated and trained personnel
- Advanced IT systems and tools
- Efficient delinquency and default management
- First class client service
- Payment collection: outsourcing

MORTGAGE LOAN ELIGIBILITY CRITERIA

- USD nominated mortgage loans
- Registered first lien mortgages including home equity and first financing loans
- Fixed rate for the whole life of the loan
- Monthly annuity repayments
- Moscow, Moscow Region, S-Petersburg, Leningrad Region, N-Novgorod, Samara, Ekaterinburg, Rostov, Ufa
- Mortgages documented with mortgage certificates (zakladnaya)
- Up to 85% maximum LTV ratio
- Up to 55% DTI ratio
- Up to 25 years maturity
- Focus on verified income



MORTGAGE LOAN Eligibility CRITERIA (continued)

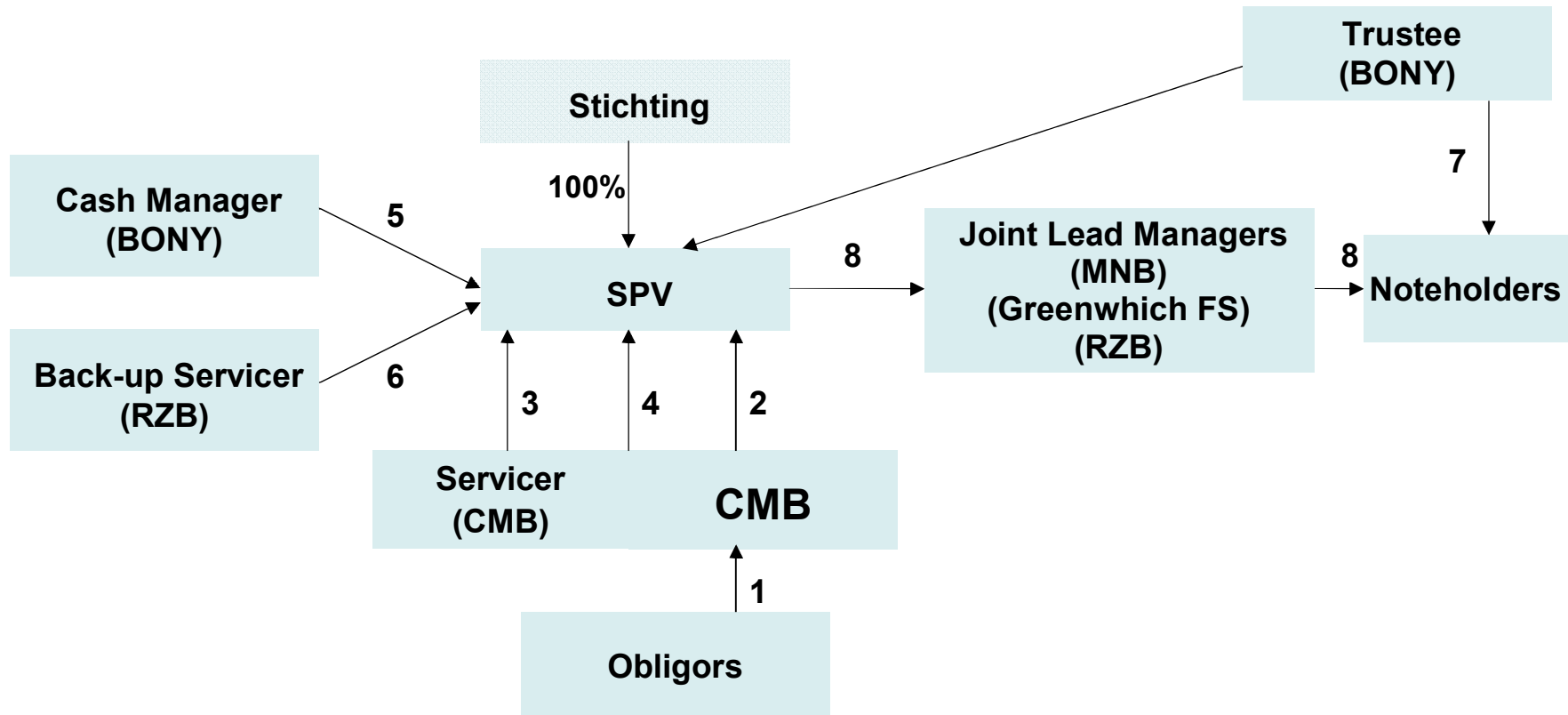
- Maximum loan amount: \$500,000.
- Obligatory life and disability insurance for the life of the loan in the amount of 110% of the amount of the loan, for the borrower.
- Type of collateral: apartments and single family houses
- Appraisal report from accredited independent licensed appraisers
- Property loss/damage insurance policy for the whole life of the loan
- Property title loss insurance policy for the whole life of the loan.
- Focus on owner occupied properties

RMBS STRUCTURE SUMMARY

Awarded 'Emerging Market Deal of the Year'
(International Securitization Review, 2006)

- Issuer: CityMortgage MBS Finance BV, a Dutch SPV
- Originator and Servicer: CityMortgage Bank (CMB)
- True Sale/Pass Through structure
- Reg S and 144A deal
- Subordination
 - 87% Senior Baa2 rated (sovereign level)
 - A-FL
 - A-IIIO (interest only inverse floater)
 - 8.67% Mez B1 rated (bought by OPIC)
 - 4.33% Junior unrated (bought by CMB)
- Inverse floater paid 2% premium

OVERVIEW OF SECURITIZATION PROCESS: transaction structure



1. Mortgage Portfolio
2. Purchase Agreements
3. Servicing Agreement
4. Enforcement Services Agreement

5. Cash Management Agreement / Distribution Account Agreement
6. Back-up Servicing Agreement
7. Trust Deed
8. Senior Notes, Class B Notes and Class Z Notes



SECURITISED POOL STATISTICS

- Volume Securitized: USD72.56 million
- RMBS maturity: 2033
- Number of loans: 1275
- WA Loan Size: USD56 650
- WA Original LTV: 64.9%
- WA Current LTV: 62%
- WA Interest Rate: 11.4%
- WA Seasoning: 0.8 years
- WA Remaining Term: 13.3 years
- Geographic Diversity: St. Petersburg-23%; Moscow-61%; Moscow Region-14%; N-Novgorod-1%; and Samara-1%

RMBS PLACEMENT SUMMARY

- A-FL was placed at $\max(\text{LIBOR}+160\text{bps}; 9.25\%)$
- A-IIO was placed at $\max(X\text{-LIBOR}, 0\%)$
- B (Mezzanine) was placed to OPIC at 9.25% fixed
- Z was bought back by CMB with 9.25% fixed plus residual
- A-IIO paid 2% premium

Investor Base:

- US: 38%
- Western Europe: 16%
- Southern Europe: 9%



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