

Russian infrastructural project financing through securitization techniques

*Moscow United Electricity Distribution Company (MOESK)
leasing flow securitization – Case Study*

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Asset Backed Securities*

No.	Bank	Volume, \$, mln	Number of issuers
1.	Dresdner Bank	547	2
2.	Bank of Moscow	328	1
3.	Societe General	206	1
4.	Merrill Lynch	197	1
5.	RZB Group	176	2
6.	Barclays Capital	134	1
7.	Gazprombank	134	1
8.	HSBC	90	1
9.	JP Morgan	86	1
Total		1.898	11

Rouble-denominated eurobonds*

No.	Bank	Volume, \$, mln	Number of issuers
1.	VTB inc. VTB Europe	1614	3
2.	Bank of Moscow	328	1
3.	ABN AMRO	293	2
4.	MDM-Bank	260	3
5.	Standard Bank	258	3
6.	ING	235	3
7.	Barclays Capital	224	2
8.	Rosbank	200	1
9.	Merrill Lynch	126	1
Total **		4.014	26

* *www.cbonds.ru for 2007*

** *including other issues*

СВ "MID"



Mortgage backed bonds
2 000 000 000
roubles


Sole Lead-manager
2007



Business Alliance

Securitization of lease flows
from OAO "MOESK"

8 322 500 000 roubles
Coupon 8.875%
5 year



Sole lead-manager
2007

**Home financing
bank**



Bonds with mortgage loan
collateral

500 000 000
roubles

Sole Lead-manager
2005

Definition

Creating a more or less standard investment instrument, i.e. MBS, by pooling assets to back the instrument. Also refers to the replacement of non-marketable loans and/or cash flows provided by financial intermediaries with negotiable securities issued in the public capital markets.

Source: Bloomberg financial glossary

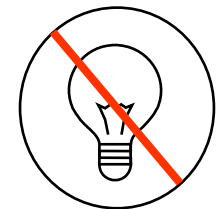
Types

- Global practice has two key types of securitization (sometimes mixed):
 1. True Sale – transfer of assets or flows to a special purpose vehicle
 - some types of RMBS, CMBS conduits, car loans and etc.
 2. Secured Loan – an SVP uses proceeds from issuing notes to provide the Originator with collateralized loan
 - covered bonds, agency CMBS, WBS, DPR, etc.
- Synthetic securitization types have also been developing lately



Key features:

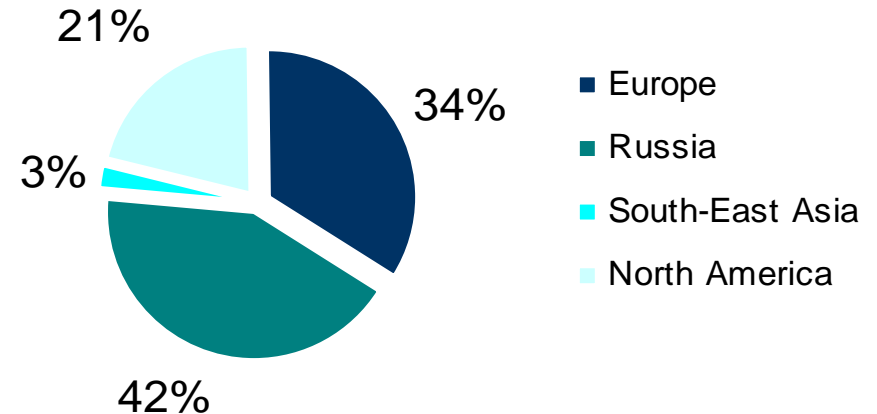
- Assignment of rights to MOESK lease payments in case of default
- Pledge on equipment
- Comfort letters – indirect guarantee of RAO UES and Moscow government
- Overcollateralization
- Antimonopoly approval



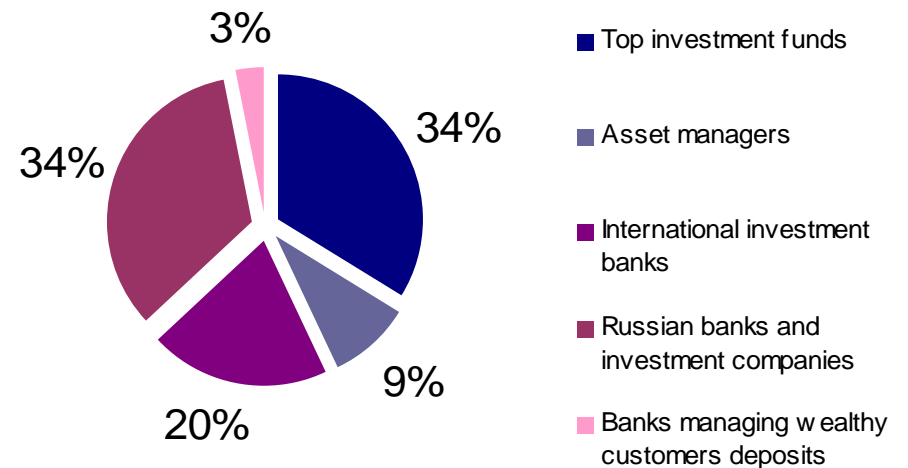
Issue features

Borrower	ZAO Business Alliance
Issuer	White Nights Finance B.V.
Reference entity	MOESK lease payments
Volume	8.3 bln rub.
Coupon rate	8.875%
Term	5 years
Amortization	Quarterly
Date of issue	August 7, 2007

Distribution by geography



Distribution by type of investors



- The issue presentation took place on July 12-20 in Moscow, Hong-Kong, Singapore, Geneva and London.
- Despite unfavorable market environment (**the placement was postponed by Gazprom, Rosneft, VTB24 and others**), innovation structure and scepticism of some market players, the issue triggered a significant investor demand, including investors from the US (the bid book was oversubscribed more than twice at 9%), the coupon rate was cut from 9% to 8.875%.