

## LISTING PROSPECTUS DATED 7 DECEMBER 2005

EURASIA STRUCTURED FINANCE No. 1, S.A., Compartment 1

Up to €230,000,000 Class A-1 Consumer Loan Receivables Backed Floating Rate Notes due May 2012  
Up to €33,000,000 Class A-2 Consumer Loan Receivables Backed Floating Rate Notes due May 2012  
Up to €28,000,000 Class B Consumer Loan Receivables Backed Floating Rate Notes due May 2012  
Detachable Class Z Consumer Loan Receivables Backed Coupons due May 2012  
to be issued by

### EURASIA STRUCTURED FINANCE No. 1, S.A., Compartment 1



A limited liability company incorporated in Luxembourg with company registration number  
R.C.S. Luxembourg B 111 361

Issue Price: 100 per cent.

EURASIA STRUCTURED FINANCE No. 1, S.A., Compartment 1 is registered with the Luxembourg Commercial Register under registered number B 111 361 (the "**Issuer**"). The Issuer has elected in its Articles of Incorporation (*Statuts*) ("**Articles**") to be governed by the Luxembourg law of 22 March 2004 on securitisation (the "**Securitisation Law**"). The exclusive purpose of the Issuer is to enter into one or more securitisation transactions, each via a separate compartment ("**Compartment**") within the meaning of the Securitisation Law. The Issuer will issue on 8 December 2005 (the "**Closing Date**") €230,000,000 Class A-1 Consumer Loan Receivables Backed Floating Rate Notes due May 2012 (the "**Class A-1 Notes**"), up to €33,000,000 Class A-2 Consumer Loan Receivables Backed Floating Rate Notes due May 2012 (the "**Class A-2 Notes**" and, together with the Class A-1 Notes, the "**Class A Notes**"), €28,000,000 Class B Consumer Loan Receivables Backed Floating Rate Notes due May 2012 (the "**Class B Notes**" and, together with the Class A Notes, the "**Notes**"), as well as the Class Z-1 Consumer Loan Receivables Backed Coupons (the "**Class Z-1 Coupons**") and the Class Z-2 Consumer Loan Receivables Backed Coupons (the "**Class Z-2 Coupons**" and, together with the Class Z-1 Coupons, the "**Class Z Coupons**").

One Class Z-1 Coupon will be attached to each Class A-1 Note and one Class Z-2 Coupon will be attached to each Class A-2 Note but, from date of allotment of the relevant Class A Note, the attached Class Z Coupon will detach from the Class A Note and become fully transferable independently of such Class A Note. Detachment of a Class Z Coupon from a Class A Note will have no effect on the Principal Amount Outstanding of the Class A Note and will not reduce the principal payable in respect of that Class A Note, even where the Class A Notes are redeemed prior to the Final Maturity Date.

On the Closing Date, the Issuer will allot €100,000,000 Class A-1 Notes (the "**Original Class A-1 Notes**"), €13,500,000 Class A-2 Notes (the "**Original Class A-2 Notes**" and, together with the Original Class A-1 Notes, the "**Original Class A Notes**"), €13,000,000 Class B Notes (the "**Original Class B Notes**" and, together with the Original Class A Notes, the "**Original Notes**") as well the related Class Z-1 Coupons (the "**Original Class Z-1 Coupons**") and the related Class Z-2 Coupons (the "**Original Class Z-2 Coupons**" and, together with the Original Class Z-1 Coupons, the "**Original Class Z Coupons**").

<p><b>LEAD MANAGER AND SOLE BOOKRUNNER</b></p> <p><b>BAYERISCHE HYPO- UND VEREINSBANK</b></p> 	<p><b>MANAGER</b></p> <p><b>PPF BANKA</b></p> 
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Within nine months from the Closing Date, the Issuer will be entitled to allot up to a further €130,000,000 Class A-1 Notes (the "**Delayed Draw Class A-1 Notes**"), €19,500,000 Class A-2 Notes (the "**Delayed Class**

**A-2 Draw Notes**", the Delayed Draw Class A-2 Notes together with the Delayed Draw Class A-1 Notes, the "**Delayed Class A Draw Notes**"), €15,000,000 Class B Notes (the "**Delayed Draw Class B Notes**", the Delayed Draw Class B Notes together with the Delayed Class A Draw Notes, the "**Delayed Draw Notes**") as well as the related Class Z-1 Coupons (the "**Delayed Draw Class Z-1 Coupons**") and the related Class Z-2 Coupons (the "**Delayed Draw Class Z-2 Coupons**", the Delayed Draw Class Z-2 Coupons together with the Delayed Draw Class Z-2 Coupons, the "**Delayed Draw Class Z Coupons**"). The Issuer is not obliged to allot all Delayed Draw Notes on the same day. The Issuer will have no payment obligations in respect of the Delayed Draw Notes or the Delayed Draw Class Z Coupons until such Delayed Draw Notes or Delayed Draw Class Z Coupons are allotted.

The Issuer will borrow on the Closing Date, and on certain dates thereafter, amounts under a subordinated loan facility (the "**Subordinated Loan Facility**") provided by Home Credit & Finance Bank Limited Liability Company ("**HCFB**" or the "**Seller**") including amounts which will be used by the Issuer to assist in covering the Initial Expenses.

The Issuer will also issue on the Closing Date a preference share (the "**Preference Share**"), which is not being offered hereby, and which will be subscribed for and held by HCFB. The Preference Share is fully subordinated to the Notes and the Class Z Coupons.

Interest on the Notes will accrue from (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date (each, an "**Interest Period**") in accordance with the terms and conditions of the Notes (the "**Conditions**") set out in "*Terms and Conditions of the Notes*" (Chapter XVI Part A of this Listing Prospectus). Interest on the Notes will accrue on a daily basis (actual/360) and will be payable monthly in arrear in euro on the 10<sup>th</sup> day of each calendar month (subject to adjustment as specified herein for non-Business Days) (each, an "**Interest Payment Date**") in respect of the Interest Period ending immediately prior thereto. The first Interest Period in respect of the Notes will commence on (and include) the Closing Date and (subject to adjustment for non-Business Days) end on (but exclude) the Interest Payment Date falling on 10 February 2006 (the "**First Interest Period**"). The rate of interest applicable to Notes for each Interest Period prior to the Call Date will be the rate offered in the euro-zone interbank market ("**EURIBOR**") for one month deposits (or, in the case of the First Interest Period, a linear interpolation of EURIBOR for two and three month euro deposits) plus, in relation to the Class A-1 Notes, a margin of 2.5 per cent. per annum; in relation to the Class A-2 Notes, a margin of 5.25 per cent. per annum and in relation to the Class B Notes, a margin of 5.0 per cent. per annum (each such margin, a "**Relevant Margin**"). The rate of interest applicable to the Class A Notes for each Interest Period following the Call Date will be EURIBOR plus, in relation to the Class A-1 Notes, the Relevant Margin for the Class A-1 Notes plus a margin of 2.5 per cent. per annum and in relation to the Class A-2 Notes, the Relevant Margin for the Class A-2 Notes plus a margin of 2.5 per cent. per annum (each such margin, a "**Relevant Step-up Margin**"), provided that that any amount of interest that is payable on the Class A-1 Notes by reference to the Relevant Step-up Margin applicable to the Class A-1 Notes shall accrue on the Class Z-1 Coupons and shall be paid to the holders of such Class Z-1 Coupons on a pro rata basis and any amount of interest that is payable on the Class A-2 Notes by reference to the Relevant Step-up Margin applicable to the Class A-2 Notes shall accrue on the Class Z-2 Coupons and shall be paid to the holders of such Class Z-2 Coupons on a pro rata basis. All interest shall be paid outside the United States and its possessions.

The Class A-1 Notes will mature on the Interest Payment Date falling in May 2012, the Class A-2 Notes will mature on the Interest Payment Date falling in May 2012 and the Class B Notes will mature on the Interest Payment Date falling in May 2012 (in respect of each Class of Notes, the "**Final Maturity Date**"). The Class Z Coupons will be redeemed simultaneously with the relevant Class A Notes.

The Notes can be redeemed in full at the Issuer's option at a redemption price of 100 per cent. of the Principal Amount Outstanding plus accrued interest on the Interest Payment Date falling in May 2010 (the "**Call Date**"). The Class Z Coupons will be redeemed simultaneously with the redemption in full of the relevant Class A Notes. Any principal amount of the Notes that remains outstanding following the Call Date (or, if prior to the Call Date, following the occurrence of an Amortisation Event) will be paid on each Interest Payment Date from the cash resources available to the Issuer (which, principally, will consist in the proceeds of the Receivables Portfolio collected in the calendar month preceding such Interest Payment Date) and available for distribution to the Noteholders on such Interest Payment Date in accordance with the Priority of Payments. If a redemption of the Class A-1 Notes occurs before the Call Date, the Redemption Penalty will accrue on the Class Z-1 Coupons and if a redemption of the Class A-2 Notes occurs before the Call Date, the Redemption Penalty will accrue on the Class Z-2 Coupons.

Following the occurrence of an Originator Tax or Regulatory Event or an Amortisation Event, the Originator shall be entitled to deliver an Originator Redemption Note to the Issuer, the Note Trustee and the Security

Trustee, following which the Issuer shall redeem all, but not some only, of the Notes in accordance with the Conditions. The Class Z Coupons will be redeemed simultaneously with the relevant Class A Notes (after the Call Date, simultaneously with the redemption of the relevant Class A Notes in full).

The Notes and the Class Z Coupons will be limited recourse obligations of the Issuer only and will not be guaranteed by, or be the responsibility of, any other person. The Issuer's payment obligations under the Notes and the Class Z Coupons will be secured by the Issuer Security and will only be capable of being satisfied and discharged from the assets of Compartment 1 of the Issuer and not from any other compartment of the Issuer or from any other assets of the Issuer. It should be noted, in particular, that the Notes and the Class Z Coupons will not be obligations of, and will not be guaranteed by, the Lead Manager, the Sole Bookrunner, the Security Trustee, the Russian Enforcement Party, the Note Trustee, the Seller, the Servicer, the Standby Servicer, the Subordinated Loan Facility Provider, the Issuer Account Bank, the Cash Manager, the Paying Agents, the Loan Customers or the Hedge Counterparty or any of their respective affiliates or any affiliate of the Issuer or the shareholders of the Issuer or any other third person or entity. The Issuer will apply the gross proceeds from the issuance of the Notes, the initial borrowings under the Subordinated Loan Facility including the Initial Expenses Drawings and the issuance of the Preference Share towards the payment of the Initial Expenses, to establish a cash reserve that is retained and adjusted periodically to cover liquidity requirements as part of the settlement of initial foreign exchange transactions to convert EUR receipts into RUR and, on the Initial Asset Sale Date (which will be on or about the first Business Day following the Closing Date), towards the payment to the Seller of the Purchase Price for the Initial Receivables.

The principal source of funds available to the Issuer for the payment of interest and the repayment of principal on the Notes and for payments on the Class Z Coupons will be the right of the Issuer to receive revenue and principal collections from the Receivables Portfolio.

It is a condition of issuance of the Class A-1 Notes that they will, when issued, be assigned a "Baa2" rating by Moody's Investors Service Inc. ("**Moody's**" and the "**Rating Agency**"). It is a condition of issuance of the Class A-2 Notes that they will, when issued, be assigned a "Ba2" rating by Moody's. Further, it is a condition of issuance of the Class B Notes that they will, when issued, be assigned a "Ba3" rating by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Each security rating should be evaluated independently of any other rating.

Particular attention is drawn to certain risks and other factors that should be considered in connection with an investment in the Notes and the Class Z Coupons (see "*Risk Factors*", Chapter IV of this Listing Prospectus).

Application has been made to the Irish Financial Services Regulatory Authority, as competent authority under Directive 2003/71/EC, for the Listing Prospectus to be approved. Application has been made to the Irish Stock Exchange for the Notes and the Class Z Coupons to be admitted to the Official List and trading on its regulated market.

The Class A Notes and the Class B Notes will be issued in denominations of €125,000. For the purposes of clearing only, Clearstream, Luxembourg and Euroclear may assign a notional denomination to the Class Z Coupons. Each Class of Notes and the Class Z Coupons purchased on the Closing Date pursuant to the Subscription Agreement will be deposited with Deutsche Bank AG, London Branch as common depository for Euroclear and Clearstream, Luxembourg on or about the Closing Date.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and include Notes in bearer form that are subject to U.S. tax law requirements. Notes may not be offered, sold or delivered within the United States or to U.S. Persons.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. Person. For a more complete description of restrictions on offers and sales and applicable U.S. tax law requirements, see "*Admission to Trading and Dealing Arrangements - Dealing Arrangements: Subscription and Sale – United States of America*" (Chapter XVII of this Listing Prospectus).

In this Listing Prospectus, unless otherwise specified, references to "**euro**", "**€**" and "**EUR**" are to the lawful currency of member states of the European Union that adopt the single currency in accordance with the treaty establishing the European Community, as amended, and references to "**rouble**" and "**RUR**" are to the lawful currency of the Russian Federation.

Certain monetary amounts and currency transactions included in this Listing Prospectus have been subject to rounding adjustments. Accordingly, the figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede.

Unless otherwise defined in this Listing Prospectus or the context requires otherwise, capitalised terms used in this Listing Prospectus have the meanings attributed to them in "*Definitions*" (Chapter XXIII of this Listing Prospectus).

This Listing Prospectus constitutes a prospectus for the purposes of Directive 2003/71/EC.

## Responsibility Statement

The Issuer, Eurasia Structured Finance No. 1, S.A., Compartment 1, having its registered office at 7 Val Ste Croix, L-1371 Luxembourg, accepts responsibility for the information contained in this Listing Prospectus (other than as set out in the next paragraph) and to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Listing Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Seller, Home Credit & Finance Bank Limited Liability Company, having its registered office at 317A Zelenograd, Moscow, 124482, Russian Federation, accepts responsibility for the information contained in this Listing Prospectus relating to itself, the market in which it conducts business and the Receivables Portfolio in "*The Underlying Assets*" (Chapter XX of this Listing Prospectus) and "*Risk Factors*" (Chapter IV of this Listing Prospectus) and to the best of the knowledge and belief of the Seller (which has taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Further, in the Subscription Agreement, Home Credit & Finance Bank Limited Liability Company has provided certain indemnities to the Lead Manager.

Any reference to this Listing Prospectus excludes all information incorporated by reference. The Issuer has confirmed that any information incorporated by reference, including any such information to which readers of this document are expressly referred, has not been and does not need to be included in this Listing Prospectus to satisfy the requirements of the listing rules of the Irish Stock Exchange. The Issuer believes that none of the information incorporated herein by reference conflicts in any material respect with the information included in this Listing Prospectus.

The Issuer has confirmed to the Lead Manager that (a) this Listing Prospectus contains all information regarding the Issuer, the Notes and the Class Z Coupons which is to the best information, knowledge and belief of the Issuer (in the context of the issue of the Notes and the Class Z Coupons) material, (b) such information is true and accurate in all material respects and not misleading in any material respect, (c) any opinions, predictions and intentions expressed in this Listing Prospectus on the part of the Issuer are honestly held or made after due and careful consideration of all relevant circumstances and based on reasonable assumptions and are not misleading in any material respect, (d) this Listing Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect and (e) all proper enquiries have been made by or on behalf of the Issuer to ascertain and to verify the foregoing.

The Seller has confirmed to the Lead Manager that (a) this Listing Prospectus contains all information regarding the Seller, the Receivables Portfolio, the Notes and the Class Z Coupons which is to the best information, knowledge and belief of the Seller (in the context of the issue of the Notes and the Class Z Coupons) material, (b) such information is true and accurate in all material respects and not misleading in any material respect, (c) any opinions, predictions and intentions expressed in this Listing Prospectus on the part of the Seller are honestly held or made after due and careful consideration of all relevant circumstances and based on reasonable assumptions and are not misleading in any material respect, (d) this Listing Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect and (e) all proper enquiries have been made by or on behalf of the Seller to ascertain and to verify the foregoing.

None of the the Lead Manager, the Sole Bookrunner, the Security Trustee, the Russian Enforcement Party, the Note Trustee, the Seller, the Servicer, the Standby Servicer, the Subordinated Loan Facility Provider, the Issuer Account Bank, the Cash Manager, the Paying Agents, the Loan Customers or the Hedge Counterparty has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Lead Manager, the Sole Bookrunner, the Security Trustee, the Russian Enforcement Party, the Note Trustee, the Seller, the Servicer, the Standby Servicer, the Subordinated Loan Facility Provider, the Issuer Account Bank, the Cash Manager, the Paying Agents, the Loan Customers or the Hedge Counterparty as to the accuracy or completeness of the information contained in this Listing Prospectus.

No person has been authorised to give any information or to make any representations, other than those contained in this Listing Prospectus, in connection with the issue and sale of the Notes and the Class Z Coupons and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Seller or the Lead Manager. Neither the delivery of this Listing Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that the information contained in this Listing Prospectus is correct as of any time subsequent to the date hereof.

Neither the delivery of this Listing Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Listing Prospectus.

This Listing Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Note. In making an investment decision, the purchaser should rely only on the information contained in this Listing Prospectus. The Issuer has not, and the Lead Manager has not, authorised any party to provide a potential purchaser with information different from that contained in this Listing Prospectus. If a purchaser receives any other information, he should not rely on it. This Listing Prospectus is not a recommendation to subscribe for or purchase any Note. In making an investment decision, the purchaser should obtain independent advice from qualified professionals.

The Issuer is offering to sell, and is seeking offers to buy, the Notes and the Class Z Coupons only in jurisdictions where such offers and sales are permitted. The distribution of this Listing Prospectus and the offering, sale and delivery of the Notes and the Class Z Coupons in certain jurisdictions may be restricted by law. Persons who come into possession of this Listing Prospectus are required by the Issuer and the Lead Manager to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Notes and the Class Z Coupons and on distribution of this Listing Prospectus and other offering material relating to the Notes and the Class Z Coupons, see "*Admission to Trading and Dealing Arrangements - Dealing Arrangements; Subscription and Sale*" (Chapter XVII of this Listing Prospectus).

The information contained in this Listing Prospectus is accurate only as of the date of this Listing Prospectus, regardless of the time of delivery of this Listing Prospectus or of any offer or sale of the Note, and the Issuer expressly disclaims any duty to update this Listing Prospectus.

### **Forward Looking Statements**

This Listing Prospectus contains statements that constitute forward looking statements. Words such as "believes", "anticipates", "expects", "estimates", "intends", "plans", "will", "may", "should" and similar expressions are intended to identify forward looking statements but are not the exclusive means of identifying such statements. These statements include those regarding the intent, belief or current expectation of the Seller and its officers with respect to, among other things:

- (a) the financial condition of the Seller and the characteristics of its strategy, products or services;
- (b) the Seller's plans, objectives or goals, including those related to products or services;
- (c) statements of future economic performance;
- (d) assumptions underlying those statements.

Forward looking statements are not guarantees of future performance and involve risks and uncertainties and actual results may differ from those in the forward looking statements as a result of various factors. Accordingly, prospective purchasers of Notes or the Class Z Coupons should not rely on such forward looking statements. This information in this Listing Prospectus, including the information set out in "*Risk Factors*" (Chapter IV of this Listing Prospectus) and "*The Underlying Assets – Business and Organisation of HCFB*" (Chapter XX of this Listing Prospectus) identifies important factors that could cause such differences including, *inter alia*, a change in the overall economic conditions in Russia, change in the Seller's financial condition, change in the value of the Russian rouble relative to the euro and the effect of new legislation or government regulations in Russia. Such forward looking statements speak only as at the date of this Listing Prospectus and are not subject to the continuing obligations under the listing rules of the Irish Stock Exchange. Accordingly, the Seller and the Issuer do not undertake any obligation to update or revise any of them whether as a result of new information, future events or otherwise. The Seller and the Issuer do not make any representation, warranty or prediction that the results anticipated by such forward looking statements will be achieved and such forward looking statements represent, in each case, only one of the many possible scenarios and not be viewed as the most likely standard scenario. Moreover, no assurance can be given that any of the historical information, trends or practices mentioned and described in the Listing Prospectus are indicative of future results or events.

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## I. KEY CHARACTERISTICS OF THE NOTES AND THE CLASS Z COUPONS

The following table sets out the key features of the Notes and the Class Z Coupons. For a detailed description of the relationship between the Classes of Notes and the Class Z Coupons see "*Structure and Cash Flow – Priority of Payments and Relationship Between the Notes and the Class Z Coupons – Relationship between the Classes of Notes and the Class Z Coupons*" (Chapter XXI of the Listing Prospectus).

	<b>Class A-1 Notes</b>	<b>Class A-2 Notes</b>	<b>Class B Notes</b>	<b>Class Z-1 Coupons</b>	<b>Class Z-2 Coupons</b>
Denomination	€125,000	€125,000	€125,000	For the purposes of clearing only, Clearstream, Luxembourg and Euroclear may assign a notional denomination to the Class Z-1 Coupons	For the purposes of clearing only, Clearstream, Luxembourg and Euroclear may assign a notional denomination to the Class Z-2 Coupons
Nominal Amount	Up to €230,000,000	Up to €33,000,000	Up to €28,000,000	zero	zero
Issue Price	100%	100%	100%	zero	zero
Credit Enhancement	Subordination of the Class B Notes, drawings under the Subordinated Loan Facility including the Initial Expenses Drawings, and surplus cash to the extent not paid back to the Originator; further, following a Commingling Loss, amounts standing to the credit of the Class A-2 Escrow Account	Subordination of drawings under the Subordinated Loan Facility including the Initial Expenses Drawings, and surplus cash to the extent not paid back to the Originator	Subordination of drawings under the Subordinated Loan Facility including the Initial Expenses Drawings, and surplus cash to the extent not paid back to the Originator; further, following a Commingling Loss, amounts standing to the credit of the Class A-2 Escrow Account	Subordination of drawings under the Subordinated Loan Facility including the Initial Expenses Drawings, and surplus cash to the extent not paid back to the Originator	Subordination of drawings under the Subordinated Loan Facility including the Initial Expenses Drawings, and surplus cash to the extent not paid back to the Originator
Rate of Interest/Yield	1-month EURIBOR plus 2.5	1-month EURIBOR plus 5.25	1-month EURIBOR plus 5.0	n.a.	n.a.
Frequency of Payments of Interest	Monthly	Monthly	Monthly	n.a.	n.a.
Step-up Rate of Interest following the Call Date	n.a.	n.a.	n.a.	2.5 basis points <sup>1</sup>	2.5 basis points <sup>2</sup>
Interest Accrual Method	Actual/360	Actual/360	Actual/360	Actual/360	Actual/360
Interest Payment Dates <sup>3</sup>	10th of each calendar month	10th of each calendar month	10th of each calendar month	10th of each calendar month	10th of each calendar month
First Interest	10 February	10 February	10 February	The first	The first

<sup>1</sup> Calculated on the Principal Amount Outstanding under the Class A-1 Notes.

<sup>2</sup> Calculated on the Principal Amount Outstanding under the Class A-2 Notes.

<sup>3</sup> Subject to adjustment for non-Business Days.



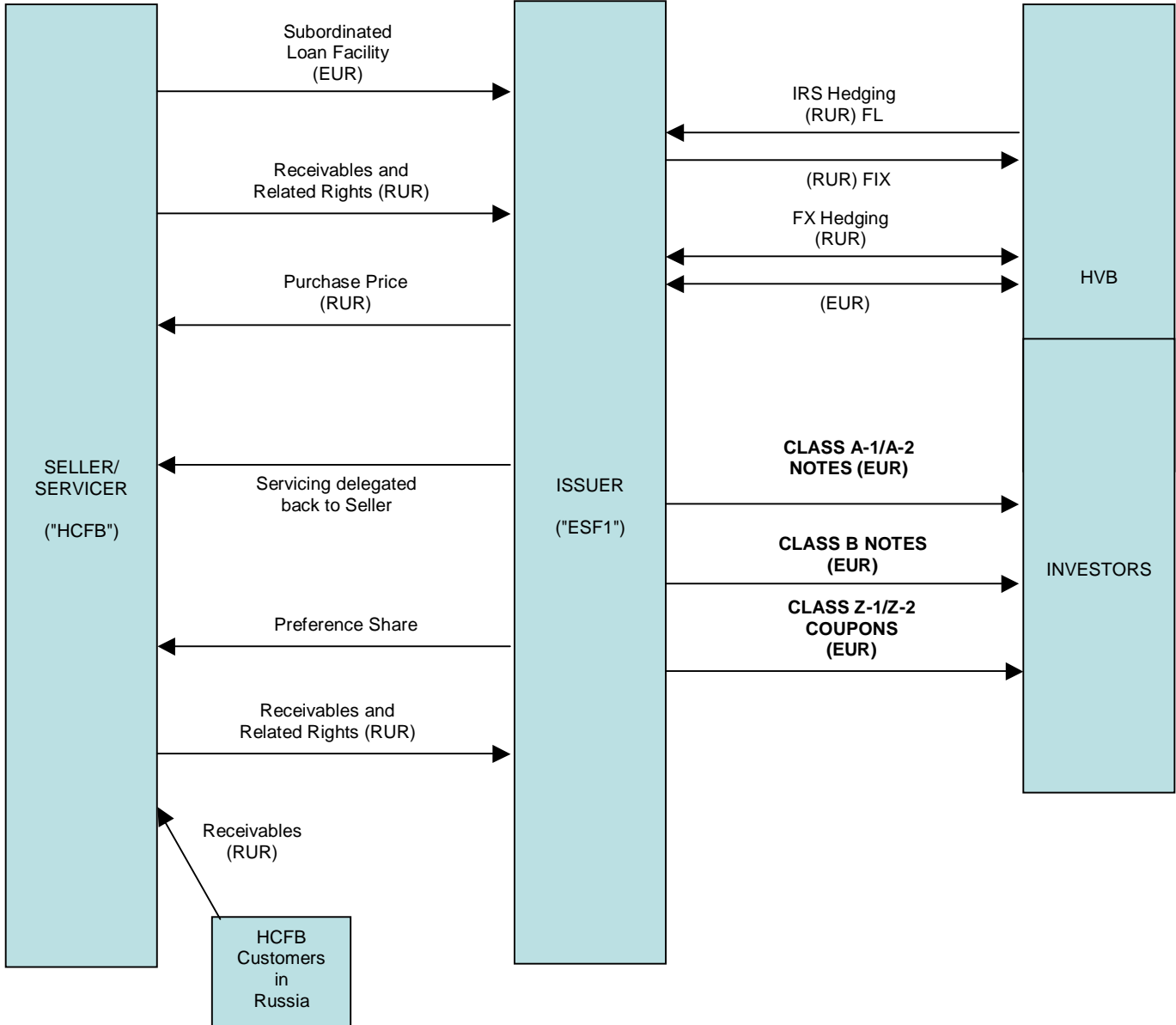
Payment Date <sup>4</sup>	2006	2006	2006	Interest Payment Date after the Call Date	Interest Payment Date after the Call Date
Call Date	The Interest Payment Date falling in May 2010	The Interest Payment Date falling in May 2010	The Interest Payment Date falling in May 2010	The Interest Payment Date falling in May 2010	The Interest Payment Date falling in May 2010
Redemption Penalty	n.a.	n.a.	n.a.	Applicable	Applicable
Final Maturity Date <sup>5</sup>	The Interest Payment Date falling in May 2012	The Interest Payment Date falling in May 2012	The Interest Payment Date falling in May 2012	The Interest Payment Date falling in May 2012	The Interest Payment Date falling in May 2012
Principal amount of Original Notes/Original Class Z Coupons	€100,000,000	€13,500,000	€13,000,000	n.a. (one Class Z-1 Coupon to be issued for each Class A-1 Note)	n.a. (one Class Z-2 Coupon to be issued for each Class A-2 Note)
Principal amount of Delayed Draw Notes/Delayed Draw Class Z Coupons	€130,000,000	€19,500,000	€15,000,000	n.a. (one Class Z-1 Coupon to be issued for each Class A-1 Note)	n.a. (one Class Z-2 Coupon to be issued for each Class A-2 Note)
Ratings	Baa2 from Moody's	Ba2 from Moody's	Ba3 from Moody's	none	none
Listing	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange
Clearing	Euroclear and Clearstream, Luxembourg	Euroclear and Clearstream, Luxembourg	Euroclear and Clearstream, Luxembourg	Euroclear and Clearstream, Luxembourg	Euroclear and Clearstream, Luxembourg
Common Code	23706300	23706318	23706326	23706334	23747235
ISIN	XS0237063002	XS0237063184	XS0237063267	XS0237063341	XS0237472351

<sup>4</sup> Subject to adjustment for non-Business Days.

<sup>5</sup> Subject to adjustment for non-Business Days.

## II. STRUCTURE DIAGRAM

The following diagram sets out the transaction structure relating to the issue of the Notes and the Class Z Coupons by the Issuer and the purchase of the Receivables Portfolio backing the Notes and the Class Z Coupons. This diagram is qualified in its entirety by reference to the more detailed information appearing elsewhere in this Listing Prospectus.



### III. SUMMARY

*The information in this section is a summary of the principal features of the issue of the Notes and the Class Z Coupons. This summary constitutes an introduction and should be read in conjunction with and is qualified in its entirety by reference to the more detailed information appearing elsewhere in this Listing Prospectus. Liability for the contents of this Summary may only arise if this Summary read together with this Listing Prospectus is misleading, inaccurate or inconsistent. The decision to purchase the Notes and the Class Z Coupons shall be solely based on the Listing Prospectus in its entirety. Where a claim relating to the information contained in this Listing Prospectus is brought before a court, the plaintiff investor might, according to applicable national legislation of a Member State, have to bear the cost of translating the Listing Prospectus before legal proceedings are initiated. For the avoidance of doubt, expressions used in "The Notes" below have the meaning given to them in the Conditions.*

#### **The Parties**

Issuer and Purchaser	Eurasia Structured Finance No. 1, S.A., Compartment 1, a société anonyme incorporated in Luxembourg with limited liability.
Originator and Seller	Home Credit & Finance Bank Limited Liability Company.
Servicer	The Originator and Seller.
Standby Servicer	Closed Joint Stock Company International Moscow Bank.
Lead Manager	Bayerische Hypo- und Vereinsbank AG.
Manager	PPF Banka a.s.
Note Trustee	Deutsche Trustee Company Limited.
Security Trustee	Deutsche Trustee Company Limited.
Russian Enforcement Party	Closed Joint Stock Company International Moscow Bank.
Subordinated Loan Facility Provider	The Originator and Seller.
Cash Manager	Bayerische Hypo- und Vereinsbank AG.
Issuer Account Bank	Bayerische Hypo- und Vereinsbank AG.
HCFB Account Bank	The Originator and Seller.
IMB Account Bank	Closed Joint Stock Company International Moscow Bank.
Principal Paying Agent	Deutsche Bank AG, London Branch.
Irish Paying Agent	Deutsche International Corporate Services (Ireland) Limited.
Agent Bank	Deutsche Bank AG, London Branch.
Liquidity Facility Provider	Bayerische Hypo- und Vereinsbank AG.
Hedge Counterparty	Bayerische Hypo- und Vereinsbank AG.
Listing Agent	Deutsche Bank Luxembourg S.A.

Data Agent	KPMG Limited.
Data Custodian	OSG Records Management, ZAO.
Corporate Services Provider	SFM (Luxembourg) S.A.
Domiciliation Agent	Luxembourg International Consulting S.A.
Common Depository	Deutsche Bank AG, London Branch.

## **The Notes**

### The Notes and Class Z Coupons

On the Closing Date, the Issuer will allot the Original Class A-1 Notes, the Original Class A-2 Notes and the Original Class B Notes. Each Class A Note shall be allotted with a Class Z Coupon attached. However, from the Closing Date or the Further Draw Date, as applicable, of the Class A Note, the Class Z Coupon will detach from the Class A Note and will become a separate instrument, fully transferable independently of such Class A Note. Detachment of a Class Z Coupon from a Class A Note will have no effect on the Principal Amount Outstanding of the Class A Note and will not reduce the principal payable in respect of that Class A Note, even where the Class A Notes are redeemed prior to the Final Maturity Date. The Notes will be issued in minimum denominations of €125,000 each. For the purposes of clearing only, Clearstream, Luxembourg and Euroclear may assign a notional denomination to the Class Z Coupons.

### Form of Notes and Class Z Coupons

Each Class of Notes will be issued in bearer form and will be represented by a Permanent Global Note, without Coupons or Talons attached, in the aggregate principal amount on issue of €230,000,000 for the Class A-1 Notes, €33,000,000 for the Class A-2 Notes and €28,000,000 for the Class B Notes. The Class Z-1 Coupons will be issued in bearer form and will be represented by a Permanent Global Class Z-1 Coupon. The Class Z-2 Coupons will be issued in bearer form and will be represented by a Permanent Global Class Z-2 Coupon.

### Title to Permanent Global Notes

Title to the Permanent Global Notes and the Permanent Global Class Z Coupons will pass by delivery. Interests in Notes and the Class Z Coupons represented by a Permanent Global Note or a Permanent Global Class Z Coupon, as applicable, will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

### Issue of Definitive Notes and Definitive Class Z Coupons

If, while any Notes or Class Z Coupons are represented by a Permanent Global Note or a Permanent Global Class Z Coupon, as applicable, an Exchange Event occurs, the Issuer will deliver Definitive Notes or Definitive Class Z Coupons, as applicable, with, where applicable, Coupons and Talons attached on issue.

### Form of Definitive Notes and Definitive Class Z Coupons

Definitive Notes and Definitive Class Z Coupons, if issued, will be serially numbered and in bearer form with, where applicable, at the date of issue, Coupons falling due after the date of issue and Talons for further Coupons attached.

### Title to Definitive Notes and Class Z Coupons

Title to the Definitive Notes, Definitive Class Z Coupons, Coupons and Talons will pass by delivery.

Status and Priority and Security	<p>The Notes, the Class Z Coupons and the Coupons constitute direct and, upon issue, unconditional obligations of the Issuer subject to the terms of the Trust Deed, the Cash Management Agreement and the Conditions and are secured by the Issuer Security.</p> <p>The Notes, the Class Z Coupons and the Coupons are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other parties to the Transaction Documents.</p> <p>The Notes of each Class and the Class Z Coupons rank <i>pari passu</i> without preference or priority amongst themselves. The Class A Notes, the Class B Notes and the Class Z Coupons rank as among themselves in accordance with the Priority of Payments.</p>
Income Priority of Payments Prior to Amortisation	<p>On any Interest Payment Date prior to the delivery of a Note Amortisation Notice, any Available Issuer Income shall be applied in accordance with the Pre-Amortisation Priority of Payments-Available Issuer Income.</p>
Covenants	<p>The Issuer has given certain covenants to the Note Trustee and the Security Trustee, which are set out in Condition 4 (<i>Covenants</i>). These include: not to create security over its assets, not to engage in any business other than that described in this Listing Prospectus, not to dispose of its assets and not to create any Indebtedness.</p>
Interest	<p>Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (or in the case of the redemption of part only of a Note, that part only of that Note) shall cease to bear interest from and including its due date for redemption, unless, upon due presentation of that Note, payment of the relevant amount of principal or any part of it is improperly withheld or refused.</p> <p>Interest on each Note is payable monthly in arrear on each Interest Payment Date in respect of the Interest Period ending on (but excluding) that Interest Payment Date.</p> <p>Prior to the Call Date, the Rate of Interest in respect of each Class of Notes for each Interest Period shall be the aggregate of (a) the Relevant Margin; and (b) EURIBOR.</p> <p>After the Call Date, the Rate of Interest in respect of each Class of Notes shall be the aggregate of (a) the Relevant Margin, (B)EURIBOR and (C) the Relevant Step-up Margin.</p> <p>Any amount of interest that is due on the Class A Notes by reference to the Relevant Step-up Margin shall accrue on the Class Z Coupons and shall be paid to the Class Z Couponholders on a pro rata basis.</p>
Final Redemption	<p>Unless previously redeemed in full and cancelled, the Notes will be redeemed at their Principal Amount Outstanding on the Final Maturity Date together with interest and other amounts (if any) accrued to the Final Maturity Date. The Class Z Coupons will be redeemed simultaneously with the relevant Class A Notes.</p>
Mandatory Redemption in Part	<p>On any Interest Payment Date prior to the delivery of a Note Amortisation Notice, any Available Issuer Principal shall be applied to redeem the Notes and the Class Z Coupons in accordance with the Pre-Amortisation Priority of Payments – Available Issuer Principal.</p>
Optional Redemption For Tax Reasons	<p>On the occurrence of a Tax Event, the Issuer may, redeem all, but not some only, of the Notes at their Principal Amount Outstanding together with interest and other amounts (if any) accrued to that Interest Payment Date in accordance with Condition 6(c) (<i>Optional Redemption for Tax Reasons</i>). The Class Z Coupons will be redeemed</p>

simultaneously with the relevant Class A Notes (after the Call Date, simultaneously with the redemption of the relevant Class A Notes in full).

Originator Redemption	On the occurrence of an Originator Tax or Regulatory Event or an Amortisation Event, the Originator may deliver an Originator Redemption Notice to the Issuer and the Note Trustee, following which the Issuer shall be required to redeem all, but not some only, of the Notes at their Principal Amount Outstanding together with interest and other amounts (if any) accrued to that Interest Payment Date in accordance with Condition 6(d) ( <i>Originator Redemption</i> ). The Class Z Coupons will be redeemed simultaneously with the relevant Class A Notes (after the Call Date, simultaneously with the redemption of the relevant Class A Notes in full).
Optional Redemption in Whole	The Notes may be redeemed at the option of the Issuer on any Interest Payment Date on or after (a) the Call Date or (b) the date on which the aggregate Principal Amount Outstanding of the Notes is less than ten per cent. of the Principal Amount Outstanding of the sum of the Original Notes allotted on the Closing Date and any Delayed Draw Notes allotted on the Further Draw Date, in whole, but not in part, at their Principal Amount Outstanding together with interest and other amounts (if any) accrued to that Interest Payment Date in accordance with Condition 6(e) ( <i>Optional Redemption in Whole</i> ). To the extent that the Class A Notes are redeemed before the Call Date, the Redemption Penalty will accrue on the Class Z Coupons.
Payments	Payments of principal, interest and other amounts (if any) in respect of Notes which are represented by a Permanent Global Note and payments of the Relevant Step-up Margin and the Redemption Penalty in respect of the Class Z Coupons which are represented by a Permanent Global Class Z Coupon will be made against presentation for endorsement of that Permanent Global Note or Permanent Global Class Z Coupon, as applicable. Payments of principal in respect of the Definitive Notes and Definitive Class Z Coupons will be made against presentation and (in the case of final redemption, provided that payment is made in full) surrender of the Definitive Notes or Definitive Class Z Coupons, as applicable, at the specified office of any Paying Agent. Payments of interest in respect of the Definitive Notes and the Definitive Class Z Coupons will be made against presentation and (provided that payment is made in full) surrender of the relevant Coupons at the specified office of any Paying Agent.
Taxation	All payments in respect of the Notes, the Class Z Coupons and the Coupons will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature unless the Issuer or the relevant Paying Agent (as applicable) is required by the law of the jurisdiction of the tax residency of the Issuer to make any payment in respect of the Notes or the Class Z Coupons subject to any withholding or deduction for or on account of any such taxes, duties or charges.
Amortisation	At any time after the occurrence of an Amortisation Event, the Note Trustee may, in accordance with Condition 10 ( <i>Amortisation</i> ), give a Note Amortisation Notice to the Issuer declaring the Notes and the Class Z Coupons to be due and repayable in accordance with the Post Amortisation Priority of Payments.
Enforcement	At any time after the occurrence of an Enforcement Event, the Note Trustee may, in accordance with Condition 11 ( <i>Enforcement</i> ), give an Enforcement Notice to the Issuer, instruct the Security Trustee to take enforcement steps in relation to the Issuer Non-Russian Security and notify the Russian Enforcement Party that it has so instructed the Security Trustee. The occurrence of an Enforcement Event shall constitute an Amortisation Event and, if a Note Amortisation Notice is delivered with respect to such Amortisation Event, the Notes and the Class Z Coupons will become due and repayable in accordance with the Post Amortisation Priority of Payments. Any proceeds received by the Security Trustee from the enforcement of the Issuer Non-Russian Security, including any proceeds received by the Russian Enforcement Party from the enforcement of the Issuer Russian Security and remitted to the

Security Trustee in accordance with the Master Definitions and Framework Deed, shall be applied in accordance with the Post Amortisation Priority of Payments.

Issue of Delayed Draw Notes	Within nine months from the Closing Date, the Issuer may allot up to €130,000,000 Delayed Draw Class A-1 Notes, €19,500,000 Delayed Draw Class A-2 Notes and €15,000,000 Delayed Draw Class B Notes, together with, in respect of the Delayed Draw Class A Notes, the Delayed Draw Class Z Coupons, provided that the conditions set out in Condition 20 ( <i>Delayed Draw Notes and Delayed Draw Class Z Coupons</i> ) are met. The Issuer is not obliged to allot all Delayed Draw Notes on the same day. The Issuer will have no payment obligations in respect of the Delayed Draw Notes or the Delayed Draw Class Z Coupons until such Delayed Draw Notes or Delayed Draw Class Z Coupons are allotted. The Issuer shall not be entitled to allot any Delayed Draw Notes or the Delayed Draw Class Z Coupons at any time after the date nine months after the Closing Date.
Governing Law	The Conditions are governed by English law.
<b>Risk Factors</b>	There are certain risks relating to the Notes which are described in " <i>Risk Factors</i> " (Chapter IV of this Listing Prospectus):
Limited Recourse	The Notes and the Class Z Coupons are limited recourse obligations of the Issuer solely in respect of Compartment 1 of the Issuer and will not be guaranteed by, or be the responsibility of, any other person.
Ratings	It is expected that the Notes will be rated by Moody's. Such ratings may be subject to revision, suspensions or withdrawal by the Rating Agency at any time.
Servicer Replacement	On the occurrence of certain events set out in the Servicing Agreement, which are deemed to be indicative of failure of the Servicer, the Security Trustee will have the power to instruct a Replacement Servicer to perform certain duties, including collection of the Receivables Portfolio, provided that in giving such instructions, the Security Trustee shall rely absolutely on advice it receives from the Standby Servicer and will not incur any liability whatsoever for so doing. It is likely that a Replacement Servicer will achieve a materially lower level of collections than the Servicer would have done in the absence of the circumstances leading to the appointment of the Replacement Servicer, which may adversely affect the ability of the Issuer to make the payments due in respect of the Notes and the Class Z Coupons in full.
Hedging	The hedging arrangements put in place do not eliminate currency risk and interest rate risk entirely. Moreover, it is possible that these arrangements could be found to be unenforceable under Russian law, which could affect their stability.
Delayed Draw Notes	At any time within nine months of the Closing Date, the Issuer may allot the Delayed Draw Notes together with, in respect of the Delayed Draw Class A Notes, the Delayed Draw Class Z Coupons. The Issuer will have no payment obligations in respect of the Delayed Draw Notes or the Delayed Draw Class Z Coupons until such Delayed Draw Notes or Delayed Draw Class Z Coupons are allotted. Allotment of the Delayed Draw Notes and the Delayed Draw Class Z Coupons will increase the Issuer's liabilities and increase the risk that, on an Interest Payment Date, it will not have funds sufficient to enable it to make payments in respect of the Notes and Class Z Coupons in full.
Credit Enhancement	Credit enhancement mechanisms provide only limited protection to the holders of the more senior Classes of Notes against the risks assumed by the holders of less senior Classes of Notes and might not be sufficient in the event of late payments or losses attributable to the Purchased Receivables.

Commingling Risk and  
Similar Risks

Loan Customers make payments in connection with Consumer Loan Agreements into their Customer Current Accounts which are maintained at HCFB, from which sums are drawn to make payments in relation to the Consumer Loans when due. Risks arise from the fact that HCFB may become insolvent whilst in possession of such amounts.

Economic Instability in  
Russia

Since the dissolution of the former Soviet Union, the Russian economy has suffered from significant instability. This could adversely affect the ability of the Issuer to make payments under the Notes and Class Z Coupons in full.

Tax Risks

There is no guarantee that the current Russia-Luxembourg double tax treaty, under which the Servicer believes that payments under the Consumer Loan Agreements made to the Issuer will not be subject to withholding tax, will remain in place during the term of the Notes and the Class Z Coupons.



## IV. RISK FACTORS

*Prospective investors of the Notes and the Class Z Coupons should carefully consider the following information in conjunction with other information contained in this Listing Prospectus. This Risk Factor section, however, cannot disclose all of the significant aspects of the Notes and the Class Z Coupons and investment decisions should not be made solely on the basis of these risk factors since the information contained herein cannot serve as a substitute for independent individual advice which is tailored to the requirements, investment objectives, experience, knowledge and circumstances of a prospective investor. Where a claim relating to the information contained in this Listing Prospectus is brought before a court, the plaintiff investor might, according to applicable national legislation of a Member State, have to bear the cost of translating the Listing Prospectus before legal proceedings are initiated.*

### **Risks Relating to the Notes and the Class Z Coupons**

#### ***Limited Liability under the Notes and the Class Z Coupons***

The Notes and the Class Z Coupons will be limited recourse obligations of the Issuer solely in respect of Compartment 1 of the Issuer and will not be guaranteed by, or be the responsibility of, any other person. In particular, the Notes and the Class Z Coupons will not be obligations of, and will not be guaranteed by any of the Lead Manager, the Sole Bookrunner, the Security Trustee, the Russian Enforcement Party, the Note Trustee, the Seller, the Servicer, the Standby Servicer, the Subordinated Loan Facility Provider, the Issuer Account Bank, the Cash Manager, the Paying Agents, the Loan Customers, the Hedge Counterparty or any of their respective affiliates or any affiliate of the Issuer or the shareholders of the Issuer or any other third person or entity. Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes or the Class Z Coupons.

#### ***Limited Resources of the Issuer***

The Issuer is a special purpose entity organised under, and governed by, the Securitisation Law and, in respect of Compartment 1, with no business operations other than the issue of the Notes and the Class Z Coupons, the financing of the purchase of the Receivables Portfolio and the entrance into related Transaction Documents. Assets and proceeds of the Issuer in respect of Compartments other than Compartment 1 will not be available for payments under the Notes or the Class Z Coupons. The Issuer's ability to meet its obligations in respect of the Notes and the Class Z Coupons, its operating expenses and administrative expenses will be wholly dependent upon the receipt by the Issuer of funds in respect of the Receivables Portfolio and the Hedge Agreement, if any (together with any interest thereon accruing to the Issuer Rouble Account, the Issuer Euro Account and the Class A-2 Escrow Account) and, in certain circumstances, funds provided under the Subordinated Loan Facility including the Initial Expenses Drawings and the Liquidity Facility. The Issuer will not have any other funds

available to it to meet its obligations under the Notes or the Class Z Coupons or any other payments ranking in priority to, or *pari passu* with, the Notes or the Class Z Coupons.

For a description of the manner in which the assets of the Issuer will be applied both before and after the occurrence of an Amortisation Event, see "*Structure and Cash Flow – Priority of Payments and Relationship Between the Notes - Priority of Payments*" (Chapter XXI of this Listing Prospectus).

#### ***Ability to Sell the Receivables Portfolio***

Upon and following the occurrence of an Amortisation Event, the Issuer and (if applicable) a Replacement Servicer, on its behalf, will have the right to sell the Receivables Portfolio, provided that the net proceeds received is sufficient to permit the redemption of the Notes and the Class Z Coupons in full. In addition, the Russian Enforcement Party may seek to realise the Receivables Portfolio by disposing of it following receipt of notification from the Note Trustee that it has instructed the Security Trustee to take enforcement steps in relation to the Issuer Non-Russian Security. However, there is not, at present, an active and liquid secondary market for consumer loans of the nature of those granted under the Consumer Loan Agreements in Russia and the Issuer (or, as the case may be, the Security Trustee following the receipt of instructions from the Note Trustee to take enforcement steps with respect to the Issuer Non-Russian Security and the Russian Enforcement Party following receipt of notification from the Note Trustee that it has so notified the Security Trustee) may not be able to sell the Receivables Portfolio on appropriate terms should it be required or wish to do so. This may adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and

payments in respect of the Class Z Coupons on time and in full. The Security Trustee shall not be responsible or in any way liable for any inability or failure to sell the Receivables Portfolio as aforesaid.

Attention is drawn to the tables set out in Chapter XX of this Listing Prospectus, which describe the market for the provision of point-of-sale consumer loans in the Russian Federation. HCFB estimates that for the first half of 2005 its market share of the total point-of-sale consumer loan market in the Russian Federation was approximately 34 per cent.. Save for one other bank the Receivables Portfolio is large by reference to the scale of operations of other participants in the point-of-sale consumer loans market in the Russian Federation, and save for this bank and the state-owned retail banks, it represents a large number of individual customer obligations relative to the typical size of the retail banking business of Russian banks generally. Therefore, selling the Receivables Portfolio as a single portfolio may not be possible and more than one purchaser may have to be identified.

#### ***Absence of a Secondary Market for the Notes and the Class Z Coupons***

Although application has been made to list and admit to trading the Notes and the Class Z Coupons on the Irish Stock Exchange, there can be no assurance that such a listing or admission to trading will be obtained. If a market for the Notes and the Class Z Coupons develops, there can be no assurances as to its liquidity, that the Noteholders will be able to sell their Notes or their Class Z Coupons or as to the

price at which the Noteholders will be able to sell their Notes or their Class Z Coupons. The market price of the Notes and the Class Z Coupons could be subject to fluctuations due to, among other things, variations in the value of the Receivables Portfolio, the market for similar securities, prevailing interest rates, changes in regulation and general market and economic conditions. There can be no guarantee as to the price of the Notes or the Class Z Coupons on a secondary market, if such a secondary market for the Notes or the Class Z Coupons develops.

#### ***Ratings of the Notes***

The ratings assigned to the Notes upon their issuance by the Rating Agency are based on, among other things, the projected revenues from the Receivables Portfolio and other relevant structural features of the transaction, which only reflect the Rating Agency's views as at the date of this Listing Prospectus. For the reasons set out below, the ratings assigned to the Class A-1 Notes are also likely to be strongly influenced by the long-term corporate credit rating of the Seller.

Moody's ratings assigned to the different classes of Notes address the expected loss posed to investors by the legal final maturity. In Moody's opinion, the structure allows for the timely payment of interest and the ultimate payment of principal. There is no assurance that such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agency if, in the Rating Agency's judgement, the circumstances so warrant. Rating agencies other than Moody's could seek to rate the Notes and if such "unsolicited ratings" are lower than the equivalent rating assigned to the Notes by Moody's, such ratings could have an adverse effect on the market value of the Notes.

The Receivables Purchase Agreement provides that it will be an Amortisation Event if the long-term corporate credit rating of the Seller is downgraded or adjusted to a level below Ba3 by Moody's or is no longer maintained. This is due to the particular circumstances of this transaction. There is perceived to be a stronger than usual reliance on the continued performance of the Servicer and its continued solvency as result of the Servicer's particular expertise and the potential for losses arising from commingling of cash (which notification of Loan Customers may not fully prevent). As a result, the connection between the rating of the Seller (who is also the Servicer) and the rating of the Class A-1 Notes is stronger than would usually be the case in transactions of this nature and the Seller considers that any change in its long-term corporate credit rating will be likely to impact on the rating of the Notes.

It should also be noted that the long term unsecured credit rating of the Seller by Moody's is also Ba3, loss of which is the Amortisation Event referred to above. Therefore any downgrade of the Seller's long term unsecured rating would give rise to an Amortisation Event.

#### ***Changes of Law and Force Majeure***

The structure of the transaction and, *inter alia*, the issue of the Notes and the Class Z Coupons and the ratings assigned to the Notes by the Rating Agency are based on the law and administrative practice in effect as at the

date of this Listing Prospectus as it affects the parties to the Transaction Documents and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to such law or administrative practice after the date of this Listing Prospectus.

The occurrence of certain events which are out of the control of the Issuer and HCFB may lead to a reduction on the payments received from the Loan Customers or result in the suspension of the obligations of the parties under the Transaction Documents, which may adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

### ***Historical and Other Information***

The historical information set out in "*The Underlying Assets: Description of the Consumer Loan Agreements and Statistical Information Concerning Certain of the Underlying Assets - Statistical Information Concerning Certain of the Underlying Assets as at 9 October 2005*" (Chapter XX of this Listing Prospectus) represents the historical experience and present procedures of the Originator. Neither the Issuer, nor the Lead manager, nor the Sole Bookrunner, nor the Security Trustee, nor the Russian Enforcement Party, nor any Agent, nor the Corporate Services Provider, nor the Domiciliation Agent, nor any Director has undertaken or will undertake any investigation or review of, or search to verify the historical information. There can be no assurances as to the future performance of the Receivables.

### ***Rapid Loan Portfolio Growth and Increase in NPLs***

The market for products such as the Consumer Loans in Russia is relatively new and is expanding rapidly. As new customers obtain Consumer Loans and the popularity of Consumer Loans penetrates the Russian market more broadly, the level of non-performing loans (NPLs) in the Seller's portfolio of Consumer Loans may be subject to increase. Based on the Seller's unaudited interim financial statements for the nine months ended 30 September 2005, HCFB reported a 157 per cent. increase in the volume of Consumer Loans since 30 September 2004. In addition, the level of NPLs as at 30 September 2005 was 18.4 per cent., which was an increase of 155.5 per cent. compared with the 30 September 2004 results. Loan loss provisions almost quadrupled year-on-year for the period and the increase was the primary reason for HCFB's reported loss of RUR 195 million for the first nine months of 2005. Although HCFB management has taken steps to manage NPL levels by strengthening origination, collection, and enforcement processes, no assurance can be given that existing levels of NPLs will not continue or increase in the future. For a description of HCFB's lending activities see, "*Business and Organisation of HCFB - Banking Services and Other Activities*" (Chapter XX of this Listing Prospectus).

### ***Servicer Replacement***

Upon the occurrence of a Servicer Event (see "*Structure and Cash Flow – Amortisation Events, Notification Events, Servicer Events and the Class B Trigger – Servicer Events*", Chapter XXI of this Listing Prospectus), the Security Trustee will have the power to instruct the Standby Servicer to perform certain duties of the Servicer. The Standby Servicer's obligations are summarised in "*Summary of Principal Documents – Servicing Agreement*" (Chapter XIV of this Listing Prospectus). Alternatively, the Security Trustee may appoint a party other than the Standby Servicer as Replacement Servicer. In determining whether the Standby Servicer or another Replacement Servicer should perform certain duties of the Servicer, the Security Trustee will rely absolutely and act on the advice of Standby Servicer and will not incur any liability whatsoever for so acting.

Attention is drawn to the description of the market for the provision of point-of-sale consumer loans in the Russian Federation in "*The Underlying Assets*" (Chapter XX of this Listing Prospectus; see also "*Ability to Sell Receivables Portfolio*" above) and the dominant role played by the Seller and by one other bank in this market. As a result of the size of the Receivables Portfolio and the relative sizes of the business undertaken by other participants in the Russian point-of-sale consumer loan market, save for one other bank and, potentially, certain of the state-owned banks, no other institution is believed to be currently capable of taking over the collection of the Receivables Portfolio.

Pursuant to the Servicing Agreement, the Replacement Servicer will have no obligation to achieve any particular result or specific level of collections, but will agree to use reasonable endeavours to facilitate the collection of the Receivables Portfolio. The Issuer will agree that the liability of the Replacement Servicer in relation to any default by the Replacement Servicer shall be limited by reference to the level of fees that the Replacement Servicer will charge in connection with the provision of its services as Replacement Servicer.

It is likely that a Replacement Servicer will achieve a materially poorer level of collections from the Receivables Portfolio than the Servicer would have done in the absence of the circumstances leading to the appointment of the Replacement Servicer which may adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full. The Servicer relies on its trained staff, infrastructure, out-sourcing contracts and specialised systems to maintain efficient collection procedures and the Servicer is a dominant player with expertise in the Russian point-of-sale consumer loan market. The Standby Servicer does not currently participate in the business of providing point-of-sale consumer loans in Russia nor, save for the specific arrangements put in place as part of the contingency plan described below, does the Standby Servicer currently have and it is unlikely that any other Replacement Servicer will have staff, infrastructure, out-sourcing contracts or systems sufficient to handle the collection of the Receivables Portfolio by itself. The Standby Servicer also does not have any experience in working with this particular asset class.

Pursuant to the Servicing Agreement, the Replacement Servicer will be entitled to use as much of the Servicer's staff, infrastructure, out-sourcing contracts and specialised systems as it considers can reliably be used at that time. While the Servicer will agree to make available certain of its capabilities to the Replacement Servicer, there is no assurance that any of the capabilities will be available, viable or reliable. In addition, the ability and duty of the Servicer to make such capabilities available may be limited by laws regulating insolvency, temporary administration, liquidation and similar proceedings if, at such time, the Servicer is insolvent, under temporary administration or an application has been made for the Servicer to be wound-up.

The Replacement Servicer will have available to it a software application created by the Servicer, held at with the Data Custodian, an independent third party location in Moscow, which is designed to enable the payments made by Loan Customers in connection with the Receivables portfolio through the Russian Post Office and certain banks to be tracked and reconciled. Should this software application prove to be inadequate, the data file fail to be produced on a timely basis or the data file fail to contain accurate or up-to-date information on Consumer Loans, then the Replacement Servicer shall have no liability for breach of its obligations as Replacement Servicer which may arise as a result of such inadequacy or failure. For further discussion of the importance of the relationship with the Russian Post Office, see "*Risks Relating to the Receivables – Collections via the Russian Post Office*" below.

If the Replacement Servicer is not able to or chooses not to rely on the systems provided by the Servicer, it will only be obliged to seek to collect amounts owing under the Consumer Loan Agreements in respect of principal, interest and Loan Commissions (if any). In such a case, amounts relating to default interest will not be charged or collected.

A contingency plan has been drawn up by the Standby Servicer and the Servicer under the Servicing Agreement. The plan provides for third parties to be engaged to provide certain services which are not expected to be available from or through the Servicer in such circumstances. In addition, the Servicer currently uses the services of these third parties and others on an outsource basis to assist with the processing of information relating to Consumer Loans, making collections, the enforcement of defaulted Consumer Loans and mailings to Loan Customers. Should the services provided by such third parties (or other third parties) be inadequate, the Replacement Servicer will not be under an obligation to divert its own resources and capabilities to make good the resource deficiency that might result.

The Servicer does not currently use the services of a third party call centre for customer telephone communications, having its own call centre facility. Should the Standby Servicer be appointed as the Replacement Servicer, it is noted that the Standby Servicer has a call centre for its own retail banking purposes which is not adequate to handle the volume of enquiries and communications likely to arise in connection with the Receivables Portfolio and the transfer of servicing (and any questions following any notification of Loan Customers, should this also occur). No provision has been made for a call centre to be available on standby, nor for systems to drive the call handling processes, and so there may be a period of time between the Replacement Servicer taking over responsibility for servicing and suitable arrangements being put in place to handle telephone calls to and from Loan Customers, should the Servicer's own call centre and systems be unavailable to the Replacement Servicer. This could adversely affect the amount of collections and therefore may adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

If the Servicer is replaced by the Replacement Servicer, the processing of payments in respect of the Purchased Receivables may be delayed. The ability of the Replacement Servicer to perform its duties (including in relation to any Defaulted Receivable) will depend on the information and records available to it and it is possible that there could be an interruption in the administration of the Purchased Receivables during the course of the

Servicer substitution which may cause delays or losses in collections and therefore cause shortfalls in the funds available to make payments on the Notes and the Class Z Coupons.

The Security Trustee shall have no liability or responsibility for monitoring the activities and obligations of the Servicer, the Standby Servicer or any Replacement Servicer and shall assume, unless it has actual knowledge to the contrary, that the Servicer, the Standby Servicer or any Replacement Servicer is properly carrying out its responsibilities and obligations. The Security Trustee will not, in any circumstances, carry out any of the responsibilities or obligations of the Servicer, the Standby Servicer or any Replacement Servicer itself.

The Servicer is under an obligation to maintain proper records and to keep in safe custody the original copies of the Consumer Loan Agreements relating to the Receivables Portfolio. Upon the occurrence of a Servicer Event, the Servicer will be obliged to segregate those Consumer Loan Agreements from the legal agreements that relate to the consumer loan portfolio retained by it, and to deliver the segregated Consumer Loan Agreements to a third party location under the control of the Issuer. However, this is a substantial task and there is no guarantee that the process of segregation can be achieved on a timely basis, or that such a segregation can be completed before access to the Servicer's premises is disrupted. In such circumstances (having regard to the established practice of the courts of the Russian Federation) the Issuer may find it difficult to obtain formal court enforcement of defaulting Consumer Loans against the relevant Loan Customers without the original copies of the Consumer Loan Agreements.

The Seller, the Servicer and any Replacement Servicer may rely on third parties for the performance of their obligations under the Transaction Documents. There is no guarantee that such third parties will perform such obligations on behalf of the Seller, the Servicer or any Replacement Servicer either at all or to the standard required of the Seller, the Servicer or the Replacement Servicer under the Transaction Documents, which could lead to a default on the part of the Seller, the Servicer or the Replacement Servicer under the relevant Transaction Documents and potential losses on the Receivables Portfolio. In addition, it is possible that the interests or obligations of any third parties engaged by the Seller, the Servicer or the Standby Servicer may conflict with the interests of the Noteholders or the Class Z Couponholders. These factors may adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

#### ***Hedge Agreements and Related Liquidity Risks – General Matters***

The hedging arrangements are described in "*Structure and Cash Flow – Hedging Activities*" (Chapter XXI of this Listing Prospectus). The same naming conventions are used in this section and in "*Structure and Cash Flow – Hedging Activities*" (Chapter XXI of this Listing Prospectus) is as follows:

- (a) references to the date when a Non-Round FX Swap is "executed" are references to the day when the Issuer enters into such Non-Round FX Swap (being normally two business days prior to the settlement date for the Spot Leg of such Non-Round FX Swap);
- (b) references to the "effective date" of a Non-Round Swap are references to the settlement date for the Spot Leg of such Non-Round FX Swap, and
- (c) references to the "maturity" of such a Non-Round FX Swap are references to the settlement date in respect of the Forward Leg of such Non-Round FX Swap.

The Receivables Portfolio is denominated in RUR and bears a fixed rate of interest while the Issuer's main source of funding (the Notes, the Class Z Coupons and drawings under the Subordinated Loan Facility) is denominated in EUR and mainly bears a floating rate of interest (in respect of the Class A-1 Notes, Class A-2 Notes and Class B Notes), giving rise to currency exchange rate risk and various interest rate risks.

The hedging arrangements will not necessarily provide a perfect hedge in all respects. In addition, the Issuer also retains some exposure to market risks indirectly. For example if RUR appreciates against EUR at a rate greater than the rate of amortisation in respect of the Receivables Portfolio, this can result in a liquidity requirement that might exceed the amount of liquidity that this Issuer has available and so affect Issuer's ability to settle the RUR Forward Leg of maturing Non-Round FX Swaps. These risks (among others) are described in more detail below.

#### *Currency Risk: RUR Appreciation Leading to the Possibility of a Shortfall of RUR*

The Issuer will, periodically, replace maturing Non-Round FX Swaps with new Non-Round FX Swaps pursuant to the rolling programme of Non-Round FX Swaps. An appreciation of RUR against EUR means that, for the same amount of EUR, the amount of RUR received under the Spot Leg of any new Non-Round FX Swap entered into to replace the maturing Non-Round FX Swap will be less than the amount of RUR that has to be delivered under the Forward Leg of such maturing Non-Round FX Swap. This may give rise to a possible liquidity shortfall in respect of the Issuer's ability to fund its RUR obligations under the Forward Leg of the maturing Non-Round FX Swap. To the extent of available cash resources, the Issuer may use amounts of RUR from its bank accounts to make up the shortfall or reduce the shortfall by increasing the amount of EUR to be sold pursuant to the Spot Leg of the new Non-Round FX Swap, in both cases to ensure that its obligations under the maturing Non-Round FX Swap can be met in full. In addition, the Issuer will be able to make a drawing under the Liquidity Facility Agreement to the extent of the undrawn amount of such facility in respect of a potential shortfall, as described in "Structure and Cashflow" (Chapter XXI of this Listing Prospectus) and the Issuer may be able to make a drawing under the Subordinated Loan Facility (although such facility is entirely uncommitted). However, the combination of these mechanisms still represents only a finite source of potential EUR and RUR liquidity.

In the event that the Issuer is unable to meet its obligations in relation to a maturing Non-Round FX Swap, a Hedge Disruption Event will occur, which event is also an Amortisation Event. The occurrence of a Hedge Disruption Event leads to a suspension of the Hedge Counterparty's commitment to enter into further Non-Round FX Swaps. Whilst this does not mean that Noteholders will necessarily suffer a loss, it means that there is no guarantee that it will be possible to maintain the existing currency hedge arrangements and that the possibility that the Issuer is unable to meet its obligations in respect of Notes due to fluctuations in RUR and EUR exchange rates increases. The Security Trustee will be advised by the Cash Manager as to how then to proceed in respect of currency hedging, which advice the Security Trustee shall be entitled to rely upon without liability.

#### *Currency Risk: Increase in EUR Funding Cost Above the Estimate Level*

In computing the amount of each new Non-Round FX Swap to roll over maturing Non-Round FX Swaps, the Cash Manager will estimate the amount of expenses that are expected to arise during the next following Interest Period. However, the estimate may well not be correct as some of the components of the expenses (in particular the EURIBOR fixing applicable to the Notes) will not have been set. Consequently, the Issuer will not be hedged in respect of currency fluctuations that affect the RUR equivalent amount of the EUR expenses to the extent that there is a difference between the amount that is included in the hedging arrangements and the amount that actually transpires. The result would be an increase in the overall amount of the Issuer's income that is consumed in meeting expenses including interest on the Notes.

#### *Currency Risk: Exposure to RUR/EUR Currency Pair Volatility*

RUR to EUR foreign exchange rates can be volatile and the Russian Federation is widely considered to be an emerging market. The rolling hedging programme means that up to ten different Non-Round FX Swaps will mature on a spread of different days during each calendar month. On each day on which a Non-Round FX Swap matures and is replaced with a new Non-Round FX Swap, the Issuer has an exposure to the level of the RUR to EUR foreign exchange rate in relation to the new Spot Leg and to the level of RUR interest rates and EUR interest rates in relation to the new Forward Leg. However, to the extent that the total EUR amounts of all Spot Legs of all Non-Round FX Swaps is equal to the principal amount outstanding of the Notes, the Issuer's exposure is a liquidity exposure in relation to principal and is an economic exposure in relation to interest and expenses. Whilst it is intended that ten Non-Round FX Swaps will be rolling over on different dates during each Calculation Period (to minimise the Issuer's exposure to risk in relation to any one single fixing day), the number of Non-Round FX Swaps actually rolling over during each Calculation Period may be a lower number, which would increase the exposure to fluctuations on particular days. For example, it may not always be possible to designate ten different days in each Calculation Period that are also Business Days, which may result in some Non-Round FX Swaps maturing on the same Business Day. In addition, the ongoing programme of Non-Round FX Swaps will be subject to adjustment by the Cash Manager. Such adjustment will be based upon factors such as higher than expected levels of RUR receipts on the Receivables Portfolio (which could result in an accelerated amortisation of the Notes and a reduction in the size and/or number of new Non-Round FX Swaps to be entered into) or the occurrence of an Amortisation Event (following which the Issuer will no longer apply available funds in the acquisition of additional Receivables but will instead apply all such funds in accelerated repayment of the principal amount outstanding of the Notes to Noteholders in accordance with the Priority of Payments).

The estimated EUR funding cost described above will be set at the same level for each Non-Round FX Swap to be entered into in a Calculation Period while the RUR equivalent cost of this estimated EUR interest charge will be converted at the rates applicable to the Non-Round FX Swaps which will mature during the Calculation Period immediately preceding the relevant Interest Payment Date on the basis that an amount equal to the estimated funding costs which will be payable is reflected in the EUR amounts deliverable under the Non-Round FX Swaps. Consequently, a combination of spikes and dips in interest rates on an Interest Determination Date and/or on dates when Non-Round FX Swaps are rolled over could still materially increase the funding costs of the Issuer.

Should a Hedge Disruption Event occur, then the commitment of the Hedge Counterparty to enter into further Non-Round FX Swaps will be temporarily (or permanently) suspended. In such circumstances, a new hedging programme may be implemented which may not (for practical, commercial, legal, fiscal or market reasons) follow the structure and pattern of the rolling programme of Non-Round FX Swaps initially implemented. In such circumstances, the Issuer may become more directly exposed to volatility in the RUR to EUR currency pair and to the volatility of rates in respect to individual days.

Should the outstanding balance of the Performing Receivables Portfolio fall below the Principal Amount Outstanding of the Notes, then the amounts of Non-Round FX Swaps will be reduced to equal such lower amount as reflects this lower balance (potentially unevenly, depending upon the way in which the performance of the Receivables Portfolio changes from time to time). In such circumstances and to such extent the Issuer will be un-hedged in relation to the risk of depreciation of RUR against EUR. This risk is more significant in relation to the Issuer's obligations in respect of Class B Notes, with the material likelihood that there will be a risk of loss accruing to holders of Class B Notes (in addition to any loss resulting from the non-performance of the Receivables Portfolio) and in the event that the outstanding balance of the Performing Receivables Portfolio falls below the outstanding balance of the Class A Notes, such additional loss could also accrue to the holders of Class A Notes.

#### *Interest Rate Risk: Hedging of RUR Interest Rate Risks is Imperfect*

Each Consumer Loan yields a fixed rate return in RUR with an uncertain amortisation profile. In relation to the Receivables Portfolio, the amortisation profile experienced will be a function of the contractual terms of the various Consumer Loans as affected by prepayments, delinquencies and defaults. Loan Customers may prepay their Consumer Loans at any time without penalty. The Receivables Portfolio will from time to time consist of Consumer Loans with a range of remaining terms, which may be extended as a result of delinquencies and defaults. Since the Issuer's swapped funding cost (based on the hedging arrangements relating to currency risk described above) is on a one month RUR floating rate basis, in the absence of any further hedging transaction, the Issuer would be significantly exposed to a financial loss if RUR interest rates were to rise (as its swapped funding cost would rise without an increase in RUR income from the Consumer Loans). Under the Hedge Agreement, the Hedge Counterparty will provide a commitment, subject to no Hedge Disruption Event having occurred which is continuing, to enter into RUR Interest Rate Swaps with the Issuer during the Commitment Period and the Cash Manager shall arrange for the Issuer to enter into specific RUR Interest Rate Swaps with the Hedge Counterparty on Interest Determination Dates prior to the occurrence of an Amortisation Event. These arrangements are described in "*Structure and Cash Flow – Hedging Activities*" (Chapter XXI of this Listing Prospectus).

Prior to the occurrence of an Amortisation Event, as a result of new RUR Interest Rate Swaps only being entered into on an Interest Determination Date and each RUR Interest Rate Swap having a fixed notional principal amount, the Issuer is exposed to residual basis risks should (a) the actual experienced amortisation profile of the Receivables Portfolio be different to the amortisation profile of the RUR Interest Rate Swaps at such time, (b) such new RUR Interest Rate Swaps be entered into materially less frequently than new Receivables and Related Rights are sold to the Issuer (which is, potentially, on any Business Day) and less frequently than the Issuer's swapped funding costs are reset by virtue of the Non-Round FX Swaps (which is up to ten times each month corresponding to the dates when Non-Round FX Swaps mature and new Non-Round FX Swaps are entered into) and (c) the amortisation profile of the Receivables Portfolio that is used is calculated by reference to Calculation Periods rather than by reference to Interest Periods. This creates the risk that the Issuer may find itself either over-hedged or under-hedged depending upon the level at which and the frequency with which Receivables and Related Rights are sold to the Issuer and any movements in RUR/EUR interest rates during each Interest Period.

#### *Interest Rate Risk: Basis Risk Attaching to Monthly Interest Fixing on the Notes*

The funding cost applicable to the Notes and the Class Z Coupons will be fixed on each Interest Determination Date for the following Interest Period by reference to EURIBOR on such day, while the RUR equivalent cost of this EUR interest charge will be converted at the rates applicable to the Non-Round FX Swaps during each calendar month. Consequently, a combination of spikes in interest rates on an Interest Determination Date and/or dips in interest rates on dates when Non-Round FX Swaps are rolling over could materially increase the funding costs of the Issuer.

#### *Interest Rate Risk: No Guaranteed Rate of Interest on Cash Balances*

The Issuer also will establish and then accumulate cash balances in both RUR and EUR representing the EUR Liquidity Principal Amount and the RUR Liquidity Principal Amount and also amounts of principal and income derived from Collections. The Issuer is only able to use cash amounts received on Interest Payment Dates to amortise Notes and the amounts of EUR Liquidity Principal and, potentially, RUR Liquidity Principal are (or may become) significant. Consequently, the Issuer is materially exposed to the interest rates that may be earned on such cash balances from time to time. None of the Issuer's bank accounts pay a guaranteed rate of interest and the interest that may be earned is not expected to be specifically related to the rate of interest applicable to the Notes.

RUR interest rates can be volatile and the Russian Federation is widely considered to be an emerging market. The rate of interest that the Issuer will receive on RUR cash balances deposited in the Issuer Rouble Account, the Issuer First HCFB Account and the Issuer Second HCFB Account is zero. The Cash Manager will have the ability (at its discretion and subject to the terms of the Cash Management Agreement) to make deposits of RUR cash in eligible investments from time to time provided that the maturity of any investments or deposits made is sufficiently short so as to preserve the Issuer's liquidity. However, there is no guarantee that the Cash Manager will make any such investments, nor that suitable investments will be available at any time. Consequently, it is likely that a zero interest rate will be earned on such RUR amounts.

The rate of interest that will be paid on EUR cash balances is not fixed and will vary from day to day. EUR cash balances will be maintained in the Issuer Euro Account and will be placed overnight to earn interest. The interest rate earned is likely to be a function of the applicable EONIA for the term of any deposit, which will not necessarily reflect the rate of interest payable by the Issuer on the Notes.

Should the Cash Manager fail to meet the various cut-off times applicable to the making of overnight deposits or deposits for other terms (which may happen for various reasons not all of which are in the control of the parties to the Transaction Documents), there is also the risk that cash is not reinvested to earn interest. In such circumstances, the Cash Manager shall have no liability to the Issuer or to any party to the Transaction Documents.

Since the Issuer expects to receive Collections on a daily basis relating to a Receivables Portfolio that has a contractual repayment schedule of a maximum of nine months, whilst the substantial majority of the Issuer's expenses (being interest on the Notes) arises on a monthly basis, the Issuer might expect to receive significant reinvestment income arising from the affects of reinvesting cash received during each Calculation Period pending the next following Interest Payment Date when it may be applied. The value of such reinvestment income (for the reasons set out above) may be significantly diminished or be zero.

#### *Hedge Disruption Events*

Given the underdevelopment of the market for RUR hedging transactions, there is a significant risk that, at some point during the RUR Interest Rate Swap programme or the Non-Round FX Swap programme, that relevant market quotations will not be available, for example, due to lack of reference rates. In addition, the absence of an active market for RUR hedging transactions could result in market quotations which are inflated or which otherwise render the ongoing programme of Non-Round FX Swaps and RUR Interest Rate Swaps ineffective even if not giving rise to a Hedge Disruption Event.

A Hedge Disruption Event will be designated as such by the Security Trustee, acting on the advice of the Cash Manager on which it shall be entitled to rely without incurring liability, and will occur if, amongst other things, on any day on which the Issuer is due to enter into a Non-Round FX Swap in replacement for a maturing Non-Round FX Swap or is required to enter into an RUR Interest Rate Swap, there is no market quotation available for the size and/or the term of the Non-Round FX Swaps or for the RUR Interest Rate Swap required in



accordance with the hedging programme described above. A Hedge Disruption Event will also occur if there is a default by the Issuer under a Hedge Agreement (for instance, because the Issuer fails to make a payment under a Hedge Agreement when due) whether or not such default is capable of being declared an "Event of Default" under the Hedge Agreement.

The occurrence of a Hedge Disruption Event will not bring the Commitment Period to an end but, for so long as the circumstances that gave rise to the Hedge Disruption Event continue, the commitment of the Hedge Counterparty under the Hedge Agreement will be suspended. During the period that the Hedge Counterparty's commitment is so suspended, the Hedge Counterparty and the Cash Manager shall use all reasonable endeavours to preserve the commercial effect of the ongoing programme of Non-Round FX Swaps and RUR Interest Rate Swaps, including (to the extent available) entering into similar swap transactions with the Issuer for a reduced notional amount or term or accordingly to a different amortisation schedule. If the Hedge Counterparty is not able to provide such alternative swaps, the Cash Manager shall use reasonable endeavours to arrange such swaps with a replacement swap counterparty that satisfies Moody's requirements to maintain the rating of the Notes at the level prevailing prior to the occurrence of the relevant Hedge Disruption Event.

To the extent that the ongoing programme of Non-Round FX Swaps or RUR Interest Rate Swaps changes or a different mix of Non-Round FX Swaps and RUR Interest Rate Swaps is entered into (or potentially no hedging transactions are entered into), then the Issuer would be additionally exposed to movements in market rates and, if any such movements were such as to give rise to any financial loss in the Issuer, this would adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full and would have a more significant effect in relation to the Class B Notes. If the principal amount of hedging is reduced, particularly if the principal amount of currency hedging is reduced relative to the Principal Amount Outstanding of the Notes, then the Issuer would be exposed additionally to the risk of a RUR devaluation as against EUR.

#### *Hedge Counterparty Risk*

The hedging arrangements described in the above paragraphs will mean that the Issuer will be exposed to the risk that the Hedge Counterparty fails to perform its obligations. In such event, the Issuer could lose all or some of the benefit of the hedging strategy represented by its entering into Non-Round FX Swaps and RUR Interest Rate Swaps described above. Although in such circumstances it is expected that the Cash Manager, or a replacement Cash Manager, would endeavour to replace the Hedge Counterparty, the classification of the Russian swap market as an emerging market which has a limited number of participants may give rise to an extended delay between a default by the existing Hedge Counterparty and termination of the Hedge Agreement and replacement of the Hedge Counterparty with a suitable replacement. In such circumstances, the Issuer could find itself in an under-hedged or un-hedged position, which would expose it to currency and basis risks that would, in turn, be borne by holders of the Notes and the Class Z Coupons. The risk is more significant in relation to the Class B Notes as opposed to the Class A Notes.

#### *Legal Risk of Hedging Arrangements*

Although Russian law does not specifically prohibit hedging transactions, such transactions are broadly unregulated. There are therefore doubts as to the enforceability of certain hedging transactions under Russian law. If the Hedge Agreement were found to be unenforceable under Russian Law by a Russian court, this could affect the stability of the Issuer's hedging arrangements. However, the Hedge Agreement will be governed by English law and the enforcement of the rights and obligations under the Hedge Agreement will be subject to the jurisdiction of the English courts, which jurisdiction the Russian courts may decide not to recognise. Notwithstanding the enforceability of the Hedge Agreement, there remains a risk that it will not be possible to effect such hedges as planned under the hedging programme described above due to a lack of availability of suitable counterparties with which the Hedging Counterparty can enter into back to back hedging arrangements.

#### *Currency Controls*

Under Russian currency control regulations, the Russian Central Bank ("**CBR**") and the Government of the Russian Federation have the power to introduce certain requirements for the placing of rouble reserves with the CBR and for the use of special accounts in connection with the performance of certain currency operations involving Russian residents and non-residents. These reserve requirements are intended to give the CBR additional instruments to conduct monetary policy and ensure currency stability.

It is not entirely clear whether such reserve requirements will apply to payments made under the Transaction Documents including payment of the Purchase Price to the Seller under the Receivables Purchase Agreement, transfer of Collections to the Issuer under the Servicing Agreement or sale and purchase of foreign currency under the Hedge Agreement. The Seller does not believe that such requirements apply. To the extent that such requirements will apply to any such transfer (payment), the Issuer or the Seller may be required to make a non-interest bearing deposit with the CBR in the amount of up to 20 per cent. of the amount of such transfer (payment) for a term of up to 12 months or in the amount of up to 100 per cent. for a term of up to 60 days, as may be provided by the CBR from time to time.

Although the Seller believes that currently no reserve or special account requirements would apply to payment of the Purchase Price to the Seller or transfer of the Collections to the Issuer, there can be no assurances that the CBR will not take a different approach to classifying payments made in connection with the Transaction Documents for purposes of imposing special account and reserve requirements or that such requirements will not be introduced in the future. The reserve and special account requirements described above are scheduled to be abolished as of 1 January 2007 by operation of law. However, there can be no assurance that the law will not be changed and that these requirements will be abolished. To the extent that Russian residents and non-residents fail to comply with the special account and reserve requirements, they may be subject to penalties of up to the amount of the transaction which was subject to such requirements. The special account and reserve requirements may adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

### ***Enforcement of Issuer Security***

Enforcement of the Issuer Security may only take place following the occurrence of an Enforcement Event in connection with the Notes and the Class Z Coupons (see Condition 11(*Enforcement*)). Failure by the Issuer to pay an amount outstanding under the Notes or the Class Z Notes at any time prior to the Final Maturity Date will not constitute an Enforcement Event unless the Issuer has sufficient freely available cash in accordance with the Priority of Payments to make such payment but does not do so.

Upon enforcement of the Issuer Security, the Security Trustee will have recourse only to the Receivables Portfolio and the other assets of the Issuer then in existence (see "*Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses*", Chapter XI of this Listing Prospectus). However, enforcement of the Issuer Russian Security will be carried out by the Russian Enforcement Party on behalf of the Secured Creditors, following receipt by the Russian Enforcement Party of notification from the Note Trustee that it has instructed the Security Trustee to take enforcement steps in relation to the Issuer Non-Russian Security.

All activities in connection with the enforcement of the Russian Enforcement Party will be carried out by the Russian Enforcement Party and the Security Trustee shall have no obligation whatsoever to enforce, or carry out any activity in connection, with the enforcement of the Issuer Russian Security. The Security Trustee will not incur any liability whatsoever for the acts or omissions of the Russian Enforcement Party whether to the Secured Creditors or any other party. The Russian Enforcement Party shall remit any funds it receives in connection with the enforcement of the Issuer Russian Security to the Security Trustee to be distributed in accordance with the Post Amortisation Priority of Payments.

As described elsewhere in this section "*Risk Factors*", given the nature of the Receivables Portfolio and the other risks relating to the Receivables and the Russian Federation, it may be difficult for the Security Trustee and the Russian Enforcement Party to take enforcement action in relation to the Issuer Non-Russian Security and the Issuer Russian Security, respectively, and it may not be possible to realise sufficient monies to allow the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full. In particular, because the Russian Enforcement Party will not be entitled to enforce the Issuer Russian Security without first having received notification from the Note Trustee that it has instructed the Security Trustee to take enforcement steps in relation to the Issuer Non-Russian Security, this may result in a delay in the enforcement of the Issuer Russian Security which may affect the amount that can be realised in respect of the Issuer Russian Security.

In relation to pledges of bank accounts in the Russian Federation, it is unclear whether money held on a bank account may be a valid object of a pledge. To the extent that the Issuer Security Documents purport to create a pledge of the funds in the Issuer's Russian bank accounts, there is a risk that such pledge may be held invalid and unenforceable by a Russian court. While this is the case with respect to the money held on a Russian bank account, it may not be the case with respect to rights under a bank account. For this reason, the Issuer Russian Security Documents will create a pledge of the Issuer's rights under its Russian bank accounts. Nevertheless, it

should be noted that, in the absence of specific provisions in the law or legal guidance with respect to such pledges, there is a risk that they will also be held invalid and unenforceable by a Russian court.

### ***Security Trustee***

The Security Trustee will not be liable to make any investigation or evaluation in relation to the Issuer Security either initially or on an ongoing basis and will not be liable for any defect or failure in the right or title of the Issuer or the Seller to the Issuer Security (or any of the assets comprised therein or represented thereby or otherwise) whether such defect or failure was known to the Security Trustee or might have been discovered upon examination or enquiry or was capable of remedy or not.

The Security Trustee will also not have any responsibility or liability for the value of the Issuer Security or any other security created in favour of the Security Trustee pursuant to any of the Transaction Documents or for its enforceability, whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting the Issuer Security or such other security or otherwise.

In carrying out certain of its obligations under the Issuer Deed of Charge the Security Trustee shall rely absolutely and act on the advice of the adviser appointed for such purpose and shall not incur any liability whatsoever for so acting. In addition, all activities in connection with the enforcement of the Issuer Russian Security will be carried out by the Russian Enforcement Party and the Security Trustee shall have no obligation whatsoever to enforce, or carry out any activity in connection, with the enforcement of the Issuer Russian Security, except for the obligation to instruct the Russian Enforcement Party to carry out such enforcement. The Security Trustee will not incur any liability whatsoever for the acts or omissions of the Russian Enforcement Party whether to the Secured Creditors or any other party.

The Security Trustee shall not be responsible for (a) exercising the rights of the Issuer, the Servicer, the Standby Servicer, any other Replacement Servicer, the Seller, the Russian Enforcement Party or any other Transaction Party (b) monitoring compliance by the Issuer, the Servicer, the Standby Servicer, any other Replacement Servicer, the Seller or the Russian Enforcement Party with their respective obligations under the Transaction Documents or (c) considering the basis on which approvals or consents are granted by the Issuer, the Servicer, the Standby Servicer, any other Replacement Servicer, the Seller or the Russian Enforcement Party under the Transaction Documents.

As further provided in the Issuer Deed of Charge, certain provisions, including the following, shall apply in relation to any request for any consent, approval, acknowledgement, modification or waiver to be given or made by the Security Trustee:

- (i) it shall be the responsibility of any party requesting the Security Trustee to give its consent or agree to any modification or waiver, to provide to the Security Trustee all documents, reports, opinions, financial calculations or other items that may be required to evidence any state of affairs, or to support any request for a consent, approval, acknowledgement, modification or waiver of any kind;
- (ii) the Security Trustee will not consider any such request until in its sole discretion it determines that it has adequate information to consider the request;
- (iii) the Security Trustee shall be entitled to seek the advice, opinion or views of, among other persons, (A) the Standby Servicer in relation to matters concerning the Standby Servicer or any Replacement Servicer, (B) the Cash Manager in relation to matters concerning the Hedging Activities and (C) Closed Joint Stock Company International Moscow Bank in relation to matters concerning Commingling Losses and whether or not Loan Customers should be notified following the occurrence of a Notification Event, which is the subject of a requested consent, approval, acknowledgement, modification or waiver (including where the conditions on which such consent, approval, acknowledgement, modification or waiver will be given or made are set out in the relevant document); and
- (iv) no time limit will be accepted by the Security Trustee within which it is required to respond to any request for any consent, approval, acknowledgement, modification or waiver.

The Issuer Deed of Charge provides that the Security Trustee may rely on certificates or reports from auditors, valuers and/or any other experts whether or not any such certificate or report or engagement letter or other

document is addressed to the Security Trustee or contains any limit on liability (monetary or otherwise) of the person issuing the certificate or report.

### ***Insolvency of the Issuer***

The Issuer is a private company with limited liability incorporated under the laws of Luxembourg and managed by the Corporate Services Provider and the Domiciliation Agent. Accordingly, insolvency proceedings with respect to the Issuer would likely proceed under, and be governed by, the insolvency laws of Luxembourg. In particular, under Luxembourg bankruptcy law, certain acts deemed to be abnormal and carried out by the bankrupt party during the so-called "suspect period" may be unenforceable against the bankruptcy estate. The unenforceability is compulsory in certain cases, it is optional in other cases. The "suspect period" is the period that lapses between the date of cessation of payments (*cessation de paiements*), as determined by the bankruptcy court and the date of the court order declaring the bankruptcy. The "suspect period" cannot exceed six months.

Under Article 445 of the Luxembourg Code of Commerce (a) a contract for the transfer of movable or immovable property done without consideration, or a contract or transaction done with considerably insufficient consideration for the insolvent party, (b) a payment, whether in cash or by transfer, assignment, sale, set-off or otherwise for debts not yet due, or a payment other than in cash or bills of exchange for debts due or (c) a contractual or judiciary mortgage, pledge, or charge on the debtor's assets for previously contracted debts would be unenforceable against the bankruptcy estate if carried out during the suspect period or ten days preceding the suspect period.

Under Article 446 of the Luxembourg Code of Commerce, any payments made by the bankrupt debtor in the suspect period may be rescinded if the creditor was aware of the cessation of payment of the debtor.

Under Article 448 of the Luxembourg Code of Commerce, transactions entered into by the bankrupt debtor with the intent to deprive its creditors are null and void (Article 448 of the Code of Commerce), regardless of the date on which they were made.

### ***Insolvency of the Seller***

The Notes and the Class Z Coupons are solely obligations of the Issuer. However, in the event that the Seller becomes insolvent or pre-insolvency measures are instituted in respect of the Seller, this may have an adverse effect on the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

Insolvency proceedings in respect to the Seller under Russian law could include any of the following: (a) the Seller seeking or consenting to the introduction of proceedings for its liquidation or the appointment of a liquidation commission (*likvidatsionnaya komissiya*) or a similar officer in respect of the Seller, (b) the presentation or filing of a petition in respect of the Seller in any court or arbitration court or before any government agency alleging, or for, the bankruptcy, insolvency, dissolution, liquidation (or any analogous proceedings) of the Seller, (c) the institution at the request of the CBR of financial rehabilitation (*finansovoye ozdorovlenie*), temporary administration (*vremennaya administratsiya*) or reorganisation (*reorganizatsiya*) with respect to the Seller as such terms are defined in the Federal Law of the Russian Federation No. 40-FZ "On Insolvency (Bankruptcy) of Credit Organisations" dated 25 February 1999 (as amended or restated from time to time), (d) any judicial liquidation, dissolution, liquidation or winding up in respect of the Seller, and/or the withdrawal of the Seller's bank license and/or (e) the shareholders of the Seller approving any plan of liquidation or dissolution of the Seller.

Further, under Russian law, the CBR may in certain cases impose a moratorium on payments to creditors following the appointment of the temporary administrator but before revocation of the Seller's banking licence. The moratorium would cover monetary obligations that arose prior to the appointment of the temporary administrator and the term of such moratorium may not extend beyond three months. The moratorium would likely affect the performance by the Originator of its obligations under the Transaction Documents including the ability to transfer Collections from the Loan Customers to the Issuer.

### ***Effect on Sale***

The Seller's insolvency may have an adverse effect on the servicing, value and collectibility of the Receivables Portfolio and therefore on the ability of the Issuer to meet its obligations in respect of the Notes and the Class Z Coupons.

Also, a temporary administrator, liquidator and various creditors may seek to challenge the sale of the Purchased Receivables to the Issuer. If a Russian court were to determine that the transfer of the Purchased Receivables to the Issuer was not a "true sale", the Issuer will be regarded as not having acquired ownership of any assets and may incur losses as a result. Additionally, in cases of bankruptcy, Russian courts may void any transactions of the bankrupt entity entered into during the three previous years if such transaction was "undervalued". The definition of "undervalued" under Russian law remains vague, although the price at which the Purchased Receivables are sold will be on arm's length terms for a sale of this kind. Also, transactions entered into or performed by the Seller within a period of six months prior to the appointment of a pre-insolvency or insolvency manager may be invalidated by the court if such transaction effects a "preferential satisfaction" of the claim of one creditor over those of other creditors. The term "preferential satisfaction" is not well defined under Russian law and Russian courts have not yet established uniform criteria for its application. It is, however, arguable that the Issuer is not a creditor of the Seller for these purposes. If the Issuer's acquisition of the Purchased Receivables is unwound or invalidated, the Issuer would have to retransfer the Purchased Receivables to the Seller in exchange for the purchase price, the payment in respect of which it would be an unsecured creditor of the Seller. In a bankruptcy, there is inevitably significant risk that the Seller would not have sufficient funds to pay the purchase price in full, with a corresponding effect on the Issuer's ability to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full. Under the Transaction Documents the Security Trustee shall not be responsible or in any way liable for any consequences associated with the Russian courts taking such actions.

In addition, in insolvency, the Seller may also refuse to perform contracts which have not been performed in full or in part (*executory contracts*) to the extent such contracts may preclude the reinstatement of the Seller's solvency or would result in damages to the Seller when compared with analogous transactions concluded in similar circumstances. This may affect the Seller's ability to perform its obligations under the Transaction Documents including its obligation to transfer Collections under the Servicing Agreement.

#### *Effect on Collections*

Collections from Loan Customers will initially be paid to their Customer Current Accounts held with the Seller and will be applied to repay the relevant Consumer Loan. The Issuer will face a commingling risk in relation to such collection payments as on the insolvency of the Seller it is likely that all money in the Customer Current Accounts would form part of the insolvent estate of the Seller so that the Issuer would rank as an unsecured creditor in respect of its claim to the collections relating to the Receivables Portfolio which are still standing to the credit of those accounts (or otherwise in the possession of the Seller in circumstances in which a corresponding amount of Receivables has been discharged). This could result in the Issuer having insufficient funds to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

In order to mitigate this commingling risk for the Class A-1 Noteholders, the Issuer will issue the Class A-2 Notes, payments of principal in respect of which will, after the occurrence of an Amortisation Event, to the extent that a Commingling Loss has arisen, be postponed to payments of principal on the Class A-1 Notes and the Class B Notes.

Following the occurrence of an Amortisation Event, whenever a payment of principal is made on a Class A-1 Note (other than a payment made as a result of a drawing from the Class A-2 Escrow Account), a pro rata amount as described below will be paid into the Class A-2 Escrow Account, which is a bank account of the Issuer held with Bayerische Hypo- und Vereinsbank AG. The amount to be paid into the Class A-2 Escrow Account in respect of the Class A-2 Notes on any date following the occurrence of an Amortisation Event is equal to the amount of principal that would have been paid on an equivalent principal amount of Class A-1 Notes on such date (ignoring principal payments that are made on the Class A-1 Notes as a result of drawings from the Class A-2 Escrow Account). Amounts will be withdrawn from the Class A-2 Escrow Account (but only to the extent of any balance in such account) to make payments on the Class A-1 Notes and the Class B Notes to the extent that a Commingling Loss has occurred. Whether or not a Commingling Loss has occurred is determined by Closed Joint Stock Company International Moscow Bank, which informs the Security Trustee accordingly.

Amounts standing to the credit of the Class A-2 Escrow Account will be released to the Class A-2 Noteholders by the Cash Manager based upon the rate at which payments are received from Loan Customers from month to month. Effectively, this means that, following the occurrence of an Amortisation Event, payments of principal on the Class A-2 Notes are likely to be made more slowly than payments of principal on the Class A-1 Notes and the Class B Notes. Furthermore, payments in respect of the Class A-2 Notes will be subject to reduction in the event that a Commingling Loss occurs.

The postponement of payments on the Class A-2 Notes in the manner described above has the function of absorbing the risk of losses that may arise because of the occurrence of a Commingling Loss and so provides protection to the Class A-1 Notes and the Class B Notes (which would otherwise rank *pari passu* with or subordinate to the Class A-2 Notes) in respect of that risk (see also "*Risks Relating to the Receivables - Commingling Risk and Similar Risks*" below).

#### ***Restrictions on Transfer – No Sales or Resales of Notes or Class Z Coupons to U.S. Persons***

The Notes and the Class Z Coupons have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered, sold or delivered within the United States or to U.S. Persons. The Conditions provide that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines that any beneficial owner of a Note or a Class Z Coupon (or any interest therein) is a U.S. Person (within the meaning of Regulation S under the Securities Act) then the Issuer may require, by notice to such holder, that such holder sell all of its right, title and interest to such Note or Class Z Coupon, as applicable, (or any interest therein) to a person that is not a U.S. Person, with such sale to be effected within 30 days after notice of such sale requirement is given. If such beneficial owner fails to effect the transfer required within such 30-day period, (a) upon direction from the Issuer, the Note Trustee, on behalf of and at the expense of the Issuer, shall cause such beneficial owner's interest in such Note or Class Z Coupon, as applicable, to be transferred in a commercially reasonable sale (conducted by the Note Trustee in accordance with Section 9 610(b) of the Uniform Commercial Code as in effect in the State of New York as applied to securities that are sold on a recognised market or the subject of widely distributed price quotations) to a person that certifies to the Note Trustee and the Issuer, in connection with such transfer, that such person is a not a U.S. Person and (b) pending such transfer, no further payments will be made in respect of such Note or Class Z Coupon, as applicable, held by such beneficial owner, and the interest in such Note or Class Z Coupon, as applicable, shall not be deemed to be outstanding for the purpose of any vote or consent of the holders of the Notes or, as applicable, the Class Z Coupons (see "*Information Concerning the Securities to be Admitted to Trading – Form of the Notes and the Class Z Coupons – Issue of Notes and Class Z Coupons in Permanent Form*", Chapter XVI of this Listing Prospectus).

The Notes and the Class Z Coupons are also subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. Person.

In addition, to avoid potential legal issues that could arise if Notes were directly or indirectly acquired or held by employee benefit plans subject to ERISA or by plans subject to section 4975 of the Code or certain other United States employee benefit plans that are subject to laws similar to ERISA or section 4975 of the Code, the Notes will not be eligible for purchase by such plans.

#### ***No Gross-up for Taxes***

If required by law, payments under the Notes and the Class Z Coupons will be made after deduction of any applicable withholding taxes or other deductions. However, none of the Issuer, the Seller, the Servicer, the Standby Servicer, the Cash Manager, the Issuer Account Bank or the Hedge Counterparty (if any) or any other Transaction Party will be required to gross up payments in respect of any withholding or deduction. In addition, if the Issuer incurs any taxes, it will be required to pay them from the funds available to it, which may reduce the payments to Noteholders in respect of the Notes and the Class Z Coupons.

#### ***Delayed Draw Notes***

On the Closing Date, the Issuer will issue all the Notes as well as one Class Z Coupon for each Class A Note. The Original Notes and the Original Class Z Coupons will be allotted on the Closing Date pursuant to the Subscription Agreement. At any time within nine months from the Closing Date, the Issuer may allot the Delayed Draw Notes and the Delayed Draw Class Z Coupons, without the prior review or consent of the Noteholders. The Issuer is not obliged to allot all Delayed Draw Notes on the same day. The Issuer will have no payment obligations in respect of the Delayed Draw Notes or the Delayed Draw Class Z Coupons until such Delayed Draw Notes or Delayed Draw Class Z Coupons are allotted. The allotment of the Delayed Draw Notes and the Delayed Draw Class Z Coupons may not change the terms of the relevant Class of Notes or the Class Z Coupons and is subject to the satisfaction of certain conditions precedent.

Any allotment of the Delayed Draw Notes and the Delayed Draw Class Z Coupons will have the effect of increasing the liabilities of the Issuer. This, in turn, will increase the risk that, on an Interest Payment Date, the Issuer will not have funds sufficient to enable it to make payments of principal and interest in respect of the

Notes and payments in respect of the Class Z Coupons on time and in full. This risk is more significant for holders of the Class A-2 Notes, the Class B Notes and the Class Z Coupons which are subordinated to the Class A-1 Notes. In addition, because of rounding, the allotment of the Delayed Draw Notes and the Delayed Draw Class Z Coupons may change the proportion which each Class bears to each other Class, which in turn could limit the credit enhancement that the junior Classes of Notes and the Class Z Coupons provide to the senior Classes of Notes (see "*Interest Rate Risk and Credit Enhancement*" below).

The allotment of the Delayed Draw Notes and the Delayed Draw Class Z Coupons may also decrease the effectiveness of the Subordinated Loan Facility and the Liquidity Facility as it will reduce the size of these facilities as a proportion of the total Principal Amount Outstanding of all Notes, limiting their ability to cover shortfalls with respect to the Notes and the Class Z Coupons. In addition, because the allotment of the Delayed Draw Notes and the Delayed Draw Class Z Coupons will increase the size of each Class of Notes and the Class Z Coupons, the allotment of the Delayed Draw Notes and the Delayed Draw Class Z Coupons may reduce the ability of the Issuer Security to protect the Noteholders from losses following the occurrence of an Enforcement Event.

The Issuer will not be entitled to allot any Delayed Draw Notes or the related Class Z Coupons at any time after the date nine months after the Closing Date.

### ***Denominations***

The Notes will be issued in denominations of €125,000. For so long as the Notes are represented by a Permanent Global Note and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable in minimum nominal amounts of €125,000 and integral multiples of €10,000 thereafter. If Definitive Notes are required to be issued, they will only be printed and issued in denominations of €125,000. Accordingly, if Definitive Notes are required to be issued, a Noteholder holding Notes having a nominal amount which cannot be represented by one or more Definitive Notes in the denomination of €125,000 will not receive a Definitive Note in respect of such Notes and will not be able to receive interest or principal in respect of such Note. Furthermore, at any meeting of Noteholders while the Notes are in global form, any vote cast shall only be valid if it is in respect of €125,000 in nominal amount.

### ***Daily Priority of Payments***

In addition to the Priority of Payments, which set out the liabilities of the Issuer to be settled on each Interest Payment Date, the transaction provides for certain liabilities of the Issuer to be settled on a daily basis prior to the delivery of a Note Amortisation Notice. This is necessary to ensure that the rolling programme of Non-Round FX Swaps and RUR Interest Rate Swaps, which require certain payments to be made on a daily basis, is able to function in accordance with the Hedge Agreement. As a result, certain funds that would otherwise be available to satisfy the liabilities of the Issuer in senior positions in the Pre-Amortisation Priority of Payments – Available Issuer Income and the Pre-Amortisation Priority of Payments: Available Issuer Principal may be diverted to enable the Issuer to make daily payments in accordance with the daily priority of payments. This may have an adverse affect on the extent to which the Issuer will be able to satisfy its liabilities set out in the Pre-Amortisation Priority of Payments – Available Issuer Income and the Pre-Amortisation Priority of Payments: Available Issuer Principal on each Interest Payment Date.

### ***Diversion of Principal***

The transaction contemplates certain structures that will allow the Issuer to use principal payments it receives in respect of the Purchased Receivables other than to make payments of principal on the Notes and payments of the Redemption Penalty in respect of the Class Z Coupons.

In circumstances where Available Issuer Income is not sufficient to enable the Issuer to make payments of interest on the Notes and the Class Z Coupons, the Issuer may use Available Issuer Principal for this purpose, provided that it makes a debit entry on the Income Deficiency Ledger.

In addition, prior to the occurrence of an Amortisation Event, the Issuer may retain Available Issuer Principal which it would have otherwise used to purchase Receivables and Related Rights in accordance with the Receivables Purchase Agreement, thereby reducing the potential size of the pool of assets available to the Issuer from which it could otherwise make payments on the Notes and the Class Z Coupons. However, once the amount of this Retained Principal becomes equal to 15 per cent. of the sum of the Principal Amount

Outstanding of the Notes and amounts owing on the Subordinated Loan Facility, the Issuer must redeem the Notes and the Class Z Coupons.

### ***Conflicts of Interest***

Certain of the parties to the transaction act in more than one capacity. For example, Bayerische Hypo- und Vereinsbank AG acts Lead Manager, Cash Manager, Issuer Account Bank, Liquidity Facility Provider and Hedge Counterparty; Home Credit & Finance Bank Limited Liability Company acts as Originator, Seller, Servicer, Subordinated Loan Facility Provider and HCFB Account Bank; and Closed Joint Stock Company International Moscow Bank acts as Standby Servicer, Russian Enforcement Party and IMB Account Bank. The fact that these entities fulfil more than one role could lead to a conflict between the rights and obligations of these entities in one capacity and the rights and obligations of these entities in another capacity. In addition, this could also lead to a conflict between the interest of these entities and the interests of the Noteholders and the Class Z Couponholders. These factors may adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

### ***Interest Rate Risk and Credit Enhancement***

There is no assurance that the Noteholders will receive for each Note the total nominal amount plus interest equivalent to one-month EURIBOR plus the Relevant Margin or, for each Class Z Coupon, the Relevant Step-up Margin or the Redemption Penalty calculated as stated in "*Terms and Conditions of the Notes*" (Chapter XVI, Part A of this Listing Prospectus) nor that the distributions which are made will correspond to the payments originally agreed upon in the Consumer Loan Agreements which are connected with the Receivables Portfolio. In a scenario of generally increasing interest rates, the interest amounts payable under the Notes may rise faster than those to be received under the Purchased Receivables which bear a fixed rate of interest. Further, there is the risk that due to changes of the structure of the pool of Purchased Receivables, the weighted average interest margin of the aggregate of the Purchased Receivables will decrease (this is sometimes referred as the risk of a "margin compression").

Credit enhancement mechanisms established in respect of the Class A-1 Notes are comprised of the subordination of payments to the holders of the Class B Notes and the Class Z Coupons, payments on the Subordinated Loan Facility including the Initial Expenses Drawings and any surplus amounts which have not yet been deposited into the Issuer Second HCFB Account. Payments of principal on the Class A-2 Notes will also be subordinated to the Class A-1 Notes. Further, following a Commingling Loss, amounts standing to the credit of the Class A-2 Escrow Account will constitute credit enhancement in respect of the Class A-1 Notes and will be available to the Class A-1 Noteholders to the extent that they would otherwise suffer losses on their Class A-1 Notes due to the Commingling Loss.

Credit enhancement mechanisms established in respect of the Class A-2 Notes are comprised of the subordination of interest payments to the holders of the Class B Notes, payments on the Subordinated Loan Facility including the Initial Expenses Drawings and any surplus amounts which have not yet been deposited into the Issuer Second HCFB Account.

Credit enhancement mechanisms established in respect of the Class B Notes are comprised of the subordination of payments to the holders of the Class Z Coupons, payments on the Subordinated Loan Facility including the Initial Expenses Drawings and any surplus amounts which have not yet been deposited into the Issuer Second HCFB Account. Prior to the occurrence of an Amortisation Event, payments of principal on the Class A-2 Notes will also be subordinated to the Class B Notes. Further, following a Commingling Loss, amounts standing to the credit of the Class A-2 Escrow Account will constitute credit enhancement in respect of the Class B Notes and will be available to the Class B Noteholders to the extent that they would otherwise suffer losses on their Class B Notes due to the Commingling Loss.

Finally, credit enhancement mechanisms established in respect of the Class Z Coupons are comprised of the subordination of payments on the Subordinated Loan Facility including the Initial Expenses Drawings and any surplus amounts which have not yet been deposited into the Issuer Second HCFB Account.

These credit enhancement mechanisms provide only limited protection to the holders of the senior Classes of Notes against the risks assumed by the holders of less senior Classes of Notes; such risks include, among others, the risk of prepayments and defaults on payments with regard to the Purchased Receivables. Although the credit



enhancement mechanisms are intended to reduce the effect of late payments or losses incurred in respect of the Purchased Receivables, the effects of such credit

enhancement is limited and the holders of the senior Classes of Notes may suffer from late payments or losses. As a consequence, the credit enhancement mechanisms might not be sufficient in the event of late payments or losses attributable to the Purchased Receivables and such risks will have to be borne by the holders of the junior Classes of Notes before the holders of the senior Classes of Notes (see "*Class A-2 Notes*", "*Class B Notes*" and "*Class Z Notes*" below).

#### ***Class A-2 Notes***

In certain circumstances, payments of principal on the Class A-2 Notes are subordinated to payments of principal on the Class A-1 Notes and the Class B Notes. In addition, following a Commingling Loss, payments of principal on the Class A-2 Notes are postponed to payments of principal on the Class A-1 Notes and the Class B Notes. This means that, if on an Interest Payment Date the Issuer does not have sufficient funds to make payments on the Notes and the Class Z Coupons in full, the Class A-2 Noteholders will, in these circumstances, bear that loss before the Class A-1 Noteholders and the Class B Noteholders (to the extent of any Commingling Loss only). In addition, following a Commingling Loss, payments of principal on the Class A-2 Notes may be delayed or reduced. As a result, in these circumstances, the risk that the Class A-2 Noteholders will suffer losses will be more significant than it will be for the Class A-1 Noteholders and the Class B Noteholders. For a detailed description of the relationship of the Class A-2 Notes to the other Classes of Notes and the Class Z Coupons, see "*Structure and Cash Flow – Priority of Payments and Relationship Between the Notes and the Class Z Coupons – Relationship Between the Classes of Notes and the Class Z Coupons – Class A-2 Notes*" (Chapter XXI of this Listing Prospectus).

#### ***Class B Notes***

Payments on the Class B Notes are subordinated to payments on the Class A-1 Notes and, in certain circumstances, the Class A-2 Notes. This means that, if on an Interest Payment Date the Issuer does not have sufficient funds to make payments on the Notes and the Class Z Coupons in full, the Class B Noteholders will bear that loss before the Class A-1 Noteholders and, in the relevant circumstances, the Class A-2 Noteholders. As a result, the risk that the Class B Noteholders will suffer losses will be more significant than it will be for the Class A-1 Noteholders and, in the relevant circumstances, the Class A-2 Noteholders.

In addition, following the occurrence of an Amortisation Event, the Class B Trigger will be monitored. The Class B Trigger, if hit, has the effect of making it materially less likely that the Issuer will continue to make interest payments on the Class B Notes and therefore would correspond to a high likelihood that there would be a loss on the Class B Notes.

For a detailed description of the relationship of the Class B Notes to the other Classes of Notes and the Class Z Coupons, see "*Structure and Cash Flow – Priority of Payments and Relationship Between the Notes and the Class Z Coupons – Relationship Between the Classes of Notes and the Class Z Coupons – Class B Notes*" (Chapter XXI of this Listing Prospectus).

#### ***Class Z Coupons***

The Class Z Coupon is a special coupon which is issued with and is attached to each Class A Note. Therefore, each purchaser of a Class A Note will also receive a corresponding number of Class Z Coupons. However, from the Closing Date or the Further Draw Date, as applicable, of the relevant Class A Note, the Class Z Coupon will detach from the Class A Note and will be fully transferable independently of such Class A Note. However, if the Issuer calls the Class A Notes, the corresponding Class Z Coupons will also automatically be called. Detachment of a Class Z Coupon from a Class A Note will have no effect on the Principal Amount Outstanding of the Class A Note and will not reduce the principal payable in respect of that Class A Note, even where the Class A Notes are redeemed prior to the Final Maturity Date.

Each Class Z Coupon represents the entitlement to receive (a) the Relevant Step-up Margin on the Class A Note to which it relates after the Call Date if such Class A Note is not called by the Issuer on such date and (b) the Redemption Penalty with respect to the Class A Note to which it relates if such Class A Note is called by the Issuer before the Call Date. No other amounts will be paid in respect of the Class Z Coupons. Moreover, if the Class A Notes are called by the Issuer on the Call Date, no amounts will become payable in respect of the Class Z Coupons at all.

Payments on the Class Z Coupons are subordinated to payments on the Class A Notes and the Class B Notes. This means that, if on an Interest Payment Date the Issuer does not have sufficient funds to make payments on the Notes and the Class Z Coupons in full, the holders of the Class Z Coupons will bear that loss before the Class A Noteholders and the Class B Noteholders. As a result, the risk that the holders of the Class Z Coupons will suffer losses will be more significant for the holders of the Class Z Coupons than it will be for the Class A Noteholders and the Class B Noteholders. For a detailed description of the relationship of the Class Z Coupons to the Notes, see "*Structure and Cash Flow – Priority of Payments and Relationship Between the Notes and the Class Z Coupons – Relationship Between the Classes of Notes and the Class Z Coupons – Class Z Coupons*" (Chapter XXI of this Listing Prospectus).

## **Risks Relating to the Receivables**

### ***Russian Regulation of Assignment and Securitisation is Developing***

In many instances, the Russian law and court practice on assignment is either unclear or inconsistent. Further, securitisation structures are new in Russia and have not been properly tested in the Russian courts. Russian courts have established in a number of cases that claims (receivables) may be validly assigned (sold) under an agreement provided that the following conditions, among others, are satisfied (a) the claim became due prior to the date of its assignment (which, however, is unlikely to be the case with the Receivables), (b) the claim is not being contested by the debtor, (c) the claim is not conditional upon performance of any obligation by the creditor under the underlying agreement to which such assignment relates and (d) the claim is assigned in full rather than in part. It should be noted, however, that the Russian courts have not been consistent in applying these criteria when reviewing the validity of assignment agreements. A number of Russian legal commentators have challenged the validity and appropriateness of such criteria for a valid assignment which are not expressly provided for in the Russian Civil Code. There are a number of cases where Russian courts have upheld assignments which did not satisfy the above criteria. It should also be noted that each Consumer Loan Agreement expressly permits the Seller to assign its rights to a third party and that the sale of the Receivables has been structured to comply with the requirements for sale (assignment). On that basis, the Seller regards it as very unlikely that an assignment of the Receivables under the Receivables Purchase Agreement could be successfully challenged on the basis of the above criteria.

Due to lack of court practice and the weakness of the Russian judicial system, there is no assurance, however, as to the approach that the Russian courts may adopt to such sale (assignment) and to securitisation structures generally, which may adversely affect the ability of the holders of the Notes and the Class Z Coupons to recover their investment in the Notes and the Class Z Coupons.

### ***Loan Customers' Ability to Pay under Consumer Loan Agreements***

General economic conditions and other factors may have an impact on the ability of Loan Customers to meet their repayment obligations under the Consumer Loan Agreements. Loss of earnings or savings, increased expenses in respect of non-discretionary items, loss of economic confidence, illness, divorce and other similar factors may lead to an increase in non-payment by the Loan Customers, which may adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

### ***Loan Commissions***

Where the Seller sells Receivables to the Issuer which arise under a Consumer Loan Agreement in respect of which the Seller charges the relevant Loan Customer Loan Commissions to open its Customer Loan Account, such Receivables will include those Loan Commissions. The Loan Commissions represent a fixed flat rate percentage of the initial balance of the relevant Consumer Loan (typically 1.99 per cent. for the amount advanced) and are payable each month that the Consumer Loan is outstanding. Receivables arising under Consumer Loan Agreement in respect of which the Seller charges the relevant Loan Customer commissions other than Loan Commissions to open its Customer Loan Account are not eligible to be sold to the Issuer.

Pursuant to the Receivables Purchase Agreement, the Purchase Price that the Issuer will pay for the Receivables that arise under a Consumer Loan Agreement that includes Loan Commissions will be equal to the outstanding principal balance of the Consumer Loan on the date of sale plus the aggregate of all Loan Commissions that the Loan Customer is obliged to pay with respect to the original term of that Consumer Loan.

The result is that the principal balance of the Receivables that arise under a Consumer Loan Agreement that includes Loan Commissions will (at the time of purchase of the Receivables) be lower than the price paid by the Issuer for such Receivables and the yield of such Receivables to the Issuer will be less than the total return on the relevant Consumer Loan that would have been expected to be earned by the Seller if such Receivables had not been sold to the Issuer. The yield of the Receivables that arise under a Consumer Loan Agreement that includes Loan Commissions for the Issuer will be further depressed below the interest rate component of the return that the Seller would have otherwise earned because the Purchase Price for such Receivables will not have been determined by reference to the present value of such Receivables, but by adding the outstanding balance of such Receivables and the sum of the Loan Commissions to be paid.

The Issuer is therefore exposed to two main risks:

- (a) should the relevant Consumer Loan Agreement be prepaid by the Customer, the Issuer will suffer a loss equal to the difference between the Purchase Price paid by the Issuer, as amortised, (by reference to the payments made by the Loan Customer since the date that the Issuer purchased the Receivables arising under such Consumer Loan Agreement) and the principal balance outstanding of the Consumer Loan Agreement at such date; and
- (b) the yield of the relevant Consumer Loan may be less than that which would normally be required by the Seller to compensate for the economic risk of non-payment represented by the particular Loan Customer.

These risks are balanced against the fact that there is a limit on the aggregate principal amount of Consumer Loans that include Loan Commissions which may be included in the Receivables Portfolio, that prepayments of Consumer Loans are not a common feature of this asset class (especially given that, when sold to the Issuer, there will be no more than eight instalments remaining) and that failure by the Seller to ensure that there is a minimum spread earned between the fixed interest rate payable on RUR Interest Rate Swaps and the weighted average fixed rate yield of Consumer Loan Agreements to the Issuer will constitute an Amortisation Event, following which the issuer will not be entitled to purchase any further Receivables.

This may adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

### ***Reliance upon Seller's Warranties***

Neither the Issuer or the Security Trustee has undertaken or will undertake any investigations, searches or other actions in respect of the Receivables, the Consumer Loan Agreements or the Loan Customers and each will rely instead on the representations and warranties given by the Seller in the Receivables Purchase Agreement in connection with the purchase of the Receivables Portfolio.

As regards the financial situation of the Seller, Seller has represented and warranted to the Issuer in the Receivables Purchase Agreement that since the date of the Seller's most recent audited annual financial accounts, there has been no material adverse change in the financial condition or the operations of the Seller. As of 30 September 2005, the Seller's third quarter management accounts have shown a loss in the amount of RUR 195 million, primarily due an increased number of defaults by Loan Customers on payments under their Consumer Loans. This figure has neither been audited nor reviewed by an auditor. The Issuer has accepted the representation and warranty of the Seller as to its financial condition and has agreed not to consider the loss shown as constituting or evidencing a material adverse change in the financial condition or operations of the Seller, based on the assumption that the third quarter management accounts of the Seller give a true and fair view of the financial condition of the Seller as at their date and has made no separate investigation of the effect of this loss on the Seller's business. There is, however, a risk that this loss indicates the beginning of a sustained downturn in the business of the Seller, which could affect the Receivables Portfolio, particularly as Receivables are purchased on a revolving basis. If this loss does indicate the beginning of a sustained downturn in the business of the Seller, this may, in turn, adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full. It should be noted, however, that some level of mitigation against this risk is provided by the Portfolio Base Test, which, if it not satisfied on any Purchase Date, will constitute an Amortisation Event, following which the Issuer will not be entitled to purchase any further Receivables.

The Seller has also warranted that the Receivables will meet certain Eligibility Criteria. In case of a breach of the Eligibility Criteria, the Seller is under an obligation to repurchase the relevant Purchased Receivables from the Issuer or to pay liquidated damages to the Issuer in accordance with the Receivables Purchase Agreement.

The contractual remedy of each of the Issuer and the Security Trustee in respect of a breach by the Seller of its obligation to repurchase a Purchased Receivable or to pay liquidated damages where required or for breach of any of the other warranties or covenants given by the Seller is their right to be indemnified by the Seller for any damages suffered because of such breach. There can be no assurance that the Seller will have the financial resources to honour its obligation to repurchase any Purchased Receivables, to pay liquidated damages or to indemnify the Issuer or the Security Trustee when required to do so.

### ***Prepayments on the Purchased Receivables***

Under the terms of the Consumer Loan Agreements, a Loan Customer may prepay its Consumer Loan in full without the Seller's consent and without penalty, subject to the terms and conditions adopted by HCFB and existing at the time of prepayment. Loan Customer defaults and certain other events may also result in acceleration of the Consumer Loan Agreements. The rate of prepayment of Consumer Loans, which is affected by a wide variety of social, economic, and other factors, cannot be accurately predicted. Prepayments may have the effect that any surplus amounts will be lower than would be the case in the absence of prepayments. Also, the Issuer may suffer losses as a consequence of such prepayments, as described under "*Loan Commissions*" above. This may adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

### ***Underwriting Standards***

The Seller has put in place a set of procedures for determining the credit quality of potential obligors, including examinations of debt to income ratios, employment and credit histories and the need for guarantees or other collateral (see "*The Underlying Assets - Business and Organisation of HCFB*", Chapter XX of this Listing Prospectus). However, the emergence of the Russian consumer loan market is a recent phenomenon and Russian lenders currently lack the credit scoring tools available in more mature markets. There is currently no developed system of credit bureaus operating in Russia which could help lenders assess the creditworthiness of potential obligors and there is a substantial "grey economy" in Russia, which may lead to over- or under-reporting of actual salaries on loan applications. Although the Seller undertakes extensive investigations before issuing Consumer Loans, including contacting the Loan Customer's employer, these may lack the precision of practices in more developed consumer loan markets. The absence of more sophisticated credit enquiry may result in more defaults by the Loan Customers, which would adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

### ***Direct Debit Rights***

Under the Consumer Loan Agreements, repayment of the Consumer Loans is effected by direct debit from the Customer Current Accounts of the Loan Customers. After assignment of the Receivables to the Issuer, the Servicer or a Replacement Servicer will continue debiting the Customer Current Accounts for the purposes of discharging the obligations of the Loan Customers under the Consumer Loan Agreements. As a matter of Russian law, it is not entirely clear whether the Servicer or any Replacement Servicer would be properly authorised to do so after the assignment takes place.

Therefore, there is no guarantee that the Servicer or any Replacement Servicer will be able to utilise direct debit for the duration of the term of the Notes and the Class Z Coupons. Although the inability to effect the direct debit by the Servicer or any Replacement Servicer does not affect the assignment of the Receivables and rights of the Issuer under the Consumer Loan Agreements, it may adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full. (see also "*Risks Relating to the Notes - Insolvency of the Seller*" and "*Risks Relating to the Notes - Insolvency of the Seller - Effect on Collections*" above).

### ***Geographic Distribution of the Receivables***

Attention is drawn to the distribution of Consumer Loans in the tables set out in Chapter XX of this Listing Prospectus. There is a limit on the percentage by outstanding principal amount of the Receivables Portfolio which may relate to obligations of Loan Customers who are located in the city of Moscow and in the Moscow region of the Russian Federation. However, even within this limit, Loan Customers in Moscow and the Moscow region will still represent a significant proportion of the Receivables Portfolio. These areas are currently among the most developed and prosperous areas in the Russian Federation, but any deterioration in the economic condition of these areas or any deterioration in the economic condition of other areas in the Russian Federation

that causes an adverse affect on the ability of the Loan Customers to repay the Consumer Loans could increase the risk of losses on the Receivables Portfolio. A concentration of the Loan Customers in such areas may therefore result in a greater risk of loss than would be the case if such concentration had not been present. Such losses, if they occurred, could have an adverse effect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

The Receivables Portfolio may also exhibit a national distribution that may increase the amount of commingling risk or cash in transit risk, or that may cause difficulties in enforcement as a result of the geographical remoteness of Loan Customers from the Servicer or any Replacement Servicer which are, or are likely to be, located in the Moscow region.

#### ***Recovery Procedures for Defaulted Loans; Cost of Enforcement Relative to Loan Size***

Although the Seller has specific recovery and enforcement procedures in place, there can be no assurances that the process to recover unpaid amounts in respect of the Consumer Loans by the Servicer or any Replacement Servicer will proceed successfully. The fact that the Russian legal system is undeveloped, the remote location of the Loan Customers and the small amounts of the Consumer Loan (as shown in the tables set out in Chapter XX of this Listing Prospectus) when compared to the costs of enforcement may negatively impact the ability to recover defaulted Receivables, which may adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full. Following the occurrence of an Enforcement Event, the Security Trustee would be entirely dependent on the Servicer or any Replacement Servicer to carry out any recovery procedures in relation to the Receivables Portfolio. For a description of the limitations on the ability of a Replacement

Servicer to effectively service the Purchased Receivables see "*Risks Relating to the Notes - Servicer Replacement*" above.

#### ***Potential Information Technology Disruptions***

The Servicer's or any Replacement Servicer's ability to service the Receivables Portfolio efficiently will depend to a significant extent upon the functionality of the Servicer's information technology systems. There can be no assurance that a disruption (even short term) to the functionality of the Servicer's information technology systems, delays or increased costs associated with operating such systems will not have an adverse effect on the Servicer's or any Replacement Servicer's ability to service the Receivables Portfolio. It should be noted that there are, on infrequent occasions, substantial power outages that can affect the Moscow region where the Servicer and the Standby Servicer are located. While such outages are normally only of a temporary nature, there can be no assurance that such power outages or similar infrastructural problems will not cause an interruption in servicing the Purchased Receivables or a reduction in servicing quality.

#### ***Commingling Risk and Similar Risks***

Loan Customers currently make payments in connection with Consumer Loan Agreements into their Customer Current Accounts, which are maintained at HCFB, from which (by direct debit), sums are drawn to make payments in relation to their respective Consumer Loans when due. While some of the Consumer Loan Agreements prohibit the Loan Customer from effecting any set-off (specifically, the new form of the Consumer Loan Agreement, see "*Changes to Standard Documentation*" below), should HCFB become insolvent while in possession of such deposited amounts in the Customer Current Accounts, it is unlikely that a Russian court would require a Loan Customer to pay again an equivalent amount in connection with the Consumer Loan Agreement, regardless of whether the credit balance on the Customer Current Account is applied towards the repayment of the Consumer Loan. Attention is drawn to the tables set out in Chapter XX of this Listing Prospectus, which shows the amounts that are on deposit in Customer Current Accounts linked to the provisional list of Consumer Loan Agreements from which the Receivables to be sold to the Issuer on the Closing Date will be drawn.

Loan Customers also might not have bank accounts of their own, other than their Customer Current Account and their Customer Loan Account. In addition, all payments by Loan Customers are customer-initiated and some Loan Customers are geographically remote from the Servicer. The predominant payment methods used by Loan Customers are either (a) payment through the facilities provided by the Russian Post Office, which involves visiting a post office and making a postal-order payment (in cash) over the counter in favour of a nominated bank account or (b) payment through a Russian bank using a similar process, which involves visiting

such a bank and making bank transfer to a nominated bank account (by passing cash over the counter). These methods are more fully described in "*The*

*Underlying Assets – Business and Organisation of HCFB*" (Chapter XX of this Listing Prospectus). The use of these methods means that cash payments from Loan Customers can take different routes and spend different amounts of time in transit to the Servicer. The transit time can be up to 16 days (and may, in unusual circumstances, even exceed such period). Although, as a matter of law, a loss of cash in transit (including, without limitation, cash lost in an insolvency of the Russian Post Office) may mean that the Loan Customer can be asked to pay again, there is no guarantee that such a position will be upheld in an enforcement of the underlying Consumer Loan nor in any action taken against such organisation.

The Issuer's ability to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full will depend on the Servicer or any Replacement Servicer performing its obligations under the Servicing Agreement, to procure that all amounts paid by the Loan Customers to their Customer Current Accounts with the Seller are ultimately remitted to the Issuer Rouble Account on a timely basis. The Servicer will indemnify the Issuer for any failure of the Servicer to remit such amounts for any reason. The Noteholders will be exposed to the Servicer's credit risk with respect to such indemnification, and the Class A-2 Noteholders will suffer any loss in respect of such credit risk to the extent that funds are deposited in the Class A-2 Escrow Account. The liability of the Replacement Servicer in relation to any default by the Replacement Servicer shall be limited by reference to the level of fees that the Replacement Servicer will charge in connection with the provision of its services as Replacement Servicer.

The amount of commingling risk that might arise in connection with the Receivables Portfolio will depend upon a variety of factors, including (without limitation) the payment methods used by the Loan Customers, the behaviour of the Loan Customers (specifically including the amount of time in advance of due dates for payments under the Consumer Loans that they may make such payments), whether or not the sale of the Purchased Receivables has been notified to the Loan Consumers and whether or not servicing has been transferred to a Replacement Servicer.

Prior to the notification of the Loan Customers (which may take place in the event that a Notification Event has occurred and to the extent that the Security Trustee considers such a notification to be in the interests of the Class A-1 Noteholders and the Class B Noteholders only, without considering the position of the Class A-2 Noteholders, provided that in making such determination, the Security Trustee shall rely absolutely and act on the advice of the Standby Servicer and will not incur any liability whatsoever for so acting), such Loan Customers may validly discharge their obligations in connection with the Consumer Loan Agreements by making payments to HCFB. As a result of the terms applicable to the Class A-2 Notes and the Class A-2 Escrow Account, the Security Trustee may conclude that such a notification is not in the interests of the Class A-1 Noteholders and Class B Noteholders, and so may elect not to notify Loan Customers notwithstanding the occurrence of a Notification Event, since the notification of Loan Customers may cause confusion and may result in an increase in delinquencies and defaults.

To the extent that Loan Customers have not been notified or successfully argue that such notification has not been received, the Issuer will continue to be exposed to the risk that amounts collected by HCFB and credited to Customer Current Accounts linked to the Receivables Portfolio (or other accounts held at HCFB by Loan Customers) could be lost in case HCFB became insolvent or in case of a default by the Servicer or any Replacement Servicer in its obligation to procure that those amounts are transferred to the Issuer. Notification processes may not be fully effective as a result of the distribution of the Loan Customers and the geographical remoteness of some Loan Customers as well as due to ineffectiveness or failures of the postal system of the Russian Federation. For the Class A-1 Noteholders and the Class B Noteholders, any Commingling Loss resulting from a failure effectively to notify the Loan Customers of the sale of the Purchased Receivables and direct that payments be made directly to the Issuer is mitigated to the extent of the balances in (and to be credited to) the Class A-2 Escrow Account and the terms and conditions applicable to the Class A-2 Notes.

Even if effective notice is given with respect to an individual Loan Customer, to the extent the Loan Customer continues to make payments in respect of its Consumer Loan to HCFB, there remains the risk that a court of the Russian Federation may not require the Loan Customers to pay twice and make another payment to the Issuer or may consider that the notification has not been sufficient to require the Loan Customer to make payments directly to the Issuer (see also "*Risks Relating to the Notes - Insolvency of the Seller*", "*Risks Relating to the Notes - Insolvency of the Seller - Effect on Collections*" and "*Direct Debit Rights*" above).

### ***Consumer Protection Laws in Russia***

The Russian Consumer Protection Law provides general protection for consumers, although it is not entirely clear how this law may be applied to the Consumer Loans. Currently, the Russian Federation has no consumer protection laws specifically concerning consumer loans or their collection. However, there is no guarantee that such laws will not be enacted in the future (including with retroactive effect), that certain regulatory agencies will not start to regulate such consumer loans (in particular, the CBR and the Federal Antimonopoly Service of the Russian Federation ("FAS")) are planning to introduce rules regarding consumer lending) or that a court of the Russian Federation will not apply the Russian Consumer Protection Law to consumer loans in an unexpected manner. Such laws, regulations or interpretations may make the collection of defaulted loans or penalties more difficult and thus may adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

During the last year Russian antimonopoly authorities and the CBR have conducted investigations into matters of disclosure by the banks of loan commission rates because, allegedly, several Russian banks were not disclosing the full amount of loan commissions charged under loans issued to Russian consumers. The CBR and FAS passed several regulations, namely the joint letter of the CBR and FAS dated 26 May 2005 "On Recommendations of Disclosure Standards on Consumer Loans" and the CBR Letter dated 7 September 2005 "On Inspections of Credit Organisations in Respect to Information Disclosure on Consumer Loans", which do not have obligatory force and are used for reference purposes by the CBR during execution of its controlling functions. No resolutions were made with respect to the Seller as a result of these investigations as the Seller discloses all relevant information in its loan documentation, in accordance with FAS recommendations.

In addition, the Consumer Loan Agreements are so-called "contracts of adhesion" (that is, contracts that the Loan Customers may execute only in accordance with the Seller's standard form and whose terms they may not negotiate). Under Russian law, a Loan Customer may demand termination or amendment of its Consumer Loan Agreement if it contains terms that the Loan Customer would not have accepted had he had the opportunity to negotiate them. There is a lack of court practice in regard to contracts of adhesion. The Consumer Loan Agreements carry high interest rates and especially heavy penalties for late and defaulted payments. To the extent that the benefit of any such (or other) provisions are intended to flow through to the Notes, challenges by Loan Customers of these provisions could adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

### ***Further Business with Loan Customers***

There is a risk that the ability of the Loan Customers to make payments under the Receivables will be negatively affected by such Loan Customers entering into further agreements with the Seller, which may adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

The Transaction Documents do not contain any restrictions on the scope of further business that the Seller may conduct with its customers, even if they are Loan Customers, save for three covenants that specify that (a) any such further business must be conducted in such a way that the likelihood of the Loan Customer making the payments under any Consumer Loan Agreement should not be materially adversely affected, (b) any further business must be conducted in a way that neither prefers nor promotes any further contractual relationships with the Loan Customer which may adversely affect the servicing of the Purchased Receivables and (c) any payments made by the Loan Customer must be fairly allocated between the financial obligations of the Loan Customer to the Seller and not allocated in such a way which would prefer the financial obligations of the Loan Customer other than any obligations under a Consumer Loan Agreement.

The Seller may already have further business with a Loan Customer on the date that Receivables are purchased. In addition, the Seller may (and intends to) further develop the business relationship that it has with Loan Customers specifically to include:

- (a) cash loans;
- (b) revolving credits and credit cards;
- (c) car loans; and

- (d) housing finance products.

The Seller has no current intention to accept retail deposits as part of its business, other than those deposits which may be made periodically by customers as a natural part of the way that they service their financial obligations to the Seller.

### ***Consumer Loan Agreements***

The Seller may elect to originate Consumer Loans on terms and conditions that are not the same as those that have been reviewed as part of the arrangements to sell the Initial Receivables. Such terms and conditions, being different to those described in this Listing Prospectus, may therefore incorporate additional features, terms and conditions. However, the Seller has agreed that it will not sell Receivables to the Issuer pursuant to the Receivables Purchase Agreement unless such Receivables meet the Eligibility Criteria (see "*The Underlying Assets – Assets Backing the Notes and the Class Z Coupons: the Receivables Portfolio - Representations and Warranties and Eligibility Criteria*", Chapter XX of this Listing Prospectus). One of the Eligibility Criteria is that the terms of a Receivable do not violate Russian law.

Certain of the terms of Consumer Loan Agreements govern the way in which the relationship with the Loan Customer is managed and the Seller may elect to change the way that such relationships are managed in the future. For example, the Seller may elect to change the current practice of notifying the Loan Customers each month of their outstanding indebtedness and any operations conducted with the relevant Customer Current Account and Customer Loan Account, as currently required in the Standard Consumer Loan Agreement. Such changes (amongst other departures from current practice) may occur over the life of the securitisation and may have a materially detrimental effect on the performance of the Receivables Portfolio from time to time, even if such changes are reasonably considered by the Seller (in advance of the change being made) to be unlikely to have such a materially detrimental effect. The Noteholders may not be notified of such changes and even if they are notified, they may have a materially detrimental effect on the performance of the Receivables Portfolio. Attention is drawn to the Amortisation Events, certain of which are based upon the performance of the Receivables Portfolio. Should the performance of the Receivables Portfolio deteriorate to a certain level, an Amortisation Event would result.

### ***Changes to Standard Documentation***

The Seller retains the right to make amendments to the standard agreement and general terms and conditions on which it provides Consumer Loans from time to time provided such amendments do not materially adversely affect the validity, enforceability and expected performance of Consumer Loans written on such amended terms. There is the risk that, while the Seller may take every care to ensure that such amendments do not have a material adverse effect, such effects may arise during the life of the Transaction.

A new set of standard terms and conditions is currently being prepared for introduction for all Consumer Loan Agreements by the Seller, as of 11 December 2005. Consumer Loan Agreements written prior to the date on which the new standard terms and conditions will become effective (which date has not yet been determined) are eligible for sale to the Issuer but, in certain respects, will have less desirable characteristics, including (a) no explicit restriction on set off by the Loan Customer as against the Seller (b) no express contemplation that the direct debit instruction (standing instruction) might be exercised by the Seller in favour of a new owner of the Consumer Loan and (c) a provision on assignment of rights and disclosure of information which has less clarity in respect of the assignment of the Consumer Loans to persons such as the Issuer. To this extent, the risks relating to the potential loss of cash in respect of commingling and to the operation of direct debit rights in favour of the Issuer (amongst other things) are greater. Initially and for the first few months, the Receivables Portfolio will be made up exclusively of older Consumer Loan Agreements, but, in time, the proportion of such older agreements will reduce.

### ***Collections via the Russian Post Office***

A large proportion of the Loan Customers currently make their payments by a postal transfer service operated by the Russian Post Office and this practice is expected to continue. The Seller maintains an agreement with the Russian Post Office which facilitates the collection of payments through the federal postal system. With such an agreement in place, customers of the Seller benefit from lower money transmission charges than would otherwise be the case and the Seller receives reconciliation data relating to payments directly from the Russian Post Office rather than via inter-bank arrangements. The agreement with the Russian Post Office under Russian law is a services contract and therefore can be terminated by the service provider at any time, subject to



compensation of damages. Russian regulations technically require a contract to be in place between the Russian Post Office and the legal entity receiving payment. It is unclear from law whether payments can still be transferred to the Servicer in the absence of an agreement. Should the agreement be terminated, Loan Customers may find that they can no longer use the postal transfer service to effect payments, or that there may be a significant increase in the cost of money transfers by the postal transfer service and it may take the Seller longer to perform payments' reconciliations. Loan Customers may alternatively transfer cash amounts by a number of other means that are described further in "*The Underlying Assets – Business and Organisation of HCFB*" (Chapter XX of this Listing Prospectus). However, such other transfer methods may be more costly than the service currently provided by the Russian Post Office (although they may be less costly than would be the case if the contract between the Seller and the Russian Post Office were terminated) and may be less convenient with the result that the amount of collections received by the Servicer in connection with the Receivables Portfolio may be reduced.

Should servicing be transferred to a Replacement Servicer, such Replacement Servicer may not have an agreement with the Russian Post Office in place and may find that such an agreement is not available or takes time to arrange. Again, it is unclear from law whether payments can be transferred to the Servicer through the Russian Post Office in the absence of such an agreement. Should an agreement be put in place, pursuant to such an agreement the Russian Post Office would provide reconciliation information about collections in a specific format and interpreting this format for the reconciliation of cash balances received may also take some time and effort to organise. Furthermore, the rates that Loan Customers are charged for the transfer of cash amounts may be higher than the rates currently negotiated by the Servicer, which are understood currently to be the lowest rates that the Russian Post Office offers to any of its federal customers (the current charging model being based upon the volumes of payments being processed). The charge for the transfer of cash is normally paid by the Loan Customer and the Replacement Servicer may not be prepared to subsidise the cost of transfer such that the Loan Customer continues to benefit from the current low rates. However, the Standby Servicer will agree a specific contract with the Russian Post Office in respect of its potential engagement as Replacement Servicer and such contract will provide that the rates to be charged will be based on volume. In addition, the Standby Servicer will have the benefit of a software application that has been provided by the Seller that includes the functionality necessary to interpret the reconciliation files that the Russian Post Office (amongst others) provides, such functionality being warranted by the Seller to be sufficient to match payments made via the Russian Post Office (where sufficient accurate data is provided by the Russian Post Office) to the relevant records regarding the Consumer Loans.

The Standby Servicer has agreed to put a contract in place with the Russian Post Office that can be used to facilitate the use of the Russian postal transfer service in a manner similar to the Seller. Such a contract may or may not be in place on the Closing Date (as the execution of such contract relies upon receiving the agreement of the Russian Post Office) and, if not, the Standby Servicer and the Seller have agreed to use their best endeavours to put in place such a contract as soon as possible after the Closing Date. Without such a contract in place and upon the transfer of servicing to the Standby Servicer as Replacement Servicer, Loan Customers may not be able to take advantage of the payment service offered by the Russian Post Office or may find that it is more expensive to use the money transmission services of the Russian Post Office than it was when the Seller acted as Servicer. In addition, without such a contract in place, it may take the Standby Servicer (as Replacement Servicer) longer to reconcile payments or such reconciliations may be less complete.

Should the Standby Servicer fail to put in place a contract with the Russian Post Office before the Interest Payment Date falling in March 2006 (or such earlier date as may be specified by the Rating Agency), then, in the absence of other arrangements being put in place that mean that the rating of the Notes will not be affected, an Amortisation Event will occur.

### ***Bank Secrecy and Personal Information***

The transaction will require that information on the Receivables and the Loan Customers be, or, potentially be, disclosed to various parties at different stages of the transaction. It is unclear under Russian law how bank secrecy and personal data protection rules interact with the general right of HCFB to assign its claims under the Consumer Loan Agreements. While the disclosure of such information should not affect the validity of the Receivables Purchase Agreement, this issue is not entirely clear. Although HCFB believes that the disclosure of information on the Receivables in connection with this transaction should not breach bank secrecy and personal data protection laws, there can be no assurance that Russian courts would not take another view. Sanctions for improper disclosure of restricted information may include, among other things, compensation, fines and revocation of licence. If applied to the Originator, such sanctions may adversely affect the ability of the holders of the Notes and the Class Z Coupons to recover their investment in the Notes and the Class Z Coupons.

### ***Russian Antimonopoly Approvals***

Under Russian law the prior consent of FAS may be required in cases where there is a transfer of more than 10 per cent. of the balance sheet value of assets of a credit organisation, calculated in accordance with Russian accounting standards. Although the volume of the Receivables assigned to the Issuer in relation to the issue of the Notes and the Class Z Coupons will on the Initial Asset Sale Date constitute less than 10 per cent. of the balance sheet value of assets of the Seller calculated in accordance with Russian accounting standards and no consent of FAS is required, the total value of the assigned Receivables may at some point exceed the abovementioned threshold. Although the application to receive consent from FAS has been filed with FAS as of the date of this Listing Prospectus, no decision has yet been received by the Seller. If FAS were to decline the application for approval of the assignment at any time in the future, this may adversely affect the value of the Notes and the Class Z Coupons. It should also be noted that FAS may challenge in a Russian court the transfer of the Receivables to the Issuer that represent more than 10 per cent. of the balance sheet value of assets of the Seller, calculated in accordance with Russian accounting standards, provided that such transfer leads to the monopolisation of the consumer loan market in the Russian Federation. Although HCFB believes that the sale of the Receivables would not lead to the monopolisation of the consumer loan market in the Russian Federation, there can be no assurance that FAS or a Russian court would not take another view.

### **Risks Related to Social and Economic Instability in the Russian Federation and Similar Factors**

#### ***Social Instability in Russia***

Social conditions in the Russian Federation are unstable. The failure of some Russian companies to pay full salaries on a regular and timely basis, the failure of salaries and benefits to keep pace with the increasing cost of living and the discrepancy between levels of income and social stratification may lead to future social unrest. This may have political, social and economic consequences, such as increase in support for a return to a more authoritarian form of government, increased nationalism and increased violence, any of which could have a material adverse effect on the Loan Customers' ability to meet their obligations under the Consumer Loan Agreements.

#### ***Economic Instability in Russia***

Since the dissolution of the former Soviet Union in the early 1990s, the Russian Federation has been undergoing a rapid transformation from a one-party state with a centrally planned economy to a pluralist democracy with a market-based economy. This transformation has been marked by periods of significant instability and the Russian economy has at various times experienced:

- (a) significant declines in gross domestic product;
- (b) hyperinflation;
- (c) currency instability;
- (d) significant increases in unemployment;
- (e) the impoverishment of a large portion of the Russian population;
- (f) high levels of state debt relative to gross domestic product;
- (g) a weak banking system providing limited liquidity to Russian enterprises;
- (h) high levels of loss-making enterprises that continue to operate due to the lack of effective bankruptcy proceedings;
- (i) significant use of barter transactions and illiquid promissory notes to settle commercial transactions;
- (j) widespread tax evasion;
- (k) growth of a black and grey market economy;
- (l) pervasive capital flight; and

- (m) high levels of corruption and the penetration of organised crime into the economy.

The Russian economy has also been subject to downturns. In particular, the Government's decision to temporarily stop supporting the rouble in August 1998 caused the currency to collapse. Concurrently, the state defaulted on much of its short-term domestic debt and imposed a 90-day moratorium on foreign debt and other payments by Russian companies. These actions resulted in an immediate and severe devaluation of the rouble, a near collapse of the Russian banking system, a sharp increase in the rate of inflation, a dramatic decline in the prices of Russian debt and equity securities and an inability of Russian issuers to raise funds in the international capital markets.

Although economic conditions in the Russian Federation have been improving since 1999, there can be no assurance that recent positive trends in the Russian economy, such as an increase in the gross domestic product, a relatively stable rouble and a reduced rate of inflation, will continue.

#### ***Systemic Banking Crisis in the Russian Federation and the Russian Banking System's Undercapitalisation***

A systemic banking crisis and the Russian banking system's undercapitalisation (particularly amongst medium to small Russian banks) could adversely affect the operational activity of the Servicer, the Standby Servicer or any Replacement Servicer. The recent liquidity crisis of May-June 2004 in the Russian banking market has demonstrated the vulnerability of the Russian banking system and its dependence on access to liquidity. Russian banking and other financial systems are still in a state of transition when compared with the banking and other financial systems of more developed countries and the Russian banking system is, on occasion, subject to inconsistent regulation and supervision. A crisis in the Russian banking industry may adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

It should be noted by way of some level of mitigation that HCFB is a subsidiary of the PPF Group, whose headquarters are located within the European Union. In addition, HCFB does not currently rely upon a high level of discretionary retail deposits as a significant part of its funding base and currently holds itself out as a specialised consumer finance business rather than as a full service wholesale and retail bank.

#### ***Lack of Independence of the Judicial System and the Difficulty of Enforcing Court Decisions***

The independence of the judicial system and its immunity from economic, political and social influences in the Russian Federation remains uncertain and the court system is generally understaffed and underfunded. The Russian Federation is a civil law jurisdiction and, as such, judicial precedents have no binding effect on subsequent decisions and most court decisions are not published. All of these factors make judicial decisions in the Russian Federation difficult to predict and effective redress uncertain. Additionally, court claims and administrative or criminal proceedings are often used in furtherance of political aims. Further, court judgments are not always enforced or followed by law enforcement agencies. Finally, although the Russian Federation is a party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (as successor to the Soviet Union) and therefore an arbitral award obtained in another signatory state should be recognised by a Russian court, in practice, reliance on international treaties may meet with resistance or lack of understanding in courts of the Russian Federation and introduces an element of delay and unpredictability into the process of enforcing any foreign arbitral award in the Russian Federation. If any redress is sought with Russian legal authorities, any of these factors could adversely affect the ability of the Issuer to make payments of principal and interest in respect of the Notes and payments in respect of the Class Z Coupons on time and in full.

#### ***Political Intervention***

The convictions of Mikhail Khodorkovsky and Platon Lebedev on charges of fraud and tax evasion in May 2005, the related attachment in October 2003 of approximately 42 per cent. of the shares of Yukos Oil Company ("Yukos") alleged to be beneficially owned by Mr. Khodorkovsky, the tax claims brought by the state against Yukos and the subsequent sale in December 2004 of OJSC Yuganskneftegaz, Yukos' primary production unit, have led some commentators to question the strength and progress of market and political reforms in Russia, which has caused significant fluctuations in the market prices of Russian securities and spurred capital flight. Even after prosecutions and investigations of Yukos and its controlling shareholders are concluded, similar events may continue to affect the Russian market negatively in the future.

## **Risks Relating to Russian Taxation**

### ***There is no Guarantee that the Favourable Withholding Tax Level under the Current Russia – Luxembourg Double Tax Treaty will Remain in Place During the Term of the Notes and the Class Z Coupons***

In general, repayment of principal on borrowed funds by a Russian person to a non-resident legal person or organisation should not be subject to Russian withholding tax, although there is residual uncertainty regarding the tax treatment of any part of such payment which is attributable to a discount if the loan was purchased at a discount.

Payments of interest and penalties on borrowed funds by a Russian individual are not subject to Russian withholding tax. However, if the funds are transferred to a non-resident legal person by a Russian legal entity, such amounts may be subject to Russian withholding tax at a rate of 20 per cent., subject to reduction or elimination pursuant to the terms of an applicable double tax treaty.

Based on the professional advice it has received, the Servicer believes that, based on laws in effect as of the date hereof, payments under the Consumer Loan Agreements made to the Issuer should not be subject to withholding tax under the terms of the double tax treaty between the Russian Federation and the Grand Duchy of Luxembourg, however, there can be no assurance that such double tax treaty relief will continue to be available.

According to the Issuer Deed of Charge, the Issuer will create in favour of the Security Trustee on its own behalf and on behalf of the Secured Creditors the Issuer Security over its assets. The Issuer Security shall become enforceable following the occurrence of an Enforcement Event. In these circumstances, payments under the Consumer Loan Agreements would be required to be made to, or to the order of, the Security Trustee. Under Russian tax law, transfers of interest and other payments made by the Servicer to the Security Trustee will in general be subject to Russian income tax withholding at a rate of 20 per cent.. It is not expected that the Security Trustee will, or will be able to, claim a withholding tax exemption under any double tax treaty. In addition, while it may be possible for some Noteholders who are eligible for an exemption from Russian withholding tax under double tax treaties to claim a refund of tax withheld, there would be considerable practical difficulties in obtaining any such refund.

If payments under the Consumer Loan Agreements are subject to withholding tax in Russia, the Servicer will not be obliged to increase the amounts payable as may be necessary to ensure that the recipient receives a net amount equal to the amount it would have received in the absence of such withholding taxes. Due to the limited recourse nature of the Notes and the Class Z Notes, if the Servicer is obliged to withhold tax from the amounts payable to the Issuer or to, or to the order of, the Security Trustee, the amounts available for payment under the Notes and the Class Z Coupons will be correspondingly reduced.

### ***Tax May be Withheld on Dispositions of the Notes in the Russian Federation, Reducing their Value***

If a non-resident Noteholder sells the Notes or the Class Z Coupons and receives proceeds from a source within the Russian Federation, there is a risk that the part of the payment, if any, representing accrued interest may be subject to 20 per cent. Russian withholding tax. Where proceeds from a disposition of the Notes or the Class Z Coupons are received from a source within the Russian Federation by an individual non-resident Noteholder, withholding tax would be charged at a rate of 30 per cent. on gross proceeds from such disposal of the Notes or the Class Z Coupons, as the case may be less any available cost deduction. The imposition or possibility of imposition of this withholding tax could adversely affect the value of the Notes (see "*Taxation*", Chapter XXII of this Listing Prospectus).

## **V. PERSONS RESPONSIBLE FOR INFORMATION CONTAINED IN THIS LISTING PROSPECTUS**

### **The Issuer**

The Issuer, Eurasia Structured Finance No. 1, S.A., Compartment 1, having its registered office at 7 Val Ste Croix, L-1371 Luxembourg, declares that, having taken all reasonable care to ensure that such is the case, the information given in this Listing Prospectus (save the information for which HCFB takes responsibility as provided below) is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import.

### **The Seller**

The Seller, Home Credit & Finance Bank Limited Liability Company, having its registered office at 317A Zelenograd, Moscow, 124482, the Russian Federation, declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Listing Prospectus relating to itself, the market in which it conducts business and the Receivables Portfolio in "The Underlying Assets" (Chapter XX of this Listing Prospectus) and "Risk Factors" (Chapter IV of this Listing Prospectus) is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import.

## **VI. STATUTORY AUDITORS OF THE ISSUER**

The Issuer has appointed KPMG S.à. r.l., a member firm of KPMG International, 31 Allée Scheffer L-2520 Luxembourg, to act as its external auditor. KPMG S.à. r.l. are professional auditors. KPMG S.à. r.l. have no material interest in the Issuer.

It is envisaged that KPMG S.à. r.l. will audit the Issuer's annual financial statements, the first of which will be prepared in respect of the Issuer's financial year ending 31 December 2005.

KPMG S.à. r.l. has audited the Issuer's balance sheet dated 25 November 2005 and profit and loss accounts prepared in accordance with Luxembourg law and regulations and has issued an unqualified opinion. A copy of these financial statements is set out in "*Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses – Financial Information*" (Chapter XI of this Listing Prospectus).

## VII. INFORMATION ABOUT THE ISSUER

### Special Purpose Vehicle

The Issuer has been established as a special purpose vehicle for the purpose of (a) acquiring the Receivables Portfolio from the Seller, (b) issuing the Notes and the Class Z Coupons and (c) entering into the Transaction Documents to which it is a party. The Issuer's status as a special purpose vehicle arises by virtue of the structure of the transaction and not by virtue of its corporate form.

### General Information

The Issuer was incorporated for an unlimited period as a public limited liability company (*société anonyme*) on 25 October 2005 under the Luxembourg Law of 10 August 1915 on Commercial Companies, as amended. The Issuer operates under the legislation of Luxembourg and, in particular, under the Securitisation Law. The Articles of the Issuer are in the process of being published in the *Mémorial C-Recueil des Sociétés et Associations*. The registered office of the Issuer is located at 7 Val Ste Croix, L-1371 Luxembourg. The registered office's telephone number is +352 22 11 90. The fax number is +352 22 11 92. The Issuer is registered with the Luxembourg Commercial Register under registered number B 111 361. The Issuer is managed by its Directors, who are appointed by the shareholders of the Issuer (see "*Major Shareholders of the Issuer*", Chapter X of this Listing Prospectus). The current Directors of the Issuer are set out in "*Administrative, Management and Supervisory Bodies of the Issuer*" (Chapter IX of this Listing Prospectus). The Issuer has no subsidiaries.

### Capital

The authorised and subscribed capital of the Issuer amounts to €31,000, divided into 3,100 registered shares with a par value of €10, each of which is fully paid. Further, the Issuer will, as of the Closing Date, issue one Preference Share in the amount of EUR 100, with a par value of EUR 100, which will be fully paid.

### Compartments

The Board of Directors of the Issuer may create one or more Compartments within the Issuer. Each Compartment shall, unless otherwise provided for in the resolution of the Board of Directors creating such Compartment, correspond to a distinct part of the assets and liabilities of the Issuer. The resolution of the Board of Directors creating one or more Compartments within the Issuer, as well as any subsequent amendments thereto, shall be binding as of the date of such resolution against any third party.

As between shareholders and creditors of the Issuer, each Compartment of the Issuer shall be treated as a separate entity. Rights of shareholders and creditors of the Issuer that (a) have, when coming into existence, been designed as relating to a Compartment or (b) have arisen in connection with the creation, the operation or the liquidation of a Compartment are, except if otherwise provided for in the resolution of the Board of Directors creating the relevant Compartment, strictly limited to the assets of that Compartment and such assets shall be exclusively available to satisfy such shareholders and creditors. Creditors and shareholders of the Issuer whose rights are designated as relating to a specific Compartment of the Issuer shall (subject to mandatory law) have no rights to the assets of any Compartment.

Unless otherwise provided for in the resolution of the Board of Directors of the Issuer creating such Compartment, no resolution of the Board of Directors of the Issuer may be taken to amend the resolution creating such Compartment or take any other decision directly affecting the rights of the shareholders or creditors whose rights relate to such Compartment without the prior approval of the shareholders and creditors whose rights relate to such Compartment. Any decision of the Board of Directors of the Issuer taken in breach of this provision shall be void.

The liabilities and obligations of the Issuer incurred or arising in connection with the Notes and the other Transaction Documents and all matters connected therewith will only be satisfied or discharged against the assets of Compartment 1. The assets of Compartment 1 will be exclusively available to satisfy the rights of Noteholders and the other investors and creditors of the Issuer in respect of the Notes, the other Transaction Documents and all matters connected therewith, as provided therein, and (subject to mandatory law) no other creditors of the Issuer will have any recourse against the assets of Compartment 1 of the Issuer.

**Statutory Auditor**

See "*Statutory Auditors of the Issuer*" (Chapter VI of this Listing Prospectus).



## VIII. ISSUER'S BUSINESS OVERVIEW; PARTIES TO THE SECURITISATION PROGRAMME

### Description of the Issuer's Principal Activities

As set out in Article 4 of the Articles, the Issuer shall have as its business purpose the securitisation (within the meaning of the Securitisation Law) of assets and receivables of any type or nature.

The Issuer may (a) issue notes and securities of any nature and in any currency and borrow and raise funds in any form, (b) use its funds for the acquisition, the management and the disposal of the assets referred to in paragraph (a), (c) enter into swap agreements, including without limitation, credit default swaps and (d) pledge, mortgage or charge or otherwise create security interests in and over its assets, property and rights to secure the payment or repayment of any amounts payable by the Issuer under or in respect of any bond, note, debenture or debt instrument of any kind, issued from time to time by the Issuer or under any other form of borrowing or financial indebtedness.

The Issuer may transfer its assets or receivables pursuant to and in accordance with agreements it may enter into with its investors and creditors and any person from whom it acquires assets or receivables.

In general, the Issuer may employ any technique and instrument relating to its assets or investments for the purpose of their efficient management, including techniques and instruments to protect against exchange risks and interest rate risks and may take any controlling or supervisory measures and carry out any financial, moveable or immovable commercial and industrial operation which it may deem useful in the accomplishment and development of its purpose.

The Issuer is subject to the Securitisation Law and may only carry out the above described activities if and to the extent they do not fall outside the scope of the Securitisation Law.

The Issuer has been established as a special purpose vehicle for the purpose of (a) acquiring the Receivables Portfolio from the Seller, (b) issuing the Notes and the Class Z Coupons and (c) entering into the Transaction Documents to which it is a party. The Issuer's status as a special purpose vehicle arises by virtue of the structure of the transaction and not by virtue of its corporate form. The Issuer will covenant in Condition 4 (*Covenants*) to observe certain restrictions on its activities which are detailed in the Issuer Deed of Charge, including a covenant, for so long as any Note or Class Z Coupon remains outstanding, except with the prior written consent of the Note Trustee and the Security Trustee or as expressly provided in the Conditions or any of the other Transaction Documents, not to carry on any business other than as described in this Listing Prospectus and, in respect of that business, not engage in any activity or do anything whatsoever except (a) enter into the Transaction Documents to which it is a party and preserve, exercise and/or enforce any of its rights and perform and observe its obligations under and pursuant to the Transaction Documents to which it is a party, (b) issue the Notes and the Class Z Coupons, (c) perform any act, incidental to or necessary in connection with any of the above and (d) engage in those activities necessary for its continued existence and proper management.

Pursuant to the Corporate Services Agreement, the Corporate Services Provider and the Domiciliation Agent will provide certain corporate administration and secretarial services to the Issuer, which will include:

- (a) dispatch of shareholder and board meeting notices, handling enquiries and making appropriate filings with regulatory bodies including the Luxembourg tax authorities, the Irish Financial Services Regulatory Authority and the Irish Stock Exchange;
- (b) keeping and maintaining books, records and statutory accounts and procuring that the same are distributed to relevant parties; and
- (c) maintaining registrations and licences.

Pursuant to the Corporate Services Agreement, the Corporate Services Provider and the Domiciliation Agent undertakes that it will not resign except in the situation that suitable person(s), entities, trust(s) or administration office(s) has/have been contracted to succeed it.

## **Parties to the Securitisation Programme**

### ***Issuer and Purchaser***

**Eurasia Structured Finance No. 1, S.A., Compartment 1**, a newly formed *société anonyme* incorporated in Luxembourg with limited liability and more particularly described in "*Information About the Issuer*" (Chapter VII of this Listing Prospectus).

### ***Originator and Seller***

**Home Credit & Finance Bank Limited Liability Company**, a financial institution incorporated with limited liability under the laws of Russia (main state registration number OI PH 1027700280937), having its registered office at 317A Zelenograd, Moscow, 124482, Russian Federation. The Originator will originate the Receivables and, subject to the terms of the Receivables Purchase Agreement, the Seller will sell Receivables and the Related Rights to the Purchaser.

### ***Servicer***

The Originator and Seller, as described in "*Originator and Seller*" above. Subject to the terms of the Servicing Agreement, the Servicer will continue to service the Purchased Receivables.

### ***Standby Servicer***

**Closed Joint Stock Company International Moscow Bank**, a closed joint stock company incorporated under the laws of the Russian Federation, having its registered office at Prechistenskaya nab. 9, Moscow 119034, the Russian Federation. Subject to the terms of the Servicing Agreement, the Standby Servicer will service the Purchased Receivables after the occurrence of a Servicer Event, if it is instructed to do so by the Security Trustee, provided that, in making such determination, the Security Trustee will rely absolutely and act on the advice of the Standby Servicer and will not incur any liability whatsoever for so acting.

### ***Lead Manager***

**Bayerische Hypo- und Vereinsbank AG**, a financial institution incorporated under the laws of Germany (registered number HRB 42148), having its registered office at Kardinal-Faulhaber Straße 1, 80333 Munich, Germany.

### ***Manager***

**PPF Banka a.s.**, a financial institution incorporated under the laws of the Czech Republic (identification number 471 16 129), having its registered office at Na Strži 1702/65, 140 62 Prague 4, Czech Republic.

### ***Note Trustee***

**Deutsche Trustee Company Limited**, a company incorporated under the laws of England and Wales with limited liability (registered number 00338230), having its registered office at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom. The Note Trustee will act as the trustee for the Noteholders in relation to the Notes pursuant to the Trust Deed. The Note Trustee is neither owned nor controlled by the Originator and Seller. The Note Trustee is an indirect subsidiary of Deutsche Bank AG and is in the same corporate group as Deutsche International Corporate Services (Ireland) Limited and Deutsche Bank Luxembourg S.A.

### ***Security Trustee***

**Deutsche Trustee Company Limited**, a company incorporated under the laws of England and Wales with limited liability (registered number 00338230), having its registered office at Winchester House, 1 Great Winchester Street, London, EC2N 2DB, United Kingdom. The Security Trustee will act as the trustee for the Secured Creditors in relation to the Issuer Security pursuant to the Issuer Deed of Charge. The Security Trustee is neither owned nor controlled by the Originator and Seller. The Note Trustee is an indirect subsidiary of Deutsche Bank AG and is in the same corporate group as Deutsche International Corporate Services (Ireland) Limited and Deutsche Bank Luxembourg S.A.

### ***Russian Enforcement Party***

**Closed Joint Stock Company International Moscow Bank**, a closed joint stock company incorporated under the laws of the Russian Federation, having its registered office at Prechistsenskaya nab. 9, Moscow 119034, the Russian Federation. Subject to the terms of the Master Definitions and Framework Deed, the Russian Enforcement Party will enforce the Issuer Russian Security after having received notification from the Note Trustee that it has instructed the Security Trustee take enforcement steps in relation to the Issuer Non-Russian Security. The Russian Enforcement Party is neither owned nor controlled by the Originator and Seller. The Russian Enforcement Party is an affiliate of Bayerische Hypo- und Vereinsbank AG.

### ***Subordinated Loan Facility Provider***

The Originator and Seller, as described in "*Originator and Seller*" above. The Subordinated Loan Facility Provider will provide the Subordinated Loan Facility to the Issuer pursuant to the Subordinated Loan Facility Agreement.

### ***Cash Manager***

**Bayerische Hypo- und Vereinsbank AG**, a financial institution incorporated under the laws of Germany (registered number HRB 42148), having its registered office at Kardinal-Faulhaber Straße 1, 80333 Munich, Germany. The Cash Manager will provide the Cash Management Services pursuant to the Cash Management Agreement. The Cash Manager is neither owned nor controlled by the Originator and Seller. The Cash Manager is an affiliate of Closed Joint Stock Company International Moscow Bank.

### ***Issuer Account Bank***

**Bayerische Hypo- und Vereinsbank AG**, a financial institution incorporated under the laws of Germany (registered number HRB 42148), having its registered office at Kardinal-Faulhaber Straße 1, 80333 Munich, Germany. The Issuer Account Bank will administer the Issuer Euro Account, the Issuer Rouble Account and the Class A-2 Escrow Account pursuant to the Issuer Account Agreement. The Issuer Account Bank is neither owned nor controlled by the Originator and Seller. The Issuer Account Bank is an affiliate of Closed Joint Stock Company International Moscow Bank.

### ***HCFB Account Bank***

The Originator and Seller, as described in "*Originator and Seller*" above. The HCFB Account Bank will administer the Issuer HCFB Accounts pursuant to the Issuer HCFB Accounts Agreement.

### ***IMB Account Bank***

**Closed Joint Stock Company International Moscow Bank**, a closed joint stock company incorporated under the laws of the Russian Federation, having its registered office at Prechistsenskaya nab. 9, Moscow 119034, the Russian Federation. The IMB Account Bank will administer the Issuer Standby Servicer Account pursuant to the Issuer IMB Accounts Agreement. The IMB Account Bank is neither owned nor controlled by the Originator and Seller. The IMB Account Bank is an affiliate of Bayerische Hypo- und Vereinsbank AG.

### ***Principal Paying Agent***

**Deutsche Bank AG, London Branch**, a company incorporated under the laws of Germany acting through its office at Winchester House, 1 Great Winchester Street, London, EC2N 2DB, United Kingdom. The Principal Paying Agent will act as paying agent in relation to the Notes and the Class Z Coupons pursuant to the Agency Agreement. The Principal Paying Agent is neither owned nor controlled by the Originator and Seller. The Principal Paying Agent is the ultimate parent company of Deutsche Trustee Company Limited, Deutsche International Corporate Services (Ireland) Limited and Deutsche Bank Luxembourg S.A.

### ***Irish Paying Agent***

**Deutsche International Corporate Services (Ireland) Limited**, a company incorporated under the laws of Ireland having its registered office at 5 Harbourmaster Place, International Financial Services Centre, Dublin 1, Ireland. The Irish Paying Agent will act as Irish paying agent in relation to the Notes and the Class Z Coupons pursuant to the Agency Agreement. The Irish Paying Agent is neither owned nor controlled by the Originator

and Seller. The Irish Paying Agent is an indirect subsidiary of Deutsche Bank AG and is in the same corporate group as Deutsche Trustee Company Limited and Deutsche Bank Luxembourg S.A.

### ***Agent Bank***

**Deutsche Bank AG, London Branch**, a company incorporated under the laws of Germany acting through its office at Winchester House, 1 Great Winchester Street, London, EC2N 2DB, United Kingdom. The Agent Bank will operate the paying agency accounts and will make certain calculations pursuant to the Agency Agreement. The Agent Bank is neither owned nor controlled by the Originator and Seller, nor any other party to the securitisation transaction, nor any of their respective affiliates. The Agent Bank is the ultimate parent company of Deutsche Trustee Company Limited, Deutsche International Corporate Services (Ireland) Limited and Deutsche Bank Luxembourg S.A.

### ***Liquidity Facility Provider***

**Bayerische Hypo- und Vereinsbank AG**, a financial institution incorporated under the laws of Germany (registered number HRB 42148), having its registered office at Kardinal-Faulhaber Straße 1, 80333 Munich, Germany. The Liquidity Facility Provider will provide the Liquidity Facility to the Issuer pursuant to the Liquidity Facility Agreement. The Liquidity Facility Provider is neither owned nor controlled by the Originator and Seller. The Liquidity Facility Provider is an affiliate of Closed Joint Stock Company International Moscow Bank.

### ***Hedge Counterparty***

**Bayerische Hypo- und Vereinsbank AG**, a financial institution incorporated under the laws of Germany (registered number HRB 42148), having its registered office at Kardinal-Faulhaber Straße 1, 80333 Munich, Germany. The Hedge Counterparty will act as hedge counterparty pursuant to the Hedge Agreement. The Hedge Counterparty is neither owned nor controlled by the Originator and Seller. The Hedge Counterparty is an affiliate of Closed Joint Stock Company International Moscow Bank.

Under the conditions described in the Cash Management Agreement, any entity belonging to the PPF Group may replace Bayerische Hypo- und Vereinsbank AG as Hedge Counterparty, provided that such entity obtains an unconditional, first demand guarantee from a Western European or United States bank rated by one of Moody's, Fitch Ratings Ltd or Standard & Poor's Rating Services at a level at least equal to A3/A-/A-, such guarantee being required for a term longer than the term of any transaction to be executed with such PPF Group entity and provided further that the Rating Condition is satisfied.

### ***Listing Agent***

**Deutsche Bank Luxembourg S.A.**, a company incorporated under the laws of Luxembourg, having its registered office at 2 Boulevard Konrad Adenauer, L-115 Luxembourg, Luxembourg. The Listing Agent will act as listing agent in relation to the Notes and the Class Z Coupons pursuant to the Agency Agreement. The Listing Agent is neither owned nor controlled by the Originator and Seller. The Listing Agent is an indirect subsidiary of Deutsche Bank, AG and is in the same corporate group as Deutsche Trustee Company Limited and Deutsche Bank Luxembourg S.A.

### ***Data Agent***

**KPMG Limited**, a company incorporated under the laws of Guernsey, the Channel Islands, acting through its Moscow Representative Office at 11 Gogolevsky Boulevard, Moscow, 119019, the Russian Federation. The Data Agent will act as data agent pursuant to the Data Agency Agreement. The Data Agent is neither owned nor controlled by the Originator and Seller, nor any other party to this securitisation transaction, nor any of their respective affiliates.

### ***Data Custodian***

**OSG Management, ZAO**, a closed joint stock company, incorporated under the laws of the Russian Federation (tax registration number 7714233684), having its address at 8th March Street 14/1 127083 Moscow, Russian Federation. The Data Custodian will act as data custodian pursuant to the Data Custody Agreement. The Data Custodian is neither owned nor controlled by the Originator and Seller, nor any other party to this securitisation transaction, nor any of their respective affiliates.

### ***Corporate Services Provider***

**SFM (LUXEMBOURG) S.A.**, a société anonyme incorporated under the laws of the Luxembourg (registered number R.C.S. Luxembourg B 95021), having its registered office at 7 Val Ste. Croix, L-1371 Luxembourg. The Corporate Services Provider will act as the corporate services provider of the Issuer and will provide services, *inter alia*, in relation to the accounting and general affairs of the Issuer pursuant to the Corporate Services Agreement. The Corporate Services Provider is neither owned nor controlled by the Originator and Seller, nor any other party to this securitisation transaction, nor any of their respective affiliates.

### ***Domiciliation Agent***

**Luxembourg International Consulting S.A.**, a *société anonyme* incorporated under the laws of Luxembourg (registered number registered number R.C.S. Luxembourg B 40312), having its registered office at 7 Val Ste. Croix, L-1371 Luxembourg. The Domiciliation Agent will act as the domiciliation agent of the Issuer. The Domiciliation Agent is neither owned nor controlled by the Originator and Seller, nor any other party to this securitisation transaction, nor any of their respective affiliates.

### ***Common Depositary***

**Deutsche Bank AG, London Branch**, a company incorporated under the laws of Germany acting through its office at Winchester House, 1 Great Winchester Street, London, EC2N 2DB, United Kingdom. The Common Depositary is neither owned nor controlled by the Originator and Seller. The Common Depositary is the ultimate parent company of Deutsche Trustee Company Limited, Deutsche International Corporate Services (Ireland) Limited and Deutsche Bank Luxembourg S.A.

## IX. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES OF THE ISSUER

The Issuer is managed by its Board of Directors, who are appointed by the shareholders. The current directors (the "**Directors**") of the Issuer are as follows:

<b>Name</b>	<b>Business Address</b>
Alexis Kamarowsky	7 Val Ste Croix, L-1371 Luxembourg
Federigo Cannizzaro di Belmontino	7 Val Ste Croix L-1371 Luxembourg
Jean-Marc Debaty	7 Val Ste Croix L-1371 Luxembourg

The principal activities performed by the Directors outside the Issuer are as follows:

- (a) Alexis Kamarowsky is the managing director of Luxembourg International Consulting S.A. and a director of Structured Finance Management (Luxembourg) S.A.;
- (b) Federigo Cannizzaro di Belmontino is the deputy managing director of Luxembourg International Consulting S.A. and a director of Structured Finance Management (Luxembourg) S.A.; and
- (c) Jean-Marc Debaty is an accountant and controller at Luxembourg International Consulting S.A.

The creation and issue of the Notes and the Class Z Coupons has been authorised by a resolution of the Directors dated on or about 6 December 2005.

## X. MAJOR SHAREHOLDERS OF THE ISSUER

Structured Finance Management Ltd. owns 1,550 shares of the Issuer, representing 50 per cent. of the issued capital of the Issuer and SFM Corporate Services Ltd. owns 1,550 shares of the Issuer, representing 50 per cent. of the issued capital of the Issuer. In addition, on the Closing Date, HCFB will subscribe for the Preference Share.

Structured Finance Management Ltd. is a company incorporated in England and Wales with limited liability on 13 September 1999, having its registered office at 35 Great St. Helen's, London EC3A 6AP, United Kingdom. It is registered with the Trade and Companies' Register under number 3853947. The objectives of Structured Finance Management Ltd. are, *inter alia*, to acquire and hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares.

The managing directors of Structured Finance Management Ltd. are James Garner Smith Macdonald, Jonathan Eden Keighly, Alexander Anders Ohlsson and Robert William Berry.

Structured Finance Management Ltd. is neither owned nor controlled by the Originator and Seller, nor any other party to the securitisation transaction, nor any of their respective affiliates.

SFM Corporate Services Ltd. is a company incorporated in England and Wales with limited liability on 27 January 2000, having its registered office at 35 Great St. Helen's, London EC3A 6AP, United Kingdom. It is registered with the Trade and Companies' Register under number 3920255. The objectives of SFM Corporate Services Ltd. are, *inter alia*, to acquire and hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares.

The managing directors of SFM Corporate Services Ltd. are James Garner Smith Macdonald, Jonathan Eden Keighly and Robert William Berry.

SFM Corporate Services Ltd. is neither owned nor controlled by the Originator and Seller, nor any other party to the securitisation transaction, nor any of their respective affiliates.

For information regarding HCFB, see "*The Underlying Assets - Business and Organisation of HCFB*" (Chapter XX of this Listing Prospectus). HCFB is the Originator and Seller.

## **XI. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**

### **Financial Information**

The Issuer intends to publish its annual first financial statements in respect of the year ending 2005. Any future published financial statements prepared by the Issuer (which will be in respect of the period ending on 31 December each year) will be available from the Principal Paying Agent.

KPMG S.à. r.l. has audited the Issuer's balance sheet dated 25 November 2005 and profit and loss accounts prepared in accordance with Luxembourg law and regulations and has issued an unqualified opinion. A copy of these financial statements is set out below.

### **Balance Sheet as of 25 November 2005 (Expressed in Euro)**

<b>Assets</b>	<b>EUR</b>
Formation Expenses	11,000.00
Current Assets	
Cash at Banks	34,100.00
Loss for the Period	5,040.00
	<hr/>
	50,140.00
	<hr/>
<b>Liabilities</b>	<b>EUR</b>
Capital	
Subscribed Capital	31,000.00
Legal Reserve	3,100.00
Liabilities	
Other Liabilities	16,040.00
	<hr/>
	50,140.00
	<hr/>

### **Profit and Loss Account for the Period from 25 October 2005 (Date of Incorporation) to 25 November 2005 (Expressed in Euro)**

<b>Expenses</b>	<b>EUR</b>
General and Administrative Expenses	5,040.00
<b>Loss for the Period</b>	<hr/>
	5,040.00
	<hr/>

KPMG S.à. r.l. have produced an audit report in relation to this balance sheet and profit and loss account which states that, in their opinion, the balance sheet and the profit and loss account give, in conformity with Luxembourg legal and regulatory requirements, a true and fair view of the financial position of the Issuer as of 25 November 2005. This audit report was produced at the request of the Issuer. KPMG S.à. r.l. and the Issuer have consented to the inclusion of this information in the Listing Prospectus in the form and context in which it appears. For details about KPMG S.à. r.l., please see "*Statutory Auditors of the Issuer*" (Chapter IV of this Listing Prospectus).

### **Capitalisation and Indebtedness**

The following table sets out the capitalisation and indebtedness of the Issuer as at the date of this Listing Prospectus adjusted for the issue of the Notes and the Class Z Coupons and the drawdown of the Subordinated Loan Facility on the Closing Date:



**Indebtedness**

The Class A-1 Notes	Up to €230,000,000
The Class A-2 Notes	Up to €33,000,000
The Class B Notes	Up to €28,000,000
Subordinated Loan Facility	Initially €20,800,000 (which may be increased or reduced from time to time)

**Share Capital**

Issued shares (3,100 registered shares of €10 each)	€31,000
Preference Share (1 shares of €100 each)	€100

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**Total Initial Capitalisation** Initially, up to €311,831,100

Save as disclosed above, the Issuer has no loan capital outstanding, has not created shares which have not been allotted and has no term loans and no other borrowings or indebtedness in the nature of borrowings nor any contingent liabilities, nor has the Issuer created any mortgages, charges or given any guarantees.

There has been no material adverse change in the financial position or prospects of the Issuer since the date of its last audited financial statements, dated 25 November 2005.

**Legal and Arbitration Proceedings**

As at the date of this Listing Prospectus, no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) have occurred since the date of the Issuer's incorporation, which may have or have had in the recent past significant effects on the Issuer's financial position or profitability.

## **XII. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST**

The Issuer confirms that to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case):

- (a) the information obtained from HCFB in relation to the business and organisation of HCFB, the market in which it conducts business and the Receivables Portfolio (see Chapter IV of this Listing Prospectus and Chapter XX of this Listing Prospectus) has been accurately reproduced and that no facts have been omitted which would render the information inaccurate or misleading;
- (b) the information obtained from KPMG S.à. r.l in relation to its audit of the Issuer's financial statements dated 25 November 2005 (see "*Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses - Financial Information*", Chapter XI of this Listing Prospectus) has been accurately reproduced and that no facts have been omitted which would render the information inaccurate or misleading; and
- (b) the information obtained from KPMG Limited in relation to KPMG Limited's review of the Seller's consolidated interim financial statements for the six month period ended 30 June 2005 (see "*The Underlying Assets – business and organisation of HCFB – Overview*" Chapter XX of this Listing Prospectus), the information concerning KPMG Limited's carrying out of the agreed procedures with respect to a sample of Consumer Loan Agreements as of 10 October 2005 (see "*The Underlying Assets - Assets Backing the Notes and the Class Z Coupons: the Receivables Portfolio - General Description of the Receivables Portfolio – The Receivables*" Chapter XX of this Listing Prospectus), and the information concerning KPMG Limited's activities with respect to the statistical information relating to certain of the Consumer Loan Agreements as of 9 October 2005 (see "*The Underlying Assets - Assets Backing the Notes and the Class Z Coupons: the Receivables Portfolio – Description of the Consumer Loan Agreements and Statistical Information Concerning Certain of the Underlying Assets – Statistical Information Concerning the Underlying Assets as at 9 October 2005*" Chapter XX of this Listing Prospectus) has been accurately reproduced and that no facts have been omitted which would render the information inaccurate or misleading.

### XIII. DOCUMENTS ON DISPLAY

Copies of the following documents may be inspected in physical or electronic form during usual business hours on any day (excluding Saturdays, Sundays and public holidays) at the specified office of the Principal Paying Agent and at the registered office of the Issuer until the Notes and the Class Z Coupons have been redeemed in full in accordance with the Conditions:

- (a) the Articles;
- (b) the following documents (collectively, and including the Notes, the Class Z Coupons, the "**Transaction Documents**"):
  - (i) the Master Definitions and Framework Deed;
  - (ii) the Receivables Purchase Agreement;
  - (iii) the Servicing Agreement;
  - (iv) the Trust Deed;
  - (v) the Issuer Deed of Charge;
  - (vi) the Issuer Agreement of Pledge of Rights;
  - (vii) the Issuer Accounts Pledge Agreement;
  - (viii) the Issuer Accounts Agreement;
  - (ix) the Issuer HCFB Accounts Agreement together with the HCFB Bank Account Addendum Agreement;
  - (x) the Issuer IMB Accounts Agreement together with the IMB Bank Account Addendum Agreement;
  - (xi) the Cash Management Agreement;
  - (xii) the Subordinated Loan Facility Agreement;
  - (xiii) the Liquidity Facility Agreement;
  - (xiv) the Agency Agreement;
  - (xv) the Data Agency Agreement;
  - (xvi) the Data Custody Agreement;
  - (xvii) the Corporate Services Agreement; and
  - (xviii) the Hedge Agreement.
- (c) as soon as they are prepared and become available, the Issuer's annual audited financial statements.

#### **XIV. SUMMARY OF PRINCIPAL DOCUMENTS**

*The information in this section is a summary of the certain provisions of certain of the Transaction Documents. This summary should be read in conjunction with and is qualified in its entirety by reference to all the provisions of the Transaction Documents. Copies of the Transaction Documents are available for inspection at the specified office of the Principal Paying Agent and at the registered office of the Issuer. Unless defined in this section, terms used in this section have the meaning given to them elsewhere in this Listing Prospectus, the relevant Transaction Document or in "Definitions" (Chapter XXIII of this Listing Prospectus).*

##### **Master Definitions and Framework Deed**

On the Closing Date, the Issuer, the Purchaser, the Originator, the Seller, the Servicer, the Standby Servicer, the Lead Manager, the Note Trustee, the Security Trustee, the Russian Enforcement Party, the Subordinated Loan Facility Provider, the Cash Manager, the Issuer Account Bank, the HCFB Account Bank, the IMB Account Bank, the Principal Paying Agent, the Irish Paying Agent, the Agent Bank, the Liquidity Facility Provider, the Hedge Counterparty, the Listing Agent, the Data Agent, the Corporate Services Provider and the Domiciliation Agent will enter into a master definitions and framework deed (the "**Master Definitions and Framework Deed**"), pursuant to which the parties will agree that the definitions, the principles of construction, the common terms and the other provisions of the Master Definitions and Framework Deed shall apply to each of the Transaction Documents into which they are incorporated.

The Master Definitions and Framework Deed will also contain provisions prohibiting the Transaction Parties from petitioning for the winding up of the Issuer and limiting their recourse to the Issuer and its available assets and provisions appointing the Russian Enforcement Party as its agent with respect to the enforcement of the Issuer Russian Security.

In addition, the Master Definitions and Framework Deed will provide that disputes arising under the Transaction Documents into which the provisions of the Master Definitions and Framework Deed are incorporated shall be settled by arbitration in accordance with the LCIA Rules.

The Master Definitions and Framework Deed will be governed by English law. Disputes arising under the Master Definitions and Framework Deed shall be settled by arbitration in accordance with the LCIA Rules.

##### **Receivables Purchase Agreement**

On the Closing Date, the Seller, the Purchaser and the Security Trustee will enter into a receivables purchase agreement (the "**Receivables Purchase Agreement**"), pursuant to which the Seller shall, from time to time, sell and assign, and the Purchaser shall purchase and accept, specified Receivables and Related Rights.

Each sale, assignment and purchase shall be made by delivery by the Seller of an Offer signed by the Seller to the Purchaser (with a copy to the Security Trustee). Each Offer shall specify the Purchase Price for the Receivables that are the subject of such Offer and each Offer shall be accompanied by a Receivables Listing, identifying each Specified Agreement. So long as certain conditions specified in the Transaction Documents are met and if funds are available as described in the Cash Management Agreement, the Purchaser shall accept the Offer. The Receivables Listing will be contained on a CD-ROM (or other medium). Two copies of the Receivables Listing will be deposited with the Data Custodian at the instruction of the Purchaser and the Data Agent.

The Receivables are selected by the Seller from the consumer loans that it has originated by reference to a number of Eligibility Criteria. In the event that any Receivable sold to the Purchaser pursuant to and in accordance with the Receivables Purchase Agreement proves to be an Ineligible Receivable, then the Seller shall either (a) on the Purchase Date immediately following the day on which such determination is made, pay the Purchaser an amount equal to the principal balance of the related Specified Agreement and the Purchaser, shall, following such receipt, reassign to the Seller such Receivable and any Related Rights arising under such Specified Agreement by an instrument in writing or (b) pay damages to the Purchaser in the amount set out in the Receivables Purchase Agreement.

Upon the occurrence of an Amortisation Event, no further Receivables may be sold to the Issuer. There are a number of Amortisation Events, which are described in Chapter XXI of this Listing Prospectus.

Following the occurrence of a Notification Event, the Purchaser may (upon instruction by the Security trustee, who may rely absolutely on advice given to it be the Standby Servicer) notify the Loan Customers of Receivables purchased under and in accordance with the Receivables Purchase Agreement of the Purchaser's ownership of such Receivables and may direct all or any of the Loan Customers to make all payments under the Loan Customers' related Specified Agreement directly to the Purchaser or its designee.

The Receivables Purchase Agreement will be governed by English law (including the warranties and indemnities), provided that the transfer of Receivables will be governed by and construed in accordance with the laws of the Russian Federation. Any dispute that may arise in connection with the Receivables Purchase Agreement will be resolved in accordance with the Master Definitions and Framework Deed.

### **Servicing Agreement**

On the Closing Date, the Servicer, the Issuer, the Standby Servicer and the Security Trustee will enter into a servicing agreement (the "**Servicing Agreement**"), pursuant to which the Issuer and the Security Trustee will appoint the Servicer and the Standby Servicer to provide certain services relating to the servicing of the Receivables Portfolio (the "**Services**").

Without in any way relieving it of liability for their performance, the Servicer may appoint any of its subsidiaries or third parties as its sub-contractor to carry out certain of the Services subject to certain conditions specified in the Servicing Agreement.

The duties of the Servicer will be set out in the Servicing Agreement, and will include but shall not be limited to:

- (a) servicing and administering the Receivables Portfolio;
- (b) administering relationships with the Loan Customers;
- (c) complying with its customary and usual servicing procedures for servicing comparable consumer loan receivables in accordance with its policies and procedures relating to its consumer loan business;
- (d) collecting amounts due in respect of the Receivables Portfolio and servicing and administering the cash amounts received in respect of the Receivables Portfolio;
- (e) implementing the enforcement procedures in relation to defaulted Receivables; and
- (f) preparing periodic reports in relation to the Receivables Portfolio in an agreed form including reports on Written-Off Agreements.

The Servicer has undertaken to prepare and submit to the Issuer within three Business Days after each Calculation Period a monthly report containing information in relation to the Receivables Portfolio in respect of the preceding Calculation Period.

Under the Servicing Agreement, the Servicer and the Standby Servicer are entitled to certain fees, whereby the fees of the Standby Servicer depend on its level of involvement in the servicing process. Both the Servicer and the Standby Servicer will receive Senior Fees. The Standby Servicer will also receive Junior Fees. The Senior Fees payable to the Servicer and/or the Standby Servicer annually will be one per cent. of the aggregate outstanding principal balance of all Purchased Receivables calculated as at the first day of each Calculation Period, including any applicable VAT, payable monthly in arrear on the next Interest Payment Date plus, in the case of the Standby Servicer, a maximum aggregate amount of \$3,907,000 until the Final Maturity Date.

Each of the Servicer and the Standby Servicer will make certain representations and warranties to the Issuer and the Security Trustee in accordance with the terms of the Servicing Agreement relating to itself and its entering into the relevant Transaction Documents to which it is a party.

The Servicer will be required to make positive and negative covenants in favour of the Issuer and the Security Trustee in accordance with the terms of the Servicing Agreement relating to itself and its entering into the relevant Transaction Documents to which it is a party, including, but not limited to, an undertaking to enter into the Data Agency Agreement and to maintain a Contingency Plan in order to aid in the transition of servicing

from the Servicer to a Replacement Servicer and to support the Standby Servicer in performing its duties under the Servicing Agreement.

The Servicer will procure that all collections received from Loan Customers in respect of the Receivables Portfolio are deposited into the Issuer First HCFB Account and shall be immediately further transferred to the Issuer Rouble Account forthwith upon (and to the extent practicable on the same day as) deduction by the Servicer of the amount in question from the relevant Loan Customer's Customer Current Account. The Servicer will give instructions to the Issuer Account Bank to ensure that monies received by the Issuer Account Bank from Loan Customers on any Business Day are paid on such day into the Issuer Rouble Account.

The Standby Servicer shall covenant to enter into and maintain certain agreements with third parties and shall review, every six months, the Servicer's computer hardware, software, processes and facilities employed in servicing the Purchased Receivables. The Standby Servicer shall also be required to create certain reports upon the request of the Security Trustee after the occurrence of a Servicer Event.

Upon the occurrence of any of certain enumerated events listed in the Servicing Agreement as Servicer Events, the Security Trustee shall be entitled to require the Standby Servicer to produce certain reports as more fully set out in the Servicing Agreement and shall be entitled to appoint a Replacement Servicer (who may be, but is not required to be, the Standby Servicer) to perform the Services in accordance with the terms of the Servicing Agreement. In determining whether the Standby Servicer or another Replacement Servicer should perform the Services, the Security Trustee will rely absolutely and act on the advice of the Standby Servicer and will not incur any liability whatsoever for so acting.

Pursuant to the Servicing Agreement, the Replacement Servicer will be entitled to use as much of the Servicer's staff, infrastructure, out-sourcing contracts and specialised systems as it considers can reliably be used at that time. This arrangement could also permit the transfer of servicing responsibility to the Replacement Servicer without requiring notification to have been given to the Loan Customers.

To assist the Replacement Servicer in carrying out its duties, a software application has been created by the Servicer, held at the Data Custodian which the Servicer has agreed will be available to the Replacement Servicer. In the Servicing Agreement, the Servicer will warrant that such software application is suitable for the purpose of tracking and reconciling payments made by Loan Customers in connection with the Receivables Portfolio through the Russian Post Office and certain banks. In addition, the Servicer will be under an obligation to produce and deposit a data file recording information relating to the Purchased Receivables and, on a monthly (following the withdrawal or reduction of the Servicer's long-term unsecured foreign currency rating to below Ba3 by Moody's daily) basis, an updated data file.

Upon the appointment of the Replacement Servicer, the Security Trustee shall direct the Data Agent to release the CD-ROM with the Receivables Administration Data to the Replacement Servicer and the Replacement Servicer shall then become the Servicer under the Servicing Agreement. Following the appointment of the Replacement Servicer, the Servicer shall agree to co-operate with the Replacement Servicer to the fullest extent, as more fully set out in the Servicing Agreement, in order to permit the Replacement Servicer to perform the Services. The Servicer will be responsible for a limited amount of expenses and costs incurred by a Replacement Servicer in connection with the enforcement of any defaulted Receivables.

The appointment of the Servicer under the Servicing Agreement will terminate on the earlier to occur of the date the Security Trustee appoints a Replacement Servicer in accordance with the Servicing Agreement and the Final Discharge Date. The appointment of the Standby Servicer under the Servicing Agreement will terminate on the earlier to occur of the date the Security Trustee appoints a Replacement Servicer that is not the Standby Servicer and the Final Discharge Date. The Servicing Agreement will terminate on the Final Discharge Date.

The Servicing Agreement will be governed by English law. Any dispute that may arise in connection with the Servicing Agreement will be resolved in accordance with the Master Definitions and Framework Deed.

The Servicing Agreement will have annexed to it a services agreement between the Servicer and the Russian Post Office, a services agreement between the Standby Servicer and the Russian Post Office, a services agreement between the Servicer, the Standby Servicer, the Issuer and Home Credit International ("**HCI**"), a services agreement between the Servicer and Beta-Service and a servicing agreement between the Standby Servicer and Beta-Service. These agreements are necessary to enable each of the Servicer and the Standby Servicer to perform their duties under the Servicing Agreement. Each of the Servicer and, on an "all reasonable

endeavours basis", the Standby Servicer will warrant that these agreements will be executed and will remain in place for the duration of the transaction.

### **Trust Deed and Issuer Deed of Charge**

On the Closing Date, the Issuer and the Note Trustee will enter into a trust deed (the "**Trust Deed**"), pursuant to which the Note Trustee will agree to act as trustee for the benefit of the Noteholders. The Notes are constituted by the Trust Deed and the Conditions and the form of the Notes are set out in the Trust Deed.

On the Closing Date, the Issuer and the Security Trustee will enter into a deed of charge (the "**Issuer Deed of Charge**"), pursuant to which the Issuer will create, in favour of the Security Trustee on its own behalf and on behalf of the Secured Creditors, the Issuer Non-Russian Security.

In accordance with the terms of the Trust Deed and the Issuer Deed of Charge, the Issuer will pay a fee to the Note Trustee and the Security Trustee for its services under the Trust Deed or the Issuer Deed of Charge, as applicable, at the rate and times agreed between the Issuer and the Note Trustee or the Security Trustee, as applicable, together with payment of any liabilities incurred by the Note Trustee or the Security Trustee in relation to their performance of its obligations under the Trust Deed or the Issuer Deed of Charge, as applicable.

For a description of the manner in which the liability of the Security Trustee is limited see "*Risk Factors – Risks Relating to the Notes – Security Trustee*" (Chapter IV of this Listing Prospectus).

Each of the Note Trustee and the Security Trustee may retire at any time upon giving not less than three calendar months notice in writing to the Issuer without providing a reason and without being responsible for any liabilities occasioned by such retirement. The retirement of the Note Trustee and the Security Trustee shall not become effective unless there remains a trustee in office after such retirement. The Issuer will agree in the Trust Deed that, in the event of the sole trustee or the only trustee under the Trust Deed giving notice of its retirement, it shall use its best endeavours to arrange for a new trustee to be appointed, at its own expense.

The Trust Deed and the Issuer Deed of Charge will be governed by English law. Any dispute that may arise in connection with the Trust Deed and the Issuer Deed of Charge Agreement will be resolved in accordance with the Master Definitions and Framework Deed.

### **Issuer Pledge of Rights Agreement**

On the Closing Date, the Issuer and the Russian Enforcement Party will enter into a pledge of rights agreement (the "**Issuer Pledge of Rights Agreement**"), pursuant to which the Issuer will pledge its rights to the Purchased Receivables, to the Issuer First HCFB Account and all related rights to the Russian Enforcement Party. The Russian Enforcement Party will be entitled to levy execution against the pledged rights in case it is notified by the Note Trustee that the Note Trustee has instructed the Security Trustee to take enforcement steps with respect to the Issuer Non-Russian Security. Any proceeds from the sale of the pledged rights will be transferred to the Security Trustee for distribution to the Secured Creditors in accordance with the Priority of Payments.

The Issuer Pledge of Rights Agreement will be governed by the laws of the Russian Federation. Any dispute that may arise in connection with the Issuer Pledge of Rights Agreement will be resolved in accordance with the Master Definitions and Framework Deed.

### **Issuer Accounts Pledge Agreement**

On the Closing Date, the Issuer and the Security Trustee will enter into a pledge agreement (the "**Issuer Accounts Pledge Agreement**"), pursuant to which the Issuer will pledge all present and future credit balances, including all interest payable, standing or accruing to the credit of the Issuer Euro Account, the Issuer Rouble Account and the Class A-2 Escrow Account, all rights to all present and future monies in such accounts, all rights and other claims related to such accounts or the relationship underlying such accounts and all claims of the Security Trustee against the Issuer Accounts Bank to have amounts credited to such accounts to the Security Trustee. The Security Trustee will be entitled to enforce the pledges created by the Issuer Accounts Pledge Agreement in accordance with the Issuer Deed of Charge.

The Issuer Accounts Pledge Agreement will be governed by the laws of Germany. Any dispute that may arise in connection with the Issuer Account Pledge Agreement will be resolved in accordance with the Master Definitions and Framework Deed.

## **Issuer Accounts Agreement**

On the Closing Date, the Issuer, the Issuer Account Bank, the Cash Manager and the Security Trustee will enter into an accounts agreement (the "**Issuer Accounts Agreement**"), pursuant to which the Issuer Account Bank will agree to open and maintain the Issuer Euro Account, the Issuer Rouble Account and the Class A-2 Escrow Account, which are to be held in the name of the Issuer, and to provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies from time to time standing to the credit of the Issuer Euro Account, the Issuer Rouble Account and the Class A-2 Escrow Account. The Issuer Account Bank will pay interest on the amount standing to the credit of the Issuer Euro Account and the Class A-2 Escrow Account but will not pay interest on the amount standing to the credit of the Issuer Rouble Account.

The Issuer Account Bank will agree to comply with any instructions given by the Cash Manager or the Issuer in relation to the management of the Issuer Euro Account, the Issuer Rouble Account and the Class A-2 Escrow Account. The Note Trustee and the Security Trustee will be provided with copies of the information relating to the Issuer Accounts but will not sign off on or be in any way responsible for such statements.

The Issuer Accounts Agreement provides that in the event that the Issuer Account Bank ceases to have a long-term debt rating of at least Baa3 by Moody's, the Issuer Account Bank will be required within 30 days, at its own expense, to do one of the following:

- (a) put in place a mark-to-market collateral agreement on terms and providing for an amount of collateral reasonably satisfactory to the Issuer, the Security Trustee and Moody's, in support of its obligations under the Issuer Accounts Agreement;
- (b) transfer all of its rights and obligations with respect to the Issuer Accounts Agreement to a replacement third party whose, or whose credit support provider's, long-term, senior, unsecured and unguaranteed debt obligations are rated at least as high by Moody's as Baa3 (or its equivalent) or such other long-term rating as is commensurate with the rating assigned to the Notes by Moody's prior to the downgrading of the Issuer Account Bank; or
- (c) procure another person to become co-obligor in respect of the its obligations under the Issuer Accounts Agreement or take such other action as it may agree with the Issuer, the Security Trustee and Moody's, in each case as will result in the rating of the Notes following the taking of such action being rated no lower than the rating of the Notes immediately prior to the downgrading of the Issuer Account Bank.

If the Issuer Account Bank fails to take any of the steps described above, the Issuer will be entitled (but not obliged) to terminate the Issuer Accounts Agreement.

The Issuer Accounts Agreement will be governed by German law. Any dispute that may arise in connection with the Issuer Accounts Agreement will be resolved in accordance with the Master Definitions and Framework Deed.

## **Issuer HCFB Accounts Agreement and HCFB Bank Account Addendum Agreement**

On or about the Closing Date, HCFB Account Bank and the Issuer will enter into an accounts agreement (the "**Issuer HCFB Accounts Agreement**") and the Issuer, the HCFB Account Bank, the Russian Enforcement Party and the Cash Manager will enter into an agreement relating to the Issuer HCFB Accounts Agreement (the "**Bank Account Addendum Agreement**"), pursuant to which the HCFB Account Bank will agree to open and maintain the Issuer HCFB Accounts, which are to be held in the name of the Issuer, and to provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies from time to time standing to the credit of the Issuer HCFB Accounts.

The HCFB Account Bank will not pay interest on the amount standing to the credit of the Issuer HCFB Accounts. The HCFB Account Bank will agree to comply with any instructions given by the Cash Manager or the Issuer in relation to the management of the Issuer HCFB Accounts.

The Russian Enforcement Party will have a direct debit right with respect to the Issuer First HCFB Account and will be entitled to exercise such right without the Issuer's consent if any payment due from the Issuer under the Transaction Documents has not been received by the Secured Creditors. Any amounts debited will be



transferred to the Security Trustee for distribution to the Secured Creditors in accordance with the Priority of Payments.

The Issuer HCFB Accounts Agreement will be governed by the laws of the Russian Federation. Any dispute that may arise in connection with the Issuer HCFB Accounts Agreement will be resolved in accordance with the Master Definitions and Framework Deed.

### **Issuer IMB Accounts Agreement and IMB Bank Account Addendum Agreement**

On or about the Closing Date, the Issuer, the IMB Account Bank, the Cash Manager and the Security Trustee will enter into an accounts agreement (the "**Issuer IMB Accounts Agreement**") and the Issuer, the IMB Account Bank, the Cash Manager and the Russian Enforcement Party will enter into an agreement relating to the Issuer IMB Accounts Agreement (the "**IMB Bank Account Addendum Agreement**"), pursuant to which the IMB Account Bank will agree to open and maintain the Issuer Standby Servicer Account, which is to be held in the name of the Issuer, and to provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies from time to time standing to the credit of the Issuer Standby Servicer Account.

The IMB Account Bank will not pay interest on the amount standing to the credit of the Issuer Standby Servicer Account. The IMB Account Bank will agree to comply with any instructions given by the Cash Manager or the Issuer in relation to the management of the Issuer Standby Servicer Account.

The Russian Enforcement Party will have a direct debit right with respect to the Issuer Standby Servicer Account and will be entitled to exercise such right without the Issuer's further consent or authorisation if any payment due from the Issuer under the Transaction Documents has not been received by the Secured Creditors. Any amounts debited will be transferred to the Security Trustee for distribution to the Secured Creditors in accordance with the Priority of Payments.

The Issuer IMB Accounts Agreement will be governed by the laws of the Russian Federation. Any dispute that may arise in connection with the Issuer IMB Accounts Agreement will be resolved in accordance with the Master Definitions and Framework Deed.

### **Cash Management Agreement**

On the Closing Date, the Issuer, the Cash Manager, the Servicer, the Hedge Counterparty and the Security Trustee will enter into a cash management agreement (the "**Cash Management Agreement**"), pursuant to which the Cash Manager will agree to provide the Cash Management Services. The Cash Management Agreement also sets out the Priority of Payments.

The Cash Management Agreement principally sets out the obligations of the Cash Manager in respect of the transactions necessary to organise the hedging of the Issuer's assets and liabilities, the management of cash (RUR and EUR), the operation of the Subordinated Loan Facility and the Liquidity Facility and the various calculations, confirmations, reports and notices that arise incidentally to these processes and in connection with the Notes and the Class Z Coupons, both before and after an Amortisation Event has occurred. The Cash Management Agreement also provides that the Cash Manager will have authority to operate the Issuer Accounts.

In addition, the Cash Management Agreement regulates the manner in which amounts will be deposited into and released from the Class A-2 Escrow Account. Following the occurrence of an Amortisation Event, each time a payment of principal is made on the Class A-1 Notes, the Cash Manager will instruct the Issuer Account Bank to deposit an amount equal to the amount that would have been paid in respect of principal on the Class A-1 Notes if they had the Principal Amount Outstanding the Class A-2 Notes on such day (but without having regard to the principal payments that would be made on the Class A-1 Notes as a result of drawings from the Class A-2 Escrow Account) into the Class A-2 Escrow Account.

If the Security Trustee receives notice from Closed Joint Stock Company International Moscow Bank that a Commingling Loss has occurred, the Security Trustee shall notify the Cash Manager accordingly and the Cash Manager will, on the Notice Date, instruct the Issuer Account Bank to release an amount equal to such Commingling Loss from the Class A-2 Escrow Account to be applied by the Cash Manager on the next Interest Payment Date to make payments on the Class A-1 Notes and the Class B Notes in accordance with the Post Amortisation Priority of Payments. Whether or not a Commingling Loss has occurred and the amount of such

Commingling Loss is determined by Closed Joint Stock Company International Moscow Bank, which informs the Security Trustee accordingly.

To the extent that funds are not withdrawn from the Class A-2 Escrow Account to cover Commingling Losses, the Cash Manager will instruct the Issuer Account Bank to release amounts standing to the credit of the Class A-2 Escrow in accordance with a formula and such amounts will be applied by the Cash Manager to make payments of principal on the Class A-2 Notes in accordance with the Post Amortisation Priority of Payments. To the extent that the Class A-2 Noteholders suffer loss due to a Commingling Loss having occurred, the Servicer will undertake (in the Servicing Agreement) to pay an amount equal to such loss to the Issuer.

A number of provisions of the Cash Management Agreement limit the Cash Manager's liability with respect to its activities under the Cash Management Agreement. In particular, the Cash Manager will not (absent wilful default) be liable for any losses incurred by any person as a result of the Cash Manager failing to meet a deadline in relation to the Cash Management Services.

The Cash Manager may resign (or its appointment may be revoked by the Issuer (with the consent of the Security Trustee) or the Security Trustee) upon 30 days' written notice, provided that a successor shall have been appointed. Upon the occurrence of certain events, the Issuer (with the consent of the Security Trustee) or the Security Trustee may terminate the appointment of the Cash Manager.

The Cash Management Agreement will be governed by English law. Any dispute that may arise in connection with the Cash Management Agreement will be resolved in accordance with the Master Definitions and Framework Deed.

### **Subordinated Loan Facility Agreement**

On the Closing Date, the Issuer, the Subordinated Loan Facility Provider and the Security Trustee will enter into a subordinated loan facility agreement (the "**Subordinated Loan Facility Agreement**"), pursuant to which the Seller will provide the Issuer with the non-committed Subordinated Loan Facility.

The Subordinated Loan Facility will comprise (a) a revolving facility, which the Issuer may request to draw for the first 12 months from the Closing Date for the purpose of paying the Initial Expenses and (b) a revolving facility that will be available for the duration of the transaction, which the Issuer may request to draw in a number of circumstances, including to support the purchase of the Initial Receivables and to provide the Issuer with the funds it needs to accept an Offer (as described in more detail in "*Structure and Cash Flow – Amortisation Events, Notification Events, Servicer Events and the Class B Trigger - Operation of the Subordinated Loan Facility*" (Chapter XXI of this Listing Prospectus).

The Subordinated Loan Facility is a EUR facility. The initial size of the Subordinated Loan Facility will be EUR 20,800,000 and will be drawn on the Closing Date in respect of a first Funding Drawing that is sufficient to permit the Issuer to purchase the Receivables and a further amount in respect of the first Initial Expenses Drawing. The maximum amount of the facility may vary from time to time at the sole option of the Seller (but will not be reduced below the total principal balance of drawings that are outstanding from time to time, other than through repayments in accordance with the Priority of Payments). Further drawings may be requested by the Issuer from time to time in accordance with the conditions required to be satisfied in order for the Issuer to accept any Offer or to cover further Initial Expenses (for example, in connection with the marking up of the Permanent Global Notes and the Permanent Global Class Z Coupons, but provided money is provided). The Subordinated Loan Facility is un-committed and the Subordinated Loan Facility Provider may decline to make a requested advance, which will mean that the Issuer will not accept the relevant Offer or will not necessarily perform the action to which the additional expenses may relate. The interest rate in respect of any advances under the Subordinated Loan Facility is a fixed rate of 9 per cent. per annum and interest is payable in EUR. Obligations in respect of the Subordinated Loan Facility may only be repaid in accordance with the Priority of Payments.

The Subordinated Loan Facility Agreement will be governed by English law. Any dispute that may arise in connection with the Subordinated Loan Facility Agreement will be resolved in accordance with the Master Definitions and Framework Deed. For more information on the operation of the Subordinated Loan Facility Agreement see "*Structure and Cash Flow – Amortisation Events, Notification Events, Servicer Events and the Class B Trigger - Operation of the Subordinated Loan Facility*" (Chapter XXI of this Listing Prospectus).

## Liquidity Facility Agreement

On the Closing Date, the Issuer, the Liquidity Facility Provider, the Security Trustee and the Cash Manager will enter into a liquidity facility agreement (the "**Liquidity Facility Agreement**"), pursuant to which the Liquidity Facility Provider will provide the Issuer with the Liquidity Facility, which the Issuer may draw down for the purpose of settling the RUR delivery obligations arising under the Forward Legs of maturing Non-Round FX Swaps and to support the Issuer's general liquidity requirements.

The Liquidity Facility is a committed facility. The amount of the Liquidity Facility is EUR 17,300,000, but the Liquidity Facility may only be drawn and repaid in RUR (and therefore the RUR amount of the facility will fluctuate in line with fluctuations in the level of RUR to EUR exchange rates). The interest rate in respect of any advances under the Liquidity Facility will be a commercial market floating rate to reflect the risk and tenor of the advance including a margin. A commitment fee is also payable (in EUR) on a monthly basis in respect of the undrawn amount of the Liquidity Facility (measured in EUR). Obligations in respect of the Liquidity Facility may only be repaid in accordance with the Priority of Payments and rank in priority to the Notes.

The Liquidity Facility Agreement provides that in the event that the Liquidity Facility Provider ceases to have a long-term debt rating of at least Baa3 by Moody's, the Liquidity Facility Provider will be required within 30 days, at its own expense, to do one of the following:

- (a) put in place a mark-to-market collateral agreement on terms and providing for an amount of collateral reasonably satisfactory to the Issuer, the Security Trustee and Moody's, in support of its obligations under the Liquidity Facility Agreement;
- (b) transfer all of its rights and obligations with respect to the Liquidity Facility Agreement to a replacement third party whose, or whose credit support provider's, long-term, senior, unsecured and unguaranteed debt obligations are rated at least as high by Moody's as Baa3 (or its equivalent) or such other long-term rating as is commensurate with the rating assigned to the Notes by Moody's prior to the downgrading of the Liquidity Facility Provider; or
- (c) procure another person to become co-obligor in respect of the its obligations under the Liquidity Facility Agreement or take such other action as it may agree with the Issuer, the Security Trustee and Moody's, in each case as will result in the rating of the Notes following the taking of such action being rated no lower than the rating of the Notes immediately prior to the downgrading of the Liquidity Facility Provider.

If the Liquidity Facility Provider fails to take any of the steps described above, the Issuer will be entitled (but not obliged) to terminate the Liquidity Facility Agreement.

The Liquidity Facility Agreement will be governed by English law. Any dispute that may arise in connection with the Liquidity Facility Agreement will be resolved in accordance with the Master Definitions and Framework Deed.

## Agency Agreement

On the Closing Date, the Issuer, the Security Trustee, the Principal Paying Agent, the Agent Bank, the Irish Paying Agent, the Listing Agent and the Cash Manager will enter into an agency agreement (the "**Agency Agreement**"), pursuant to which the Principal Paying Agent and the Irish Paying Agent will agree to act as depositary for the safekeeping of, and issuing and paying agent for, the Notes, the Agent Bank will agree to operate and maintain the paying agency accounts and the Listing Agent will agree to act as listing agent in respect of the Notes.

The Agency Agreement will be governed by English law. Any dispute that may arise in connection with the Agency Agreement will be resolved in accordance with the Master Definitions and Framework Deed.

## Data Agency Agreement

On or about the Closing Date, the Servicer, the Seller, the Issuer, the Purchaser, the Data Agent and the Security Trustee will enter into a Data Agency Agreement (the "**Data Agency Agreement**"), pursuant to which the Servicer will, from time to time, deposit a Receivables Listing, the Receivables Administration Data and the Application which would be pre-installed on a computer (the "**Data Property**") with the Data Custodian, at the

direction of the Data Agent. The Data Agent will be obliged to carry out certain checks of the Data Property including whether the Data Property can be read and to compare certain Data Property with the data in the Servicer's business system and hard copies of Consumer Loan Agreements.

If a Replacement Servicer is appointed in accordance with the Servicing Agreement, the Security Trustee will direct the Data Agent to release the Data Property to the Replacement Servicer. The Data Agent, if so instructed by the Security Trustee under the Data Agency Agreement, will have the right to instruct the Data Custodian to transfer the Data Property to the Replacement Servicer.

The Data Agency Agreement will be governed by and construed in accordance with English law. Any dispute that may arise in connection with the Data Agency Agreement will be resolved in accordance with the Master Definitions and Framework Deed.

### **Data Custody Agreement**

On or about the Closing Date, the Data Custodian, the Data Agent, the Servicer and the Issuer will enter into a data custody agreement (the "**Data Custody Agreement**"), pursuant to which the Servicer and the Data Agent will, from time to time, deposit the Data Property with the Data Custodian. The Data Agent will specify to the Data Custodian all persons who may have access to the Data Property and who may remove the Data Property. The Data Custodian will be under an obligation to maintain the confidentiality of the Data Property and to ensure that it is secure and intact.

The Data Custody Agreement will be governed by and construed in accordance with the laws of the Russian Federation. Any dispute that may arise in connection with the Data Custody Agreement will be resolved by the Arbitrazh Court of Moscow.

### **Corporate Services Agreement**

On the Closing Date, the Issuer, the Corporate Services Provider and the Domiciliation Agent will enter into a corporate services agreement (the "**Corporate Services Agreement**"), pursuant to which the Corporate Services Provider and the Domiciliation Agent will agree to provide certain corporate book-keeping, taxation, secretarial and accounting services to the Issuer. In return for such services, the Corporate Services Provider and the Domiciliation Agent will receive a fee payable by the Issuer on each Interest Payment Date in accordance with the Priority of Payments.

The Corporate Services Agreement may be terminated by any of the parties on not less than 180 days' written notice to the Issuer and the Security Trustee, provided the Security Trustee consents in writing to such termination. No termination of the appointment of the Corporate Services Provider or the Domiciliation Agent may occur unless a successor corporate services provider or domiciliation agent, as applicable, acceptable to the Issuer and the Security Trustee has been appointed and such substitute, which must have the necessary expertise, has entered into an agreement substantially on the terms of the Corporate Services Agreement and the Corporate Services Provider and the Domiciliation Agent shall not be released from any of its obligations under the Corporate Services Agreement until such substitute has validly entered into such new agreement. For termination to become effective, the Rating Agency must also confirm that the then current rating of the Notes will not be affected as a result of the termination and substitution.

The Corporate Services Provider will provide corporate administration and secretarial services to the Issuer, which will include:

- (a) dispatch of shareholder and board meeting notices;
- (b) handling enquiries and making appropriate filings (or assisting the Issuer's auditors in so doing) with legal and regulatory bodies, other authorities and the Irish Stock Exchange;
- (c) keeping and maintaining books, records and statutory accounts and procuring that the same are distributed to relevant parties;
- (d) advising on the appointment of company lawyers and auditors and supervising the performance of any agents; and
- (e) maintaining registrations and licences.

The Corporate Services Agreement will be governed by and construed in accordance with the laws of the Grand Duchy of Luxembourg. The courts of the Grand Duchy of Luxembourg will have exclusive jurisdiction to hear and determine any disputes that may arise in connection with the Corporate Services Agreement.

### **Hedge Agreement**

The Hedge Counterparty, the Issuer and the Security Trustee have entered into a hedge agreement (the "**Hedge Agreement**"), documented under the International Swaps and Derivatives Association Inc. 1992 Master Agreement (Multicurrency Cross Border Version), pursuant to which the Hedge Counterparty has committed to enter into the Non-Round FX Swaps and the RUR Interest Rates Swaps with the Issuer as described in "*Structure and Cash Flow – Hedging Activities*" (Chapter XXI of this Listing Prospectus).

The Hedge Counterparty's commitment under the Hedge Agreement is for a term from, and including, the Closing Date to, but excluding, the Final Maturity Date or any earlier date on which (a) the Class A Notes and Class B Notes are redeemed in full or (b) the Security Trustee certifies that there is no reasonable prospect of recovering on an economic basis any further amounts in respect of the Receivables Portfolio (the "**Commitment Period**"). Upon the occurrence of a Hedge Disruption Event (as designated by the Security Trustee based upon the advice of the Cash Manager), and while the circumstances that gave rise to it are continuing, the Hedge Counterparty's commitment under the Hedge Agreement will be suspended. During such period, the Hedge Counterparty will co-operate with the Cash Manager to use all reasonable endeavours to preserve the commercial effect of the ongoing programme of Non-Round FX Swaps and RUR Interest Rate Swaps, including (to the extent available) entering into similar swap transactions with the Issuer for a reduced notional amount or term or according to a different amortisation schedule.

The Hedge Agreement further provides that in the event that the Hedging Counterparty ceases to have a long-term debt rating of at least Baa3 by Moody's, the Hedge Counterparty will be required within 30 days, at its own expense, to do one of the following:

- (a) put in place a mark-to-market collateral agreement on terms and providing for an amount of collateral reasonably satisfactory to the Issuer, the Security Trustee and Moody's, in support of its obligations under the Hedge Agreement;
- (b) transfer all of its rights and obligations with respect to the Hedge Agreement to a replacement third party whose, or whose credit support provider's, long-term, senior, unsecured and unguaranteed debt obligations are rated at least as high by Moody's as Baa3 (or its equivalent) or such other long-term rating as is commensurate with the rating assigned to the Notes by Moody's prior to the downgrading of the Hedge Counterparty; or
- (c) procure another person to become co-obligor in respect of the its obligations under the Hedge Agreement or take such other action as it may agree with the Issuer, the Security Trustee and Moody's, in each case as will result in the rating of the Notes following the taking of such action being rated no lower than the rating of the Notes immediately prior to the downgrading of the Hedge Counterparty.

If the Hedge Counterparty fails to take any of the steps described above, the Issuer will be entitled (but not obliged) to terminate the Hedge Agreement.

The Hedge Agreement will be governed by English Law. Any dispute which may arise in connection with the Hedge Agreement will be resolved in accordance with the Master Definitions and Framework Deed.

## **XV. KEY INFORMATION**

### **Interest of Natural and Legal Persons Involved in the Issue**

The Lead Manager and its affiliates has engaged in or will in the future engage in investment banking and/or commercial banking transactions with and may perform services for the Seller or HCFB or their affiliates in the ordinary course of business.

## XVI. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING

### A. TERMS AND CONDITIONS OF THE NOTES AND THE CLASS Z COUPONS

*The following are the terms and conditions of the Notes and the Class Z Coupons in the form (subject to completion and amendment) in which they will be set out in the Trust Deed. They will be incorporated by reference into the Notes in global form and will be endorsed on the Notes and Class Z Coupons in definitive form (if any) issued in exchange for the Permanent Global Notes or the Permanent Global Class Z Coupons, as applicable. These terms and conditions include summaries of, and are subject to, the detailed provisions of, the Trust Deed, the Issuer Deed of Charge, the Agency Agreement and the other Transaction Documents (each as defined below).*

The €230,000,000 Class A-1 Consumer Loan Receivables Backed Floating Rate Notes due May 2012 (the "**Class A-1 Notes**"), the €33,000,000 Class A-2 Consumer Loan Receivables Backed Floating Rate Notes due May 2012 (the "**Class A-2 Notes**" and, together with the Class A-1 Notes, the "**Class A Notes**") and the €28,000,000 Class B Consumer Loan Receivables Backed Floating Rate Notes due May 2012 (the "**Class B Notes**" and, together with the Class A Notes, the "**Notes**"), together with the Class Z Coupons (as defined below) of Eurasia Structured Finance No. 1, S.A., Compartment 1 (the "**Issuer**") are created by a trust deed dated 8 December 2005 (or such later date as may be agreed between the Issuer, Home Credit & Finance Bank Limited Liability Company (the "**Originator**") and Bayerische Hypo- und Vereinsbank AG (the "**Lead Manager**"), (the "**Closing Date**"), (the "**Trust Deed**") between the Issuer and Deutsche Trustee Company Limited (in this capacity, the "**Note Trustee**") as trustee for the holders for the time being of the Notes (the "**Noteholders**"), the holders for the time being of the Class Z Coupons (the "**Class Z Couponholders**"), the holders for the time being of the Coupons (the "**Couponholders**") and the holders for the time being of the Talons (the "**Talontholders**") and are subject to these terms and conditions (the "**Conditions**").

The expressions "**Class A-1 Notes**", "**Class A-2 Notes**", "**Class A Notes**", "**Class B Notes**" and "**Notes**" and the "**Class Z Coupons**" shall in these Conditions, unless the context otherwise requires, include the Original Notes or the Original Class Z Coupons, as applicable (each as defined below), as well as any Delayed Draw Notes and Delayed Draw Class Z Coupons, as applicable (each as defined below) allotted pursuant to Condition 20 (*Delayed Draw Notes and Delayed Draw Class Z Coupons*). Any Delayed Draw Notes and Delayed Draw Class Z Coupons that are allotted shall form a single class with the Original Class A-1 Notes, the Original Class A-2 Notes, the Original Class B Notes or the Original Class Z Coupons (as the case may be).

Under an agency agreement dated the Closing Date (the "**Agency Agreement**") between the Issuer, the Note Trustee, Deutsche Trustee Company Limited as security trustee (in this capacity, the "**Security Trustee**"), Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**"), Deutsche International Corporate Services (Ireland) Limited as Irish paying agent (the "**Irish Paying Agent**" and together with the Principal Paying Agent and any other paying agents appointed from time to time in respect of the Notes under the Agency Agreement, the "**Paying Agents**"), and Deutsche Bank AG, London Branch as agent bank (the "**Agent Bank**" and, together with the Paying Agents, the "**Agents**") among other things, the Issuer will appoint the Paying Agents to make payments of principal, interest and other amounts (if any) in respect of the Notes and to make payments in respect of the Class Z Coupons on its behalf and will appoint the Agent Bank to make certain calculations in respect of the Notes and the Class Z Coupons. No paying agent shall be appointed in United States of America (including the States and the District of Columbia); or its territories and possessions include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

The Notes and the Class Z Coupons are secured obligations of the Issuer and security for the Notes and the Class Z Coupons is created by a deed of charge (the "**Issuer Deed of Charge**") dated the Closing Date between the Issuer and the Security Trustee, an agreement relating to the Issuer HCFB Accounts Agreement (the "**HCFB Bank Account Addendum Agreement**") dated the Closing Date between the Issuer, the HCFB Account Bank (as defined below), the Cash Manager (as defined below) and the Russian Enforcement Party (as defined below), an agreement relating to the Issuer IMB Accounts Agreement (the "**IMB Bank Account Addendum Agreement**") dated the Closing Date between the Issuer, the IMB Account Bank (as defined below), the Cash Manager and the Russian Enforcement Party, a pledge of rights agreement (the "**Issuer Pledge of Rights Agreement**") dated the Closing Date between the Issuer and the Russian Enforcement Party and a pledge agreement (the "**Issuer Accounts Pledge Agreement**") dated the Closing Date between the Issuer and the Security Trustee.

These Conditions include summaries of, and are subject to, the detailed provisions of, the Trust Deed, the Issuer Deed of Charge, the Agency Agreement and the other Transaction Documents.

If there is any conflict between these Conditions and the Trust Deed, these Conditions shall prevail. If there is any conflict between these Conditions and the Issuer Deed of Charge, the Issuer Deed of Charge shall prevail.

The Noteholders, the Class Z Couponholders, the Couponholders, the Talonholders and all persons claiming through them or under the Notes, Class Z Coupons, Coupons and Talons are entitled to the benefit of, and are bound by, this Deed, the Issuer Deed of Charge, the Agency Agreement and the other Transaction Documents, copies of which are available for inspection at the specified office of the Principal Paying Agent and at the registered office of the Issuer, situated at 7 Val Ste Croix, L-1371 Luxembourg.

The issue of the Notes and Class Z Coupons was authorised by resolution of the Board of Directors of the Issuer passed on or about 6 December 2005.

## 1. DEFINITIONS AND PRINCIPLES OF CONSTRUCTION

### *Definitions*

(a) In these Conditions:

"**Advance**" means each loan or other extension of credit made available to a Loan Customer by the Seller under a Consumer Loan Agreement;

"**Agency Agreement**" means the agency agreement dated the Closing Date between the Issuer, the Principal Paying Agent, the Irish Paying Agent, the Agent Bank, the Listing Agent, the Security Trustee and the Cash Manager;

"**Agent Bank**" means, as at the Closing Date, Deutsche Bank AG, London Branch, acting through its office at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom;

"**Agents**" means the Paying Agents and the Agent Bank or, where the context requires, any of them;

"**Amortisation Event**" means the occurrence of any of the following events:

- (i) the Portfolio Base Test is not satisfied on any Purchase Date, after giving effect to the purchase of Receivables and any drawings on such date;
- (ii) with effect from the first Calculation Date arising after the second Interest Payment Date, the average of the Excess Spread calculated for each of the three preceding Calculation Dates is below three per cent.;
- (iii) any Insolvency Event occurs in respect of the Seller or Insolvency Proceedings have been commenced against the Seller;
- (iv) the Seller fails to repurchase an Ineligible Receivable or fails to indemnify or pay damages to any person for breach of warranty in accordance with the Receivables Purchase Agreement when required to do so and such failure remains unremedied for five Business Days;
- (v) the Servicer fails to deliver a Servicer Report or fails to deliver a Servicer Report which is factually correct in all material respects within two Business Days of the due date;
- (vi) the Seller fails to perform or observe any term, covenant or agreement under the Receivables Purchase Agreement, or under any other Transaction Document to which it is a party and such failure, if capable of remedy, remains unremedied for 20 Business Days after receipt of a notice specifying such failure;
- (vii) the loss of any authorisations under any applicable law, rule or regulations that would be necessary in order for the Seller to conduct its consumer loan business, and which loss could reasonably be expected to result in a Material Adverse Effect;
- (viii) the foundation agreement or charter of the Seller is modified in any way that could reasonably be expected to have a Material Adverse Effect;



- (ix) any governmental interference by the government of the Russian Federation shall occur in connection with, or any Russian legislative, judicial, regulatory or other governmental action is taken that interferes with the Transaction Documents or the conduct by the Seller of its consumer loan origination business, and that has a Material Adverse Effect;
- (x) a change of control of the Seller occurs that has a Material Adverse Effect;
- (xi) the Seller repudiates or evidences an intention to repudiate any material term of the Transaction Documents;
- (xii) any representation, warranty, certification or statement made by the Seller in the Receivables Purchase Agreement, any other Transaction Document to which it is a party or in any other document delivered pursuant thereto (except for the representations and warranties given in Clause 7(j), (k), (n), (o), (t) and (u) (*Representations and Warranties*) of the Receivables Purchase Agreement, unless more than 2% of the Purchased Receivables are affected) proves to have been incorrect in any material respect when made or deemed made and if capable of remedy is not remedied within 20 Business Days after receipt of a notice specifying such failure;
- (xiii) except for the reassignment of any Purchased Receivable from the Purchaser to the Seller pursuant to Clause 3 (*Procedure with regard to Ineligible Receivables*) of the Receivables Purchase Agreement, stamp duty, withholding tax or a similar tax becomes payable by the Issuer in connection with the Receivables Purchase Agreement, any Transaction Documents or the transactions contemplated thereby;
- (xiv) the Seller defaults (A) in the payment of principal or interest on any Indebtedness that is outstanding in a principal amount of at least €25,000,000 and such default continues beyond any applicable grace period or (B) in the performance of any financial covenant in respect of such Indebtedness which could allow the creditor to request the acceleration thereof;
- (xv) the foreign currency rating of the Russian Federation is downgraded to a level that is below Ba3 by Moody's;
- (xvi) the long-term corporate credit rating of the Seller is downgraded or adjusted to a level below Ba3 by Moody's or is no longer maintained;
- (xvii) the Security Trustee, relying on advice received from the Standby Servicer, determines that a Commingling Loss has occurred;
- (xviii) the occurrence of an Enforcement Event;
- (xix) the Post Office Agreement between the Russian Post Office and Home Credit & Finance Bank Limited Liability Company is terminated by less than 30 days' notice and no substitute agreement or alternative arrangement acceptable to the Security Trustee is entered into by Home Credit & Finance Bank Limited Liability Company within five Business Days of the date on which such agreement terminates;
- (xx) the Post Office Agreement between the Russian Post Office and Home Credit & Finance Bank Limited Liability Company is terminated by at least 30 days' notice and no substitute agreement acceptable to the Security Trustee is entered into by Home Credit & Finance Bank Limited Liability Company within such notice period;
- (xxi) the Post Office Agreement between the Russian Post Office and Closed Joint Stock Company International Moscow Bank is not entered into before the Interest Payment Date Falling in March 2006, or, once entered, is terminated and no substitute agreement or alternative arrangement acceptable to the Security Trustee is entered into by Closed Joint Stock Company International Moscow Bank within 30 days of the date on which such agreement terminates or, in either case, and no alternative organisation acceptable to the Security Trustee is appointed as an alternative Standby Servicer or no alternative arrangement acceptable to the Security Trustee is put in place;

- (xxii) the occurrence of a Hedge Disruption Event;
- (xxiii) the occurrence of the Call Date;
- (xxiv) the occurrence of a Ratings Event; and
- (xxv) the Post Office Agreement between the Russian Post Office and Closed Joint Stock Company International Moscow Bank has not been executed before the parties thereto by the Interest Payment Date falling in March 2006 (or such earlier date as may be specified by the Rating Agency) and no other arrangements have been put in place to ensure that this does not have an adverse effect on the rating of the Notes,

provided that the occurrence of any of these events shall only take effect as an Amortisation Event from the date of the Note Amortisation Notice delivered by the Note Trustee to the Issuer in respect of that event in accordance with Condition 10(a) (*Amortisation - Determination of an Amortisation Event*);

**"Asset Excess Spread"** means, on a given date, the excess of the weighted average Issuer Yield of the Performing Receivables Portfolio (additionally including the Receivables, if any, which are expected to be sold to the Issuer on the date of calculation) over the weighted average fixed rate payable by the Issuer under the RUR Interest Rate Swaps as at such date expressed on an annual basis (meaning where monthly rates, for example, are multiplied by 12);

**"Assigned Contractual Rights"** means the right, title, interest and benefit of the Issuer under each of the Transaction Documents to which it is a party or in respect of which it has the benefit, except those governed by Russian law;

**"Available Cash"** means, on the relevant day, the cash resources of the Issuer including amounts received that day but excluding amounts standing to the credit of the Issuer Second HCFB Account and the Class A-2 Escrow Account and, following the enforcement of the Issuer Security in accordance with Condition 11 (*Enforcement*), the proceeds of the Enforcement of the Issuer Security;

**"Available Issuer Income"** means, on each Calculation Date, (a) the sum of amounts standing to the credit of the Issuer Euro Account and the Issuer Rouble Account on that Calculation Date *less* (b) Available Issuer Principal on that Calculation Date;

**"Available Issuer Principal"** means, on each Calculation Date, the amount of Issuer Principal on such date;

**"Basic Terms Modification"** means:

- (i) any modification which would have the effect, in respect of any Class of Notes or the Class Z Coupons, of (A) postponing or altering any day for the payment of interest or principal (to the extent there are funds available for the purpose), (B) reducing, cancelling or rescheduling the amount of principal or the amount or rate of interest payable, (C) altering the priority of payment of interest or principal, (D) altering the currency of payment or (E) altering the Final Maturity Date; or
- (ii) any modification to the Issuer Security in any manner not expressly contemplated by the Transaction Documents; or
- (iii) removing or replacing the Note Trustee or the Security Trustee; or
- (iv) an alteration of (A) the definition of "Basic Terms Modification", (B) the quorum required to pass an Extraordinary Resolution, (C) the majority required to pass an Extraordinary Resolution or (D) the majority required to pass a Written Resolution,

provided that any modification which is made by the Note Trustee to correct a manifest error or is of a formal, minor or technical nature shall not constitute a "Basic Terms Modification";

**"Business Day"** means a day (other than a Saturday or a Sunday):

- (i) on which commercial banks are open for general business in London, Moscow and Munich; and
- (ii) that is a TARGET Settlement Day;

**"Calculation Date"** means the last day of a calendar month, provided that the first Calculation Date shall be the Closing Date;

**"Calculation Period"** means the period commencing on (and including) the day following a Calculation Date and ending on (and including) the next Calculation Date, provided that the first Calculation Period shall commence on (and include) the Closing Date and end on (and include) the last day of the calendar month in which the Closing Date falls;

**"Call Date"** means the Interest Payment Date falling in May 2010;

**"Cash Management Agreement"** means the cash management agreement dated the Closing Date between the Issuer, the Cash Manager, the Hedge Counterparty, Servicer and the Security Trustee;

**"Cash Management Services"** mean the cash management services set out in Schedule 2 (*Cash Management Services*) to the Cash Management Agreement;

**"Cash Manager"** means, as at the Closing Date, Bayerische Hypo- und Vereinsbank AG, acting through its office at Arabellastrasse 12, 81925 Munich, Germany;

**"Class"** means the Class A-1 Notes, the Class A-2 Notes, the Class B Notes and the Class Z Coupons or any combination of them;

**"Class A-1 Interest Rate"** means the interest rate payable with respect to the Class A-1 Notes;

**"Class A-1 Noteholders"** means the holders of the Class A-1 Notes;

**"Class A-1 Notes"** means the Original Class A-1 Notes and, where the context requires, any Delayed Draw Class A-1 Notes;

**"Class A-1 Redemption Penalty"** means the penalty payable by the Issuer in respect of the Class A-1 Notes if the Class A-1 Notes are redeemed, either in part or in full, prior to the Call Date, which shall be as follows:

- (i) if the Class A-1 Notes are redeemed, either in part or in full, on any Interest Payment Date from (but excluding) the Closing Date to (and including) the Interest Payment Date falling in December 2006, an amount equal to four per cent. of the Principal Amount Outstanding with respect to the Class A-1 Notes so redeemed;
- (ii) if the Class A-1 Notes are redeemed, either in part or in full, on any Interest Payment Date from (but excluding) the Interest Payment Date falling in December 2006 to (and including) the Interest Payment Date falling in December 2007, an amount equal to three per cent. of the Principal Amount Outstanding with respect to the Class A-1 Notes so redeemed;
- (iii) if the Class A-1 Note are redeemed, either in part or in full, on any Interest Payment Date from (but excluding) the Interest Payment Date falling in December 2007 to (and including) the Interest Payment Date falling in December 2008, an amount equal to two per cent. of the Principal Amount Outstanding with respect to the Class A-1 Notes so redeemed;
- (iv) if the Class A-1 Notes are redeemed, either in part or in full, on any Interest Payment Date from (but excluding) the Interest Payment Date falling in December 2008 to (and including) the Interest Payment Date falling in December 2009, an amount equal to one per cent. of the Principal Amount Outstanding with respect to the Class A-1 Notes so redeemed;

- (v) if the Class A-1 Notes are redeemed, either in part or in full, on any Interest Payment Date from (but excluding) the Interest Payment Date falling in December 2009 to (but excluding) the Call Date, zero,

provided that that any Class A-1 Redemption Penalty that is due on the Class A-1 Notes shall accrue on the Class Z-1 Coupons and shall be paid to the Class Z-1 Couponholders on a pro rata basis;

**"Class A-2 Escrow Account"** means the Euro account held in the name of the Issuer with Bayerische Hypo- und Vereinsbank AG designated as the "Class A-2 Escrow Account";

**"Class A-2 Interest Rate"** means the interest rate payable with respect to the Class A-2 Notes;

**"Class A-2 Noteholders"** means the holders of the Class A-2 Notes;

**"Class A-2 Notes"** means the Original Class A-2 Notes and, where the context requires, any Delayed Draw Class A-2 Notes;

**"Class A-2 Redemption Penalty"** means the penalty payable by the Issuer in respect of the Class A-2 Notes if the Class A-2 Notes are redeemed, either in part or in full, prior to the Call Date, which shall be as follows:

- (i) if the Class A-2 Notes are redeemed, either in part or in full, on any Interest Payment Date from (but excluding) the Closing Date to (and including) the Interest Payment Date falling in December 2006, an amount equal to four per cent. of the Principal Amount Outstanding with respect to the Class A-2 Notes so redeemed;
- (ii) if the Class A-2 Notes are redeemed, either in part or in full, on any Interest Payment Date from (but excluding) the Interest Payment Date falling in December 2006 to (and including) the Interest Payment Date falling in December 2007, an amount equal to three per cent. of the Principal Amount Outstanding with respect to the Class A-2 Notes so redeemed;
- (iii) if the Class A-2 Note are redeemed, either in part or in full, on any Interest Payment Date from (but excluding) the Interest Payment Date falling in December 2007 to (and including) the Interest Payment Date falling in December 2008, an amount equal to two per cent. of the Principal Amount Outstanding with respect to the Class A-2 Notes so redeemed;
- (iv) if the Class A-2 Notes are redeemed, either in part or in full, on any Interest Payment Date from (but excluding) the Interest Payment Date falling in December 2008 to (and including) the Interest Payment Date falling in December 2009, an amount equal to one per cent. of the Principal Amount Outstanding with respect to the Class A-2 Notes so redeemed;
- (v) if the Class A-2 Notes are redeemed, either in part or in full, on any Interest Payment Date from (but excluding) the Interest Payment Date falling in December 2009 to (but excluding) the Call Date, zero,

provided that that any Class A-2 Redemption Penalty that is due on the Class A-2 Notes shall accrue on the Class Z-2 Coupons and shall be paid to the Class Z-2 Couponholders on a pro rata; basis

**"Class A Noteholders"** means the holders of the Class A Notes;

**"Class A Notes"** means the Class A-1 Notes and the Class A-2 Notes;

**"Class A Note Ratio"** means the ratio the Principal Outstanding Amount of the Class A-1 Notes bears to the Principal Outstanding Amount of the Class A-2 Notes on the date of the relevant Note Amortisation Notice;

**"Class B Interest Rate"** means the interest rate payable with respect to the Class B Notes;

**"Class B Noteholders"** means the holders of the Class B Notes;

**"Class B Notes"** means the Original Class B Notes and, where the context requires, any Delayed Draw Class B Notes;

**"Class B Trigger"** means, on any Business Day, the test represented by the calculation set out below, which will be passed if such calculation holds true on such Business Day:

$A + B$  exceeds  $C$

Where:

"A" is equal to the outstanding balance of the Performing Receivables Portfolio (calculated in RUR) plus the Unamortised Commission Amount;

"B" is equal to RUR and EUR cash balances held by the Issuer in any Issuer Account, expressed in RUR at the prevailing FX spot rate (including, for the avoidance of doubt, any cash balance deposited in the Class A-2 Escrow Account) but excluding any cash balance deposited in the Issuer Second HCFB Account;

"C" is equal to the Principal Amount Outstanding of the Notes together with all accrued estimated senior expenses and accrued EUR interest on such Notes expressed in RUR (converted from EUR to RUR where necessary at the prevailing FX swap rate derived by reference to the weighted average rate applicable to all outstanding Non-Round FX Swaps (weighted by reference to the amounts of the Forward Legs of such Non-Round FX Swaps) plus the amount of any outstanding drawings under the Liquidity Facility and any accrued interest thereon;

**"Class Z Couponholders"** means:

- (i) in relation to any Class Z Coupons represented by the Permanent Global Class Z Coupons, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg or any other person the Note Trustee considers appropriate as the holder of a particular Class Z Coupon; and
- (ii) in relation to any Definitive Class Z Coupons issued under Condition 2(f) (*Form, Denomination and Title – Form of Definitive Notes and Definitive Class Z Coupons*), the bearers of those Definitive Class Z Coupons,

and related expressions shall be construed accordingly;

**"Class Z-1 Coupons"** means the Original Class Z-1 Coupons and, where the context requires, any Delayed Draw Class Z-1 Coupons;

**"Class Z-1 Couponholders"** means the holders of the Class Z-1 Coupons;

**"Class Z-2 Coupons"** means the Original Class Z-2 Coupons and, where the context requires, any Delayed Draw Class Z-2 Coupons;

**"Class Z-2 Couponholders"** means the holders of the Class Z-2 Coupons;

**"Class Z Coupons"** means the Class Z-1 Coupons and the Class Z-2 Coupons and, where the context requires, either of them;

**"Clearstream, Luxembourg"** means Clearstream Banking, société anonyme;

**"Closing Date"** means 8 December 2005 (or such later date as may be agreed between the Issuer, the Originator and the Lead Manager);

**"Collection"** means each amount received by the Seller, the Servicer or the Purchaser with respect to a Purchased Receivable that would discharge the obligation of the Loan Customer to pay such amount under the related Specified Agreement, including, without limitation, all proceeds of Related Rights with respect to such Purchased Receivable;

"**Commingled Cash**" means, on any day, the amount that is on deposit in current accounts Loan Customers maintained with the Servicer;

"**Commingling Loss**" means any amount notified by the Standby Servicer to the Security Trustee as constituting Collections received by the Servicer but not paid to the Issuer as and when specified under the Transaction Documents;

"**Commission Amount**" of any Specified Agreement means an amount equal to the monthly amount of commission (if any) contained in such agreement multiplied by the number of remaining Monthly Payments under such agreement;

"**Commission Loan**" means a Consumer Loan, the conditions of which, in addition to specifying that the Loan Customer should pay monthly amounts of interest, additionally specify that the Loan Customer should pay monthly instalments of a fee (commission) relating to the opening of its loan account with the Seller;

"**Common Depository**" means Deutsche Bank AG, London Branch, as common depository on behalf of Euroclear and Clearstream, Luxembourg;

"**Conditions**" means these terms and conditions;

"**Consumer Loan**" means a loan made under a Specified Agreement, the Receivables with respect to which are Purchased Receivables;

"**Consumer Loan Agreement**" means a standard form consumer loan agreement, including general terms and conditions, entered into by the Seller in the ordinary course of its consumer lending business in the Russian Federation;

"**Corporate Services Agreement**" means the corporate services agreement dated the Closing Date between the Issuer, the Corporate Services Provider and the Domiciliation Agent;

"**Corporate Services Provider**" means, as at the Closing Date, SFM (Luxembourg) S.A., a société anonyme incorporated under the laws of the Luxembourg (registered number R.C.S. Luxembourg B 95021), having its registered office at 7 Val Ste. Croix, L-1371 Luxembourg;

"**Couponholders**" means the holders from time to time of the Coupons;

"**Coupons**" means the bearer interest coupons in, or substantially in, the form set out in Schedule 1C (*Form of Interest Coupon*) and 2C (*Form of Interest Coupon*) to the Trust Deed and for the time being outstanding or, where the context requires, a specific number of them and includes (where applicable) the Talons in respect of such Coupons;

"**Coupon Sheet**" has the meaning given to it in Condition 7(i) (*Payments – Exchange of Talons*);

"**Data Agent**" means, as at the Closing Date, KPMG Limited, acting through its Moscow Representative Office at 11 Gogolevsky Boulevard, Moscow, 119019, the Russian Federation;

"**Data Agency Agreement**" means the Data Agency Agreement dated the Closing Date between Servicer, the Data Agent and the Security Trustee;

"**Data Custodian**" means, as at the Closing Date, OSG Management, ZAO;

"**Data Custodian Agreement**" means the data custodian agreement dated the Closing Date between the Servicer, the Data Agent and the Data Custodian;

"**Defaulting Party**" has the meaning given to it in the 2000 ISDA Definitions;

"**Definitive Class Z-1 Coupon**" means in respect of the Class Z-1 Coupons, each bearer coupon issued or to be issued in definitive form in, or substantially in, the form set out in Schedule 2B (*Form of Definitive Class [Z-1]/[Z-2] Coupon*) to the Trust Deed;

**"Definitive Class Z-2 Coupon"** means in respect of the Class Z-2 Coupons, each bearer coupon issued or to be issued in definitive form in, or substantially in, the form set out in Schedule 2B (*Form of Definitive Class [Z-1]/[Z-2] Coupon*) to the Trust Deed;

**"Definitive Class Z Coupon"** means the Definitive Class Z-1 Coupon and the Definitive Class Z-2 Coupon and, where the context requires, either of them;

**"Definitive Note"** means in respect of each Class of Notes, each bearer note issued or to be issued in definitive form for that Class in, or substantially in, the form set out in Schedule 1B (*Form of Definitive Note*) to the Trust Deed;

**"Delayed Draw Class A-1 Notes"** has the meaning given to it in Condition 20(a) (*Delayed Draw Notes and Delayed Draw Class Z Coupons - Allotment*);

**"Delayed Draw Class A-2 Notes"** has the meaning given to it in Condition 20(a) (*Delayed Draw Notes and Delayed Draw Class Z Coupons - Allotment*);

**"Delayed Draw Class A Notes"** has the meaning given to it in Condition 20(a) (*Delayed Draw Notes and Delayed Draw Class Z Coupons - Allotment*);

**"Delayed Draw Class B Notes"** has the meaning given to it in Condition 20(a) (*Delayed Draw Notes and Delayed Draw Class Z Coupons - Allotment*);

**"Delayed Draw Class Z-1 Coupons"** has the meaning given to it in Condition 20(a) (*Delayed Draw Notes and Delayed Draw Class Z Coupons - Allotment*);

**"Delayed Draw Class Z-2 Coupons"** has the meaning given to it in Condition 20(a) (*Delayed Draw Notes and Delayed Draw Class Z Coupons*);

**"Delayed Draw Class Z Coupons"** means any Delayed Draw Class Z-1 Coupons and any Delayed Draw Class Z-2 Coupons allotted pursuant to Condition 20 (*Delayed Draw Notes and Delayed Draw Class Z Coupons*) or, where the context requires, any of them;

**"Delayed Draw Notes"** means any Delayed Draw Class A Notes and any Delayed Draw Class B Notes allotted pursuant to Condition 20 (*Delayed Draw Notes and Delayed Draw Class Z Coupons*) or, where the context requires, any of them;

**"Domiciliation Agent"** means, as at the Closing Date, Luxembourg International Consulting S.A., a société anonyme incorporated under the laws of Luxembourg (registered number R.C.S. Luxembourg B 40312), having its registered office at 7 Val Ste. Croix, L-1371 Luxembourg;

**"Enforcement Event"** has the meaning given to it Condition 11(b) (*Enforcement - Enforcement Events*);

**"Enforcement Notice"** has the meaning given to it in Condition 11 (*Enforcement*);

**"EUR Liquidity Principal Amount"** means an amount equal to, prior to the occurrence of an Amortisation Event, 3.351 per cent. and, following the occurrence of an Amortisation Event 7.819 per cent. of:

A - B

Where:

"A" is equal to the total Principal Amount Outstanding of the Notes; and

"B" is equal to any amounts of EUR that are standing to the credit of the Issuer Euro Account pending application of the same to redeem Notes and Class Z Coupons,

**"EURIBOR"** means (a) the applicable Screen Rate or (b) if no Screen Rate is available for the relevant Interest Period, the arithmetic mean (rounded upward to four decimal places) of the percentage interest

rates per annum for Euro deposits as supplied by the Cash Manager to the Agent Bank at its request quoted by the Reference Banks to leading banks in the European interbank market;

"**Euro**" and "**EUR**" means the lawful currency introduced at the start of Stage III of Economic and Monetary Union pursuant to the Treaty on European Union;

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System;

"**Excess Commingled Cash Percentage**" is a measure of the extent to which the level of Commingled Cash over time exceeds the principal amount outstanding of the Class A-2 Notes and is equal to up to and including the Calculation Date falling in March 2006, zero and, thereafter, to the greater of (a) zero and (b) the value obtained as the result of:

$$(D - E) / F \times G$$

Where:

"D" is equal to the average of the average balances of Commingled Cash in each of the last three Calculation Periods (or if the value for the average balance of Commingled Cash in the most recent Calculation Period has not yet been reported by the Servicer, such value for the three most recent Calculation Periods for which the Servicer has reported);

"E" is equal to the Principal Amount Outstanding of the Class A-2 Notes;

"F" is equal to the Principal Amount Outstanding of the Notes; and

"G" is equal to 1.35;

"**Excess Spread**" means  $A - (B + C)$  where:

A is the weighted average Issuer Yield of all Specified Agreements, the Receivables with respect to which are Purchased Receivables, which are not delinquent by more than two months, including the Specified Agreements and including the Receivables with respect to which are being sold to the Purchaser on the day of calculation of the Excess Spread;

B is the weighted average fixed rate payable by the Issuer under RUR Interest Rate Swaps outstanding of such date (expressed as an annual yield, where monthly rates, for example, are multiplied by 12); and

C is the amount debited to the Principal Deficiency Ledger in respect of the preceding Calculation Period divided by the Principal Balance of the Performing Receivables Portfolio on the last day of such Calculation Period;

"**Exchange Event**" means:

- (i) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and in fact does so cease business and no other clearing system approved by the Note Trustee is available; or
- (ii) as a result of any amendment to, or change in the laws or regulations of Luxembourg (or any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any withholding or deduction from any payment in



respect of the Notes or the Class Z Coupons which would not be required if the Notes or the Class Z Coupons, as applicable, were in definitive form;

**"Extraordinary Resolution"** means a resolution passed at a Meeting duly convened and held in accordance with the Provisions for Meetings of Noteholders by a majority of not less than 75 per cent. of the votes cast, whether on a show of hands or a poll;

**"Final Maturity Date"** means the Interest Payment Date falling in May 2012;

**"Forward Leg"** means the forward-dated FX transaction that forms the second part of each Non-Round FX Swap;

**"Funding Drawings"** means amounts drawn under the Subordinated Loan Facility Agreement designated as "Second Revolving Drawings", which will be used by the Issuer to fund the purchase of Receivables and to provide supporting cash flow;

**"Further Draw Date"** means any day from day following the Closing Date to the day falling nine months from the Closing Date on which any Delayed Draw Notes are allotted;

**"GAAP"** means generally accepted accounting principles in the jurisdiction of incorporation of the relevant entity;

**"HCFB Account Bank"** means Home Credit & Finance Bank Limited Liability Company, a financial institution incorporated with limited liability under the laws of Russia (main state registration number OIIPH 1027700280937), having its registered office at 317A Zelenograd, Moscow, 124482, Russian Federation;

**"HCFB Bank Account Addendum Agreement"** means the agreement relating to the Issuer HCFB Accounts Agreement dated the Closing Date between the Issuer, the HCFB Account Bank and the Cash Manager;

**"Hedge Agreement"** means each 1992 ISDA Master Agreement (Multi-currency Cross Border), including the schedule thereto together with each confirmation entered into thereunder) relating to Non-Round FX Swaps and RUR Interest Swaps entered into by the Cash Manager, on behalf of the Issuer, and the Hedge Counterparty;

**"Hedge Counterparty"** means, as at the Closing Date, Bayerische Hypo- und Vereinsbank AG, acting through its office at Arabellastrasse 12, 81925 Munich, Germany;

**"Hedge Disruption Event"** means the occurrence of any of the following:

- (i) the absence of any market quotation for Non-Round FX Swaps or RUR Interest Rate Swaps of a size, structure and maturity similar to that which is contemplated to be executed as part of the Cash Management Services;
- (ii) substantial market disruption such that either party is prevented from making a payment or delivery, receiving such a payment or delivery, or it becomes impossible or impracticable for such party to perform, receive or comply (or would be so impossible were performance required on the day), in each case, in respect of its obligations under the Hedge Agreement, by reason of any force majeure or act of state beyond the control of such party and which such party is not able, using all reasonable efforts, to overcome;
- (iii) there is substantial sovereign or fiscal interference in the EUR/RUR FX swap markets or RUR interest rate swap markets;
- (iv) any event capable of constituting an "Event of Default" or "Termination Event" in respect of the Issuer, as such terms are defined in the Hedge Agreement, (or any event that would have been capable of so constituting had not such Event of Default or Termination Event been stated to be "Not Applicable" in the case of the Issuer) in respect of the Issuer,

in each case as determined by the Security Trustee (acting on the advice of the Cash Manager) and promptly notified to the Rating Agency;

**"IMB Account Bank"** means Closed Joint Stock Company International Moscow Bank, a closed joint stock company incorporated under the laws of the Russian Federation, having its registered office at Prechistenskaya nab. 9, Moscow 119034, Russian Federation;

**"Income Deficiency Ledger"** means the book-entry record maintained by the Cash Manager against which are debited and credited amounts in accordance with the Pre-Amortisation Priority of Payments: Available Issuer Income;

**"Indebtedness"** means (without double-counting) any indebtedness of any person for or in respect of:

- (i) moneys borrowed;
- (ii) any amount raised by acceptance under any acceptance credit facility;
- (iii) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (v) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (viii) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (ix) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (viii) above;

**"Initial Expenses"** means fees charged to the Issuer by Secured Creditors and third parties in connection with the implementation of the transactions contemplated by the Transaction Documents including upfront fees, legal fees, tax counsel's fees, commitment fees in connection the Subordinated Loan Facility and the Liquidity Facility, underwriting fees in connection with the subscription for the Notes and the Class Z Coupons to the extent not deducted from the proceeds of the Notes, any fees arising in connection with listing the Notes, other fees arising in connection with the preparation, execution and implementation of the Transaction Documents as determined by the Lead Manager, the Manager and the Issuer and further expenses that may be incurred in connection with the marking up of the Permanent Global Notes and Permanent Global Class Z Coupons to the extent that the same are agreed by the Subordinated Loan Provider by the making of Initial Expense Drawings under the Subordinated Loan Facility;

**"Initial Expenses Drawings"** means amounts drawn under the Subordinated Loan Facility Agreement designated as "First Revolving Drawings" which will be applied by the Issuer to cover the Initial Expenses;

**"Insolvency Event"** means, with respect to any Person, the occurrence of any of the following under applicable law (a) such Person is, or is deemed for the purposes of any law to be, unable to pay its debts as they fall due or to be insolvent, (b) such Person admits its inability to pay its debts as they fall due, (c) such Person suspends making payments on any of its debts or announces an intention to do so, (d) by reason of actual or anticipated financial difficulties, such Person begins negotiations with any

creditor for the rescheduling of any of its indebtedness and (e) a moratorium is declared in respect of any of its indebtedness;

**"Insolvency Official"** means, in respect of any company, a liquidator, provisional liquidator, administrator (whether appointed by the court or otherwise), administrative receiver, receiver or manager, nominee, supervisor, trustee in bankruptcy, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors;

**"Insolvency Proceedings"** means Insolvency Proceedings means, with respect to any Person other than as set forth in the next paragraph, the occurrence of any of the following (a) any step is taken by such Person with a view to a composition, assignment or similar arrangement with any of its creditors, (b) a meeting of such Person is convened for the purpose of considering any resolution for (or to petition for) its winding-up, administration or dissolution or any such resolution is passed, (c) any person presents a petition for the winding-up, administration or dissolution of such Person, (d) an order for the winding-up, administration or dissolution of such Person is made, (e) any liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer is appointed in respect of such Person or any of its assets, (f) such Person's directors or other officers request the appointment of a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer or (g) any other analogous step or procedure is taken in any jurisdiction, provided that "Insolvency Proceedings" shall not be construed as including (i) any petition for winding-up presented by a creditor which is being contested in good faith and with due diligence and is discharged or struck out within 14 days or (ii) any petition for winding-up which is frivolous or vexatious and is being contested in good faith and with due diligence;

and, furthermore, means with respect to the Seller, any Loan Customer, or the Servicer (if the Servicer is registered in the Russian Federation) the occurrence of any of the following events (A) the Seller seeking or consenting to the introduction of proceedings for its liquidation or the appointment of a liquidation commission (*likvidatsionnaya komissiya*) or a similar officer of the Seller, (B) the presentation or filing of a petition in respect of the Seller in any court, arbitration court or before any government agency alleging, or for, the bankruptcy, insolvency, dissolution, liquidation (or any analogous proceedings) of the Seller, unless such petition is demonstrated to the satisfaction of the Security Trustee to be vexatious or frivolous, (C) the institution of supervision (*nablyudeniye*), financial rehabilitation (*finansovoye ozdorovlenie*), external management (*vneshneye upravleniye*) or bankruptcy management (*konkursnoye proizvodstvo*) over the Seller, (D) the entry by the Seller into, or the agreeing by the Seller to enter into, amicable settlement (*mirovoye soglasheniye*) with its creditors, as such terms are defined in the Federal Law of Russia No. 127-FZ "On Insolvency (Bankruptcy)" dated 26 October 2002 (as amended or replaced from time to time), (E) the institution at the request of the CBR of financial rehabilitation (*finansovoye ozdorovlenie*), temporary administration (*vremennoye upravleniye*) or reorganisation (*reorganizatsiya*) with respect to the Seller as such terms are defined in the Federal Law of the Russian Federation No- 40-FZ "On Insolvency (Bankruptcy) of Credit Organisations" dated 25 February, 1999 (as amended or restated from time to time), (F) any judicial liquidation, dissolution, liquidation or winding up in respect of the Seller and/or (G) the shareholders of the Seller approving any plan of liquidation or dissolution of the Seller;

**"Insolvency Regulation"** means Council Regulation (EC) No. 1346/2000 of 29 May 2000;

**"Interest Amount"** has the meaning given to it in Condition 5(d) (*Interest – Determination of Rates of Interest and Calculation of Interest Amounts*);

**"Interest Determination Date"** means the day two Note Business Days prior to the commencement of each Interest Period and, in the case of the first Interest Period, the day two Note Business Days prior to the Closing Date;

**"Interest Payment Date"** means the 10th day of each calendar month, provided that the first Interest Payment Date shall be 10 February 2006, except if such day is not a Note Business Day, in which case it shall be the next succeeding Note Business Day unless such day falls in the next calendar month, in which case it shall be the preceding Note Business Day;

**"Interest Period"** means each period from (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date provided that the first Interest Period shall be the period

from (and including) the Closing Date and ending on (but excluding) the Interest Payment Date falling on 10 February 2006;

**"Investor Report"** means the report to be prepared by the Cash Manager and delivered to the Issuer, the Servicer and the Security Trustee in accordance with Clause 7.6 (*Activities on the Notice Date and the Interest Payment Date - Notices and Reporting; Cash Manager*) of Schedule 2 (*Cash Management Services*) to the Cash Management Agreement;

**"Irish Paying Agent"** means, as at the Closing Date, Deutsche International Corporate Services (Ireland) Limited, acting through its office at 5 Harbourmaster Place, International Financial Services Centre, Dublin 1, Ireland;

**"Issuer"** means Eurasia Structured Finance No.1, S.A., Compartment 1, a société anonyme incorporated in Luxembourg with limited liability (registered number B 111 361), having its registered office at 7 Val Ste Croix, L-1371 Luxembourg, as issuer of the Notes and the Class Z Coupons;

**"Issuer Account Bank"** means, as at the Closing Date, Bayerische Hypo- und Vereinsbank AG, acting through its office at Arabellastrasse 12, 81925 Munich, Germany;

**"Issuer Accounts"** means the Issuer Euro Account, the Issuer Rouble Account, the Class A-2 Escrow Account, the Issuer First HCFB Account, the Issuer Second HCFB Account and the Issuer Standby Servicer Account and any other bank account of the Issuer or in respect of which the Issuer at any time has an interest or, where the context requires, any of them and **"Issuer Account"** has a corresponding meaning;

**"Issuer Accounts Agreement"** means the agreement dated the Closing Date between the Issuer, the Issuer Account Bank, the Cash Manager and the Note Trustee;

**"Issuer Accounts Pledge Agreement"** means the pledge agreement dated the Closing Date between the Issuer and the Security Trustee;

**"Issuer Agreement of Pledge of Rights"** means the pledge of rights agreement dated the Closing Date between the Issuer and the Russian Enforcement Party;

**"Issuer Charged Property"** means the whole of the right, title, benefit and interest of the Issuer in the property, assets and rights of the Issuer charged by or pursuant to the Issuer Security Documents and which is summarised in Condition 3(i) (*Status, Priority and Security – Security*);

**"Issuer Deed of Charge"** means the deed of charge dated the Closing Date between the Issuer and the Security Trustee;

**"Issuer Euro Account"** means the Euro account held in the name of the Issuer with the Issuer Account Bank designated as the "Issuer Euro Account";

**"Issuer First HCFB Account"** means the Rouble account held in the name of the Issuer with Home Credit & Finance Bank Limited Liability Company designated as the "Issuer First HCFB Account";

**"Issuer HCFB Accounts Agreement"** means the agreement dated the Closing Date between the Issuer, Home Credit & Finance Bank Limited Liability Company, the Cash Manager and the Note Trustee;

**"Issuer Income"** means, on any day prior to the delivery of a Note Amortisation Notice in accordance with Condition 10 (*Amortisation*), any RUR and EUR amount standing to the credit of the Issuer EUR Account and the Issuer RUR Account that is not Issuer Principal;

**"Issuer IMB Accounts Agreement"** means the agreement dated the Closing Date between the Issuer, the IMB Account Bank, the Cash Manager and the Note Trustee;

**"Issuer Non-Russian Charged Property"** means the whole of the right, title, benefit and interest of the Issuer in the property, assets and rights of the Issuer charged by or pursuant to the Issuer Deed of

Charge and the Issuer Accounts Pledge Agreement which is summarised in Condition 3(i) (*Status, Priority and Security – Security*);

**"Issuer Non-Russian Security"** means the security created by or pursuant to the Issuer Deed of Charge and the Issuer Accounts Pledge Agreement over the Issuer Non-Russian Charged Property and which is summarised in Condition 3(i) (*Status, Priority and Security – Security*);

**"Issuer Principal"** means, on any day prior to the delivery of a Note Amortisation Notice in accordance with Condition 10 (*Amortisation*), the RUR amount equal to the result of the following calculation:

$$A + B - C - D - E + F - G$$

where:

"A" is equal to the aggregate amount of the Issuer's cash receipts arising since the Closing Date in connection with Receivables that are allocated to principal. Cash receipts are allocated to principal to the extent that the outstanding Principal Balances of consumer loans arising under the Consumer Loan Agreement to which such Receivables relate decline;

"B" is equal to the RUR amounts received from Funding Drawings under the Subordinated Loan Facility, amounts drawn under the Liquidity Facility and the proceeds of the issuance of Original Notes and the Original Class Z Coupons expressed in RUR at the FX rates there were applicable at the time EUR was converted into RUR to achieve such result;

"C" is equal to the aggregate amount of the Purchase Prices paid by the Issuer;

"D" is equal to the aggregate amount of drawings made under the Liquidity Facility which have been repaid by the Issuer;

"E" is equal to the Principal Amount Outstanding of the Class A-1 Notes and the Class B Notes that have been repaid by the Issuer, such amounts being expressed in RUR at the FX rates that were applicable at the time RUR was converted into EUR to achieve such result;

"F" is equal to the amounts of RUR that are added pursuant to Condition 3(j)(x) (*Status, Priority and Security – Income Priority of Payments Prior to Amortisation*) to the amount of Available Issuer Principal to be applied pursuant to Condition 6(b) (*Redemption, Purchase and Cancellation – Mandatory Redemption in Part*); and

"G" is equal to the amounts of RUR that are applied in repayment of Funding Drawings made under the Subordinated Loan Facility pursuant to Condition 6(b)(viii) (*Redemption, Purchase and Cancellation – Mandatory Redemption in Part*),

each of which amounts is to be calculated in accordance with the Cash Management Agreement;

**"Issuer Rouble Account"** means the Rouble account held in the name of the Issuer with the Issuer Account Bank designated as the "Issuer Rouble Account";

**"Issuer Russian Charged Property"** means the whole of the right, title, benefit and interest of the Issuer in the property, assets and rights of the Issuer charged by or pursuant to the Issuer Russian Security Documents and which is summarised in Condition 3(i) (*Status, Priority and Security – Security*);

**"Issuer Russian Security"** means the security created by or pursuant to the Issuer Russian Security Documents over the Issuer Russian Charged Property and which is summarised in Condition 3(i) (*Status, Priority and Security – Security*);

**"Issuer Russian Security Documents"** means the HCFB Bank Account Addendum Agreement, the IMB Bank Account Addendum Agreement and the Issuer Agreement of Pledge of Rights or, where the context requires, any of them;

**"Issuer Second HCFB Account"** means the Rouble account held in the name of the Issuer with Home Credit & Finance Bank Limited Liability Company designated as the "Issuer Second HCFB Account";

**"Issuer Security"** means the security created by or pursuant to the Issuer Security Documents over the Issuer Charged Property and which is summarised in Condition 3(i) (*Status, Priority and Security – Security*);

**"Issuer Security Documents"** means the Issuer Deed of Charge, the HCFB Bank Account Addendum Agreement, the IMB Bank Account Addendum Agreement, the Issuer Agreement of Pledge of Rights and the Issuer Accounts Pledge Agreement or, where the context requires, any of them;

**"Issuer Standby Servicer Account"** means the Rouble account held in the name of the Issuer with Closed Joint Stock Company International Moscow Bank designated as the "Issuer Standby Servicer Account";

**"Issuer Yield"** means, in respect of any Specified Agreement, the yield (expressed on an annual basis as a monthly yield multiplied by 12) of such Specified Agreement calculated either (a) on the date on which such Agreement is purchased by the Issuer or (b) if such Specified Agreement has not yet been purchased by the Issuer but is the subject of an Offer, calculated on the date of such Offer, in either case on the basis of the Purchase Price with respect to such Specified Agreement and the number, amount and timing of the outstanding payments (whether or not due, and including, for the avoidance of doubt, any commissions) arising pursuant to such Specified Agreement as at such date;

**"Junior Fee"** means the junior fee payable monthly to the Servicer, the Standby Servicer and any Replacement Servicer pursuant to the Servicing Agreement in accordance with the Priority of Payments;

**"Lead Manager"** means Bayerische Hypo- und Vereinsbank AG, a financial institution incorporated under the laws of Germany (registered number HRB 42148), acting through its London branch at 41 Moorgate, London EC2R 6PP, United Kingdom;

**"Listing Prospectus"** means the listing prospectus dated 8 December 2005 relating to the issue and offering of the Notes and the Class Z Coupons;

**"Liquidity Facility"** means the RUR loan facility provided to the Issuer by the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;

**"Liquidity Facility Agreement"** means the liquidity facility agreement dated the Closing Date between the Issuer, the Liquidity Facility Provider, the Security Trustee and the Servicer;

**"Liquidity Facility Provider"** means, as at the Closing Date, Bayerische Hypo- und Vereinsbank AG, acting through its branch at 41 Moorgate, London EC2R 6PP, United Kingdom;

**"Liquidity Principal"** means the sum of the EUR Liquidity Principal Amount and the RUR Liquidity Principal Amount;

**"Loan Customer"** means an individual who is a citizen of the Russian Federation, who is over the age of 18 and who is party to a Consumer Loan Agreement;

**"Manager"** means PPF Banka a.s., a financial institution incorporated under the laws of the Czech Republic (identification number 471 16 129), having its registered office at Na Strži 1702/65, 140 62 Prague 4, Czech Republic;

**"Master Definitions and Framework Deed"** means the master definitions and framework deed dated the Closing Date between the Transaction Parties;

**"Material Adverse Effect"** means a material adverse effect on the ability of the Issuer to make payments of principal and interest on the Notes or to make payments on the Class Z Coupons in full when due and payable or a material adverse effect on the Issuer Security;

"**Meeting**" means a meeting of the Noteholders or of any one or more Classes of Noteholders and, except where the context otherwise requires, includes a meeting resumed following an adjournment;

"**Minimum Seller Net Investment**" is equal to the percentage "P" obtained from the following formula:

$$P = U / N + F$$

Where:

"U" means the Unamortised Commission Amount;

"N" means the aggregate Principal Amount Outstanding of the Notes; and

"F" means the higher of (a) five per cent. and (b) a percentage designed to ensure that the level of Funding Drawings in excess of "U" is always equal to a minimum EUR amount, such percentage being equal to the result of the following calculation: EUR 5,000,000 divided by the Principal Amount Outstanding of the Notes;

"**Monthly Payment**" means a scheduled monthly payment due from a Loan Customer under a Consumer Loan Agreement (including, for the avoidance of doubt, any commissions);

"**Moody's**" means Moody's Investors Service Limited or any successor to its rating business;

"**Most Senior Class**" means, at any time:

- (i) the Class A Notes (or, following the occurrence of an Amortisation Event, the Class A-1 Notes); or
- (ii) if no Class A Notes are then outstanding (or, following the occurrence of an Amortisation Event, if no Class A-1 Notes are then outstanding), the Class B Notes (if at that time any Class B Notes are then outstanding); or
- (iii) following the occurrence of an Amortisation Event, if no Class A-1 Notes or Class B Notes are then outstanding, the Class A-2 Notes (if at that time any Class A-2 Notes are then outstanding);

"**No Material Prejudice Test**" has the meaning given to it in Condition 3(g) (*Status, Priority and Security – Status and Relationship between the Notes and the Class Z Coupons*);

"**Nominal Amount**" means, as of any day, the principal amount outstanding under a Consumer Loan;

"**Non-Round FX Swap**" means each pair of FX transactions to be entered into by the Issuer and the Hedge Counterparty (or any party replacing the Hedge Counterparty) in accordance with Schedule 2 (*Cash Management Services*) to the Cash Management Agreement, pursuant to which the Issuer will, under the first FX transaction, sell EUR for RUR "spot" and, under the second FX transaction, purchase EUR for RUR (usually) 30 days "forward", in each case at the relevant foreign exchange rates;

"**Note Amortisation Notice**" has the meaning given to it in Condition 10(a) (*Amortisation - Determination of an Amortisation Event*);

"**Note Business Day**" means a day (other than a Saturday or a Sunday):

- (i) on which commercial banks are open for general business in London, Dublin and Munich; and
- (ii) that is a TARGET Settlement Day,

provided that if such day is not also a Business Day, any payments of RUR to be made on such day shall be made on the next succeeding Business Day;

**"Noteholders"** means:

- (i) in relation to any Notes represented by a Permanent Global Note, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg or any other person the Note Trustee considers appropriate as the holder of a particular Principal Amount Outstanding of those Notes, for which purpose any certificate or letter of confirmation (or any other form of record made by any of them) as to the Principal Amount Outstanding of Notes standing to the account of any person shall be conclusive and binding on the basis that that person shall be treated by the Issuer, the Note Trustee and all other persons as the holder of that Principal Amount Outstanding of those Notes for all purposes other than the right to payments in respect of those Notes which shall be vested, as against the Issuer, solely in the bearer of the relevant Permanent Global Note, who shall be regarded as the **"Noteholder"** for that purpose; and
- (ii) in relation to any Definitive Notes issued under Condition 2(e) (*Form, Denomination and Title – Issue of Definitive Notes and Definitive Class Z Coupons*), the bearers of those Definitive Notes,

and related expressions shall be construed accordingly;

**"Note Principal Payment"** has the meaning given to it in Condition 6(f) (*Redemption, Purchase and Cancellation – Note Principal Payments, Principal Amount Outstanding and Pool Factor*);

**"Notes"** means the Class A-1 Notes, the Class A-2 Notes and the Class B Notes or, where the context requires, any of them and includes the Definitive Notes and the Permanent Global Notes in respect of such Notes or, where the context requires, any of them;

**"Note Trustee"** means, as at the Closing Date, Deutsche Trustee Company Limited, having its registered office at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom;

**"Notice Business Day"** means a day (other than a Saturday or a Sunday):

- (i) on which commercial banks are open for general business in London, Luxembourg and Munich; and
- (ii) that is a TARGET Settlement Day;

**"Notice Date"** means, in relation to any Interest Payment Date, the day falling six days prior to (and excluding) such Interest Payment Date, provided that such day is a Notice Business Day, and if such day is not a Notice Business Day, the next proceeding Notice Business Day;

**"Offer"** means a deed of assignment in the form of Schedule 1 (*Deed of Assignment*) to the Receivables Purchase Agreement;

**"Original Class A Notes"** means the Original Class A-1 Notes and the Original Class A-2 Notes;

**"Original Class A-1 Notes"** means the €100,000,000 Class A-1 Consumer Loan Receivables Backed Floating Rate Notes due May 2012 issued and allotted on the Closing Date;

**"Original Class A-2 Notes"** means the €13,500,000 Class A-2 Consumer Loan Receivables Backed Floating Rate Notes due May 2012 issued and allotted on the Closing Date;

**"Original Class B Notes"** means the €13,000,000 Class B Consumer Loan Receivables Backed Floating Rate Notes due May 2012 issued and allotted on the Closing Date;

**"Original Class Z-1 Coupons"** means the Class Z-1 Consumer Loan Receivables Backed Coupons due May 2012 issued and allotted on the Closing Date;

**"Original Class Z-2 Coupons"** means the Class Z-2 Consumer Loan Receivables Backed Coupons due May 2012 issued and allotted on the Closing Date;



**"Original Class Z Coupons"** means the Original Class Z-1 Coupons and the Original Class Z-2 Coupons and, where the context requires, either of them;

**"Original Notes"** means the Original Class A Notes and the Original Class B Notes or, where the context requires, either of them;

**"Originator"** means Home Credit & Finance Bank Limited Liability Company, a financial institution incorporated with limited liability under the laws of Russia (main state registration number OΓPH 1027700280937), having its registered office at 317A Zelenograd, Moscow, 124482, Russian Federation, in its capacity as originator of the consumer loans granted pursuant to the Consumer Loan Agreements;

**"Originator Tax or Regulatory Event"** means any event by virtue of which the Originator suffers material adverse tax and/or regulatory consequences by virtue of the Notes remaining outstanding;

**"Originator Redemption Notice"** has the meaning given to it in Condition 6(d) (*Redemption, Purchase and Cancellation - Originator Redemption*);

**"outstanding"** means, in relation to the Notes and the Class Z Coupons, all the Notes and Class Z Coupons other than:

- (i) those which have been redeemed in full in accordance with the Conditions;
- (ii) those in respect of which the date for redemption in accordance with the Conditions has occurred and for which the redemption moneys (including all interest and other amounts (if any) accrued thereon to such date for redemption) have been duly paid to the Principal Paying Agent or the Note Trustee in accordance with the Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders and the Class Z Couponholders in accordance with Condition 19 (*Notices and Information*)) and remain available for payment in accordance with the Conditions;
- (iii) those which have become void under Condition 8 (*Prescription*);
- (iv) those mutilated or defaced Notes or Class Z Coupons which have been surrendered or cancelled and in respect of which replacement Notes and Class Z Coupons have been issued pursuant to Condition 18 (*Replacement of Notes, Class Z Coupons Coupons and Talons*);
- (v) the Permanent Global Note of any Class, to the extent that it shall have been exchanged for Definitive Notes of that Class or Definitive Class Z Coupons, as applicable; and
- (vi) (for the purpose only of ascertaining how many Notes or Class Z Coupons are outstanding and without prejudice to their status for any other purpose) those Notes or Class Z Coupons which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 18 (*Replacement of Notes, Class Z Coupons, Coupons and Talons*),

provided that for each of the following purposes:

- (A) the right to attend and vote at any Meeting or for the purpose of any Written Resolution;
- (B) the determination of how many and which Notes and Class Z Coupons are for the time being outstanding for the purposes of Clauses 9.1 (*Note Amortisation and Enforcement - Note Trustee's right to give a Note Amortisation Notice*), 9.3 (*Note Amortisation and Enforcement - Limit on Noteholder Action*) and 18 (*Waiver of Breach*) of the Trust Deed, Conditions 10 (*Amortisation*), 12 (*Noteholder and Class Z Couponholder Action*) and 13 (*Meetings of Noteholders*) and the Provisions for Meetings of Noteholders; and
- (C) the exercise by the Note Trustee of any trusts, powers, authorities, duties, discretions and obligations, whether contained in the Trust Deed or provided by law in, or by reference to, the interests of the Noteholders and the Class Z Couponholders or any of them,

those Notes and Class Z Coupons (if any) which are for the time being held by, or by any person for the benefit of, the Issuer, the Originator or any member of the PPF Group shall (unless and until they cease to be so held) be deemed not to remain outstanding;

**"Paying Agents"** means the Principal Paying Agent together with the Irish Paying Agent and any successor or additional paying agents appointed from time to time in connection with the Notes under the Agency Agreement and **"Paying Agent"** means any one of them;

**"Performing Receivables Portfolio"** means, at any time, the aggregate Principal Balance of all Receivables outstanding under the Specified Agreements, the Receivables with respect to which are Purchased Receivables, other than Written-Off Agreements;

**"Permanent Global Class Z-1 Coupon"** means, in respect of the Class Z-1 Coupons, the bearer permanent global Class Z-1 Coupon in, or substantially in, the form set out in Schedule 2A (*Form Permanent Global Class Z Coupon*) to the Trust Deed;

**"Permanent Global Class Z-2 Coupon"** means, in respect of the Class Z-2 Coupons, the bearer permanent global Class Z-2 Coupon in, or substantially in, the form set out in Schedule 2A (*Form Permanent Global Class Z Coupon*) to the Trust Deed;

**"Permanent Global Class Z Coupon"** means the Permanent Global Class Z-1 Coupons and the Permanent Global Class Z-2 Coupon or, where the context required, either of them;

**"Permanent Global Note"** means in respect of each Class of Notes and, in the case of the Class A Notes and the Class B Coupons, the bearer permanent global note for that Class in, or substantially in, the form set out in Schedule 1A (*Form of Permanent Global Class [A-1]/[A-2]/[B] Note*) to the Trust Deed;

**"Person"** means an individual, partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof;

**"Pool Factor"** has the meaning given to it in Condition 6(f) (*Redemption, Purchase and Cancellation – Note Principal Payments, Principal Amount Outstanding and Pool Factor*);

**"Portfolio Base Test"** means, on any Business Day, the test represented by calculation set out below, which will be passed if such calculation holds true on such Business Days:

$A + B \text{ exceeds } C + D$

Where:

"A" is equal to the Performing Receivables Portfolio (calculated in RUR) plus the Unamortised Commission Amount;

"B" is equal to RUR and EUR cash balances held by the Issuer in any Issuer Account, expressed in RUR at the prevailing FX spot rate including (for the avoidance of doubt) any cash balance deposited in the Class A-2 Escrow Account but excluding any cash balance deposited in the Issuer Second HCFB Account;

"C" is equal to the Principal Amount Outstanding of the Notes together with all accrued estimated senior expenses and accrued EUR interest on such Notes expressed in RUR (converted from EUR to RUR where necessary at the prevailing FX swap rate derived by reference to the weighted average rate applicable to all outstanding Non-Round FX Swaps (weighted by reference to the amounts of the Forward Legs of such Non-Round FX Swaps) plus the amount of any outstanding drawings under the Liquidity Facility and any accrued interest thereon; and

"D" is equal to the Subordinated Loan RUR Amount;

**"Post Amortisation Priority of Payments"** has the meaning given to it in Condition 3(m) (*Status, Priority and Security – Priority of Payments Following Amortisation*);

**"Post Office Agreements"** means the agreement between the Russian Post Office and Home Credit & Finance Bank Limited Liability Company the form of which is annexed to the Servicing Agreement and the agreement between the Russian Post Office and Closed Joint Stock Company International Moscow Bank the form of which is annexed to the Servicing and, where the context requires, either of them;

**"PPF Group"** means the following: (i) PPF Group N.V., (ii) any entity controlled, directly or indirectly by PPF Group N.V.; (iii) any entity that controls, directly or indirectly PPF Group N.V. and (iv) any entity directly or indirectly under common control with PPF Group N.V.;

**"Pre-Amortisation Priority of Payments"** has the meaning given to it in Condition 3(k) (*Status, Priority and Security – Principal Priority of Payments Prior to Amortisation*);

**"Pre-Amortisation Priority of Payments: Available Issuer Income"** has the meaning given to it in Condition 3(j) (*Status, Priority and Security – Income Priority of Payments Prior to Amortisation*);

**"Pre-Amortisation Priority of Payments: Available Issuer Principal"** has the meaning given to it in Condition 3(k) (*Status, Priority and Security – Principal Priority of Payments Prior to Amortisation*);

**"Preference Share"** means the preference share issued by the Issuer to the Originator on the Closing Date;

**"Preference Share Dividend"** means any dividend that is declared by the Board of Directors of the Issuer in respect of the Preference Share;

**"Principal Amount Outstanding"** means, on any date in relation to a Note, the principal amount outstanding of that Note as at the Closing Date (in the case of an Original Note) or the Further Draw Date (in the case of a Delayed Draw Note) less the aggregate of all Note Principal Payments that have been made by the Issuer in respect of that Note on or prior to that date;

**"Principal Balance"** means, in relation to a Consumer Loan, on the date of purchase of Receivables under a Consumer Loan by the Issuer, the Purchase Price paid by the Issuer for such Receivables and, thereafter, the Principal Balance of such Consumer Loan on any day is equal to the unamortised remaining amount of such Purchase Price based upon (a) cash applied to the relevant Receivables and (b) the Issuer Yield;

**"Principal Deficiency Ledger"** means the book-entry record maintained by the Cash Manager against which are debited all principal amounts outstanding under Consumer Loan Agreements, with respect to which one or more Receivables have been overdue for a period exceeding two months and against which are credited all amounts previously debited against the Principal Deficiency Ledger and subsequently recovered;

**"Principal Paying Agent"** means, as at the Closing Date, Deutsche Bank AG, London Branch, acting through its office at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom;

**"Priority of Payments"** means the Pre-Amortisation Priority of Payments and the Post-Amortisation Priority of Payments;

**"Provisions for Meetings of Noteholders"** means the provisions contained in Schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed;

**"Purchase Date"** means any Business Day on which Receivables are purchased by the Purchaser from the Seller in accordance with the Receivables Purchase Agreement;

**"Purchase Price"** means with respect to the Receivables arising under a particular Consumer Loan that are to be purchased by the Purchaser on any Purchase Date, the purchase price that is determined by the Seller and the Purchaser to be the fair price for such Receivables having regard to all relevant circumstances relating to the transactions contemplated by the Receivables Purchase Agreement, which in any case shall not be (a) higher than the sum of (i) the outstanding balance of the Consumer Loan on

the Selection Date immediately prior to that Purchase Date and (ii) the Commission Amount of such Receivables and (b) shall not be lower than the principal amount outstanding of such Consumer Loan.

**"Purchased Receivable"** means any Receivable which has been, or is purported to have been, sold and assigned to the Purchaser pursuant to Clause 2 (*Sale and Purchase*) of the Receivables Purchase Agreement, but excluding any such Receivable subsequently reassigned to the Seller pursuant to Clause 3 (*Procedure with regard to Ineligible Receivables*) of the Receivables Purchase Agreement and in respect of which the re-purchase price has been paid by the Seller in full;

**"Purchaser"** means the Issuer;

**"Rate of Interest"** has the meaning given to it in Condition 5(c) (*Interest – Rate of Interest*);

**"Rating Agency"** means Moody's;

**"Rating Condition"** means, with respect to any event or any action taken or to be taken, a condition that is satisfied when the Rating Agency has confirmed in writing to the Issuer or the Note Trustee that such action will not result in the withdrawal, reduction or other adverse action with respect to the then-current rating of the Notes;

**"Ratings Event"** means the long-term, unsecured and unguaranteed obligations of the Hedge Counterparty, the Liquidity Facility Provider and/or the Issuer Account Bank or its credit support providers (or its successor or assignee) ceasing to be rated at least as high as Baa3 by Moody's, provided that none of the remedies described in the relevant agreements with these parties is taken;

**"Receivable"** means all of the rights or purported rights (whether actual or contingent) of the Seller against any Loan Customer or any purported Loan Customer under or in connection with all Advances or purported Advances under a Consumer Loan Agreement;

**"Receivables Listing"** means the data file produced by the Seller on any Offer under the Receivables Purchaser Agreement, containing a list that includes *inter alia*, the names of the Loan Customers, references to Specified Agreements, the principal amount of each loan disbursed to the Loan Customers, and the amount of indebtedness outstanding as of the Purchase Date under the Loan Agreements including principal, interest, commissions (if any) and Purchase Price in relation to each Specified Agreement;

**"Receivables Portfolio"** means, at any time, the aggregate Principal Balance of all Receivables outstanding under the Specified Agreements, the Receivables with respect to which are Purchased Receivables;

**"Receivables Purchase Agreement"** means the receivables purchase agreement dated the Closing Date between the Seller, the Purchaser and the Security Trustee;

**"Receiver"** means any person (being a licensed insolvency practitioner), who is appointed by the Security Trustee to be a receiver or an administrative receiver (as the case may be) of the Issuer Charged Property to act jointly, or jointly and severally, as the Security Trustee shall determine;

**"Redemption Penalty"** means the Class A-1 Redemption Penalty and the Class A-2 Redemption Penalty and, where the context requires, either of them;

**"Reference Banks"** means the principal London offices of three banks selected by the Lead Manager, in consultation with the Issuer, being leading international banks operating in London;

**"Regulation S"** means Regulation S under the Securities Act;

**"Related Rights"** means, with respect to any Purchased Receivable:

- (i) the right, title and interest in the proceeds realised from all security interests or liens and property subject thereto from time to time, if any, purporting to secure payment of such Receivable, whether pursuant to the Consumer Loan Agreement relating to such Receivable

or otherwise, together with all security agreements describing any collateral securing such Receivable;

- (ii) (to the extent such are capable of assignment) the right, title and interest in the proceeds realised from all guarantees, insurance proceeds and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the Consumer Loan Agreement relating to such Receivable or otherwise. For the avoidance of doubt, in the event that the right, title and interest in the proceeds realised from the aforesaid guarantees, insurance and other agreements or arrangements are not capable of assignment or such assignment is not effective for any reason, the Seller agrees to hold such proceeds realised from such guarantees, insurance and other agreements or arrangements in trust for the Purchaser; and
- (iii) any Collections in respect of such Purchased Receivables (and the Related Rights described in paragraphs (ii) and (iii) above) occurring on and after the Selection Date and including the Purchase Date;

**"Relevant Classes"** has the meaning given to it in Condition 13(b) (*Meetings of Noteholders – Extraordinary Resolutions and Basic Terms Modifications*);

**"Relevant Date"** means, for the purposes of Condition 8 (*Prescription*), in respect of any payment in relation to the Notes and the Class Z Coupons, whichever is the later of:

- (i) the date on which the payment in question first becomes due; and
- (ii) if the full amount payable has not been received by the Principal Paying Agent or the Note Trustee on or prior to that date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 19 (*Notices and Information*);

**"Relevant Margin"** has the meaning given to it in Condition 5(c) (*Interest – Rate of Interest*);

**"Relevant Step-up Margin"** has the meaning given to it in Condition 5(c) (*Interest – Rate of Interest*);

**"Replacement Servicer"** means the Standby Servicer or any other entity appointed by the Security Trustee to perform certain services pursuant to the Servicing Agreement;

**"Retained Principal"** means the amount of Available Issuer Principal set aside from time to time in accordance with the Pre-Amortisation Priority of Payments: Available Issuer Principal which shall be equal to the lower of (a) the remaining amount of Available Issuer Principal and (b) the RUR amount equal to (up to and including the second Interest Payment Date) 30 per cent and, thereafter, 15 per cent. of the outstanding balance under the consumer loan granted under Consumer Loan Agreements pursuant to which the Purchased Receivables arise, provided that if the Servicer directs that Retained Principal should be a lower amount than Retained Principal shall be such lower amount;

**"Rouble"** and **"RUR"** means the lawful currency of the Russian Federation;

**"Russian Enforcement Party"** means, as at the Closing Date, Closed Joint Stock Company International Moscow Bank;

**"RUR Interest Rate Swap"** means the interest rate swaps entered into by the Issuer pursuant to the Hedge Agreement;

**"RUR Liquidity Principal Amount"** means an amount equal to (both prior to and following the occurrence of an Amortisation Event) the total net amount of RUR that would have to be delivered in relation to the Forward Legs of the Non-Round FX Swaps outstanding at the time of calculation were these Forward Legs to be settled immediately (taking into account the effects of any netting);

**"Russian Post Office"** means the Federal State Unitary Enterprise "Post of Russia";

**"Screen Rate"** means the percentage rate for per annum for Euro deposits determined by the Banking Federation of the European Union for the relevant Interest Period or, in the case of the first Interest Period, a linear interpolation of the percentage rate for per annum for Euro deposits determined by the Banking Federation of the European Union for two and three month deposits, displayed on the appropriate page of the Reuters screen (or such replacement page on that service which displays the information) or, if that service ceases to display the information, such other screen service as may be approved by and between the Agent Bank, the Issuer and the Note Trustee (which approval shall not be unreasonably withheld) (rounded upwards, if necessary, to four decimal places) at approximately 11.00a.m. (London time) on the Interest Determination Date in question;

**"Secured Creditors"** means the Noteholders, the Class Z Couponholders, the Couponholders, the Note Trustee, the Security Trustee, the Paying Agents, the Agent Bank, the Servicer, the Standby Servicer, any Replacement Servicer, the Issuer Account Bank, the Russian Enforcement Party, the Corporate Services Provider, the Domiciliation Agent, the Hedge Counterparty, the Subordinated Loan Facility Provider, the Liquidity Facility Provider, the Data Agent and any Receiver;

**"Secured Obligations"** means all monies, liabilities and obligations whatsoever, present and future and whether actual or contingent, which from time to time become due, owing or payable by the Issuer:

- (i) to the Security Trustee and/or any Receiver under the Issuer Security Documents or any other documents evidencing or securing any such liabilities;
- (ii) to, or to the order of, the Note Trustee under the Trust Deed;
- (iii) to the Noteholders, the Class Z Couponholders and the Couponholders under or in respect of the Notes, the Class Z Coupons and the Coupons; and
- (iv) to each of the other Secured Creditors in accordance with each of the other Transaction Documents to which it is a party;

**"Securities Act"** means the U.S. Securities Act of 1933, as amended;

**"Security Interest"** means any mortgage, sub-mortgage, security assignment, charge, sub-charge, pledge, lien, right of set-off or other encumbrance or security interest of any kind, however created or arising, including anything analogous to any of the foregoing under the laws of any jurisdiction;

**"Security Trustee"** means, as at the Closing Date, Deutsche Trustee Company Limited, whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom;

**"Selection Date"** means, with respect to a Receivables Listing, the day specified by the Seller in the relevant Offer, which shall be not more than three Business Days before the related Purchase Date

**"Seller"** means, as at the Closing Date, the Originator;

**"Senior Fee"** means any up-front fee and the senior fee payable monthly to the Servicer, the Standby Servicer and any Replacement Servicer pursuant to the Servicing Agreement in accordance with the Priority of Payments;

**"Servicer"** means, as at the Closing Date, Home Credit & Finance Bank Limited Liability Company, a bank with limited liability incorporated under the laws of Russia (main state registration number OI PH 1027700280937), having its registered office at 317A Zelenograd, Moscow, 124482, the Russian Federation;

**"Servicer Report"** means a report, in substantially the form of Schedule 2 (*Form of Servicer Report*) to the Servicing Agreement (appropriately completed), furnished by the Servicer to the Purchaser and the Security Trustee in accordance with the Servicing Agreement;

**"Servicing Agreement"** means the servicing agreement dated the Closing Date between the Servicer, the Issuer, the Standby Servicer and the Security Trustee;

"**Specified Agreements**" means Consumer Loan Agreements as to which the Receivables arising thereunder are being offered for sale or have been sold in accordance with the Receivables Purchase Agreement;

"**specified office**" means with respect to the Paying Agents the offices listed at the end of these Conditions or such other offices as may from time to time be duly notified pursuant to Condition 19 (*Notices and Information*);

"**Spot Leg**" means the FX transaction that forms the first part of each Non-Round FX Swap;

"**Standby Servicer**" means, as at the Closing Date, Closed Joint Stock Company International Moscow Bank, a closed joint stock company incorporated under the laws of the Russian Federation, having its registered office at Prechistenskaya nab. 9, Moscow 119034, Russian Federation;

"**Stock Exchange**" means the Irish Stock Exchange Limited;

"**Subordinated Loan Facility**" means the subordinated loan facility provided to the Issuer by the Subordinated Loan Facility Provider pursuant to the Subordinated Loan Facility Agreement;

"**Subordinated Loan Facility Agreement**" means the subordinated loan facility agreement dated the Closing Date between the Issuer, the Subordinated Loan Facility Provider and the Security Trustee;

"**Subordinated Loan Facility Provider**" means, as at the Closing Date, the Originator;

"**Subordinated Loan RUR Amount**" is equal, on a particular day, to the RUR amount obtained from selling the EUR proceeds of Funding Drawings made pursuant to the Subordinated Loan Facility *less* the RUR amount applied (or the RUR equivalent of any EUR amount directly applied) in repayments of Funding Drawings pursuant to the Subordinated Loan Facility *plus* all amounts that have been (prior to such particular day) added to the Available Issuer Principal pursuant to Condition 3(j)(x) (*Status, Priority and Security - Income Priority of Payments Prior to Amortisation*) to be applied pursuant Condition 6(b) (*Redemption, Purchase and Cancellation – Mandatory Redemption in Part*);

"**Subordinated Loan RUR Shortfall**" is equal to the greater of (a) zero and (b) the EUR outstanding balance of Funding Drawings then outstanding converted into RUR at the then prevailing FX spot rate between RUR and EUR as determined by the Cash Manager *less* the Subordinated Loan RUR Amount;

"**Subordinated Loan Target RUR Amount**" means an amount equal to the Principal Amount Outstanding of the Notes multiplied by the Subordination Target Percentage rounded up to the nearest EUR 50,000;

"**Subordination Target Percentage**" means an amount equal to:

$$(Y \times (\text{greater of A and B})) + C$$

where:

"Y" is equal to the value determined by looking up in column 2 of the following table the value that corresponds to the Principal Amount Outstanding of the Notes shown in column 1 (using a straight-line method to interpolate the resulting value to be used for Y in the event that the Principal Amount Outstanding of the Notes falls between two values displayed in column 1):

Principal Amount Outstanding of Notes	Y
Less than €100,000,000	1.300
€100,000,000	1.250
€126,500,000	1.216
€200,000,000	1.100
€291,000,000	1.000

"A" is equal to the value obtained as the "Percentage" in the second column of the following table corresponding to the applicable percentage in the first column, which represents the actual Asset Excess Spread:

Asset Excess Spread	Percentage
16 %	9.62 %
14 %	10.12 %
12 %	10.62 %
10 %	11.12 %
8 %	11.62 %

"B" is equal to the Minimum Seller Net Investment; and

"C" is equal to the Excess Commingled Cash Percentage;

**"Subscription Agreement"** means the subscription agreement dated 7 December 2005 between the Issuer, the Originator, the Lead Manager and the Manager;

**"Talonholders"** means the holders from time to time of the Talons;

**"Talons"** means the bearer talons in, or substantially in, the form set out in Schedule 1D (*Form of Talon for Further Interest Coupons*) and Schedule 2D (*Form of Talon for Further Interest Coupons*) to the Trust Deed and exchangeable in accordance with the Conditions for further Coupons and/or talons or, where the context requires, a specific number of them;

**"TARGET Settlement Day"** means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is operating;

**"Tax Event"** has the meaning given to it in Condition 6(c) (*Redemption, Purchase and Cancellation – Optional Redemption for Tax Reasons*);

**"Transaction Documents"** means the Master Definitions and Framework Deed, the Receivables Purchase Agreement, the Servicing Agreement, the Subordinated Loan Facility Agreement, the Trust Deed, the Issuer Deed of Charge, the Issuer Accounts Agreement, the Issuer HCFB Accounts Agreement, the HCFB Bank Account Addendum Agreement, the Issuer IMB Accounts Agreement, the IMB Bank Account Addendum Agreement, the Cash Management Agreement, the Liquidity Facility Agreement, the Agency Agreement, the Data Agency Agreement, the Data Custody Agreement, the Corporate Services Agreement, the Hedge Agreement, the Subscription Agreement the Notes and the Class Z Coupons and any other document entered into by one or more Transaction Parties which is designated as a **"Transaction Document"** with the consent of the Security Trustee, the Issuer and the Originator;

**"Transaction Party"** means Originator and Seller, the Issuer and Purchaser, the Servicer, the Standby Servicer, the Lead Manager, the Note Trustee, the Security Trustee, the Subordinated Loan Facility Provider, the Cash Manager, the Issuer Account Bank, the HCFB Account Bank, the IMB Account Bank, the Principal Paying Agent, the Irish Paying Agent, the Agent Bank, the Liquidity Facility Provider, the Hedge Counterparty, the Data Agent, the Data Custodian, the Corporate Services Provider and the Domiciliation Agent;

**"Trust Deed"** means the trust deed creating the Notes dated the Closing Date between the Issuer and the Note Trustee;

**"Unamortised Commission Amount"** means the unamortised premium that has been paid by the Issuer in relation to Commission Loans which continue to perform, and is equal to the aggregate difference between the Principal Balance of such Commission Loans (other than Commission Loans with respect to Written-Off Agreements) less that actual outstanding balance of the same Commission Loans;



**"Written-Off Agreement"** means a Consumer Loan in relation to which more than two Monthly Payments are past due (on the assumption that cash receipts in connection with such Consumer Loan are allocated to payments in the order in which they become due); and

**"Written Resolution"** means a resolution in writing signed by or on behalf of all of the holders of or all of the holders of Notes of a particular Class who, in accordance with the Provisions for Meetings of Noteholders, would be entitled to attend and vote at a meeting of Noteholders or, if applicable, Noteholders of that Class, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes.

#### *General Interpretation*

(b) In these Conditions any reference to:

- (i) **"continuing"**, in respect of an Enforcement Event, shall be construed as a reference to an Enforcement Event which has not been waived in accordance with the Conditions and the Trust Deed;
- (ii) **"Euroclear"** and/or **"Clearstream, Luxembourg"** shall, wherever the context so admits, be deemed to include reference to any additional or alternative clearing system approved by the Issuer and the Note Trustee in relation to the Notes and the Class Z Coupons;
- (iii) **"including"** shall be construed as a reference to **"including without limitation"**, so that any list of items or matters appearing after the word "including" shall be deemed not to be an exhaustive list, but shall be deemed rather to be a representative list, of those items or matters forming a part of the category described prior to the word "including";
- (iv) a person shall be construed as being **"insolvent"** if such person goes into administration, bankruptcy, liquidation, dissolution, receivership or winding-up or analogous procedure in any applicable jurisdiction or such person is unable to pay its debts as they fall due or such person's liabilities exceed its assets;
- (v) a **"law"** shall be construed as any law (including common or customary law), statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any other legislative measure of any government, supranation, local government, statutory or regulatory body or court;
- (vi) a **"person"** means, any individual, firm, company, corporation, government, state or agency of a state or any association or partnership, limited liability company, trustee or statutory business trust (whether or not having separate legal personality) of two or more of the foregoing;
- (vii) **"repay"**, **"redeem"** and **"pay"** shall each include both of the others and **"repayable"**, **"repayment"** and **"repaid"** and **"redeemable"**, **"redemption"** and **"redeemed"** and **"payable"**, **"payment"** and **"paid"** shall be construed accordingly;
- (viii) a **"subsidiary"** of a company or corporation shall be construed as a reference to any company or corporation (A) which is controlled, directly or indirectly, by the first-mentioned company or corporation or (B) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation or (C) which is a subsidiary of another subsidiary of the first-mentioned company or corporation and for these purposes a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;
- (ix) **"tax"** means any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of any jurisdiction or any sub-division of it or by any authority in it having power to tax, and **"taxes"**, **"taxation"**, **"taxable"** and comparable expressions shall be construed accordingly;

- (x) any "**Transaction Party**" includes its successors, transferees and assignees and, in the case of the Note Trustee and the Security Trustee, includes any additional or replacement trustee, separate trustee or co-trustee appointed under the Trust Deed and the Issuer Deed of Charge, respectively; and
- (xi) "**VAT**" shall be construed as a reference to value added tax or any other tax of a similar fiscal nature imposed by the laws of any jurisdiction.

#### *Headings and Clauses*

- (c) The headings in these Conditions shall not affect their interpretation. References to Clauses, Schedules, Exhibits, paragraphs and Articles in any Transaction Document shall, unless its context otherwise requires, be construed as references to the Clauses of, Schedules to, Exhibits to, paragraphs of, and Articles of, such document.

#### *Singular and Plural*

- (d) Unless the context otherwise requires:
  - (i) words denoting the singular number only include the plural number also and *vice versa*;
  - (ii) a defined term in the plural which refers to a number of different items or matters may be used in the singular or plural to refer to any (or any set) of those items or matters, as the context requires;
  - (iii) words denoting one gender only include the other genders; and
  - (iv) words denoting persons only include firms, corporations and other organised entities, whether separate legal entities or otherwise, and *vice versa*.

#### *Agreements and Statutes*

- (e) Unless the context otherwise requires, any reference in these Conditions to:
  - (i) the Trust Deed, the Issuer Deed of Charge, the Agency Agreement, any other Transaction Document or any other agreement, deed or document shall be construed as a reference to the relevant agreement, deed or document as the same may have been, or may from time to time be, replaced, extended, amended, varied, novated, supplemented or superseded in accordance with its terms and includes any agreement, deed or other document expressed to be supplemental to it, as from time to time so extended, amended, varied or novated; and
  - (ii) any statutory provision or legislative enactment shall be deemed also to refer to any re-enactment, modification or replacement thereof and any statutory instrument, order or regulation made thereunder or under any such re-enactment.

#### *Different Capacities*

- (f) Where any Transaction Party from time to time acts in or is referred to in more than one capacity in these Conditions, the provisions of these Conditions shall apply to such Transaction Party as though it were a separate party in each such capacity except insofar as they may require such party in one capacity to give any notice or information to itself in another capacity.

## **2. FORM, DENOMINATION AND TITLE**

#### *Denominations and Issue of Notes and the Class Z Coupons*

- (a) The Notes will be issued in minimum denominations of €125,000 each. For the purposes of clearing only, Clearstream, Luxembourg and Euroclear may assign a notional denomination to the Class Z Coupons.

- (b) Each Class A-1 Note shall be issued with a Class Z-1 Coupon attached and each Class A-2 Note shall be issued with a Class Z-2 Coupon attached. However, from the Closing Date or the Further Draw Date, as applicable, of the Class A Note, the Class Z Coupons will detach from the respective Class A Notes and will become a separate instrument, fully transferable independently of such Class A Note. Detachment of a Class Z Coupon from a Class A Note will have no effect on the Principal Amount Outstanding of the Class A Note and will not reduce the principal payable in respect of that Class A Note, even where the Class A Notes are redeemed prior to the Final Maturity Date.

*Form of Permanent Global Notes and Permanent Global Class Z Coupons*

- (c) Each Class of Notes will be issued in bearer form and will be represented by a Permanent Global Note, without Coupons or Talons attached, in the aggregate principal amount on the Closing Date of €100,000,000 for the Original Class A-1 Notes, €13,500,000 for the Original Class A-2 Notes and €13,000,000 for the Class B Notes. The Class Z-1 Coupons will be issued in bearer form and will be represented by a Permanent Global Class Z-1 Coupon and the Class Z-2 Coupons will be issued in bearer form and will be represented by a Permanent Global Class Z-2 Coupon.

*Title to Permanent Global Notes and Permanent Global Class Z Coupons*

- (d) Title to the Permanent Global Notes and the Permanent Global Class Z Coupons will pass by delivery. Interests in Notes and Class Z Coupons represented by a Permanent Global Note or a Permanent Global Class Z Coupon, as applicable, will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate. The holder of any Permanent Global Note or a Permanent Global Class Z Coupon may (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated at all times by the Issuer, the Note Trustee, the Security Trustee and the Paying Agents as the absolute owner of that Permanent Global Note or that Permanent Global Class Z Coupon, as applicable, for the purposes of making payments thereon (regardless of any notice of ownership, trust or other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and none of the Issuer, the Note Trustee, the Security Trustee and the Paying Agents shall be liable for so treating such holder.

*Issue of Definitive Notes and Definitive Class Z Coupons*

- (e) If, while any Notes or Class Z Coupons are represented by a Permanent Global Note or a Permanent Global Class Z Coupon, as applicable, an Exchange Event occurs, the Issuer will deliver Definitive Notes or Definitive Class Z Coupons, as applicable, with, where applicable, Coupons and Talons attached on issue.

*Form of Definitive Notes and Definitive Class Z Coupons*

- (f) Definitive Notes and Definitive Class Z Coupons, if issued, will be serially numbered and in bearer form with, where applicable, at the date of issue, Coupons falling due after the date of issue and Talons for further Coupons attached. The Definitive Notes, the Definitive Class Z Coupons, the Coupons and Talons will be security printed in accordance with applicable legal and stock exchange requirements and shall be endorsed with these Conditions.

*Title to Definitive Notes and Definitive Class Z Coupons*

- (g) Title to the Definitive Notes, Definitive Class Z Coupons, Coupons and Talons will pass by delivery. The holder of any Definitive Note, Class Z Coupon, Coupon or Talon may (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated at all times, by all persons and for all purposes, including the making of any payments in respect of the Notes and the Class Z Coupons, as the absolute owner of that Definitive Note, Class Z Coupon, Coupon or Talon (regardless of any notice of ownership, trust or other interest therein, any writing thereon or any notice of any previous loss or theft thereof and no person shall be liable for so treating such holder). Each Couponholder and Talonholder (whether or not the Coupon or Talon is attached to the relevant Definitive Note) in his capacity as such shall be subject to and bound by all the provisions contained in the relevant Definitive Note.

### 3. STATUS, PRIORITY AND SECURITY

#### *Status and Relationship between the Notes and the Class Z Coupons*

- (a) The Notes, the Class Z Coupons and the Coupons constitute direct and, upon issue, unconditional obligations of the Issuer subject to the terms of the Trust Deed and these Conditions and are secured by the Issuer Security.
- (b) The Notes, the Class Z Coupons and the Coupons are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other parties to the Transaction Documents.
- (c) The Notes of each Class and the Class Z Coupons rank *pari passu* without preference or priority amongst themselves. The Class A Notes, the Class B Notes and the Class Z Coupons rank as among themselves in accordance with the Priority of Payments set out in Condition 3 (*Status, Priority and Security*). Certain other obligations of the Issuer rank in priority to the Notes and the Class Z Coupons in accordance with the Priority of Payments.
- (d) The Trust Deed contains provisions requiring the Note Trustee (except where expressly provided otherwise) to have regard to the interests of the Noteholders as a whole as regards the exercise or performance of each of its trusts, powers, authorities, duties, discretions and obligations under the Trust Deed and the other Transaction Documents. If, in relation to the exercise or performance of any of those trusts, powers, authorities, duties, discretions and obligations, in the Note Trustee's opinion there is or may be a conflict:
  - (i) subject as provided in Condition 3(d)(iii) (*Status, Priority and Security – Status and Relationship between the Notes and the Class Z Coupons*), between the interests of (A) the Class A-1 Noteholders and (B) the other Noteholders, the Note Trustee shall, to the extent permitted by applicable law, have regard only to the interests of the Class A-1 Noteholders;
  - (ii) subject as provided in Condition 3(d)(iii) (*Status, Priority and Security – Status and Relationship between the Notes and the Class Z Coupons*), if there are no Class A-1 Notes outstanding, between the interests of (A) the Class A-2 Noteholders and (B) the other Noteholders, the Note Trustee shall, to the extent permitted by applicable law, have regard only to the interests of the Class A-2 Noteholders;
  - (iii) in relation to a determination as to whether or not a Commingling Loss has occurred, between the interests of (A) the Class A-2 Noteholders and (B) the Class A-1 Noteholders and the Class B Noteholders, the Note Trustee shall, to the extent permitted by applicable law, have regard only to the interests of the Class A-1 Noteholder and the Class B Noteholders;
  - (iv) if there are no Class A Notes outstanding, the Note Trustee shall, to the extent permitted by applicable law, have regard only to the interests of the Class B Noteholders; and
  - (v) subject as provided below, the Note Trustee shall not have regard to the interests of the Class Z Couponholders,

provided that in relation to any waiver of breach pursuant to Condition 14(b) (*Modification and Waiver of Breach - Waiver of Breach*), the Note Trustee shall have regard to the interests of the Noteholders and the Class Z Couponholders as a whole irrespective of any conflict between the interests of the different Classes of Noteholders and the Class Z Couponholders.

- (e) The Class A-1 Notes and the Class A-2 Notes shall in all respects be treated by the Note Trustee as a single class, except as provided in Conditions 3(d) and (f) (*Status, Priority and Security – Status and Relationship between the Notes and the Class Z Coupons*), Condition 6 (*Redemption, Purchase, Cancellation*) and Condition 13(b) (*Meetings of Noteholders – Extraordinary Resolutions and Basic Terms Modifications*).
- (f) The Issuer Deed of Charge contains provisions requiring the Security Trustee (except where expressly provided otherwise) to have regard to the interests of the Secured Creditors as a whole as regards the exercise or performance of each of its trusts, powers, authorities, duties, discretions and obligations in respect of the Issuer Security under the Issuer Deed of Charge and each of the other Transaction

Documents or the rights or benefits which are comprised in the Issuer Security. If, in relation to the exercise or performance of any of those trusts, powers, authorities, duties, discretions and obligations, in the Security Trustee's opinion there is or may be a conflict:

- (i) subject as provided in Condition 3(f)(iii) (*Status, Priority and Security – Status and Relationship between the Notes and the Class Z Coupons*), between the interests of (A) the Class A-1 Noteholders and (B) the other Secured Creditors, the Security Trustee shall, to the extent permitted by applicable law, have regard only to the interests of the Class A-1 Noteholders;
  - (ii) subject as provided in Condition 3(f)(iii) (*Status, Priority and Security – Status and Relationship between the Notes and the Class Z Coupons*), if there are no Class A-1 Notes outstanding, between the interests of (A) the Class A-2 Noteholders and (B) the other Secured Creditors, the Security Trustee shall, to the extent permitted by applicable law, have regard only to the interests of the Class A-2 Noteholders;
  - (iii) in relation to a determination as to whether or not a Commingling Loss has occurred, between the interests of (A) (aa) the Class A-2 Noteholders and (bb) the Class A-1 Noteholders and the Class B Noteholders, the Security Trustee shall, to the extent permitted by applicable law, have regard only to the interests of the Class A-1 Noteholders and the Class B Noteholders and (B) (aa) the Class A-2 Noteholders and (bb) the Class Z Couponholders, the Security Trustee shall, to the extent permitted by applicable law, have regard only to the interests of the Class A-2 Noteholders;
  - (iv) if there are no Class A Notes outstanding, between the interests of (A) the Class B Noteholders and (B) the other Secured Creditors, the Security Trustee shall, to the extent permitted by applicable law, have regard only to the interests of the Class B Noteholders; and
  - (v) if there are no Class A Notes or Class B Notes outstanding, between the interests of: (A) the Class Z Couponholders and (B) the other Secured Creditors, the Security Trustee shall, to the extent permitted by applicable law, have regard only to the interests of the Class Z Couponholders.
- (g) The Note Trustee in considering whether any event or any action taken or to be taken is materially prejudicial to the interests of any Class of Noteholders or the Class Z Couponholders (the "**No Material Prejudice Test**") shall be entitled to take into account whether or not the Rating Condition has been satisfied, provided that the Note Trustee shall continue to be responsible for taking into account all other matters which would be relevant to the No Material Prejudice Test;
- (h) The Note Trustee may, in its absolute discretion, at any time and without prejudice to Conditions 3(d) and (e) (*Status, Priority and Security – Status and Relationship between the Notes and the Class Z Coupons*), or 13(b) (*Meetings of Noteholders – Extraordinary Resolutions and Basic Terms Modifications*), and having regard to the particular circumstances then applicable, convene a Meeting or Meetings of the Noteholders and the Class Z Couponholders or of a specific Class or Classes of Noteholders and/or the Class Z Couponholders.

#### *Security*

- (i) As security for the Secured Obligations, the Issuer has created the following security pursuant to the Issuer Security Documents:
- (i) a first ranking pledge governed by Russian law pursuant to the Servicing Agreement over the Issuer's rights in the Purchased Receivables and Related Rights and the Issuer's rights with respect to the Issuer First HCFB Account;
  - (ii) an assignment by way of first fixed security governed by English law pursuant to the Issuer Deed of Charge of the Issuer's rights in the Assigned Contractual Rights;
  - (iii) a first ranking pledge governed by German law over the Issuer's rights in the Issuer Euro Account, the Issuer Rouble Account and the Class A-2 Escrow Account, and the debts represented thereby; and

- (iv) a direct debit arrangement, pursuant to which the Secured Creditors (or any of their representatives or agents) have the right directly to debit certain cash accounts of the Issuer held with the HCFB Account Bank and the IMB Account Bank, namely the Issuer First HCFB Account and the Issuer Standby Servicer Account, without the Issuer's consent or further instruction in consideration of the Secured Obligations.

*Income Priority of Payments Prior to Amortisation*

- (j) Prior to the delivery of a Note Amortisation Notice in accordance with Condition 10 (*Amortisation*), the Cash Manager, as agent for the Issuer, shall on each Notice Date instruct the Issuer Account Bank to make payments on the following Interest Payment Date from Available Issuer Income standing to the credit of the Issuer Euro Account and the Issuer Rouble Account less an amount equal to any debit balance on the Income Deficiency Ledger from the preceding Interest Payment Date to be applied in paying or providing for the payment of the following amounts, calculated with respect to the Calculation Period ending on the Calculation Date prior to that Notice Date (in each case, together with any interest and any VAT thereon, as provided for in the relevant Transaction Documents) in the following order of priority (the "**Pre-Amortisation Priority of Payments: Available Issuer Income**") (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full), in accordance with and as more fully set out in the Cash Management Agreement (with FX transactions being executed during each Calculation Period (in preparation for the payments to be made) and also on or about each Interest Payment Date (to the extent required) so as to make the payments in the appropriate currency):
- (i) *first*, in or towards payment, *pro rata*, according to the respective amounts due, and to the extent that such amounts cannot be paid in full out of Available Issuer Income, any other available cash resources of the Issuer shall be used and a corresponding debit entry shall be made to the Income Deficiency Ledger, of (A) the fees or other remuneration and indemnity payments (if any) payable to the Note Trustee and any costs, charges, liabilities and expenses incurred by it for which it is entitled to be reimbursed or indemnified under the Trust Deed and the Issuer Deed of Charge and (B) the fees or other remuneration and indemnity payments (if any) payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by it for which it is entitled to be reimbursed or indemnified under the Issuer Deed of Charge;
- (ii) *second*, in or towards payment, *pro rata*, according to the respective amounts due, and to the extent that such amounts cannot be paid in full out of Available Issuer Income, any other available cash resources of the Issuer shall be used and a corresponding debit entry shall be made to the Income Deficiency Ledger, of (A) the Senior Fees payable to the Servicer and/or the Standby Servicer and/or any Replacement Servicer under the Servicing Agreement and the Issuer Deed of Charge, (B) the fees or other remuneration and indemnity payments (if any) which are then due to the Paying Agents and the Agent Bank and any costs, charges, liabilities and expenses incurred by any of them for which any of them is entitled to be reimbursed or indemnified under the Agency Agreement and the Issuer Deed of Charge, (C) the fees or other remuneration and indemnity payments (if any) which are then due to the Issuer Account Bank and any costs, charges, liabilities and expenses incurred by it for which it is entitled to be reimbursed or indemnified under the Issuer Accounts Agreement and the Issuer Deed of Charge, (D) the fees or other remuneration and indemnity payments (if any) which are then due to the Corporate Services Provider and the Domiciliation Agent and any costs, charges, liabilities and expenses incurred by them for which they are entitled to be reimbursed or indemnified under the Corporate Services Agreement and the Issuer Deed of Charge, (E) the commitment fees which are then due to the Hedge Counterparty under the Hedge Agreement and (F) sums due to third parties (or which are expected to fall due during the Interest Period commencing on such Interest Payment Date) under obligations incurred in the ordinary course of the Issuer's business (other than amounts specifically provided for elsewhere in this order of priority);
- (iii) *third*, in or towards payment, *pro rata*, according to the respective amounts due, and to the extent that such amounts cannot be paid in full out of Available Issuer Income, any other available cash resources of the Issuer shall be used and a corresponding debit entry shall be made to the Income Deficiency Ledger, of:
- (A) amounts due in respect of the Issuer's liability to tax (if any);

- (B) all amounts due or overdue to the Liquidity Facility Provider in respect of interest, commitment fees and indemnity payments (if any) payable to the Liquidity Facility Provider in relation to the Liquidity Facility pursuant to the Liquidity Facility Agreement; and
- (C) all amounts due or overdue in respect of interest in relation to the Non-Round FX Swaps and in respect of the RUR Interest Rate Swaps (other than the amounts described in item (v)(B) below);
- (iv) *fourth*, in or towards payment of or provision for all amounts of interest due or overdue in respect of the Class A Notes, and to the extent that such amounts cannot be paid in full out of Available Issuer Income, any other available cash resources of the Issuer shall be used and a corresponding debit entry shall be made to the Income Deficiency Ledger;
- (v) *fifth*, in or towards payment, *pro rata*, according to the respective amounts due, and to the extent that such amounts cannot be paid in full out of Available Issuer Income, any other available cash resources of the Issuer shall be used and a corresponding debit entry shall be made to the Income Deficiency Ledger, of:
  - (A) all amounts of interest due or overdue in respect of the Class B Notes; and
  - (B) any swap termination payments due and payable to the Hedge Counterparty pursuant to the Hedge Agreement, irrespective of who is the Defaulting Party;
- (vi) *sixth*, in or towards payment of an amount equal to any debit balance on the Principal Deficiency Ledger, the relevant amount to be set aside on account of Available Issuer Principal (and such amount shall be credited to the Principal Deficiency Ledger);
- (vii) *seventh*, in or towards payment of any amount due or overdue in respect of the Class Z Coupons;
- (viii) *eighth*, in or towards payment of or provision for the Junior Fees payable to the Servicer and/or the Standby Servicer and/or any Replacement Servicer and any costs, charges, liabilities and expenses incurred by any of them for which any of them is entitled to be reimbursed or indemnified under the Servicing Agreement and the Issuer Deed of Charge;
- (ix) *ninth*, in or towards payment of or provision for amounts due and payable to the Subordinated Loan Facility Provider, including amounts due with respect to the principal amount of any Initial Expenses Drawings but not including amounts due with respect to the principal amount of any Funding Drawings, pursuant to the Subordinated Loan Facility Agreement;
- (x) *tenth*, by adding an amount equal to the amount of the Subordinated Loan RUR Shortfall to the Available Issuer Principal to be applied pursuant to Condition 6(b) (*Redemption, Purchase and Cancellation – Mandatory Redemption in Part*);
- (xi) *eleventh*, in or towards the deposit of an amount equal to any remaining amount of Available Issuer Income into the Issuer Second HCFB Account pending the payment of the Preference Share Dividends; and
- (xii) *twelfth*, to the extent of any cash balance in the Issuer Second HCFB Account, in or towards the payment of Preference Share Dividends, to the extent that the same have been declared by the Board of Directors of the Issuer.

*Principal Priority of Payments Prior to Amortisation*

- (k) Prior to the delivery of a Note Amortisation Notice in accordance with Condition 10 (*Amortisation*), the Cash Manager, as agent for the Issuer, shall on each Notice Date instruct the Issuer Account Bank to make payments on the following Interest Payment Date from Available Issuer Principal standing to the credit of the Issuer Euro Account and the Issuer Rouble Account together with any amounts credited pursuant to Condition 3(j) (*Status, Priority and Security – Income Priority of Payments Prior to Amortisation*) to the Income Deficiency Ledger or credited to the Principal Deficiency Ledger, less

any amount debited to the Income Deficiency Ledger pursuant to Condition 3(j) (*Status, Priority and Security – Income Priority of Payments Prior to Amortisation*) to be applied in paying or providing for the payment of the amounts set out in Condition 6(b) (*Redemption, Purchase and Cancellation – Mandatory Redemption in Part*), calculated with respect to the Calculation Period ending on the Calculation Date prior to that Notice Date, (the "**Pre-Amortisation Priority of Payments: Available Issuer Principal**") and together with the Pre-Amortisation Priority of Payments: Available Issuer Income, the "**Pre-Amortisation Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full), in accordance with and as more fully set out in the Cash Management Agreement (with FX transactions being executed during each Calculation Period (in preparation for the payments to be made) and also on or about each Interest Payment Date (to the extent required) so as to make the payments in the appropriate currency).

#### *Daily Priority of Payments*

- (l) Prior to the delivery of a Note Amortisation Notice in accordance with Condition 10 (*Amortisation*), the Cash Manager, as agent for the Issuer, shall be entitled on any day during a Calculation Period (including an Interest Payment Date) to instruct the Issuer Account Bank to make payments from Issuer Income and Issuer Principal standing to the credit of the Issuer Euro Account and the Issuer Rouble Account to be applied in paying or providing or providing for the payment of the following amounts (in each case, together with any interest and any VAT thereon, as provided for in the relevant Transaction Documents) (with FX transactions being executed so as to make the payments in the appropriate currency):
- (i) to make any of the payments set out in items (i) to (iv) of the Pre-Amortisation Priority of Payments: Available Issuer Income that fall due;
  - (ii) to make any of the payments set out in items (i) and (ii) of the Pre-Amortisation Priority of Payments: Available Issuer Principal that fall due;
  - (iii) to make any payment in respect of an Offer that is accepted by the Issuer having first set aside an amount equal to Liquidity Principal;
  - (iv) to meet any obligations set out in Condition 6(c) (*Redemption, Purchase and Cancellation – Optional Redemption for Tax Reasons*) that fall due, providing that an amount equal to the Liquidity Principal is first set aside.

To the extent that Issuer Principal is used to meet any obligation that is otherwise expressed to be part of the Pre-Amortisation Priority of Payments: Available Issuer Income, a debit entry shall be made to the Income Deficiency Ledger.

#### *Priority of Payments Following Amortisation*

- (m) After the delivery of a Note Amortisation Notice in accordance with Condition 10 (*Amortisation*), the Cash Manager, as agent for the Issuer or, provided an Enforcement Notice has been delivered in accordance with Condition 11 (*Enforcement*), as agent for the Security Trustee, shall on each Notice Date instruct the Issuer Account Bank to make payments on the following Interest Payment Date from Available Cash and any other resources of the Issuer as listed below to be applied in paying or providing for the payment of the following amounts, calculated with respect to the Calculation Period ending on the Calculation Date prior to that Notice Date (in each case, together with any interest and any VAT thereon, as provided for in the relevant Transaction Documents) in the following order of priority (the "**Post Amortisation Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full), in accordance with and as more fully set out in the Cash Management Agreement (with FX transactions being executed during each Calculation Period (in preparation for the payments to be made) and also on or about each Interest Payment Date (to the extent required) so as to make the payments in the appropriate currency):
- (i) *first*, Available Cash shall be applied in the following order of priority:
    - (A) in or towards payment, *pro rata*, according to the respective amounts due, of (aa) the fees or other remuneration and indemnity payments (if any) payable to the Note Trustee and any costs, charges, liabilities and expenses incurred by it for which it is entitled to be



reimbursed or indemnified under the Trust Deed and the Issuer Deed of Charge and (bb) the fees or other remuneration and indemnity payments (if any) payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by it for which it is entitled to be reimbursed or indemnified under the Issuer Deed of Charge;

- (B) in or towards payment, *pro rata*, according to the respective amounts due, of (aa) the Senior Fees payable to the Servicer and/or the Standby Servicer and/or any Replacement Servicer under the Servicing Agreement and the Issuer Deed of Charge, (bb) the fees or other remuneration and indemnity payments (if any) which are then due to the Paying Agents and the Agent Bank and any costs, charges, liabilities and expenses incurred by any of them for which any of them is entitled to be reimbursed or indemnified under the Agency Agreement and the Issuer Deed of Charge, (cc) the fees or other remuneration and indemnity payments (if any) which are then due to the Issuer Account Bank and any costs, charges, liabilities and expenses incurred by it for which it is entitled to be reimbursed or indemnified under the Issuer Accounts Agreement and the Issuer Deed of Charge, (dd) the fees or other remuneration and indemnity payments (if any) which are then due to the Corporate Services Provider and the Domiciliation Agent and any costs, charges, liabilities and expenses incurred by them for which they are entitled to be reimbursed or indemnified under the Corporate Services Agreement and the Issuer Deed of Charge, (ee) the commitment fees which are then due to the Hedge Counterparty under the Hedge Agreement and (ff) prior to the delivery of an Enforcement Notice only, sums due to third parties (or which are expected to fall due during the Interest Period commencing on such Interest Payment Date) under obligations incurred in the ordinary course of the Issuer's business (other than amounts specifically provided for elsewhere in this order of priority);
- (C) in or towards payment, *pro rata*, according to the respective amounts due, of:
  - (aa) prior to the delivery of an Enforcement Notice only, amounts due in respect of the Issuer's liability to tax (if any);
  - (bb) all amounts due or overdue to the Liquidity Facility Provider in respect of interest or commitment fees and indemnity payments (if any) payable to the Liquidity Facility Provider in relation to the Liquidity Facility pursuant to the Liquidity Facility Agreement; and
  - (cc) all amounts due or overdue in respect of the Non-Round FX Swaps and in respect of the RUR Interest Rate Swaps (other than the amounts described in item (E)(bb) below);
- (D) in or towards payment of all amounts of interest due or overdue in respect of the Class A Notes;
- (E) in or towards payment, *pro rata*, according to the respective amounts due, of:
  - (aa) if the Class B Trigger has not been hit, all amounts of interest due or overdue in respect of the Class B Notes; and
  - (bb) any swap termination payments due and payable to the Hedge Counterparty pursuant to the Hedge Agreement, irrespective of who is the Defaulting Party;
- (F) in or towards provision for an amount equal to the Liquidity Principal;
- (G) in or towards, *pro rata*, in accordance with the Class A Note Ratio:
  - (aa) making a deposit into the Class A-2 Escrow Account; and
  - (bb) satisfying of all amounts of principal due or overdue in respect of the Class A-1 Notes;

- (ii) *second*, the amount then standing to the credit of the Class A-2 Escrow Account on the relevant Interest Payment Date less amounts that have been withdrawn in connection with a Commingling Loss shall be applied, to the extent such amounts have been released from the Class A-2 Escrow Account in accordance with the Cash Management Agreement, in satisfaction of all amounts of principal due or overdue in respect of the Class A-2 Notes;
- (iii) *third*, the Available Cash remaining after payment in full of the amounts listed in item (i) of this Condition 3(m) together with amounts released from the Class A-2 Escrow Account in accordance with the Cash Management Agreement (whether or not in connection with a Commingling Loss) on the relevant Interest Payment Date shall be applied in the following order of priority:
  - (A) in or towards satisfaction of all amounts of principal (if any) remaining due or overdue in respect of the Class A-1 Notes;
  - (B) in or towards, pro rata, according to the respective amounts due:
    - (aa) payment of all amounts of interest due or overdue in respect of the Class B Notes, to the extent such interest has not already been paid in accordance with item (i)(E)(aa) of this Condition 3(m); and
    - (bb) satisfaction of all amounts of principal due or overdue in respect of the Class B Notes;
  - (C) in or towards satisfaction of all amounts of principal due or overdue in respect of the Class A-2 Notes;
  - (D) in or towards payment of any amount due or overdue in respect of the Class Z Coupons;
  - (E) in or towards payment of or provision for the Junior Fees payable to the Servicer and/or the Standby Servicer and/or any Replacement Servicer and any costs, charges, liabilities and expenses incurred by any of them for which any of them is entitled to be reimbursed or indemnified under the Servicing Agreement and the Issuer Deed of Charge;
  - (F) in or towards payment of or provision for amounts due and payable to the Subordinated Loan Facility Provider (including amounts due with respect to the Initial Expenses Drawings) pursuant to the Subordinated Loan Facility Agreement; and
  - (G) in or towards the deposit of an amount equal to any remaining amount into the Issuer Second HCFB Account pending the payment of the Preference Share Dividends; and
  - (H) to the extent of any cash balance in the Issuer Second HCFB Account, in or towards the payment of Preference Share Dividends, to the extent that the same have been declared by the Board of Directors of the Issuer.

#### 4. COVENANTS

The Issuer has given certain covenants to the Note Trustee and the Security Trustee pursuant to the Trust Deed and the Issuer Deed of Charge, respectively. In particular, except with the prior written consent of the Note Trustee and the Security Trustee or as expressly provided in these Conditions or any of the other Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

##### *Negative Pledge*

- (a) create or permit to subsist any Security Interest over the whole or any part of its present or future assets, revenues or undertaking;

##### *Restrictions on Activities*

- (b) carry on any business other than as described in the Listing Prospectus and, in respect of that business, shall not engage in any activity or do anything whatsoever except that the Issuer shall be entitled to:

- (i) enter into the Transaction Documents to which it is a party and preserve, exercise and/or enforce any of its rights and perform and observe its obligations under and pursuant to the Transaction Documents to which it is a party;
- (ii) issue the Notes and the Class Z Coupons;
- (iii) perform any act, incidental to or necessary in connection with any of the above; and
- (iv) engage in those activities necessary for its continued existence and proper management;

*Disposal of Assets*

- (c) transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire, any of its assets, revenues or undertaking or any interest, right or benefit in respect of any of them or agree or purport to do so;

*Indebtedness*

- (d) create, incur or permit to subsist any Indebtedness or give any guarantee or indemnity in respect of Indebtedness or of any other obligation of any person;

*Dividends, Distributions and Shares*

- (e) pay any dividend or make any other distribution to its shareholders, except the Preference Share Dividends, or issue any further shares;

*Subsidiaries, Employees and Premises*

- (f) have or form or cause to be formed, any subsidiaries or subsidiary undertakings of any other nature or have any employees or premises;

*Merger*

- (g) amalgamate, consolidate or merge with any other person or transfer its assets, revenues or undertaking to any other person;

*No Variation or Waiver*

- (h) permit:
  - (i) any of the Transaction Documents to which it is a party to become invalid or ineffective;
  - (ii) the priority of the Issuer Security to be altered, released, postponed or discharged or consent to any amendment to, or exercise any powers of consent or waiver pursuant to the terms of, any of those Transaction Documents; or
  - (iii) any party to any of those Transaction Documents or any other person whose obligations form part of the Issuer Security to be released from its obligations;

*Bank Accounts*

- (i) have an interest in any bank account other than the Issuer Accounts, unless that account or interest is charged to the Security Trustee or (in the case of accounts held in Russia) the Russian Enforcement Party on terms acceptable to the Security Trustee or the Russian Enforcement Party, as applicable;

*Separateness*

- (j) permit or consent to any of the following occurring:
  - (i) its books and records being maintained with or co-mingled with those of any other person or entity;

- (ii) its bank accounts and the debts represented thereby being co-mingled with those of any other person or entity;
- (iii) its assets or revenues being co-mingled with those of any other person or entity; or
- (iv) its business being conducted other than in its own name,

and, in addition to the above, the Issuer shall or shall procure that, with respect to itself:

- (A) separate financial statements in relation to its financial affairs are maintained;
- (B) all corporate formalities with respect to its affairs are observed;
- (C) separate stationery, invoices and cheques are used;
- (D) it always holds itself out as a separate entity; and
- (E) any known misunderstandings regarding its separate identity are corrected as soon as possible;

#### *Tax Residence*

- (k) become tax resident in any country outside Luxembourg, save in the event of a permitted substitution pursuant to Condition 15 (*Substitution of Principal Debtor*);

#### *COMI*

- (l) (A) maintain its registered office in the jurisdiction of its incorporation and (B) maintain its "centre of main interests" for the purposes of the Insolvency Regulation in the jurisdiction of its incorporation; or

#### *Establishment*

- (m) not maintain an "establishment" (as that expression is used in the Insolvency Regulation) in any jurisdiction other than the jurisdiction of its incorporation; or

#### *Established Place of Business*

- (n) not have an established place of business in England and Wales under Chapter I of Part XII of the Companies Act 1985.

### **5. INTEREST**

#### *Period of Accrual*

- (a) Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (or in the case of the redemption of part only of a Note, that part only of that Note) shall cease to bear interest from and including its due date for redemption, unless, upon due presentation of that Note, payment of the relevant amount of principal or any part of it is improperly withheld or refused. In that event, interest will continue to accrue on that unpaid amount (before and after the date of any judgment) at the rate from time to time applicable to that Note up to (but excluding) the date on which, on further presentation of that Note, payment of the relevant amount of principal is made in full or (if earlier, and provided that payment is made in full when the Note is subsequently presented) the seventh day after notice is given by the Principal Paying Agent to the relevant Noteholder in accordance with Condition 19 (*Notices and Information*) that, upon presentation of that Note being duly made, such payment will be made.

#### *Interest Payment Dates and Interest Periods*

- (b) Interest on each Note is payable monthly in arrear on each Interest Payment Date in respect of the Interest Period ending on (but excluding) that Interest Payment Date.

### *Rate of Interest*

- (c)
- (i) The rate of interest payable from time to time in respect of each Class of Notes (the "**Rate of Interest**") will be determined by the Agent Bank in accordance with this Condition 5, provided that any amount that is due on the Class Z Coupons pursuant to Condition 5(c)(i)(v)(A) and (B) (*Interest – Rate of Interest*) will be determined by the Cash Manager in accordance with the Cash Management Agreement.
  - (ii) Prior to the Call Date, the Rate of Interest in respect of each Class of Notes for each Interest Period shall be the aggregate of:
    - (A) the Relevant Margin; and
    - (B) EURIBOR.
  - (iii) After the Call Date, the Rate of Interest in respect of each Class of Notes shall be the aggregate of:
    - (A) the Relevant Margin;
    - (B) EURIBOR; and
    - (C) the Relevant Step-up Margin.
  - (iv) For the purposes of these Conditions, the "Relevant Margin" shall be:
    - (A) for the Class A-1 Notes, 2.5 per cent. per annum;
    - (B) for the Class A-2 Notes, 5.25 per cent. per annum; and
    - (C) for the Class B Notes, 5.0 per cent. per annum.
  - (v) For the purposes of these Conditions, the "**Relevant Step-up Margin**" shall be:
    - (A) for the Class A-1 Notes, 2.5 per cent. per annum, provided that that any amount of interest that is due on the Class A-1 Notes by reference to the Relevant Step-up Margin shall accrue on the Class Z-1 Coupons and shall be paid to the Class Z-1 Couponholders on a pro rata basis;
    - (B) for the Class A-2 Notes, 2.5 per cent. per annum, provided that that any amount of interest that is due on the Class A-2 Notes by reference to the Relevant Step-up Margin shall accrue on the Class Z-2 Coupons and shall be paid to the Class Z-2 Couponholders on a pro rata basis; and
    - (C) for the Class B Notes, zero.

### *Determination of Rates of Interest and Calculation of Interest Amounts*

- (d) The Agent Bank shall, on each Interest Determination Date, determine and as soon as practicable after 11.00 a.m. (London time) notify to the Issuer, the Servicer, the Standby Servicer, the Note Trustee, the Paying Agents and the Hedge Counterparty in respect of each Class of Notes:
- (i) the Rate of Interest applicable to the relevant Interest Period; and
  - (ii) the aggregate amount of interest due on each Note of each Class for the relevant Interest Period which shall be an amount equal to the product of:
    - (A) an amount equal to the product of (aa) the Rate of Interest for that Class of Note and (bb) the Principal Amount Outstanding of such Note on the first day of the relevant Interest Period (after giving effect to any Note Principal Payments made by the Issuer on that date); and

- (B) an amount equal to the quotient of (aa) the actual number of days in the relevant Interest Period and (bb) 360 days (the "Interest Amount").

The resulting figure shall be rounded down to the nearest cent.

*Publication of Rate of Interest, Interest Amounts*

- (e) As soon as practicable after making the determination pursuant to Condition 5(d) (*Interest – Determination of Rates of Interest and Calculation of Interest Amounts*), the Agent Bank shall cause the Rate of Interest and the Interest Amount applicable to each Class of Notes for the relevant Interest Period and the Interest Payment Date on which that Interest Period will end to be notified to the Stock Exchange (for so long as the Notes are listed on the Stock Exchange) and will cause the same to be published in accordance with Condition 19 (*Notices and Information*). The Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice if the Interest Period is extended or shortened.

*Determination or Calculation by Note Trustee*

- (f) If the Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Amount for any Class of Notes for any Interest Period in accordance with this Condition 5, the Note Trustee shall:
- (i) determine the Rate of Interest for the Notes of each Class in the manner specified in this Condition 5; and/or
  - (ii) calculate the Interest Amount for the Notes of each Class in the manner specified in this Condition 5.

Any such determination and/or calculation by the Note Trustee shall be deemed to have been made by the Agent Bank and the Agent Bank shall be liable as if it had made that determination and/or calculation. In making any such determination, the Note Trustee shall apply the provisions of this Condition 5, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it considers fair and reasonable in all the circumstances.

*Agent Bank*

- (g) The Issuer shall ensure that, for so long as any of the Notes and the Class Z Coupons remains outstanding, there will at all times be an Agent Bank. If the Agent Bank resigns under the Agency Agreement the Issuer may (with the prior written approval of the Note Trustee) or, if the Issuer fails to do so, the Agent Bank may (with the prior approval of the Note Trustee and the Issuer), appoint a successor Agent Bank. If the Agent Bank resigns, its resignation will not take effect until a successor has been appointed and notice of such appointment has been given to the Noteholders by the outgoing Agent Bank in accordance with Condition 19 (*Notices and Information*).

*Interest Deferral and Accrual*

- (h) Payments of interest on each Class of Notes other than the Most Senior Class then outstanding and the Class Z Coupons will be subject to deferral to the extent that there are insufficient Available Issuer Income on any Interest Payment Date in accordance with the Pre-Amortisation Priority of Payments: Available Issuer Income to pay in full the amount of interest which would otherwise be payable on that Class of Notes or the Class Z Coupons, as applicable. The amount by which the aggregate amount of interest paid on any Class of Notes falls short of the aggregate amount of interest which otherwise would be payable on the relevant Notes or Class Z Coupons, as applicable, on that date, shall accrue interest while it remains outstanding at the Rate of Interest for that Class of Note and shall be aggregated with the amount of, and treated for the purposes of, this Condition 5 as if it were interest due on each such Class of Notes and, subject as provided below, payable on the next succeeding Interest Payment Date.

If, on the Final Maturity Date (or on any earlier redemption of the relevant Class of Notes or the Class Z Coupons in full), there remains any such shortfall, the amount of such shortfall will become due and payable on the Final Maturity Date (or, in the case of any earlier redemption of the relevant Class of Notes or the Class Z Coupons in full, on the date of such earlier redemption).

## 6. REDEMPTION, PURCHASE AND CANCELLATION

### *Final Redemption*

- (a) Subject to Condition 6(i) (*Redemption, Purchase and Cancellation – Limited Recourse*), unless previously redeemed in full and cancelled, the Notes will be redeemed at their Principal Amount Outstanding on the Final Maturity Date together with interest and other amounts (if any) accrued to the Final Maturity Date. The Class Z-1 Coupons will be redeemed simultaneously with the Class A-1 Notes and the Class Z-2 Coupons will be redeemed simultaneously with the Class A-2 Notes.

### *Mandatory Redemption in Part*

- (b) If, on any Interest Payment Date prior to the delivery of a Note Amortisation Notice in accordance with Condition 10 (*Amortisation*), the Issuer has Available Issuer Principal, the Cash Manager shall, having first made the determinations and payments relating to the Pre-Amortisation Priority of Payments: Available Issuer Income, apply it on that date, less any amounts debited to the Income Deficiency Ledger pursuant to Condition 3(j) (*Status, Priority and Security - Income Priority of Payments Prior to Amortisation*) on that date plus any amount to be added to the Available Issuer Principal pursuant to Condition 3(j)(x) (*Status, Priority and Security - Income Priority of Payments Prior to Amortisation*) as follows:

- (i) *first*, in or towards payment, *pro rata*, according to the respective amounts due, of:
- (A) all amounts due or overdue to the Liquidity Facility Provider in respect of principal in relation to the Liquidity Facility pursuant to the Liquidity Facility Agreement (such amounts to be potentially re-drawn if required);
  - (B) all amounts due or overdue in respect of principal in relation to the Non- Round FX Swaps; and
  - (C) all amounts due in respect of the repayment of Notes in relation to which a notice of repayment has been given on or about the preceding Notice Date, provided that no such notice shall be given with respect to the Class A-2 Notes until the Class A-1 Notes and the Class B Notes have been redeemed in full and no such notice shall be given with respect to the Class B Notes until the Class A-1 Notes have been redeemed in full;
- (ii) *second*, in or towards provision for an amount equal to the Liquidity Principal on the immediately preceding Calculation Date (split between the RUR Liquidity Principal Amount and the EUR Liquidity Principal Amount);
- (iii) *third*, in or towards provision for an amount to be repaid in respect of Funding Drawings made under the Subordinated Loan Facility in an amount up to the amount (if any) by which the EUR equivalent of the Subordinated Loan RUR Amount exceeds the Subordinated Loan Target RUR Amount;
- (iv) *fourth*, in or towards provision for an amount equal to Retained Principal;
- (v) *fifth*, in or towards satisfaction of all amounts of principal in respect of the Class A-1 Notes;
- (vi) *sixth*, in or towards satisfaction of all amounts of principal in respect of the Class B Notes;
- (vii) *seventh*, in or towards satisfaction of all amounts of principal in respect of the Class A-2 Notes;
- (viii) *eighth*, to the extent of any remaining amounts still to be applied pursuant to this order of priority *plus* the amount of the provision made at item (iii), in or towards payment of amounts

due and payable to the Subordinated Loan Facility Provider in respect of the repayment of Funding Drawings (and if there are no Funding Drawings, amounts due with respect to the Initial Expenses Drawings) pursuant to the Subordinated Loan Facility Agreement; and

- (ix) *ninth*, in or towards the deposit of an amount equal to any remaining amount into the Issuer Second HCFB Account pending the payment of the Preference Share Dividends.

*Optional Redemption for Tax Reasons*

- (c) If the Issuer at any time satisfies the Note Trustee immediately prior to the giving of the notice referred to below that:

- (i) a Tax Event has occurred; and
- (ii) despite using all reasonable endeavours to arrange a substitution as principal debtor in respect of the Notes and the Class Z Coupons in accordance with Condition 15 (*Substitution of Principal Debtor*) and the Trust Deed of a company having its tax residency in another jurisdiction approved in writing by the Note Trustee and the Hedge Counterparty, it has been unable to do so,

then the Issuer may redeem all, but not some only, of the Notes on the Interest Payment Date specified in the notice referred to in sub-paragraph (A) below at their Principal Amount Outstanding together with interest and other amounts (if any) accrued to that Interest Payment Date, provided that:

- (A) the Issuer has given not more than 60 nor less than 30 days' notice of redemption to the Note Trustee, the Noteholders and the Class Z Couponholders in accordance with Condition 19 (*Notices and Information*); and
- (B) the Issuer has delivered to the Note Trustee prior to the giving of the notice referred to in sub-paragraph (A) a certificate signed by two directors of the Issuer to the effect that it will have available, not subject to the interest of any other person, the funds required to discharge the amount payable to Noteholders and the Class Z Couponholders on redemption of the Notes and amounts required under the Pre-Amortisation Priority of Payments to be paid in priority to, or *pari passu* with, the Notes and the Class Z Coupons.

The Class Z-1 Coupons will be redeemed simultaneously with the Class A-1 Notes (after the Call Date, simultaneously with the redemption of the Class A-1 Notes in full) and the Class Z-2 Coupons will be redeemed simultaneously with the Class A-2 Notes (after the Call Date, simultaneously with the redemption of the Class A-2 Notes in full).

To the extent that the Class A Notes are redeemed before the Call Date, the Redemption Penalty will accrue on the Class Z Coupons, which will be calculated by the Cash Manager in accordance with the Cash Management Agreement.

The occurrence of any of the following events shall be a "**Tax Event**":

- (i) the Issuer and/or the Hedge Counterparty would on the next Interest Payment Date be required to deduct or withhold from, in the case of the Issuer, any payment of principal, interest or other amounts (if any) on the Notes or the Class Z Coupons or from, in the case of the Issuer and/or the Hedge Counterparty, (as the case may be), any payment to be made under a Hedge Agreement (other than in respect of default interest), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the jurisdiction of tax residency of the Issuer or any political subdivision thereof or any authority thereof or therein; or
- (ii) the Issuer, by reason of a change in tax law (or in the application or official interpretation of any tax law), would not be entitled to relief for tax purposes in the jurisdiction of tax residency of the Issuer for any amount which it is obliged to pay, or would be treated as



receiving for tax purposes in the jurisdiction of tax residency of the Issuer an amount which it was not entitled to receive, under the Hedge Agreement; or

- (iii) by reason of a change in tax law (or the application or official interpretation thereof), the amounts payable to the Issuer in respect of interest from Loan Customers under the Consumer Loan Agreements ceases to be receivable in full.

#### *Originator Redemption*

- (d) If the Originator at any time delivers a notice to the Issuer and the Note Trustee stating that an Originator Tax or Regulatory Event or an Amortisation Event has occurred (an "**Originator Redemption Notice**"), the Issuer may redeem all, but not some only, of the Notes on the Interest Payment Date specified in the notice referred to in sub-paragraph (A) below at their Principal Amount Outstanding together with interest and other amounts (if any) accrued to that Interest Payment Date, provided that:
  - (A) the Issuer has given not more than 60 nor less than 30 days' notice of redemption to the Note Trustee, the Noteholders and the Class Z Couponholders in accordance with Condition 19 (*Notices and Information*); and
  - (B) the Issuer has delivered to the Note Trustee prior to the giving of the notice referred to in sub-paragraph (A) a certificate signed by two directors of the Issuer to the effect that it will have available, not subject to the interest of any other person, the funds required to discharge the amount payable to Noteholders and the Class Z Couponholders on redemption of the Notes and the Class Z Coupons and amounts required under the Pre-Amortisation Priority of Payments to be paid in priority to, or *pari passu* with, the Notes and the Class Z Coupons.

The Class Z-1 Coupons will be redeemed simultaneously with the Class A-1 Notes (after the Call Date, simultaneously with the redemption of the Class A-1 Notes in full) and the Class Z-2 Coupons will be redeemed simultaneously with the Class A-2 Notes (after the Call Date, simultaneously with the redemption of the Class A-2 Notes in full).

To the extent that the Class A Notes are redeemed before the Call Date, the Redemption Penalty will accrue on the Class Z Coupons, which will be calculated by the Cash Manager in accordance with the Cash Management Agreement.

If the Issuer is unable to deliver a certificate as specified in sub-paragraph (B), the Security Trustee may instruct the Issuer to (x) sell the Purchased Receivables and the Related Rights at a price which would provide it with funds, not subject to the interest of any other person, required to discharge the amount payable to Noteholders and the Class Z Couponholders on redemption of the Notes and the Class Z Coupons and amounts required under the Pre-Amortisation Priority of Payments to be paid in priority to, or *pari passu* with, the Notes and the Class Z Coupons and (y) for the first two weeks following the date of such instruction, only to consider offers for the purchase of the Receivables Portfolio from members of the PPF Group, subject to such offers meeting the price requirement referred to in sub-paragraph (x).

#### *Optional Redemption in Whole*

- (e) The Notes may be redeemed at the option of the Issuer on any Interest Payment Date on or after (i) the Call Date or (ii) the date on which the aggregate Principal Amount Outstanding of the Notes is less than 10 per cent. of the Principal Amount Outstanding of the sum of the Original Notes on the Closing Date and any Delayed Draw Notes issued on the Further Draw Date, in whole, but not in part, at their Principal Amount Outstanding together with interest and other amounts (if any) accrued to that Interest Payment Date, provided that:
  - (i) the Issuer has given not more than 60 nor less than 30 days' notice of redemption to the Note Trustee and the Noteholders in accordance with Condition 19 (*Notices and Information*); and
  - (ii) the Issuer has delivered to the Note Trustee prior to the giving of the notice referred to in sub-paragraph (i) a certificate signed by two directors of the Issuer to the effect that it will

have available, not subject to the interest of any other person, the funds required to discharge the amount payable to Noteholders and the Class Z Couponholders on redemption of the Notes and the Class Z Coupons and amounts required under the Pre-Amortisation Priority of Payments to be paid in priority to, or *pari passu* with, the Notes and the Class Z Coupons.

The Class Z-1 Coupons will be redeemed simultaneously with the Class A-1 Notes (after the Call Date, simultaneously with the redemption of the Class A-1 Notes in full) and the Class Z-2 Coupons will be redeemed simultaneously with the Class A-2 Notes (after the Call Date, simultaneously with the redemption of the Class A-2 Notes in full).

To the extent that the Class A Notes are redeemed before the Call Date, the Redemption Penalty will accrue on the Class Z Coupons, which will be calculated by the Cash Manager in accordance with the Cash Management Agreement.

#### *Note Principal Payments, Principal Amount Outstanding and Pool Factor*

- (f) If as a result of the application of Available Issuer Principal in the order of priority set out in Condition 6(b) (*Redemption, Purchase and Cancellation – Mandatory Redemption in Part*) any amount is to be applied to redeem Notes of any Class, each Note of that Class will be redeemed in an amount (the "**Note Principal Payment**") equal to the Available Issuer Principal for that Class divided by the number of Notes of that Class and rounded down to the nearest Euro.

With respect to each Class on (or as soon as practicable after) each Calculation Date, the Agent Bank shall:

- (i) determine the amount of the Note Principal Payment (if any) due on the Interest Payment Date next following such Calculation Date in respect of each Note of that Class;
- (ii) determine the Principal Amount Outstanding of each Note of that Class after deducting the amount redeemable; and
- (iii) determine the fraction expressed as a decimal to the seventh point (the "**Pool Factor**"), of which the numerator is the Principal Amount Outstanding of a Note of that Class referred to in sub-paragraph (ii) and the denominator is the Principal Amount Outstanding of a Note of that Class as at its date of issue.

The Agent Bank will cause each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be notified not less than three Note Business Days prior to the relevant Interest Payment Date to the Issuer, the Note Trustee, the Paying Agents and (for so long as the Notes are listed on the Stock Exchange) the Stock Exchange, and will cause notice of each such determination to be given in accordance with Condition 19 (*Notices and Information*) not less than three Note Business Days prior to the relevant Interest Payment Date. If no Note Principal Payment is due to be made on the Notes of any Class on any Interest Payment Date a notice to this effect will be given by the Agent Bank to the holders of the Notes.

If the Agent Bank does not at any time for any reason determine a Note Principal Payment, the Principal Amount Outstanding or the Pool Factor for any Class of Notes in accordance with this Condition 6, the Note Trustee shall do so.

Any such determination by the Note Trustee shall be deemed to have been made by the Agent Bank and the Agent Bank shall be liable as if it had made that determination. In making any such determination, the Note Trustee shall apply the provisions of this Condition 6(f), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it considers fair and reasonable in all the circumstances.

#### *Notice of Redemption Irrevocable*

- (g) A notice of redemption under Condition 6(c) (*Redemption, Purchase and Cancellation – Optional Redemption for Tax Reasons*), Condition 6(d) (*Redemption, Purchase and Cancellation – Originator Redemption*), Condition 6(e) (*Redemption, Purchase and Cancellation – Optional Redemption in Whole*) or Condition 6(f) (*Redemption, Purchase and Cancellation – Note Principal Payments*),

*Principal Amount Outstanding and Pool Factor*) shall be irrevocable and the Issuer shall be bound to redeem the relevant Notes, the Class Z-1 Coupons simultaneously with the Class A-1 Notes (after the Call Date, simultaneously with the redemption of the Class A-1 Notes in full) and the Class Z-2 Coupons simultaneously with the Class A-2 Notes (after the Call Date, simultaneously with the redemption of the Class A-2 Notes in full) in accordance with these Conditions on the Interest Payment Date specified in the notice.

#### *Cancellation and Voidance*

- (h) All Notes and Class Z Coupons redeemed in full under this Condition or otherwise surrendered under Condition 18 (*Replacement of Notes, Class Z Coupons, Coupons and Talons*) will be cancelled upon redemption or surrender, together with any unmatured Coupons and any Talons relating to them which are attached to them or surrendered with them, and may not be resold or re-issued. Once the Class A Notes have been redeemed in full, the relevant Class Z Coupons will become void. For the avoidance of doubt, the Class Z Coupons will not become void until the relevant Class A Notes have been redeemed in full.

#### *Limited Recourse*

- (i) The only assets of the Issuer available to meet the claims of, amongst others, the Noteholders and the Class Z Couponholders will be the assets subject to the Issuer Security. Any claim (other than those provided for in accordance with the applicable Priority of Payments) remaining unsatisfied after the realisation of the Issuer Security and the application of the proceeds thereof in accordance with the applicable Priority of Payments shall be extinguished and the Noteholders and the Class Z Couponholders shall have no rights in respect of any such claims. The Notes, Class Z Coupons and Coupons shall be surrendered in accordance with Condition 7 (*Payments*) and cancelled in accordance with Condition 6(h) (*Redemption, Purchase and Cancellation – Cancellation and Voidance*).

#### *No Purchase by Issuer*

- (j) The Issuer will not be permitted to purchase any of the Notes or the Class Z Coupons.

### **7. PAYMENTS**

#### *Payments in respect of Permanent Global Notes and Permanent Global Class Z Coupons*

- (a) Payments of principal, interest and other amounts (if any) in respect of Notes represented by a Permanent Global Note and payments of the Relevant Step-up Margin and the Redemption Penalty in respect of the Class Z Coupons which are represented by a Permanent Global Class Z Coupon will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes or Class Z Coupons, surrender of such Permanent Global Note or Permanent Global Class Z Coupon, as applicable, to the order of the Principal Paying Agent. A record of each payment made will be endorsed on the appropriate schedule to the relevant Permanent Global Note and Permanent Global Class Z Coupon by the Issuer (or by the Principal Paying Agent on its behalf). Such endorsement shall be *prima facie* evidence that such payment has been made in respect of the Permanent Global Note or the Permanent Global Class Z Coupon, as applicable.

#### *Payments of Principal in respect of Definitive Notes and the Definitive Class Z Coupons*

- (b) Payments of principal in respect of the Definitive Notes and the Definitive Class Z Coupons will be made against presentation and (in the case of final redemption, provided that payment is made in full) surrender of the Definitive Notes and the Definitive Class Z Coupons at the specified office of any Paying Agent.

#### *Payments of Interest in respect of Definitive Notes and Definitive Class Z Coupons*

- (c) Payments of interest in respect of the Definitive Notes and the Definitive Class Z Coupon will (subject as provided in Condition 7(f) (*Payments - Unmatured Coupons and Talons Void*) and Condition 7(g) (*Payments – Payment of Interest on Withheld Amounts*) below) be made against presentation and (provided that payment is made in full) surrender of the relevant Coupons at the specified office of any Paying Agent.

#### *Currency of Payment*

- (d) Payments in respect of the Notes and the Class Z Coupons will be made in Euro by cheque drawn on a bank in London or, at the option of the Noteholder or the Class Z Couponholder, as applicable, by transfer to a Euro account maintained by the payee.

#### *Payments subject to the Issuer Deed of Charge and all Fiscal Laws*

- (e) Payments of principal, interest and other amounts (if any) in respect of the Notes and the Class Z Coupons are subject in all cases to the Priority of Payments, the Cash Management Agreement and the Issuer Security Documents and to any fiscal or other laws and regulations applicable thereto.

#### *Unmatured Coupons and Talons Void*

- (f) On the date on which any Definitive Note or Definitive Class Z Coupon becomes due and payable in full, unmatured Coupons and Talons appertaining thereto (whether or not attached to such Definitive Note or Definitive Class Z Coupon, as applicable) shall become void and no payment or, as the case may be, exchange shall be made in respect thereof. If the due date for redemption for any Definitive Note or Definitive Class Z Coupon is not an Interest Payment Date, accrued interest will be paid only against presentation and surrender of the relevant Definitive Note or Definitive Class Z Coupon, as applicable. As used herein, unmatured Coupons includes any Talon insofar as it relates entirely to unmatured Coupons.

#### *Payment of Interest on Withheld Amounts*

- (g) If payment of principal is improperly withheld or refused on or in respect of any Note, Class Z Coupon or part thereof, or any payment of interest is deferred pursuant to Condition 5(h) (*Interest – Interest Deferral and Accrual*), the interest which continues to accrue in respect of such Note or Class Z Coupon in accordance with Condition 5(a) (*Interest – Period of Accrual*) or in respect of such deferred amount in accordance with Condition 5(h) (*Interest – Interest Deferral and Accrual*) (as the case may be) will become due and payable on the date on which the payment of such principal or such deferred amount (as the case may be) becomes due and payable and such interest will be paid against presentation of such Note or Class Z Coupon, as applicable, at the specified office of any Paying Agent in accordance with this Condition 7.

#### *Paying Agents*

- (h) The initial Principal Paying Agent and the other Paying Agents and their respective initial specified offices are listed at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent and/or the other Paying Agents and to appoint additional or other paying agents. For so long as the Notes and the Class Z Coupons are listed on the Stock Exchange the Issuer will at all times maintain a paying agent with a specified office in Ireland. The relevant Agent shall at its own expense on behalf of the Issuer not less than 14 days prior to the date on which any change in its specified office or any change in or addition to the Paying Agents is to take effect give notice of such change to the Noteholders in accordance with Condition 19 (*Notices and Information*). For so long as any Note or Class Z Coupon is outstanding, the Issuer agrees that there will at all times be a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th to 27th November 2000 or any law implementing or complying with, or introduced in order to conform to such Directive.

#### *Exchange of Talons*

- (i) On or after the Interest Payment Date of the final Coupon which is (or was at the time of issue) part of any coupon sheet relating to the Notes or the Class Z Coupons (each a "**Coupon Sheet**"), the Talon which is (or was at the time of issue) part of such Coupon Sheet may be surrendered at the specified office of any of the Paying Agents in exchange for a further Coupon Sheet (including a further Talon, if applicable, but excluding any Coupons which shall have become void). Upon the due date for redemption in full of any Definitive Note or Definitive Class Z Coupon, any unmatured Talon relating to it shall become void and no Coupons will be delivered in respect of such Talon.

### *Payments on Note Business Days*

- (j) If any Note, Class Z Coupon or Coupon is presented for payment on a day which is not a Note Business Day in the place of presentation, then the holder shall not be entitled to payment in such place until the next succeeding Note Business Day in such place and no further payment or additional amount by way of interest, principal or otherwise shall be due in respect of such Coupon or, as the case may be, such Note or Class Z Coupon.

## **8. PRESCRIPTION**

### *General*

- (a) After the date on which a Note, Class Z Coupon or Coupon becomes void in its entirety, no claim may be made in respect of it.

### *Principal*

- (b) Claims for payment of principal in respect of Notes shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date.

### *Interest*

- (c) Claims for interest or other amounts in respect of Notes or Class Z Coupons shall become void unless the relevant Coupons are, or while any Notes or Class Z Coupons are represented by a Permanent Global Note or a Permanent Global Class Z Coupon, as applicable, the relevant Permanent Global Note or Permanent Global Class Z Coupon is, presented for payment within five years of the appropriate Relevant Date.

## **9. TAXATION**

All payments in respect of the Notes, Class Z Coupons and the Coupons will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature unless the Issuer or the relevant Paying Agent (as applicable) is required by the law of the jurisdiction of the tax residency of the Issuer to make any payment in respect of the Notes or the Class Z Coupons subject to any withholding or deduction for or on account of any such taxes, duties or charges. In that event, the Issuer or the relevant Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so withheld or deducted. Neither the Issuer nor the Paying Agents will be obliged to make any additional payments to the Noteholders, Class Z Couponholders or Couponholders in respect of such withholding or deduction.

## **10. AMORTISATION**

### *Determination of an Amortisation Event*

- (a) At any time after the occurrence of an Amortisation Event, the Note Trustee:
  - (i) may, in its absolute discretion; or
  - (ii) shall, if:
    - (A) it has been directed to do so in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class then outstanding; or
    - (B) it has been directed to do so by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding; and
  - (iii) subject, in each case, to being indemnified or otherwise secured to its satisfaction in accordance with the Trust Deed,

give a notice (a "**Note Amortisation Notice**") to the Issuer declaring the Notes to be due and repayable (but subject to the Post Amortisation Priority of Payments and Clause 4 (*Recourse and Non Petition*) of

the Master Definitions and Framework Deed) at any time after the occurrence of an Amortisation Event.

#### *Amortisation*

- (b) Upon delivery of a Note Amortisation Notice, the Notes shall immediately become due and repayable in accordance with the Post Amortisation Priority of Payments (but subject to Clause 4 (*Recourse and Non Petition*) of the Master Definitions and Framework Deed) at their Principal Amount Outstanding together with accrued interest up to (but excluding) the earlier of (i) the date on which all principal, interest and other amounts (if any) are paid in full and (ii) the seventh day after notice has been given to the Noteholders in accordance with Condition 19 (*Notices and Information*) that the full amount has been received by the Principal Paying Agent or the Note Trustee. The Class Z Coupons will be redeemed simultaneously with the Class A Notes.

## **11. ENFORCEMENT**

#### *Instruction to enforce*

- (a) At any time after the occurrence of an Enforcement Event, the Note Trustee:
- (i) may, in its absolute discretion; or
  - (ii) shall, if:
    - (A) it has been directed to do so in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class then outstanding; or
    - (B) it has been directed to do so by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding; and
  - (iii) subject, in each case, to being indemnified or otherwise secured to its satisfaction in accordance with the Trust Deed,

instruct the Security Trustee to take enforcement steps in relation to the Issuer Non-Russian Security and notify the Russian Enforcement Party that it has so instructed the Security Trustee.

Any proceeds received by the Security Trustee from the enforcement of the Issuer Non-Russian Security, including any proceeds received by the Russian Enforcement Party from the enforcement of the Issuer Russian Security and remitted to the Security Trustee in accordance with the Master Definitions and Framework Deed, shall be applied in accordance with the Post Amortisation Priority of Payments.

#### *Enforcement Events*

- (b) The occurrence of any of the following events shall be an "**Enforcement Event**":
- (i) default being made, in the case of any Class of Notes, for a period of three days or more in the payment of the principal of, or for a period of five days or more in the payment of any interest or other amount (if any) on such Class of Notes when due and payable in accordance with the Priority of Payments and, in the case of the Class Z Coupons, for a period of five days or more in the payment of any amount on such Class Z Coupons when due and payable in accordance with the Priority of Payments, in each case, provided that the Issuer has funds available to make such payment in accordance with the Priority of Payments; or
  - (ii) default being made for a period of five days or more in the payment of any amount due and payable in accordance with the Priority of Payments (other than an amount referred to in Condition 11(b)(i) (*Enforcement – Enforcement Events*)), provided that the Issuer has funds available to make such payment in accordance with the Priority of Payments.

### *Enforcement Notice*

- (c) Under the terms of the Issuer Deed of Charge, if the Note Trustee instructs the Security Trustee to take enforcement steps in relation to the Issuer Non-Russian Security and the Russian Enforcement Party to take enforcement steps in relation to the Issuer Russian Security, the Security Trustee is required to give a notice (an "**Enforcement Notice**") to the Issuer declaring the whole of the Issuer Security to be enforceable.

## **12. NOTEHOLDER AND CLASS Z COUPONHOLDER ACTION**

### *General Prohibition*

- (a) Subject to Condition 12(b) (*Noteholder and Class Z Couponholder Action – Exceptions*), no Noteholder, Class Z Couponholder, Couponholder or Talonholder shall be entitled to take any proceedings or other action directly against the Issuer.

### *Exceptions*

- (b) If the Note Trustee:
  - (i) having become bound to give a Note Amortisation Notice to the Issuer fails to do so within a reasonable time and that failure is continuing, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class then outstanding or, in the case of the Class Z Coupons, the holders of not less than 25 per cent. of the Class Z Coupons, may sign and give a Note Amortisation Notice to the Issuer in accordance with Condition 10 (*Amortisation*); or
  - (ii) having become bound to instruct the Security Trustee to give an Enforcement Notice to the Issuer fails to do so within a reasonable time and that failure is continuing, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class then outstanding may instruct the Security Trustee to give an Enforcement Notice to the Issuer in accordance with Condition 11 (*Enforcement*).

### *Limit on Noteholder Action*

- (b) Except as expressly permitted to do in this Condition 12, the Noteholders and the Class Z Couponholders shall not be entitled to take any steps:
  - (i) to direct the Note Trustee to instruct the Security Trustee to enforce the Issuer Security; or
  - (ii) to take or join any person in taking steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to it; or
  - (iii) to initiate or join any person in initiating any Insolvency Proceedings in relation to the Issuer or the appointment of an Insolvency Official in relation to the Issuer or in relation to the whole or any part of the undertakings or assets of the Issuer; or
  - (iv) to take any steps or proceedings that would result in the Priority of Payments in the Cash Management Agreement not being observed.

## **13. MEETINGS OF NOTEHOLDERS**

### *Convening*

- (a) The Trust Deed contains provisions for convening Meetings of Noteholders or of any one or more Classes of Noteholder to consider any matter affecting their interests, including the modification of any provision of these Conditions, the Trust Deed or the other Transaction Documents and the waiver of any breach or proposed breach by the Issuer of its obligations under the Trust Deed, the Notes, the Class Z Coupons or the other Transaction Documents. Subject to Condition 13(b) (*Meeting of Noteholders – Extraordinary Resolutions and Basic Terms Modifications*), any such modification or waiver may be made if sanctioned by an Extraordinary Resolution.

*Extraordinary Resolutions and Basic Terms Modifications*

- (b) Subject as provided below, any Extraordinary Resolution passed at a Meeting duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders, whether or not present at such Meeting and whether or not voting and upon all Class Z Couponholders, Couponholders and Talonholders. All of the Noteholders, Class Z Couponholders, Couponholders and Talonholders shall be bound to give effect to any such Extraordinary Resolutions accordingly. The passing of any such Extraordinary Resolution shall be conclusive evidence that the circumstances justify the passing thereof.

Any Basic Terms Modification must be approved by an Extraordinary Resolution of the Noteholders of each Class of Notes.

An Extraordinary Resolution of the Noteholders of any Class to approve any matter other than a Basic Terms Modification shall be binding on the Noteholders of each Class ranking junior to such Class but shall not be binding on the Noteholders of any Class ranking *pari passu* with or senior to such Class (the "**Relevant Classes**") unless either (x) that matter is approved by an Extraordinary Resolution of the Noteholders of each of the Relevant Classes or (y) the Note Trustee has determined that such matter is not materially prejudicial to the Noteholders of each of the Relevant Classes. For this purpose the Classes rank in the following order:

- (i) first, the Class A-1 Notes;
- (ii) second, the Class A-2 Notes;
- (iii) third, the Class B Notes; and

provided that, in relation to a determination as to whether or not a Commingling Loss has occurred, the Class B Notes shall (for so long as any such Notes are outstanding) rank senior to the Class A-2 Notes.

*Quorum*

- (c) The quorum at any meeting originally convened or adjourned and reconvened except for want of a quorum shall be at least two voters representing the proportion of the Notes or Class Z Coupons for the time being outstanding of the relevant Class shown by the table below:

To pass an Extraordinary Resolution involving a Basic Terms Modification:	75 per cent.
To pass any other Extraordinary Resolution:	More than 50 per cent.
Any other purpose:	10 per cent.

The quorum at any meeting adjourned for want of a quorum and reconvened shall be at least two voters representing the proportion of the Notes for the time being outstanding of the relevant Class shown by the table below:

To pass an Extraordinary Resolution involving a Basic Terms Modification:	33 1/3 per cent.
To pass any other Extraordinary Resolution:	No minimum proportion
Any other purpose:	No minimum proportion



So long as any Class of Notes is held by a single Noteholder, a single voter in relation thereto shall be deemed to be two voters for the purpose of forming a quorum.

The majority required for an Extraordinary Resolution shall be a majority of not less than 75 per cent. of the votes cast, whether on a show of hands or a poll.

*Separate meetings of different Classes of Notes*

- (d) The following provisions shall apply where any matter, including the passing or rejection of any Extraordinary Resolution, falls to be considered where more than one Class is outstanding:
- (i) matters which the Note Trustee in its absolute discretion determines affect the holders of only one Class shall be transacted at a separate meeting of the holders of such Class;
  - (ii) matters which the Note Trustee in its absolute discretion determines affect the holders of more than one Class but do not give rise to an actual or potential conflict of interest between the holders of one such Class and the holders of any other Class shall be transacted either at separate meetings of the holders of each such Class or transacted at a single meeting of the holders of all affected Classes as the Note Trustee shall determine in its absolute discretion; and
  - (iii) matters which the Note Trustee in its absolute discretion determines affect the holders of more than one Class and give rise to an actual or potential conflict of interest between the holders of one such Class and the holders of any other Class shall be transacted at separate meetings of the holders of each such Class.

*Resolutions in Writing*

- (e) Any reference to an action being approved by an Extraordinary Resolution of holders of any one or more Classes shall be deemed to include a reference to that matter being approved by a Written Resolution of the holders of that Class or of those Classes.

**14. MODIFICATION AND WAIVER OF BREACH**

*Modification*

- (a) The Note Trustee may, without the consent of the Noteholders, the Class Z Couponholders, the Couponholders or the Talonholders, agree to any modification (other than a Basic Terms Modification) to the Trust Deed, the Notes, the Class Z Coupons, the Coupons, the Talons or any of the other Transaction Documents if, in the Note Trustee's opinion:
- (i) it is not materially prejudicial to the interests of the holders of any Class; or
  - (ii) it is to correct a manifest error or is of a formal, minor or technical nature.

*Waiver of Breach*

- (b) The Note Trustee may also, without the consent of the Noteholders, the Class Z Couponholders, the Couponholders or the Talonholders, if in its opinion it will not be materially prejudicial to the interests of the holders of any Class:
- (i) authorise or waive, on any terms and subject to any conditions which it considers appropriate, any proposed breach or breach of this Deed, the terms and conditions of the relevant Class, the Coupons, or the Talons or any other Transaction Document to which the Note Trustee is a party;
  - (ii) authorise or waive, on any terms and subject to any conditions which it considers appropriate, any proposed breach or breach of any other Transaction Document in respect of which the Security Trustee requests directions; or

- (iii) determine that any event that would otherwise constitute an Amortisation Event or an Enforcement Event shall not, or shall not subject to any conditions which it considers appropriate, be treated as such for the purposes of the Trust Deed and these Conditions.

The Note Trustee shall not exercise any powers conferred on it by this Condition 14(b):

- (i) so as to authorise or waive any proposed breach or breach relating to any term the modification of which would be a Basic Terms Modification (which shall be approved by the holders of each Class in accordance with the Provisions for Meetings of Noteholders); or
- (ii) in contravention of any express direction by an Extraordinary Resolution or of a request in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class then outstanding.

#### *Notice*

- (c) Unless the Note Trustee agrees otherwise, any such modification, waiver, authorisation or determination shall be notified to the Noteholders and the Class Z Couponholders as soon as practicable thereafter in accordance with Condition 19 (*Notices and Information*).

### **15. SUBSTITUTION OF PRINCIPAL DEBTOR**

The Trust Deed contains provisions permitting the Note Trustee, without the consent of the Noteholders, the Class Z Couponholders, the Couponholders or the Talonholders, but subject to such amendment of the Trust Deed and such other conditions as the Note Trustee may require, to agree to the substitution pursuant to Condition 6(c) (*Redemption, Purchase and Cancellation – Optional Redemption for Tax Reasons*) of another body corporate in place of the Issuer (or of any previous substitute) as principal debtor in respect of the Trust Deed, the Notes, the Class Z Coupons, the Coupons and the Talons and in connection with any proposed substitution, to a change of the law governing the Notes, the Class Z Coupons, the Coupons, the Talons, the Trust Deed and/or any of the other Transaction Documents if, among other things, any change in governing law will not in the Note Trustee's opinion, be materially prejudicial to the interests of the holders of the Most Senior Class and, if applicable, the Rating Condition is satisfied. Any such body corporate shall be a newly formed single purpose company which, among other things, undertakes to be bound by the provisions in the Trust Deed, the Notes, the Class Z Coupons, the Coupons, the Talons and the other Transaction Documents which are binding on the Issuer (or any previous substitute).

### **16. NOTE TRUSTEE AND SECURITY TRUSTEE**

#### *Determinations Binding*

- (a) Any modification, waiver, authorisation, determination or calculation made by the Note Trustee or the Security Trustee shall be binding on the Noteholders, the Class Z Couponholders, the Couponholders and the Talonholders, provided that any determination or calculation made by the Note Trustee pursuant to Conditions 5(f) (*Interest – Determination or Calculation by Note Trustee*) or 6(f) (*Redemption, Purchase and Cancellation – Note Principal Payments, Principal Amount Outstanding and Pool Factor*) shall only be binding in the absence of manifest error.

#### *Note Trustee's and Security Trustee's Limitation of Liability and Right to Indemnity*

- (b) The Trust Deed and the Issuer Deed of Charge contain provisions:
  - (i) giving various powers, authorities and discretions to the Note Trustee and the Security Trustee in addition to those conferred by law including those referred to elsewhere in these Conditions;
  - (ii) specifying various matters in respect of which the Note Trustee or, as applicable, the Security Trustee is to have: (A) no duty or responsibility to make any investigation and (B) no liability or responsibility to the Noteholders, Class Z Couponholders, Couponholders or Talonholders in the absence of wilful default, negligence or fraud or, in the case of certain matters, in any circumstances; and

- (iii) entitling the Note Trustee or, as applicable, the Security Trustee to indemnification or providing that it is not obliged to take any action at the direction of any person unless it has been indemnified or otherwise secured to its satisfaction.

*Note Trustee, Security Trustee and Issuer Security*

- (c) Neither the Note Trustee nor the Security Trustee shall be responsible for matters relating to the Issuer Security or the Issuer Charged Property including:
  - (i) the nature, value, collectability or enforceability of the Issuer Charged Property;
  - (ii) the registration, perfection or priority of the Issuer Security; or
  - (iii) the Issuer's title to the Issuer Charged Property.

*Removal and Replacement of Note Trustee and Security Trustee*

- (d) There shall at all times be a Note Trustee and a Security Trustee and the Trust Deed and the Issuer Deed of Charge provide that the retirement or removal of any Note Trustee or Security Trustee shall not become effective unless and until a replacement Note Trustee or Security Trustee (as the case may be) is appointed.

**17. AGENTS**

*Paying Agents and Agent Bank Solely Agents of Issuer*

- (a) In acting under the Agency Agreement and in connection with the Notes, the Class Z Coupons, the Coupons or the Talons, the Paying Agents and the Agent Bank act solely as agents of the Issuer and (to the extent provided in the Agency Agreement) the Note Trustee shall not be under any fiduciary duty or other obligation towards, or have any relationship of agency or trust for or with, any of the Noteholders, Class Z Couponholders, Couponholders or Talonholders.

*Determinations Binding*

- (b) Any determination or calculation made by the Agent Bank shall be binding on the Noteholders, the Class Z Couponholders, the Couponholders and the Talonholders absent manifest error, breach of contract or negligence.

**18. REPLACEMENT OF NOTES, CLASS Z COUPONS, COUPONS AND TALONS**

If any Note, Class Z Coupon, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any of the Paying Agents upon payment by the claimant of the costs and expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and/or the relevant Paying Agent may reasonably require. Mutilated or defaced Notes, Class Z Coupons, Coupons or Talons must be surrendered before replacements will be issued.

**19. NOTICES AND INFORMATION**

*Valid Notices*

- (a) Any notice to Noteholders shall be validly given if it is published in a leading English language daily newspaper having general circulation in Ireland (which is expected to be the Irish Times) or, of this is not practicable, in another leading English language newspaper as the Note Trustee shall approve having general circulation in Ireland. Any such notice shall be deemed to have been given to Noteholders on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in the newspaper referred to above.

*Notices While Notes and Class Z Coupons in Global Form*

- (b) For so long as any of the Notes are represented by a Permanent Global Note and the Class Z Coupons are represented by a Permanent Global Class Z Coupons and such Permanent Global Note or

Permanent Global Class Z Coupon, as applicable, is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders and the Class Z Couponholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant accountholders rather than by publication as required by Condition 19(a) (*Notices and Information – Valid Notices*). Any notice delivered to Euroclear and/or Clearstream, Luxembourg shall be deemed to have been given to Noteholders and the Class Z Couponholders on date on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg.

#### *Notices on Screen Page*

- (c) Any notice specifying an Interest Payment Date, a Rate of Interest, an Interest Amount, a Note Principal Payment, a Principal Amount Outstanding or a Pool Factor or specifying that a Note Amortisation Notice or Enforcement Notice has been given shall also appear on the relevant Bloomberg Screen Page or such other medium for the electronic display of data approved by the Note Trustee and notified to the Noteholders and the Class Z Couponholders in accordance with Condition 19(a) (*Notices and Information – Valid Notices*) or Condition 19(b) (*Notices and Information – Notices While Notes and Class Z Coupons in Global Form*).

#### *Other Methods for Notice*

- (d) The Note Trustee may approve any other method of giving notice to Noteholders which is, in its opinion, reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes and the Class Z Coupons are then listed.

#### *Copy of Notices*

- (e) A copy of each notice given in accordance with this Condition 19 shall be provided to the Rating Agency and, for so long as the Notes and the Class Z Coupons are listed on the Stock Exchange and its rules so require, the Stock Exchange, in the latter case, no later than the day of dispatch.

#### *Couponholders and Talonholders deemed to have notice*

- (f) The Couponholders and Talonholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders and the Class Z Couponholders in accordance with this Condition 19.

#### *Noteholder Information*

- (g) The Issuer shall provide the Note Trustee and each of the Paying Agents with copies of:
  - (i) its audited annual financial statements (including balance sheet, profit and loss and cashflow statements) as soon as they become publicly available (together with the related auditors' report); and
  - (ii) on or before each Interest Payment Date, the Investor Report.

The audited annual financial statements (together with the related auditors' report) and the Investor Report shall be available for inspection by the Noteholders and the Class Z Couponholders on any Note Business Day at the specified office for the time being of each of the Paying Agents.

## **20. DELAYED DRAW NOTES AND DELAYED DRAW CLASS Z COUPONS**

#### *Allotment*

- (a) The Issuer may from time to time on any day on or before the date nine months from the Closing Date without the consent of the Noteholders, the Class Z Couponholders, the Couponholders or the Talonholders, but subject always to the provisions of these Conditions and the Trust Deed, raise further funds by:
  - (i) allotting up to €130,000,000 further Class A-1 Notes (the "**Delayed Draw Class A-1 Notes**") in bearer form having the same terms and conditions (except in relation to the first Interest

Period, the first Interest Payment Date and the amount to be paid in respect of the first payment of interest) as, and so that they shall be consolidated and form a single series and rank *pari passu* with, the Class A-1 Notes; and

- (ii) allotting up to €19,500,000 further Class A-2 Notes (the "**Delayed Draw Class A-2 Notes**" and, together with the Delayed Draw Class A-1 Notes, the "**Delayed Draw Class A Notes**") in bearer form having the same terms and conditions (except in relation to the first Interest Period, the first Interest Payment Date and the amount to be paid in respect of the first payment of interest) as, and so that they shall be consolidated and form a single series and rank *pari passu* with, the Class A-2 Notes; and
- (iii) allotting up to €15,000,000 further Class B Notes (the "**Delayed Draw Class B Notes**") in bearer form having the same terms and conditions (except in relation to the first Interest Period, the first Interest Payment Date and the amount to be paid in respect of the first payment of interest) as, and so that they shall be consolidated and form a single series and rank *pari passu* with, the Class B Notes;
- (iv) the allotment of one further Class Z-1 Coupon for each Delayed Draw Class A-1 Note (the "**Delayed Draw Class Z-1 Coupons**") in bearer form having the same terms and conditions (except in relation to the first Interest Period, the first Interest Payment Date and the amount to be paid in respect of the first payment of interest) as, and so that they shall be consolidated and form a single series and rank *pari passu* with, the Class Z-1 Coupons; and
- (v) the allotment of one further Class Z-2 Coupon for each Delayed Draw Class A-2 Note (the "**Delayed Draw Class Z-2 Coupons**") in bearer form having the same terms and conditions (except in relation to the first Interest Period, the first Interest Payment Date and the amount to be paid in respect of the first payment of interest) as, and so that they shall be consolidated and form a single series and rank *pari passu* with, the Class Z-2 Coupons;

provided that:

- (A) any Delayed Draw Notes to be allotted are assigned the same ratings as are then applicable to the corresponding Class of Notes then outstanding;
- (B) the aggregate principal amount of each Class of Delayed Draw Notes to be allotted on a particular date is, in the case of the Class A-1 Notes, at least EUR 25,000,000 and, in the case of the Class A-2 Notes and the Class B Notes, at least EUR 3,000,000;
- (C) the net proceeds of the allotment of the Delayed Draw Notes are to be applied by the Issuer in purchasing further Receivables and Related Rights from the Originator;
- (D) the Rating Condition is satisfied;
- (E) no Amortisation Event has occurred and is continuing; and
- (F) a drawing has been made under the Subordinated Loan Facility in an amount equal to the Subordination Target Percentage, after giving effect to the allotment of the Delayed Draw Notes and Delayed Draw Class Z Coupons.

#### *Issuer Security*

- (b) Any Delayed Draw Notes shall have the benefit of the Issuer Security.

#### *Permanent Global Notes and Permanent Global Class Z Coupons*

- (c) Each time the Issuer allots the Delayed Draw Notes and the Delayed Draw Class Z Coupons in accordance with Condition 20(a) (*Delayed Draw Notes and Delayed Draw Class Z Coupons - Allotment*), the Lead Manager will, with the consent of the Security Trustee, instruct the Common Depository to mark up the relevant Permanent Global Note and the Permanent Global Class Z Coupon as soon the Delayed Draw Notes and the related Class Z Coupons are allotted.

*Prohibition on Allotment of Delayed Draw Notes and Delayed Draw Class Z Coupons*

- (d) The Issuer shall not be entitled to allot any Delayed Draw Notes or the Delayed Draw Class Z Coupons at any time after the date nine months after the Closing Date.

**21. SALE OF NOTES AND CLASS Z COUPONS**

- (a) Notwithstanding the restrictions on transfer contained in the Notes and the Class Z Coupons, if the Issuer determines that any beneficial owner of a Note or a Class Z Coupon (or any interest therein) is a U.S. Person (within the meaning of Regulation S under the Securities Act) then the Issuer may require, by notice to such holder, that such holder sell all of its right, title and interest to such Note or Class Z Coupon, as applicable, (or any interest therein) to a person that is not a U.S. Person, with such sale to be effected within 30 days after notice of such sale requirement is given.
- (b) If the beneficial owner of a Note or a Class Z Coupon to whom notice is given in accordance with Condition 21(a) (*Sale of Notes and Class Z Coupons*) fails to effect the transfer required within such 30-day period, (a) upon direction from the Issuer, the Note Trustee, on behalf of and at the expense of the Issuer, shall cause such beneficial owner's interest in such Note or Class Z Coupon, as applicable, to be transferred in a commercially reasonable sale (conducted by the Note Trustee in accordance with Section 9 610(b) of the Uniform Commercial Code as in effect in the State of New York as applied to securities that are sold on a recognised market or the subject of widely distributed price quotations) to a person that certifies to the Note Trustee and the Issuer, in connection with such transfer, that such person is a not a U.S. Person and (b) pending such transfer, no further payments will be made in respect of such Note or Class Z Coupon, as applicable, held by such beneficial owner, and the interest in such Note or Class Z Coupon, as applicable, shall not be deemed to be outstanding for the purpose of any vote or consent of the holders of the Notes or, as applicable, Class Z Coupons.

**22. APPOINTMENT OF RUSSIAN ENFORCEMENT PARTY**

By accepting any Note or Class Z Coupon, each original purchaser and transferee of that Note or Class Z Coupon or an interest therein is deemed to:

- (a) acknowledge and agree that the Security Trustee shall have no obligation to enforce against any Issuer Russian Security and that any such enforcement will be carried out by and is the sole responsibility of the Russian Enforcement Party; and
- (b) appoints the Russian Enforcement Party as its agent to enforce against any Issuer Russian Security in accordance with the Issuer Russian Security Documents.

**23. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of the terms or conditions of the Notes or the Class Z Coupons.

**24. GOVERNING LAW**

The Trust Deed, the Notes, the Class Z Coupons, the Coupons, the Talons and the Issuer Deed of Charge and the relationship between (a) the parties to those documents, (b) the Noteholders and Class Z Couponholders and the Note Trustee and (c) the Noteholders and Class Z Couponholders and the Security Trustee shall be governed by, and interpreted in accordance with, English law.

**PRINCIPAL PAYING AGENT**  
**Deutsche Bank AG, London Branch**  
Winchester House, 1 Great Winchester Street, London EC2N 2DB  
United Kingdom

**IRISH PAYING AGENT**  
**Deutsche International Corporate Services (Ireland) Limited**  
5 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland

## **B. FORM OF THE NOTES AND THE CLASS Z COUPONS**

### **Issue of Notes and Class Z Coupons in Permanent Form**

Each Class of Notes will be issued in bearer form and will initially be represented by a Permanent Global Note without Coupons or Talons attached. The Class Z-1 Coupons will be issued in bearer form and will initially be represented by a Permanent Global Class Z-1 Coupon. The Class Z-2 Coupons will be issued in bearer form and will initially be represented by a Permanent Global Class Z-2 Coupon.

On the Closing Date, the Issuer will issue the Notes and the Class Z Coupons and will also allot the Original Notes and the Original Class Z Coupons. Each Permanent Global Note and each Permanent Global Class Z Coupon representing the Original Notes and the Original Class Z Coupons, as applicable, will be deposited, on behalf of subscribers of the Notes and the Class Z Coupons, with Deutsche Bank AG, London Branch as common depository for Euroclear and Clearstream, Luxembourg (the "**Common Depository**"). Upon deposit of the Permanent Global Notes and the Permanent Global Class Z Coupons, Euroclear or Clearstream, Luxembourg (as the case may be) will credit each subscriber of Original Notes and Original Class Z Coupons with the principal amount of the Original Notes for which it has subscribed and paid.

Within nine months from the Closing Date, the Issuer may allot the Delayed Draw Notes and the Delayed Draw Class Z Coupons. The Issuer is not obliged to allot all Delayed Draw Notes on the same day. At any time that the Issuer does allot Delayed Draw Notes and Delayed Draw Class Z Coupons, the Lead Manager will, on the applicable Further Draw Date, with the consent of the Security Trustee, instruct the Common Depository to mark up the relevant Permanent Global Note or Permanent Global Class Z Coupon. The Issuer shall not be entitled to allot any Delayed Draw Notes or Delayed Draw Class Z Coupons at any time after the date nine months after the Closing Date.

By acquisition of a beneficial interest in a Permanent Global Note or a Permanent Global Class Z Coupon, any purchaser thereof will be deemed to represent and warrant that (a) it is not a U.S. Person and is purchasing such beneficial interest for its own account and not for the account or benefit of a U.S. Person and (b) if in the future it decides to transfer such beneficial interest, it will transfer such interest only to a person that is not a U.S. Person in an offshore transaction in accordance with Regulation S.

The holder of a beneficial interest in a Permanent Global Note or a Permanent Global Class Z Coupon may transfer such interest to a transferee who takes delivery of such interest in the form of a beneficial interest in a Permanent Global Note or a Permanent Global Class Z Coupon, as applicable, without the provision any written certification. Any such transfer may only be made to a person that is not a U.S. Person and that is not acquiring such beneficial interest for the account or benefit of a U.S. Person and any such transfer may only be effected in an offshore transaction in accordance with Regulation S. Any such transferee must be able to represent that it is not a U.S. Person and is purchasing such Permanent Global Note, Permanent Global Class Z Coupon (or interest therein) for its own account and not for the account or benefit of a U.S. Person in an offshore transaction in accordance with Regulation S.

In addition, each initial purchaser and each subsequent transferee of a Note or a Class Z Coupon will be deemed to represent and warrant that it is not (and for so long as it holds such Note or Class Z Coupons, as applicable, will not be), and is not acting on behalf of (and for so long as it holds such Note or Class Z Coupon, as applicable, will not be acting on behalf of) (a) an "employee benefit plan" as defined in section 3(3) of ERISA that is subject to Title I of ERISA, (b) a plan described in section 4975(e)(1) of the Code, (c) an entity which is deemed to hold the assets of any such plan pursuant to 29 C.F.R. Section 2510.3-101, which plan or entity is subject to Title I of ERISA or section 4975 of the Code or (d) a governmental or church plan which is subject to any United States Federal, state or local law that is similar to the prohibited transaction provisions of section 406 of ERISA or section 4975 of the Code. In addition, each holder of a Note or a Class Z Coupon will be deemed to represent that such holder is aware that the Notes or Class Z Coupons, as applicable, may not be transferred to any such plan or entity and will be deemed to represent and warrant that it will not transfer such Note or Class Z Coupons, as applicable, to any such plan or entity.

### **Issue of Notes and Class Z Coupons in Definitive Form**

The Permanent Global Notes and Permanent Global Class Z Coupons will be exchangeable in whole but not in part (free of charge to the holder) for Definitive Notes or, in the case of the Class Z Coupons, for Definitive Class Z Coupons if either of the following Exchange Events occurs:



- (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and do so cease business and no alternative clearing system approved by the Note Trustee is available; or
- (b) as a result of any amendment to, or change in the laws or regulation of Luxembourg (or any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any withholding or deduction from any payment in respect of the Notes of the Class Z Coupons which would not be required if the Notes or the Class Z Coupons, as applicable, were in definitive form,

in which case the Issuer will deliver Definitive Notes or Definitive Class Z Coupons with (where applicable) Coupons and Talons attached on issue free of charge to the holder of the relevant Permanent Global Note or Permanent Global Class Z Coupon, as applicable. Such Definitive Notes and Definitive Class Z Coupons will be issued to the holder of the relevant Permanent Global Note or Permanent Global Class Z Coupon, as applicable, against its surrender at the specified office of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

No owner of a beneficial interest in a Permanent Global Note or a Permanent Global Class Z Coupon will be entitled to receive a Definitive Note or a Definitive Class Z Coupons unless such person provides written certification that such Definitive Note or Class Z Coupons, as applicable, is beneficially owned by a person that is not a U.S. Person and is not held for the account or benefit of a U.S. Person.

The holder of a Definitive Note or a Definitive Class Z Coupons may transfer such interest to a transferee who takes delivery of such interest in the form of a Definitive Note or Definitive Class Z Coupon, as applicable, only if such transferee provides written certification that such Definitive Note or Definitive Class Z Coupons, as applicable, is beneficially owned by a person that is not a U.S. Person and is not held for the account or benefit of a U.S. Person.

Exchanges or transfers by a holder of a Definitive Note or a Definitive Class Z Coupon to a transferee who takes delivery of such Note or Class Z Coupon, as applicable, in the form of a beneficial interest in a Permanent Global Note or a Permanent Global Class Z Coupon will be made only and upon provision of a written certification that such Definitive Note or Definitive Class Z Coupon, as applicable, is beneficially owned by a person that is not a U.S. Person and is not held for the account or benefit of a U.S. Person.

## **XVII. ADMISSION TO TRADING AND DEALING ARRANGEMENTS**

### **A. ADMISSION TO TRADING**

Application has been made to the Irish Financial Services Regulatory Authority, as competent authority under Directive 2003/71/EC, for the Listing Prospectus to be approved. Application has been made to the Irish Stock Exchange for the Notes and the Class Z Coupons to be admitted to the Official List and trading on its regulated market. The estimated expenses in relation to the application to list the Notes and the Class Z Coupons amount to EUR 15,000.

### **B. DEALING ARRANGEMENTS: SUBSCRIPTION AND SALE**

Subject to the terms and conditions contained in the Subscription Agreement, the Lead Manager has agreed to purchase from the Issuer, at an issue price of 100 per cent. of their initial principal amount, €100,000,000 Class A-1 Notes on the Closing Date and PPF Banka a.s. has agreed to purchase from the Issuer, at an issue price of 100 per cent. of their initial principal amount, €13,500,000 Class A-2 Notes and €13,000,000 Class B Notes on the Closing Date.

The Subscription Agreement provides that the obligations of the Lead Manager and PPF Banka a.s. thereunder to purchase and accept delivery of such Notes are subject to approval of certain legal matters by counsel and to certain other conditions.

The Issuer has undertaken to indemnify each of the Lead Manager and PPF Banka a.s. against certain liabilities with respect to the issue of the Notes which it has agreed to purchase, subject to certain conditions, which are described in the Subscription Agreement.

Within nine months from the Closing Date, the Issuer may allot up to a further €130,000,000 Delayed Draw Class A-1 Notes, €19,500,000 Delayed Draw Class A-2 Notes €15,000,000 Delayed Draw Class B Notes, together with, in respect of the Delayed Draw Class A Notes, the related Class Z Coupons. The Issuer is not obliged to allot all Delayed Draw Notes on the same day. The Issuer shall not be entitled to allot any Delayed Draw Notes or the related Class Z Coupons at any time after the date nine months after the Closing Date.

#### **United States of America**

The Notes and the Class Z Coupons have not been and will not be registered under the Securities Act, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. Persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes and the Class Z Coupons are being offered by the Lead Manager outside the United States to persons who are not U.S. Persons in reliance on Regulation S under the Securities Act only, subject to receipt and acceptance by them of the Notes and the Class Z Coupons and subject to their rights to reject any order in whole or in part.

The Lead Manager has agreed that neither it nor any of its affiliates (including any person acting on behalf of such Lead Manager or any of its affiliates) has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes and the Class Z Notes.

The Lead Manager has agreed that it will not offer, sell or deliver the Notes or the Class Z Notes as part of their distribution at any time or otherwise within the United States or to, or for the account or benefit of, U.S. Persons and it will have sent to each dealer to which it sells Notes and Class Z Coupons during the Distribution Compliance Period, a confirmation or other notice setting out the restrictions on offers and sales of the Notes and the Class Z Coupons within the United States or to, or for the account or benefit of, U.S. Persons. Terms used in the preceding paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes and Class Z Coupons in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions, or to a U.S. Person. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations thereunder.

The Conditions provide that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines that any beneficial owner of a Note or a Class Z Coupon (or any interest therein) is a U.S. Person (within the meaning of Regulation S under the Securities Act) then the Issuer may require, by notice to such

holder, that such holder sell all of its right, title and interest to such Note or Class Z Coupon, as applicable, (or any interest therein) to a person that is not a U.S. Person, with such sale to be effected within 30 days after notice of such sale requirement is given. If such beneficial owner fails to effect the transfer required within such 30-day period, (a) upon direction from the Issuer, the Note Trustee, on behalf of and at the expense of the Issuer, shall cause such beneficial owner's interest in such Note or Class Z Coupon, as applicable, to be transferred in a commercially reasonable sale (conducted by the Note Trustee in accordance with Section 9 610(b) of the Uniform Commercial Code as in effect in the State of New York as applied to securities that are sold on a recognised market or the subject of widely distributed price quotations) to a person that certifies to the Note Trustee and the Issuer, in connection with such transfer, that such person is a not a U.S. Person and (b) pending such transfer, no further payments will be made in respect of such Note or Class Z Coupon, as applicable, held by such beneficial owner, and the interest in such Note or Class Z Coupon, as applicable, shall not be deemed to be outstanding for the purpose of any vote or consent of the holders of the Notes or, as applicable, Class Z Coupons.

Each holder of the Notes and the Class Z Coupons will be deemed to have represented that such holder is aware that the sale of such Notes and Class Z Coupons to it is being made in reliance on the exemption from registration provided by Regulation S and understands that each of the Permanent Global Notes, the Permanent Global Class Z Coupons, the Definitive Notes and the Definitive Class Z Coupons will bear the following legend:

In respect of Notes:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY TO A PERSON WHO IS NOT A U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"). NO TRANSFER OF THIS NOTE (OR ANY INTEREST HEREIN) MAY BE MADE (AND THE NOTE TRUSTEE WILL RECOGNISE ANY SUCH TRANSFER) IF SUCH TRANSFER WOULD BE MADE TO A TRANSFEREE THAT IS A U.S. PERSON.

IF THE ISSUER DETERMINES THAT ANY HOLDER OF THIS NOTE OR AN INTEREST HEREIN IS A U.S. PERSON, THE ISSUER MAY REQUIRE, BY NOTICE TO SUCH HOLDER THAT SUCH HOLDER SELL ALL OF ITS RIGHT, TITLE AND INTEREST TO THIS SECURITY (OR INTEREST HEREIN) TO A PERSON THAT IS NOT A U.S. PERSON WITH SUCH SALE TO BE EFFECTED WITHIN 30 DAYS AFTER NOTICE OF SUCH SALE REQUIREMENT IS GIVEN. IF SUCH HOLDER FAILS TO EFFECT THE TRANSFER REQUIRED WITHIN SUCH 30-DAY PERIOD, (X) UPON WRITTEN DIRECTION FROM THE ISSUER, THE NOTE TRUSTEE SHALL, AND IS HEREBY IRREVOCABLY AUTHORISED BY SUCH HOLDER TO, CAUSE SUCH HOLDER'S INTEREST IN THIS NOTE TO BE TRANSFERRED IN A COMMERCIALY REASONABLE SALE (CONDUCTED BY THE NOTE TRUSTEE IN ACCORDANCE WITH SECTION 9-610(b) OF THE UCC AS IN EFFECT IN THE STATE OF NEW YORK AS APPLIED TO NOTES THAT ARE SOLD ON A RECOGNISED MARKET OR THE SUBJECT OF WIDELY DISTRIBUTED PRICE QUOTATIONS) TO A PERSON THAT CERTIFIES TO THE NOTE TRUSTEE AND THE ISSUER, IN CONNECTION WITH SUCH TRANSFER, THAT SUCH PERSON IS NOT A U.S. PERSON AND PENDING SUCH TRANSFER, NO FURTHER PAYMENTS WILL BE MADE IN RESPECT OF THE INTEREST IN THIS NOTE HELD BY SUCH HOLDER, AND THE INTEREST IN THIS NOTE SHALL NOT BE DEEMED TO BE OUTSTANDING FOR THE PURPOSE OF ANY VOTE OR CONSENT OF THE HOLDERS OF THE NOTES."

In respect of Class Z Coupons:

"THIS CLASS Z COUPON HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY TO A PERSON WHO IS NOT A U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"). NO TRANSFER OF THIS CLASS Z COUPON (OR ANY INTEREST HEREIN) MAY BE MADE (AND THE NOTE TRUSTEE WILL RECOGNISE ANY SUCH TRANSFER) IF SUCH TRANSFER WOULD BE MADE TO A TRANSFEREE THAT IS A U.S. PERSON.

IF THE ISSUER DETERMINES THAT ANY HOLDER OF THIS CLASS Z COUPON OR AN INTEREST HEREIN IS A U.S. PERSON, THE ISSUER MAY REQUIRE, BY NOTICE TO SUCH HOLDER THAT

SUCH HOLDER SELL ALL OF ITS RIGHT, TITLE AND INTEREST TO THIS SECURITY (OR INTEREST HEREIN) TO A PERSON THAT IS NOT A U.S. PERSON WITH SUCH SALE TO BE EFFECTED WITHIN 30 DAYS AFTER NOTICE OF SUCH SALE REQUIREMENT IS GIVEN. IF SUCH HOLDER FAILS TO EFFECT THE TRANSFER REQUIRED WITHIN SUCH 30-DAY PERIOD, (X) UPON WRITTEN DIRECTION FROM THE ISSUER, THE NOTE TRUSTEE SHALL, AND IS HEREBY IRREVOCABLY AUTHORISED BY SUCH HOLDER TO, CAUSE SUCH HOLDER'S INTEREST IN THIS CLASS Z COUPON TO BE TRANSFERRED IN A COMMERCIALY REASONABLE SALE (CONDUCTED BY THE NOTE TRUSTEE IN ACCORDANCE WITH SECTION 9-610(b) OF THE UCC AS IN EFFECT IN THE STATE OF NEW YORK AS APPLIED TO NOTES THAT ARE SOLD ON A RECOGNISED MARKET OR THE SUBJECT OF WIDELY DISTRIBUTED PRICE QUOTATIONS) TO A PERSON THAT CERTIFIES TO THE NOTE TRUSTEE AND THE ISSUER, IN CONNECTION WITH SUCH TRANSFER, THAT SUCH PERSON IS NOT A U.S. PERSON AND PENDING SUCH TRANSFER, NO FURTHER PAYMENTS WILL BE MADE IN RESPECT OF THE INTEREST IN THIS CLASS Z COUPON HELD BY SUCH HOLDER, AND THE INTEREST IN THIS CLASS Z COUPON SHALL NOT BE DEEMED TO BE OUTSTANDING FOR THE PURPOSE OF ANY VOTE OR CONSENT OF THE HOLDERS OF THE CLASS Z COUPONS."

In addition, the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") imposes certain duties on persons who are fiduciaries of employee benefit Plans (as defined in Section 3(3) of ERISA) ("**ERISA Plans**") and of entities whose underlying assets include assets of ERISA Plans by reason of an ERISA Plan's investment in such entities. Section 406(a) of ERISA and Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "**Code**") prohibit certain transactions ("**prohibited transactions**") involving the assets of ERISA Plans or plans described in Section 4975(e)(1) of the Code (together with ERISA Plans, "**Plans**") and certain persons (referred to as "**Parties-In-Interest**" in ERISA and as "**Disqualified Persons**" in Section 4975 of the Code) having certain relationships to such plans and entities. A Party-In-Interest or Disqualified Person who engages in a non-exempt prohibited transaction may be subject to non-deductible United States Federal excise taxes and other penalties and liabilities under ERISA and/or the Code. In addition, certain U.S. Federal, state and local laws impose similar duties and restrictions on fiduciaries of governmental and/or church plans that are not subject to ERISA.

The United States Department of Labor, the government agency primarily responsible for administering the ERISA fiduciary rules and the prohibited transaction rules under ERISA and the Code, has issued a regulation, 29 C.F.R. Section 2510.3-101, that, under specified circumstances, requires plan fiduciaries, and entities with certain specified relationships to a Plan, to "look through" investment vehicles (such as the Issuer) and treat as an "asset" of the Plan each underlying investment made by such investment vehicle.

To avoid potential legal issues that could arise if Notes were directly or indirectly acquired or held by employee benefit plans subject to ERISA or by plans subject to section 4975 of the Code or certain other United States employee benefit plans that are subject to laws similar to ERISA or section 4975 of the Code, the Notes will not be eligible for purchase by such plans. Accordingly, each initial purchaser and each subsequent transferee of a Note or a Class Z Coupon will be deemed to represent and warrant that it is not (and for so long as it holds such Note or Class Z Coupons, as applicable, will not be), and is not acting on behalf of (and for so long as it holds such Note or Class Z Coupon, as applicable, will not be acting on behalf of) (a) an "employee benefit plan" as defined in section 3(3) of ERISA that is subject to Title I of ERISA, (b) a plan described in section 4975(e)(1) of the Code, (c) an entity which is deemed to hold the assets of any such plan pursuant to 29 C.F.R. Section 2510.3-101, which plan or entity is subject to Title I of ERISA or section 4975 of the Code or (d) a governmental or church plan which is subject to any United States Federal, state or local law that is similar to the prohibited transaction provisions of section 406 of ERISA or section 4975 of the Code. In addition, each holder of a Note or a Class Z Coupon will be deemed to represent that such holder is aware that the Notes or Class Z Coupons, as applicable, may not be transferred to any such plan or entity and will be deemed to represent and warrant that it will not transfer such Note or Class Z Coupons, as applicable, to any such plan or entity. Each of the Permanent Global Notes, the Permanent Global Class Z Coupons, the Definitive Notes and the Definitive Class Z Coupons will bear the following legend:

In respect of Notes:

"BY ACCEPTING THIS NOTE, EACH ORIGINAL PURCHASER AND EACH TRANSFEREE OF THIS NOTE OR AN INTEREST THEREIN IS DEEMED TO REPRESENT AND WARRANT THAT IT IS NOT (AND FOR SO LONG AS IT HOLDS ANY NOTE OR ANY INTEREST THEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS ANY NOTE OR INTEREST THEREIN WILL NOT BE) ACTING ON BEHALF OF (i) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED

("ERISA") THAT IS SUBJECT TO TITLE I OF ERISA, (ii) A PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (iii) AN ENTITY WHICH IS DEEMED TO HOLD THE ASSETS OF ANY SUCH PLAN PURSUANT TO 29 C.F.R. SECTION 2510.3-101, WHICH PLAN OR ENTITY IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE OR (iv) A GOVERNMENTAL OR CHURCH PLAN WHICH IS SUBJECT TO ANY UNITED STATES FEDERAL, STATE OR LOCAL LAW THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"). IN ADDITION, EACH HOLDER OF THIS NOTE IS DEEMED TO REPRESENT THAT SUCH HOLDER IS AWARE THAT THIS NOTE MAY NOT BE TRANSFERRED TO ANY SUCH PLAN OR ENTITY AND IS DEEMED TO REPRESENT AND WARRANT THAT IT WILL NOT TRANSFER SUCH NOTE TO ANY SUCH PLAN OR ENTITY."

In respect of Class Z Coupons:

"BY ACCEPTING THIS CLASS Z COUPON, EACH ORIGINAL PURCHASER AND EACH TRANSFEREE OF THIS CLASS Z COUPON OR AN INTEREST THEREIN IS DEEMED TO REPRESENT AND WARRANT THAT IT IS NOT (AND FOR SO LONG AS IT HOLDS ANY CLASS Z COUPON OR ANY INTEREST THEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS ANY NOTE OR INTEREST THEREIN WILL NOT BE) ACTING ON BEHALF OF (i) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") THAT IS SUBJECT TO TITLE I OF ERISA, (ii) A PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (iii) AN ENTITY WHICH IS DEEMED TO HOLD THE ASSETS OF ANY SUCH PLAN PURSUANT TO 29 C.F.R. SECTION 2510.3-101, WHICH PLAN OR ENTITY IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE, OR (iv) A GOVERNMENTAL OR CHURCH PLAN WHICH IS SUBJECT TO ANY UNITED STATES FEDERAL, STATE OR LOCAL LAW THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"). IN ADDITION, EACH HOLDER OF THIS CLASS Z COUPON IS DEEMED TO REPRESENT THAT SUCH HOLDER IS AWARE THAT THIS CLASS Z COUPON MAY NOT BE TRANSFERRED TO ANY SUCH PLAN OR ENTITY AND IS DEEMED TO REPRESENT AND WARRANT THAT IT WILL NOT TRANSFER SUCH CLASS Z COUPON TO ANY SUCH PLAN OR ENTITY."

Any person that proposes to purchase Notes or Class Z Coupons should consult with its own legal and tax advisors with respect to the potential applicability of ERISA and the Code to such investments and the ability to make the representations described above.

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), and as implemented by such Relevant Member State, the Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes or Class Z Coupons to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes or the Class Z Coupons which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes and Class Z Coupons to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes and Class Z Coupons to the public" in relation to any Notes and Class Z Coupons in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes and the Class Z Coupons to be offered so as to enable an investor to decide to purchase or subscribe the Notes or the Class Z Coupons, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. For the purposes of this section, the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **United Kingdom**

The Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of any Notes and Class Z Coupons in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied, and will comply with, all applicable provisions of the FSMA with respect to anything done or to be done by it in relation to the Notes and the Class Z Coupons in, from or otherwise involving the United Kingdom.

### **Republic of France**

- (a) The Lead Manager has represented to and agreed with the Issuer in the Subscription Agreement that it has not offered, sold or otherwise transferred, and will not offer, sell or otherwise transfer, directly or indirectly, the Notes or the Class Z Coupons to the public in the Republic of France and that any offers, sales or other transfers of the Notes and the Class Z Coupons in the Republic of France have been and will be made only to qualified investors ("*investisseurs qualifiés*") and/or to a restricted circle of investors ("*cercle restreint d'investisseurs*"), provided that such investors are acting for their own account and/or to persons providing portfolio management financial services ("*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*"), all as defined and in accordance with Articles L. 411-2, D. 411-1 and D. 411-2 of the *French Code monétaire et financier*. The Notes and the Class Z Coupons have not been and will not be subject to any approval by or registration (*visa*) with the French *Autorité des Marchés Financiers*.
- (b) In addition, each of the Lead Manager and the Issuer has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France this Listing Prospectus or any other offering material relating to the Notes or the Class Z Coupons other than to investors to whom offers, sales or other transfers of the Notes and the Class Z Coupons in the Republic of France may be made as described above.

### **Italy**

- (a) The offering of the Notes and the Class Z Coupons has not been cleared by the Commissione Nazionale per la Società e la Borsa ("**CONSOB**"), pursuant to Italian securities legislation and, accordingly, the Notes and the Class Z Coupons in Italy may be offered, sold or delivered only to Professional Investors as defined in Article 31(2) of CONSOB Regulation No. 11522 of 1 July 1998 ("**Regulation 11522**"), as amended, pursuant to Articles 30(2) and 100 of Legislative Decree No. 58 of 24 February 1998 ("**Decree No. 58**").
- (b) The Lead Manager has represented and agreed that it will not offer, sell or deliver the Notes or the Class Z Coupons or distribute copies of this Listing Prospectus or any other document relating to the Notes or the Class Z Coupons in Italy unless such offer, sale or delivery of Notes or Class Z Coupons or distribution of copies of this Listing Prospectus or any other document relating to the Notes or the Class Z Coupons in Italy is:
  - (i) made by an investment firm, bank or any other authorised intermediary pursuant to Article 25(1)d of Regulation 11522;

- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, pursuant to which the issue or the offer of securities in Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy unless an exemption, depending, *inter alia*, on the aggregate value of the securities issued or offered in the Italy and their characteristics applies; and
- (iii) in compliance with any and all other applicable laws and regulations, including any notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy, and, in any event, provided that any Professional Investor purchasing the Notes and the Class Z Coupons undertakes not to further distribute or transfer the Notes and the Class Z Coupons, except in accordance with any applicable laws and regulations, including any requirements or limitations imposed by CONSOB or the Bank of Italy.

### **Russian Federation**

The Lead Manager has represented and agreed that it has not offered or sold or otherwise transferred and will not offer or sell or otherwise transfer as part of their initial distribution or at any time thereafter any Notes or Class Z Coupons to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation except in compliance with Russian law. The Notes and the Class Z Coupons may not be publicly sold or offered to or for the benefit of any person (including legal entities) that are resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation except in compliance with Russian law.

### **Luxembourg**

The Notes and the Class Z Coupons are not offered to the public in Luxembourg and the Lead Manager has represented and agreed that it will not offer the Notes or the Class Z Coupons or cause the offering of the Notes or the Class Z Coupons to the public in or from Luxembourg, unless all the relevant legal and regulatory requirements have been complied with. In particular, this offer has not been made and may not be announced to the public and offering material will not be available to the public except under circumstances that will result in compliance with Luxembourg laws and regulations.

### **General**

Save for obtaining the approval of this Listing Prospectus by the Irish Financial Services Regulatory Authority in accordance with the Investment Funds, Companies & Miscellaneous Provisions Act 2005 -Part V and the EU (Prospectus) Regulations 2005 for the Notes and the Class Z Coupons to be admitted to trading on the Irish Stock Exchange's regulated market and to be listed on the Irish Stock Exchange, no action has been or will be taken in any jurisdiction by the Issuer or the Lead Manager that would, or is intended to, permit a public offering of the Notes or the Class Z Coupons, or possession or distribution of this Listing Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. This Listing Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes and the Class Z Coupons may not be offered or sold, directly or indirectly, and neither this Listing Prospectus nor any other offering material or advertisement in connection with the Notes or the Class Z Coupons may be distributed or published in any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Lead Manager has undertaken to the Issuer that it will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells, or delivers the Notes and the Class Z Coupons or has in its possession, distributes or publishes such offering material, in all cases at its own expense.

### **Investor Compliance**

Persons into whose hands this Listing Prospectus comes are required by the Issuer and the Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or Class Z Coupons or have in their possession, distribute or publish this Listing Prospectus or any other offering material relating to the Notes or the Class Z Coupons, in all cases at their own expense.

## **Stabilisation**

In connection with the issue of the Notes, the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) may over-allot Notes (provided that the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

Any stabilisation activity on the Irish Stock Exchange shall be conducted in compliance with all applicable laws and regulations.



## **XVIII. ADDITIONAL INFORMATION**

### **Credit Ratings**

For information on credit ratings given or to be given with respect to the Notes, see "*Key Characteristics of the Notes and the Class Z Coupons*" (Chapter I of this Listing Prospectus) and "Risk Factors" (Chapter IV of this Listing Prospectus).

## **XIX. THE NOTES AND THE CLASS Z COUPONS**

### **Classes of Notes**

On the Closing Date, the Issuer will issue three Classes of Notes (a) the Class A-1 Notes, (b) the Class A-2 Notes and (c) the Class B Notes. With each Class A-1 Note, the Issuer will also issue one Class Z-1 Coupon and with each Class A-2 Note, the Issuer will also issue one Class Z-2 Coupons, which will be attached to the relevant Class A Note but which, from the Closing Date or the Further Draw Date, as applicable, of the relevant Class A Note, will detach from such Class A Note and become fully transferable independently of such Class A Note. A description of the relationship between the Classes of Notes and the Class Z Coupons is set out in Chapter XXI of this Listing Prospectus. Detachment of a Class Z Coupon from a Class A Note will have no effect on the Principal Amount Outstanding of the Class A Note and will not reduce the principal payable in respect of that Class A Note, even where the Class A Notes are redeemed prior to the Final Maturity Date.

### **Minimum Denomination**

The minimum denomination of each Note is €125,000. For the purposes of clearing only, Clearstream, Luxembourg and Euroclear may assign a notional denomination to the Class Z Coupons.

### **Information Concerning Obligors/Undertakings (i.e., Debtors) Not Party to the Issue**

*(not applicable)*

## XX. THE UNDERLYING ASSETS

### Issuer Confirmation Concerning the Receivables Portfolio

The Issuer confirms that to the best of its knowledge and belief (having taking all reasonable care to ensure that such is the case) the Receivables Portfolio has characteristics that demonstrate the capacity to produce sufficient funds to service the payments to be made under the Notes and the Class Z Coupons. This confirmation shall not, however, be construed as a representation by the Issuer that the Issuer will in fact have sufficient funds to fully service payments under the Notes and the Class Z Coupons. The Notes and the Class Z Coupons will be limited recourse obligations of the Issuer, payable solely out of the amounts deposited in the Issuer Euro Account, the Issuer Rouble Account and the Class A-2 Escrow Account.

### Assets Backing the Notes and the Class Z Coupons: the Receivables Portfolio

#### *General Description of the Receivables Portfolio*

Under the Receivables Purchase Agreement, the Issuer will purchase the receivables portfolio from the Seller, which will comprise:

- (a) the Receivables purchased on the Closing Date;
- (b) the Receivables purchased on each Purchase Date; and
- (c) the Related Rights.

#### *The Receivables*

On the Initial Asset Purchase Date, the Issuer will purchase Receivables from the Seller to the extent that the Seller makes an Offer and to the extent that the conditions applicable to the acceptance of such Offer are met. The Purchase Price that the Issuer has the capability to pay is a function, in part, of the level of exchange rates between RUR and EUR and the rates applicable to the Non-Round FX Swaps and foreign exchange transactions that are entered into by the Issuer to that date. Should this exchange rate be RUR 33.75 to EUR 1, then the Issuer may be able to purchase Receivables with a Purchase Price of up to (approximately) RUR 4,600,000,000. On each Purchase Date (selected by the Seller), the Seller will offer to sell (at its option) further Receivables to the Issuer and, to the extent that the Issuer's cash resources permit, the Issuer may purchase such further Receivables. After the occurrence of an Amortisation Event, no further Receivables shall be sold to the Issuer and any cash accumulated in the Issuer Rouble Account as a result thereof shall be applied in accordance with the Post Amortisation Priority of Payments. The Issuer will purchase Receivables at a price equal to the balance outstanding under the relevant Consumer Loan Agreement plus a further amount equal to the total future amount of Loan Commissions that may arise under the terms of such agreement.

The Receivables are receivables arising from Consumer Loan Agreements, which are governed by Russian law and are entered into by the Seller and the Loan Customers, pursuant to which the Seller provides the Loan Customer with a Consumer Loan for, primarily, the purchase of household goods, including household appliances, consumer electronics, computer hardware, mobile phones, furniture and gardening equipment. For a detailed description of the nature of the Consumer Loans provided by the Seller, see "*Business and Organisation of HCFB – Banking Services and Other Activities - Consumer Lending*" below.

The Receivables arising from the Consumer Loan Agreements include the following receivables:

- (a) monthly principal payments in respect of the loan;
- (b) monthly interest payments, which will be charged at a fixed rate;
- (c) default interest under the Consumer Loan Agreement, for example, where payments are missed; and
- (d) in respect of Receivables which arise under Consumer Loan Agreements in respect of which the Seller charges the Loan Customer Loan Commissions to open its Consumer Loan Account, such Loan Commissions.

Other receivables arising under the Consumer Loan Agreements (other than the receivables arising under the Related Rights) will not be acquired by the Issuer and do not form part of the Receivables Portfolio.

KPMG Limited have carried out certain agreed upon procedures in relation to a random sample of 461 Consumer Loans contained in a database of Consumer Loans as of 10 October 2005 to assist the Seller in ascertaining the correctness of specific loan details contained in such database as that date. The agreed upon procedures included the following:

1. comparison of the loan number of the Consumer Loan that appeared in the database with the loan number that appeared in the relevant Consumer Loan Agreement;
2. comparison of the Customer Current Account number of the Consumer Loan in the database to the Customer Current Account number in the relevant Consumer Loan Agreement;
3. comparison of the date of the relevant Consumer Loan Agreement that appeared in the database with the date in the relevant Consumer Loan Agreement;
4. comparison of the interest rate of the Consumer Loan that appeared in the database with the interest rate that appeared in the relevant Consumer Loan Agreement; and
5. comparison of the rate of the Loan Commissions for the Consumer Loan that appeared in the database with the rate of the Loan Commissions that appeared in the relevant Consumer Loan Agreement.

KPMG Limited have produced a report on factual findings with respect to such process. KPMG Limited noted no differences with respect to each procedure, except as follows:

- (a) with respect to item 4 above, KPMG Limited noted one difference which is that the actual interest rate of one Consumer Loan was higher than was stated in the database; and
- (b) with respect to item 5 above, KPMG notes one difference which is that the rate of Loan Commissions for one Consumer Loan was stated to be 1.99 per cent., whereas the rate of Loan Commissions in the database was stated to be zero per cent.

The procedures did not constitute either an audit or a review performed in accordance with International Standards on Auditing or the International Standard on Review Engagements and KPMG Limited did not express any assurance on the accuracy of the Consumer Loans database. Had they performed additional procedures or has they performed an audit or review in accordance with International Standards on Auditing or the International Standard on Review Engagements, other matters may have come to their attention.

This process was carried out at the request of the Seller. KPMG Limited and the Seller have consented to the inclusion of this information in the Listing Prospectus in the form and context in which it appears. KPMG Limited is a company incorporated under the laws of Guernsey, the Channel Islands and was acting through its Moscow Representative Office at 11 Gogolevsky Boulevard, Moscow, 119019, the Russian Federation. KPMG Limited are providers of professional services. KPMG Limited have no material interest in the Issuer.

#### *The Loan Commissions*

Where a Consumer Loan Agreement requires that a Loan Customer pay loan commissions to open its Customer Loan Account, the Receivables sold to the Issuer under the Receivables Purchase Agreement will also include those loan commissions (the "**Loan Commissions**"). The Loan Commissions are charged at a flat rate percentage of the initial balance of the Consumer Loan (typically 1.99 per cent. for the amount advanced) and are payable each month the Consumer Loan is outstanding.

#### *The Related Rights*

On the Closing Date and on each Purchase Date, the Seller will sell and assign, with respect to each Receivable sold on such date, the rights related to such Receivables, which are, with respect to any Purchased Receivable:

- (a) the right, title and interest in the proceeds realised from all security interests or liens and property subject thereto from time to time, if any, purporting to secure payment of the Receivables, whether

pursuant to the Consumer Loan Agreements relating to such Receivable or otherwise, together with all security agreements describing any collateral securing the Receivables;

- (b) (to the extent such are capable of assignment) the right, title and interest in the proceeds realised from all guarantees, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of the Receivables whether pursuant to the Consumer Loan Agreements relating to such Receivables or otherwise; and
- (c) any Collections in respect of such Purchased Receivables (and the Related Rights described in paragraphs (ii) and (iii) above) occurring on and after the Selection Date and including the Purchase Date,

(the "**Related Rights**"). Note, however, that the concept of Related Rights is a technical concept and, in reality, there may be no Related Rights with respect to a Receivable. Certain Consumer Loan Agreements enjoy the benefit of guarantees provided by third party individuals and, with respect to some Consumer Loan Agreements, the Seller is appointed as the loss payee under the Loan Customer's life insurance policy. The benefit of these policies will not be transferred to the Issuer.

### ***Representations and Warranties and Eligibility Criteria***

The Seller will make certain representations and warranties in respect of the Receivables including a statement that, as of the date of the Receivables Purchase Agreement, each of the Receivables offered for purchase to the Issuer is, at the relevant Selection Date relating to such Receivable, an Eligible Receivable.

An eligible receivable is a Receivable which arises under a Consumer Loan Agreement that, on the relevant Selection Date, satisfies, *inter alia*, each of the following criteria (the "**Eligibility Criteria**"):

- (a) it is originated by the Seller in the normal course of business and is executed with a Loan Customer;
- (b) at least two months have passed since the date of the first Advance under the Consumer Loan Agreement;
- (c) it has a minimum remaining term of one month and one day (that is, it has a minimum of two Monthly Payments outstanding);
- (d) it has a maximum remaining term of one day less than nine months, in relation to which no more than eight Monthly Payments remain outstanding;
- (e) it has a principal amount outstanding of at least RUR 1,500;
- (f) it is either (i) current or (ii) if one monthly payment has fallen due and remains unpaid, then payments have been made in the preceding two calendar months;
- (g) it provides that all Monthly Payments shall be made in RUR as level Monthly Payments of principal and interest on a standard annuity basis to repay the Advance, save for any small adjustments that might be made to the final monthly payment to provide for rounding;
- (h) it does not involve the charging of commissions to the Loan Customer (other than Loan Commissions for the opening of the Customer Loan Accounts and, to this extent, only if Loan Commissions are at a maximum amount of two per cent. per month of the original loan advance, and only if, the Principal Balance of the Specified Agreement, when combined with the Principal Balance outstanding in respect of other Specified Agreements which also involve the charging of Loan Commissions is less than 50 per cent. of the Principal Balance of the Receivables Portfolio);
- (i) it is not arranged to enable the purchase of a mobile telephone unless the Principal Balance of the related Specified Agreement, when combined with the Principal Balance in respect of other Specified Agreements which are also to enable the purchase of a mobile telephone, is less than 15 per cent. of the Principal Balance of the Receivables Portfolio;
- (j) the Loan Customer is not a Moscow Resident unless the Principal Balance of the related Specified Agreement, when combined with the Principal Balance in respect of other Specified Agreements for

which the Loan Customers are also Moscow Residents is less than 25 per cent. of the Principal Balance of the Receivables Portfolio;

- (k) it is governed by Russian law, has been duly entered into by the Loan Customer or the Loan Customer's authorised representative, and its terms do not violate Russian law;
- (l) it has been entered into in compliance with the Credit and Collection Policy;
- (m) it is free and clear of any Adverse Claim;
- (n) it is in full force and effect and constitutes legal, valid and binding obligations of the Loan Customer named therein, enforceable in accordance with its terms subject only to applicable bankruptcy, insolvency, reorganisation, moratorium or other similar laws affecting the enforcement of the rights of creditors generally, and is transferable in accordance with the Receivables Purchase Agreement;
- (p) it is in the form of the standard form consumer loan agreement adopted by the Seller as the same may be amended in accordance with the Servicing Agreement including, for the avoidance of doubt, any information, amendments and supplements published in connection therewith;
- (q) it is not a Consumer Loan Agreement that has been entered into to repay any other existing Specified Agreement which is a Written-Off Agreement;
- (r) it is not a Consumer Loan Agreement (i) in respect of which the Seller has received notice that an Insolvency Event has occurred and is continuing with respect to the Loan Customer, (ii) in respect of which the Seller has received notice that an Insolvency Proceeding has been commenced against the Loan Customer and (iii) the Seller has recorded as written-off;
- (s) the Loan Customer is not an employee of the Seller or any Affiliate of the Seller, provided that, for as long as the Principal Balance of all Specified Agreements the Loan Customers of which are employees of the Seller or an Affiliate of the Seller, expressed as a percentage of the Principal Balance of all Specified Agreements does not exceed 0.25 per cent., the relevant Receivables shall be Eligible Receivables; and
- (t) it is not a Consumer Loan Agreement that is supported by a third party guarantee,

(an "**Eligible Receivable**").

The representation and warranty that a Receivable is an Eligible Receivable will not be regarded as having been breached where a Purchased Receivable is determined to be an Ineligible Receivable and is either is purchased back or damages are paid in the circumstances set out in Clause 3 (*Procedure with regard to Ineligible Receivables*) of the Receivables Purchase Agreement.

In addition to the representation and warranty described above, the Seller will represent and warrant to the Issuer that, as of the date of the Receivables Purchase Agreement:

- (i) it is a bank duly registered and validly existing under the laws of the Russian Federation and is in compliance with all of the applicable laws, rules, regulations and/or orders relating to its incorporation and organisation;
- (ii) it has full power and authority to enter into, and has taken all action necessary to authorise the execution, delivery and performance by it of the Receivables Purchase Agreement, the other Transaction Documents to which the Seller is a party and all other instruments and documents to be delivered pursuant to those documents and the transactions thereby;
- (iii) the execution, delivery and performance by the Seller of the Receivables Purchase Agreement, the Transaction Documents to which it is a party and all other instruments and documents to be delivered pursuant to those documents and the Seller's use of the proceeds of sales made pursuant to any Offer made under the Receivables Purchase Agreement (if any), do not contravene or violate (A) its constituent documents, (B) any law, rule, regulation or orders applicable to it, (C) any material restrictions under any agreement, contract, deed or instrument to which it is a party or by which it or any of its property is bound or (D) any order, writ, judgment, award, injunction or decree binding on or

affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on or with respect to the assets or undertaking of the Seller (other than in connection with the Transaction Documents);

- (iv) no consent, authorisation or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body (other than any such consent, authorisation, approval, action, notice, or filing that has already been duly made or obtained) is required for the due execution, delivery and performance by the Seller of (A) the Transaction Documents to which it is a party or any other document to be delivered pursuant to the Receivables Purchase Agreement or those documents or for the transactions contemplated thereby or (B) any Consumer Loan Agreement;
- (v) the Receivables Purchase Agreement and each Transaction Document to which the Seller is a party constitute the legal, valid and binding obligations of the Seller enforceable against the Seller in accordance with their respective terms, except (A) as such enforcement may be limited by applicable bankruptcy, insolvency, reorganisation or other similar laws relating to or limiting creditors' rights generally and (B) as such enforcement may be limited by the effect of general principles of equity in the case of such obligations that are governed by English law;
- (vi) (A) the most recent audited annual consolidated accounts of the Seller, copies of which have been furnished to the Purchaser, present a true and fair view of the financial condition of the Seller as at that date and of the results of operations of the Seller for the period then ended, all in accordance with IFRS consistently applied and (B) the unaudited interim consolidated accounts of the Seller for the period ended 30 September 2005, copies of which have been furnished to the Purchaser, present a true and fair view of the financial condition of the Seller as at that date and of the results of operations of the Seller for the period then ended, all in accordance with IFRS consistently applied;
- (vii) since the date of the Seller's most recent audited annual financial accounts, there has been no material adverse change in the financial condition or the operations of the Seller. The Purchase acknowledges that the financial results disclosed in the unaudited interim consolidated accounts of the Seller for the period ended 30 September 2005, copies of which have been furnished to the Purchaser, do not constitute a material adverse change in the financial condition or the operations of the Seller since the date of the Seller's most recent audited annual financial accounts;
- (viii) there are no current material actions, suits or proceedings pending, or to the knowledge of the Seller threatened, against or affecting the Seller, or any of the properties of the Seller, in or before any court, arbitrator or other body, which, if adversely determined, are reasonably likely to have a Material Adverse Effect;
- (ix) the Seller is not in default with respect to any order of any court, arbitrator or governmental body, or under any contractual or other obligation, which is material to its business or operations or which would have a Material Adverse Effect on the ability of the Seller to perform its obligations under the Receivables Purchase Agreement or under any of the Transaction Documents to which it is a party;
- (x) (A) the Seller is the absolute legal and beneficial owner of each Receivable being offered for sale by it or on its behalf under the Receivables Purchase Agreement free and clear of any Adverse Claim (other than the security created pursuant to the Issuer Security Documents), any previous Adverse Claims having been released and discharged and (B) upon the purchase of any of such Receivables and Related Rights, the Purchaser will have all the rights, interests and title of the Seller in respect thereof as well as the Related Rights then existing in respect thereof, free and clear of any Adverse Claim (other than the security created pursuant to the Issuer Security Documents), save that this representation and warranty shall not be regarded as having been breached where a Purchased Receivable is determined to be an Ineligible Receivable and either it is purchased back or damages are paid in the circumstances set out in Clause 3 (*Procedure with regard to Ineligible Receivables*) of the Receivables Purchase Agreement;
- (xi) all requirements of the Specified Agreements upon which payment of the Purchased Receivables may be dependent have been fulfilled;
- (xii) all information heretofore furnished in writing by the Seller to the Purchaser (including the most recent audited annual financial accounts of the Seller and the information provided in connection with each Offer) for purposes of or in connection with the Receivables Purchase Agreement, any of the other

Transaction Documents or any transaction contemplated hereby or thereby, is true and accurate in every material respect, on the date such information is stated or certified and does not and will not contain any material misstatement of fact;

- (xiii) the principal place of business and the registered office of the Seller and the offices where the Seller keeps all its books, records and documents evidencing the Purchased Receivables and the related Specified Agreements are located at Baumanskaya St. 4, 105005, Moscow, Russian Federation and 35/50 Nizhniya Krasnoselskaya St., Moscow, Russian Federation;
- (xiv) the Seller has directed Loan Customers to make payments on Specified Agreements under which Purchased Receivables arise by crediting amounts to the particular Loan Customer's Customer Current Account;
- (xv) with respect to each Receivable, the Seller has complied in all material respects with the Credit and Collection Policy;
- (xvi) no step has been taken or is intended to be taken by the Seller or, so far as the Seller is aware, by any other person that would constitute Insolvency Proceedings in respect of the Seller or for the merger of the Seller with any other person;
- (xvii) no amounts payable by the Loan Customers in respect of the Specified Agreements (nor amounts in respect thereof transferred to the Purchaser by the Servicer) are subject to (x) deduction of withholding taxes imposed by the Russian Federation or (y) any other deductions in respect of Russian taxes;
- (xviii) no VAT is applicable in respect of any sale of Receivables to the Issuer;
- (xix) each Specified Agreement in respect of which Receivables are purchased is in full force and effect, constitutes the complete contractual arrangement with the relevant Loan Customers and constitutes the legal, valid and binding obligation of the Loan Customer named therein, enforceable in accordance with its terms (subject to applicable insolvency laws, or other similar laws affecting creditors rights and general equitable principles);
- (xx) so far as the Seller is aware, the origination procedures from time to time applied by the Seller were applied to each Specified Agreement and in a manner which is consistent in all material respects with the manner in which the origination procedures have been applied to other comparable unsecured personal Consumer Loan Agreements entered into by the Seller at the time such procedures were in place;
- (xxi) the Seller is not in breach of any financial covenant contained in any agreement, subject to any grace or cure periods therein, under which any financial institution has extended credit to the Seller;
- (xxii) the Seller's centre of main interests, as that term is used in Article 3(i) of EU Regulation on Insolvency Proceedings No. 1346/2000, is located in the Russian Federation;
- (xxiii) the Seller has no branch office in any jurisdiction other than the Russian Federation; and
- (xxiv) the Seller's management, the places of residence of the majority of the members of its management and supervisory boards, the place at which meetings of such boards are held and the place from which its interests are administered on a regular basis are all situated in the Russian Federation, except that the place of residence of certain of the members of its management and supervisory boards (who from time to time may constitute a majority thereof) is the Czech Republic.

These representations and warranties are deemed to have been made on each Purchase Date (and at such other times as may be specified in another Transaction Document to which the Seller is a party), in each case by reference to the facts and circumstances then prevailing, except that the representation and warranty set out at paragraph (vi)(B) shall not be deemed to be made in respect of any Purchase Date occurring after the delivery of the financial statements described in paragraph (vi)(A) in respect of the year ending 31 December 2005.



### ***Obligation to Repurchase Receivables and Related Rights of Pay Damages***

If, at any time, a Purchased Receivable proves to be an Ineligible Receivable, then the Seller shall, on the Purchase Date immediately following the day on which such determination is made, pay to the Issuer an amount equal to the principal balance of the related Specified Agreement and the Issuer shall, following such receipt, reassign to the Seller the Receivables and any Related Rights arising under such Specified Agreement by an instrument in writing, or pay a sum equal to the amount of applicable damages as a result of such ineligibility.

### ***Amount of Receivables and Related Rights and Level of Collateralisation***

Please see the table "*Receivables Outstanding*" in "*Description of the Consumer Loan Agreements and Statistical Information Concerning Certain of the Underlying Assets – Statistical Information Concerning Certain of the Underlying Assets as at 9 October 2005*" below. The Seller does not expect to sell Commission Loans on the Initial Asset Sale Date. On this basis, the Issuer's obligations with respect to the Notes will be fully collateralised by either Receivables or cash on the Initial Asset Sale Date. The Purchased Receivables will not be supported by any form of security or collateral.

### ***General Characteristics of the Loan Customers***

Loan Customers are individuals who are citizens of the Russian Federation, who are over the age of 18 and who have entered into Consumer Loan Agreements with the Seller (each, a "**Loan Customer**").

### ***Description of the Consumer Loan Agreements and Statistical Information Concerning Certain of the Underlying Assets***

#### ***Principal Terms and Conditions of the Consumer Loan Agreements***

Each Receivable is documented by a Consumer Loan Agreement, which includes the Seller's General Terms and Conditions of Consumer Loans. Each Consumer Loan Agreement represents the complete arrangement between the Seller and each respective Loan Customer in relation to its subject matter, is governed by Russian law and provides for dispute resolution in the Russian court of general jurisdiction at the location of the Seller.

Each Consumer Loan Agreement contains the following key terms and conditions:

- (a) the Consumer Loan is disbursed to the Loan Customer's Customer Current Account opened with the Seller;
- (b) the principal of the Consumer Loan is repaid in equal monthly instalments; repayment may be made by debiting the Loan Customer's Customer Current Account and crediting the Loan Customer's Customer Loan Account (the "**Customer Loan Account**", being the account to which repayments are credited) on each repayment date under the standing order which is given by the Loan Customer and incorporated into the Consumer Loan Agreement;
- (c) interest on the Consumer Loan is fixed, is not subject to change, is payable monthly and is paid by the Seller debiting the Loan Customer's Customer Current Account and crediting the Loan Customer's Customer Loan Account on each repayment date;
- (d) voluntary prepayment in full of the Consumer Loan by the Loan Customer is permitted subject to the terms offered by the Seller;
- (e) the Loan Customer is provided with a schedule detailing payments to be made by the Loan Customer to repay the Consumer Loan. Each month the Seller (or its sub-contractors) sends the Loan Customer a payment slip confirming amounts repaid and to be repaid under the Consumer Loan. The failure by the Seller to deliver such slip to the Loan Customer does not relieve the Loan Customer from its obligations to repay the Consumer Loan in a timely manner;
- (f) the Consumer Loan Agreement does not contain any prohibition of set-off by the Loan Customer of any amounts owed by the Loan Customer to the Seller against any amounts which may be owed by the Seller to the Loan Customer, such provision is however contained in the new form of the Consumer Loan Agreement, effective as of 11 December 2005;

- (g) the Consumer Loan Agreement permits assignment by the Seller; and
- (h) the Consumer Loan Agreement allows the Seller to disclose to any assignee information on the relevant Loan Customer subject to the assignee undertaking not to disclose such information to any third party.

*Statistical Information Concerning Certain of the Underlying Assets as at 9 October 2005*

The Seller has selected a portfolio of Consumer Loan Agreements (the "**Provisional List**") from its portfolio of Consumer Loan Agreements and has reported certain statistical distributions in respect of this Provisional List, as set out below. The selection and the statistical information (except where stated otherwise) relate to the condition of the Provisional List as at 9 October 2005 (the "**Provisional List Selection Date**").

The criteria used to select the Provisional List from the entire portfolio of the Seller's Consumer Loan Agreements then outstanding were that, as at the Provisional List Selection Date, each selected Consumer Loan:

- (a) had an outstanding balance of at least RUR 1,500;
- (b) was at least two months old;
- (c) was not overdue by more than one payment and at least two payments had already been received;
- (d) at least two payments and no more than eight payments were still to fall due (so that the Consumer Loan had a remaining term of at least two months but less than nine months);
- (e) had not been flagged as defaulted in the Seller's systems or as having (at any time since its original advance date) more than two payments past due.

It should be noted that the Provisional List does contain Consumer Loans in respect of which Loan Commissions are due for the maintenance of the relevant accounts of the Loan Customers because such Consumer Loans are not eligible to be offered to the Issuer. This category of the Seller's business is expected to be replaced over time by Consumer Loans in respect of which Loan Commissions are charged but on a different basis. Such Consumer Loans may become eligible to be offered to the Issuer, however, the Provisional List contained no such Consumer Loans.

KPMG Limited have carried out agreed upon procedures in relation to the statistical information that appears in this section "*Statistical Information Concerning Certain of the Underlying Assets as at 9 October 2005*". This involved comparing the information set out in the statistical tables with the information recomputed using the extraction file. Whilst KPMG Limited have recalculated the tables, they did so relying entirely on the data supplied to them.

Based on the above procedures, KPMG Limited stated that such compared or recalculated amounts were deemed to be arithmetically correct if differences were attributable to rounding.

The procedures did not constitute either an audit or a review performed in accordance with International Standards on Auditing or the International Standard on Review Engagements and KPMG Limited did not express any assurance on the accuracy of the procedures. Had they performed additional procedures or has they performed an audit or review in accordance with International Standards on Auditing or the International Standard on Review Engagements, other matters may have come to their attention.

This process was carried out at the request of the Issuer. KPMG Limited and the Issuer have consented to the inclusion of this information in the Listing Prospectus in the form and context in which it appears. KPMG Limited is a company incorporated under the laws of Guernsey, the Channel Islands and was acting through its Moscow Representative Office at 11 Gogolevsky Boulevard, Moscow, 119019, the Russian Federation. KPMG Limited are providers of professional services. KPMG Limited have no material interest in the Issuer.

**Outstanding Principal Balance of the Provisional List**

Date	Principal outstanding#	Balance on current account*

09.09.05		674,413,713
<b>09.10.05</b>	<b>6,898,367,227</b>	<b>623,358,260</b>
23.10.05		700,989,266

\* The balance on current account shows the total amount of cash balances held in Customer Current Accounts attached to loan accounts that make up the Provisional List, measured on three different dates.

# The principal outstanding shows the principal balance of the Consumer Loan representing the amount of the consumer loan debt that has not been repaid on the Provisional List Selection Date. It should be noted that this is not the same as the total amount outstanding under the Consumer Loan, nor is it the same as the Purchase Price that the Issuer may pay for the Receivables arising under such Consumer Loan or the Principal Balance (as defined in the Transaction Documents).

### Distribution by Item Purchased with the Loan Proceeds

ITEM	Number of loans	% by total number of loans	Principal Outstanding	% of total principal outstanding
Household appliances	296,593	29.55%	2,424,349,468	35.14%
Audio & Video equipment	254,928	25.40%	1,684,369,488	24.42%
Computers	75,491	7.52%	998,248,278	14.47%
Mobile phones	260,068	25.91%	913,638,624	13.24%
Other	60,433	6.02%	401,415,807	5.82%
Furniture	20,105	2.00%	199,245,245	2.89%
Photo	19,704	1.96%	147,906,999	2.14%
Building material	3,404	0.34%	35,065,434	0.51%
Kitchen	1,820	0.18%	18,763,018	0.27%
Office equipment KT	1,657	0.17%	11,220,610	0.16%
Instruments, equipments	1,738	0.17%	10,131,867	0.15%
Garden equipment	1,049	0.10%	9,194,437	0.13%
Pool & accessories	870	0.09%	7,676,948	0.11%
Sewing equipment	1,140	0.11%	7,156,338	0.10%
Sporting goods	1,184	0.12%	6,134,810	0.09%
Office equipment TT	860	0.09%	6,125,809	0.09%
Heating installations	716	0.07%	5,182,744	0.08%
Music instrument	729	0.07%	4,987,919	0.07%
Floor covering	268	0.03%	1,872,727	0.03%
No commodity	142	0.01%	1,493,288	0.02%
Optics	230	0.02%	1,347,755	0.02%
Crockery, utensils	240	0.02%	1,018,589	0.01%
Weapon and ammunition	108	0.01%	870,767	0.01%
Health	38	0.00%	378,165	0.01%
Alarms	64	0.01%	295,207	0.00%
Illumination engineering	39	0.00%	276,886	0.00%
<b>Total</b>	<b>1,003,618</b>	<b>100.00%</b>	<b>6,898,367,228</b>	<b>100.00%</b>

### Distribution by the Region of the Loan Customer's Home Address

REGION	Number of loans	% by total number of loans	Principal Outstanding	% of total principal outstanding
Moscow	47,272	4.71%	414,030,726	6.00%
Moscow region	38,750	3.86%	344,484,432	4.99%
St. Petersburg	30,780	3.07%	279,682,175	4.05%
St. Petersburg region	15,813	1.58%	130,056,456	1.89%
Sverdlovskaya	61,096	6.09%	392,322,102	5.69%
Krasnodarskiy	52,575	5.24%	344,707,032	5.00%
Tatarstan	52,579	5.24%	340,842,888	4.94%
Volgogradskaya	55,646	5.54%	319,502,333	4.63%
Novosibirskaya	39,102	3.90%	302,963,786	4.39%
Bashkortostan	52,674	5.25%	298,331,618	4.32%
Rostovskaya	46,301	4.61%	277,514,452	4.02%
Permskaya	48,472	4.83%	271,604,914	3.94%
Krasnoyarskiy	35,269	3.51%	267,053,258	3.87%
Cheliabinskaya	41,607	4.15%	262,507,791	3.81%
Samarskaya	30,627	3.05%	191,866,115	2.78%
Nizhegorodskaya	30,650	3.05%	183,812,274	2.66%
Khanty-Mansiysk	16,652	1.66%	152,279,223	2.21%
Tyumenskaya	19,636	1.96%	145,336,175	2.11%
Stavropolskiy	18,117	1.81%	127,769,971	1.85%
Kemerovskaya	15,479	1.54%	98,261,634	1.42%
Voronezhskaya	13,568	1.35%	90,001,125	1.30%
Saratovskaya	12,209	1.22%	78,954,205	1.14%
Tomskaya	10,781	1.07%	76,346,953	1.11%
Altayskiy	9,651	0.96%	71,259,050	1.03%
Kurganskaya	12,315	1.23%	69,917,777	1.01%
Belgorodskaya	8,679	0.86%	69,091,568	1.00%
Yamalo-Neneckiyy	5,394	0.54%	67,049,524	0.97%
Orenburgskaya	12,870	1.28%	63,895,312	0.93%
Omskaya	8,342	0.83%	63,572,636	0.92%
Murmanskaya	7,471	0.74%	62,618,006	0.91%
Komi	7,511	0.75%	56,267,871	0.82%
Tverskaya	8,110	0.81%	55,516,783	0.80%
Buryatia	6,195	0.62%	48,424,065	0.70%
Karelia	6,554	0.65%	47,750,149	0.69%
Ivanovskaya	7,908	0.79%	47,458,664	0.69%
Ulyanovskaya	6,859	0.68%	47,002,028	0.68%
Chuvashia	6,029	0.60%	46,231,708	0.67%
Irkutskaya	6,250	0.62%	45,790,248	0.66%
Udmurtia	8,548	0.85%	42,971,738	0.62%
Astrakhanskaya	6,615	0.66%	42,341,861	0.61%
Brianskaya	5,180	0.52%	39,028,916	0.57%

REGION	Number of loans	% by total number of loans	Principal Outstanding	% of total principal outstanding
Yaroslavskaya	6,747	0.67%	38,997,913	0.57%
Khakasia	5,442	0.54%	36,041,066	0.52%
Penzenskaya	6,215	0.62%	35,925,324	0.52%
Smolenskaya	4,368	0.44%	29,443,221	0.43%
Orlovskaya	4,180	0.42%	28,436,326	0.41%
Tul'skaya	3,711	0.37%	27,390,963	0.40%
Arkhangelskaya	4,535	0.45%	27,079,707	0.39%
Vladimirskaya	3,380	0.34%	25,280,113	0.37%
Kostromskaya	4,121	0.41%	25,200,376	0.37%
Chitinskaya	3,144	0.31%	24,772,901	0.36%
Mariy El	3,546	0.35%	24,743,615	0.36%
Adygeya	3,290	0.33%	23,448,045	0.34%
Kaluzhskaya	3,162	0.32%	23,101,132	0.33%
Mordovia	3,454	0.34%	22,650,386	0.33%
Lipeckaya	2,840	0.28%	21,211,928	0.31%
Pskovskaya	2,314	0.23%	19,187,012	0.28%
Kirovskaya	2,688	0.27%	17,895,560	0.26%
Kurskaya	2,258	0.22%	17,295,640	0.25%
Tambovskaya	2,615	0.26%	15,847,741	0.23%
Riazanskaya	2,015	0.20%	15,101,078	0.22%
Vologodskaya	1,870	0.19%	13,821,682	0.20%
Primorskiy	637	0.06%	3,753,816	0.05%
Komi-Permiatskiy	444	0.04%	1,974,966	0.03%
Khabarovskiy	246	0.02%	1,534,725	0.02%
Novgorodskaya	104	0.01%	402,959	0.01%
Taymyrskiy	18	0.00%	292,146	0.00%
Tuva	22	0.00%	276,214	0.00%
Ust-Ordynskiy	24	0.00%	181,371	0.00%
Neneckiy	10	0.00%	173,230	0.00%
Kaliningradskaya	29	0.00%	120,254	0.00%
Aginskiy	12	0.00%	114,053	0.00%
Evenkiyskiy	7	0.00%	74,225	0.00%
Sakhalinskaya	6	0.00%	34,340	0.00%
Kalmykia	4	0.00%	25,328	0.00%
Chechenskaya	5	0.00%	24,911	0.00%
Dagestan	5	0.00%	20,605	0.00%
Altayskaya resp.	4	0.00%	20,318	0.00%
Sakha	3	0.00%	13,302	0.00%
Amurskaya	2	0.00%	12,862	0.00%

REGION	Number of loans	% by total number of loans	Principal Outstanding	% of total principal outstanding
Karachaevo-Cherkesskaya	1	0.00%	10,925	0.00%
Magadanskaya	1	0.00%	6,447	0.00%
Koriakskiy	1	0.00%	4,193	0.00%
Evreyskaya	1	0.00%	2,536	0.00%
Ingushskaya	1	0.00%	2,233	0.00%
<b>Total</b>	<b>1,003,618</b>	<b>100.00%</b>	<b>6,898,367,227</b>	<b>100.00%</b>

#### Distribution by Original Term

Maturity	Number of loans	% by total number of loans	Principal Outstanding	% of total principal outstanding
< 6	13,802	1.38%	49,690,967	0.72%
6 - 10	918,004	91.47%	6,383,469,852	92.54%
10 - 16	71,812	7.16%	465,206,408	6.74%
<b>Total</b>	<b>1,003,618</b>	<b>100.00%</b>	<b>6,898,367,227</b>	<b>100.00%</b>

#### Distribution by Number of Monthly Instalments Outstanding on the Provisional List Selection Date

Number of monthly payments	Number of loans	% by total number of loans	Principal outstanding	% of total principal outstanding
2	42,303	4.22%	131,858,825	1.91%
3	84,414	8.41%	325,396,841	4.72%
4	167,570	16.70%	821,487,715	11.91%
5	147,929	14.74%	893,827,877	12.96%
6	208,723	20.80%	1,484,758,149	21.52%
7	180,112	17.95%	1,577,688,148	22.87%
8	172,567	17.19%	1,663,349,673	24.11%
<b>Total</b>	<b>1,003,618</b>	<b>100.00%</b>	<b>6,898,367,227</b>	<b>100.00%</b>

#### Distribution by Original Advance

Advance Amount	Number of loans	% by total number of loans	Principal Outstanding	% of total principal outstanding
< 5,000	234,280	23.34%	577,791,702	8.38%
5,000 – 10,000	347,350	34.61%	1,531,820,300	22.21%
10,001 – 15,000	200,052	19.93%	1,557,653,069	22.58%
15,001 – 20,000	99,420	9.91%	1,084,687,354	15.72%
20,001 – 25,000	52,838	5.26%	743,829,850	10.78%
25,001 – 30,000	35,762	3.56%	611,744,276	8.87%
> 30,000	33,916	3.38%	790,840,677	11.46%
<b>Total</b>	<b>1,003,618</b>	<b>100.00%</b>	<b>6,898,367,227</b>	<b>100.00%</b>

### Distribution by Outstanding Principal Balance on the Provisional List Selection Date

Principal outstanding	Number of loans	% by total number of loans	Principal Outstanding	% of total principal outstanding
< 5,000	492,241	49.05%	1,525,675,681	22.12%
5,000 – 10,000	304,596	30.35%	2,181,688,956	31.63%
10,001 – 15,000	124,476	12.40%	1,503,634,376	21.80%
> 15,000	82,305	8.20%	1,687,368,213	24.46%
<b>Total</b>	<b>1,003,618</b>	<b>100.00%</b>	<b>6,898,367,226</b>	<b>100.00%</b>

### Distribution by Interest Charging Rate

INTEREST RATE	Number of loans	% by total number of loans	Principal Outstanding	% of total principal outstanding
12	804	0.08%	12,413,142	0.18%
16	5,498	0.55%	29,031,378	0.42%
17.1	17,892	1.78%	127,315,933	1.85%
21.6	306	0.03%	2,631,630	0.04%
22.9	26,127	2.60%	195,855,807	2.84%
23.4	595,497	59.34%	5,057,015,225	73.31%
28.5	357,494	35.62%	1,474,104,112	21.37%
<b>Total</b>	<b>1,003,618</b>	<b>100.00%</b>	<b>6,898.367,227</b>	<b>100.00%</b>

### Distribution by Commission Rate

COMMISSION RATE	Number of loans	% by total number of loans	Principal Outstanding	% of total principal outstanding
0.0	627,428	62.52%	5,284,534,041	76.61%
1.90	142	0.01%	1,493,288	0.02%
1.99	376,048	37.47%	1,612,339,898	23.37%
<b>Total</b>	<b>1,003,618</b>	<b>100.00%</b>	<b>6,898,367,227</b>	<b>100.00%</b>

## Business and Organisation of HCFB

### Overview

HCFB is a consumer finance bank organised as a limited liability company and incorporated under the laws of the Russian Federation with its registered office located at 317A Zelenograd, Moscow, 124482, Russian Federation. HCFB's principal office is located at 4 Baumanskaya Street, Moscow, 105005, Russian Federation.

As of 30 June 2005, Home Credit B.V. ("**HCB.V.**"), a joint stock company incorporated in the Netherlands, was the principal shareholder of HCFB, holding 99.8 per cent. of HCFB's charter capital. The remaining 0.2 per cent. of HCFB's charter capital was held by Mr. Ladislav Chvátal, the Chairman of HCB.V.'s Supervisory Board.

HCFB's business focuses on point-of-sale consumer lending (including issuing loyalty cards) primarily for the purpose of funding purchases of household goods and appliances. In November 2004, HCFB started issuing credit cards (see "*Banking Services and Other Activities*" below).



HCFB is one of the leading banks specialising in consumer finance in the Russian Federation and has a strong position in point-of-sale consumer lending. According to Moody's-Interfax, a leading Russian business information and analytical agency, in 2004 HCFB was the 3rd, 5th and 34th largest bank in Russia in terms of assets' growth, equity growth and volume of assets, respectively (based on Russian Accounting Standards).

HCFB is a principal member of MasterCard International, a member of the Russian Europay Member's Association and a member of the Association of Russian Banks and Association of Regional Banks. In November 2004, HCFB was admitted to the Russian mandatory system of insurance of retail bank deposits.

HCFB has prepared its financial statements in accordance with IFRS since 2002. For the six months ended 30 June 2005, HCFB generated net operating income before tax of RUR 117 million and had a net income of RUR 73 million. Of HCFB's net operating income before taxes for the six months ended 30 June 2005, net interest income after provisions for loan impairment was RUR 719 million and net fee and commission income was RUR 583 million. For the year ended 31 December 2004, HCFB's net operating income before tax totalled RUR 593 million and the net income amounted to RUR 407 million. Of HCFB's net operating income before tax for the year ended 31 December 2004, net interest income after provisions for loan impairment amounted to RUR 1,520 million and net fee and commission income was RUR 1,075 million. As of 30 June 2005, HCFB had total assets of RUR 29,417 million and net assets attributable to participants of RUR 2,841 million. As of 31 December 2004, HCFB's total assets were RUR 25,829 million and net assets attributable to participants amounted to RUR 2,768 million.

It should be noted that the figures set out in the preceding paragraph have not been audited. KPMG Limited has, however, conducted a review in accordance with the International Standard on Review Engagements 2400 of the consolidated interim financial statements of the Seller for the six month period ended 30 June 2005 in which these figures appear and has produced a review report in respect of these financial statements. Based on their review, KPMG Limited stated in the review report that nothing has come to their attention that causes them to believe that the consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting". This process was carried out at the request of the Seller. KPMG Limited and the Seller have consented to the inclusion of the information contained in this paragraph in the Listing Prospectus in the form and context in which it appears. KPMG Limited is a company incorporated under the laws of Guernsey, the Channel Islands and was acting through its Moscow Representative Office at 11 Gogolevsky Boulevard, Moscow, 119019, the Russian Federation. KPMG Limited are providers of professional services. KPMG Limited have no material interest in the Issuer.

As of 30 September 2005, HCFB's third quarter management accounts have shown a loss in the amount of RUR 195 million primarily due an increased number of defaults by Loan Customers on payments under their Consumer Loans. HCFB, in its capacity as Seller has represented and warranted to the Issuer in the Receivables Purchase Agreement that since the date of the Seller's most recent audited annual financial accounts, there has been no material adverse change in the financial condition or the operations of the Seller. The Issuer has accepted the representation and warranty of the Seller as to its financial condition based on the assumption that the third quarter management accounts of HCFB give a true and fair view of the financial condition of HCFB as at their date and has made no separate investigation of the effect of this loss on HCFB's business. It should be noted that the figure set out in this paragraph has neither been audited nor reviewed by KPMG Limited or any other auditor.

HCFB has a "Ba3" long-term and a "NP" short-term foreign currency rating and a financial strength rating of "D-" with a stable outlook from Moody's and a "B-" long-term and a "C" short-term counterparty credit rating with a stable outlook from Standard & Poor's Rating Service, a division of The McGraw-Hill Companies, Inc.

### ***Home Credit Group***

HCFB is part of a larger group of companies (the "**Home Credit Group**"). The Home Credit Group operates in the consumer finance markets of the Czech Republic, Slovakia and the Russian Federation. The holding company of the Home Credit Group is currently HCB.V., with its principal address at Herengracht 450, 1017 CA Amsterdam, the Netherlands.. In addition to acting as a holding company of the Home Credit Group, HCB.V.'s principal business is the provision of consumer finance services in the Czech Republic.

The Home Credit Group is a part of the PPF Group, one of the largest financial groups in the Czech Republic with total assets of over U.S.\$7.6 billion at the end of 2004. The PPF Group exercises control over the Home Credit Group through Česká pojišť'ovna, a.s. ("Česká pojišť'ovna"), the largest insurance company in the Czech Republic, with a market share of approximately 37 per cent. of the Czech insurance market in terms of premium income in 2004. As of 31 December 2004, Česká pojišť'ovna had total assets of approximately U.S.\$ 5.4 billion

and shareholders' equity of approximately U.S.\$ 827 million. Česká pojišť'ovna has a credit rating of "Baa3" with a stable outlook from Moody's and "BBB" with a stable outlook from Standard & Poor's Rating Service.

### ***History***

HCFB was incorporated in June 1990 and was initially known as Innovation Bank Technopolis ("**IBT**"). IBT was established for servicing small- and medium-sized enterprises and the development of innovation projects in the microelectronics industry. IBT was registered with the CBR on 19 June 1990 and received banking licence No. 316.

In February 2002, the Home Credit Group acquired a 98 per cent. share in the charter capital of IBT. In September 2002, the Home Credit Group acquired an additional 1.8 per cent. in the charter capital of HCFB. The acquisition of IBT and, by extension, its banking licence, allowed the Home Credit Group access to the Russian consumer finance market where it launched a consumer finance programme in July 2002. In March 2003, IBT was renamed "Home Credit & Finance Bank".

In July 2002, HCFB started to develop its network of representative offices throughout the Russian Federation. As of 30 March 2005, HCFB had a principal office in Moscow, 56 representative offices in major Russian cities and over 12,777 active points-of-sale throughout the Russian Federation.

### ***Strategy***

HCFB's ultimate strategic objective is to maintain its position as one of the leading consumer finance banks in Russia offering a comprehensive and competitive range of consumer finance products and to be the consumer finance bank of choice for retail chains and individuals throughout the Russian Federation.

### ***Market Position, Competition and Competitive Position***

According to the CBR, as of 1 October 2005, 1,263 banks and non-banking credit organisations were operating in the Russian Federation, with most of the large Russian banks' operations being based in Moscow.

While most Russian banks do not provide point-of-sale consumer finance services, most recently HCFB has faced increasing competition from a number of Russian banks and Russian subsidiaries of major international financial institutions. HCFB's principal competitors in the point-of-sale loan market are Russian Standard Bank and the OVK Group (which is the retail and consumer finance subsidiary of Rosbank). In the credit card market, HCFB will compete primarily with Russian Standard Bank, Alfa-Bank Express, Deltabank, Finansbank and Citibank.

HCFB estimates that, as of 30 June 2005, the Russian point-of-sale consumer loan market amounted to approximately RUB 66 billion in consumer loans outstanding compared to RUB 30.5 billion as of 30 June 2004. According to HCFB's estimates, its market share has grown from 24.6 per cent of the Russian point-of-sale consumer loan market as of 30 June 2004 to 33.5 per cent, as of 30 June 2005, making it the second largest point-of-sale loan provider in Russia.

Despite increasing competition, HCFB believes that it has a number of competitive advantages over its competitors, including:

- (a) *Extensive Experience of the Home Credit Group in the Consumer Finance Sector in Central and Eastern Europe:* As a member of the Home Credit Group, HCFB benefits from its access to the resources and substantial experience of the Home Credit Group in the consumer finance sector in Central and Eastern Europe. The Home Credit Group has operated in the consumer finance sector in the Czech Republic since 1997, in Slovakia since 1999 and in the Russian Federation since 2002. As a result, the Home Credit Group has accumulated substantial experience in the consumer finance sector, including the development of credit scoring technologies and the management of non-performing loans. The Home Credit Group's centralised database contains payment and credit records with respect to its members' past and current borrowers in the Czech Republic, Slovakia and the Russian Federation. HCFB leverages the Home Credit Group's expertise in order to analyse the trends in performance of its consumer loan portfolio and promptly respond to changes in the credit risk profile of its consumer loan portfolio.
- (b) *Robust Credit Approval Procedure and Large Customer Database:* HCFB offers its customers the

advantages of its centralised automated scoring system which contains credit-related information on over six million people. This system which is based on credit scoring technologies utilised by the Home Credit Group in the Czech Republic and Slovakia, is tailored to the specific features of the Russian consumer finance market. HCFB's automated scoring system is designed to process large volumes of applications daily and allows the assessment and initial approval of loan applications within an average time of 2.5 minutes of their being input into the system. While the automated scoring system utilised by HCFB facilitates the initial approval of the loan application, the scoring system also advises of the additional verification steps that must be undertaken by the relevant loan officer depending on the applicant's score prior to the final manual approval of the loan application. HCFB's management believes that HCFB's combined (automated and manual) process of approval of loan applications ensures a more detailed assessment of the applicant and reduces credit risks.

- (c) *Established Debt Collection and Fraud Prevention:* HCFB developed an in-house collection system allowing for greater efficiency in the recovery of overdue loans and fraud prevention. HCFB estimates that its total loan repayment rate (including overdue loans that were recovered through collection proceedings) is approximately 92 per cent. HCFB believes that its ability to reduce fraud efficiently and recover overdue loans is the key to maintaining the quality of its loan portfolio and sustainability of profit growth.
- (d) *Operational Flexibility:* The use of sophisticated information technology systems and qualified personnel allows HCFB to reduce operational costs and rapidly adjust to seasonal changes in the Russian consumer finance market environment. Based on historical and statistical data on the volume of consumer finance activities in Russia, HCFB has designed its business processes in a manner allowing it to adjust the capacity of its IT systems and number of personnel in its points-of-sale and back-office to address the requirements of the consumer finance market. HCFB's management believes that this flexibility allows it to utilise and allocate business resources in an efficient manner, respond to consumer needs, develop new consumer finance products, reduce operational costs and ensure a more expedited loan approval process than that of HCFB's competitors.
- (e) *Experienced Senior Management:* HCFB's senior management have over ten years of experience in the banking sector, covering both Russian and international operations including with SBS Agro, Menatep and Raiffeisen Zentralbank Group.
- (f) *Support from the Home Credit Group:* As a member of the Home Credit Group, HCFB is able to leverage off of the group's product-structuring, funding and IT resources to expand and strengthen its business. In particular, the expansion of HCFB's business is regularly financed by capital contributions and bank deposits from members of the Home Credit Group and the PPF Group, which are, in particular, committed to ensuring that HCFB remains at all times in compliance with CBR capital adequacy ratios. HCFB also regularly utilises new technologies developed at the Home Credit Group level to ensure IT support for its present and future operations. In particular, the processing of credit-related data, credit check and scoring is outsourced to HCI, which is the member of the Home Credit Group responsible for the development and maintenance of IT systems supporting the daily operations of members of the Home Credit Group.

### ***Banking Services and Other Activities***

#### *Overview*

Since the date of its acquisition by the Home Credit Group, HCFB has been focusing on the provision of point-of-sale consumer finance services. In November 2004, HCFB started offering credit cards to its existing customers. Other lending services are offered on a case-by-case basis only to HCFB's retail partners as a means of developing HCFB's relationship with such retail partners and do not substantially contribute to HCFB's profit.

HCFB has a banking licence and, in November 2004, was admitted to the Russian mandatory system of insurance of retail bank deposits – the Federal Deposit Insurance System established by the Federal Law of the Russian Federation No. 177-FZ "On the Insurance of Household Deposits in Banks of the Russian Federation" dated 23 December 2003, as amended. HCFB applied for admission into the retail deposit insurance system to support its activities in the consumer finance sector (as during the life of the loan HCFB maintains the borrower's current account) and credit card sector, although it has no immediate plans to accept general retail deposits.

### *Consumer Finance Services*

HCFB's consumer finance services are currently comprised of point-of-sale consumer lending, including issuing loyalty cards. In November 2004, HCFB launched its credit cards services programme.

### *Consumer Lending*

HCFB provides loans for the purchase of household goods, including household appliances, consumer electronics, computer hardware, mobile phones, furniture and gardening equipment.

HCFB consumer loans are offered to citizens of the Russian Federation aged over 18 years and resident in regions where HCFB has an established presence. For a detailed description of the lending and credit procedures, see "*Consumer Lending Policy, Loan Repayment and Loan Collection*" below.

HCFB's consumer loans have a tenor of between four and 24 months, are denominated in roubles and are generally limited to a maximum of RUR 200,000 (approximately U.S.\$ 7,100). Consumer loans provided by HCFB have a fixed interest rate, normally require a downpayment of 20 per cent. of the purchase price of the goods and must be repaid in monthly instalments (combining both principal and accrued interest). In May 2005, HCFB started offering "standard+" consumer loans, offering the benefit of a flexible repayment schedule which is determined by the client. In addition to interest, HCFB charges a monthly fee for the opening and maintenance of the borrower's current account.

The bank is paying close attention to expanding its product range in order to provide consumers with a product tailored to their expectations and financial situation; these products also give HCFB a competitive edge in the Russian consumer finance market. The bank is currently running more than 25 innovative promotional campaigns with different credit terms, including:

(a) "10-10-10", a product that requires a ten per cent. down payment and loan repayment over ten months in ten equal instalments; (b) "0% first payment" – a loan with a maturity of four to 24 months that does not require a down payment; (c) "first monthly payment in 2 months" – a loan requiring a 10 per cent. down payment, with the first instalment deferred for two months following the date of purchase; (d) "All goods for 10 Roubles", which requires a down payment of ten roubles and is repayable in ten to 24 months; (e) "Any payment" - the unique credit offer on the market: monthly payments can be chosen in accordance with consumer requirements, the credit period - from four to 24 months with one month step; (f) "10/100 - mobile phone" - a product that requires a ten per cent. instalment payment for a mobile phones and loan repayment within four, eight or 12 months.

The bank also provides joint programmes with key partners, including : (i) "credit with discount" – with a credit period of four or six months and a 12 or 16 per cent. interest rate; the retailer provides the consumer with a discount; (ii) "0/0/8" - a loan with a maturity of eight months; the retailer provides the consumer with a discount equivalent to the instalment payment; (iii) "0/0/10" - a loan with a maturity of ten months; the retailer provides the consumer with a discount equivalent to the instalment payment and (iv) "Excellent Credit" promotion, in the context of a co-operation programme between HCFB and Intel, with loans granted for the purchasing of computers, lap-tops, and componentry, requiring a ten per cent, downpayment and repayment of the loan in 12, 16, 20 or 24 months.

Generally, HCFB's consumer loans do not require the pledge of the purchased goods as security under the loan. However, loans exceeding RUR 100,000 that are sold through points-of-sale operated by employees of retail partners must be secured by a third party suretyship. As of 30 June 2005, the aggregate outstanding principal amount of HCFB's consumer loan portfolio (excluding accrued interest and other deferrals) had increased to RUR 22,063 million from RUR 7,470 million as of 30 June 2004.

The following table sets out a breakdown of HCFB's consumer loan portfolio by outstanding principal amount (excluding accrued interest and other deferrals) (gross of provisions for impairments) as of 30 June 2005:

<b>Principal Amount</b> (in RUR thousands)	<b>Number Loans</b>	<b>of</b>	<b>Aggregate Outstanding Principal Amount</b>	<b>Percentage of Consumer Loan Portfolio</b>
	<b>(in RUR thousands)</b>			
Less than 3	1,054,462		1,240,739	5.67%
3-5	670,264		2,638,701	12.07%
5-10	902,021		6,404,899	29.29%
10-15	360,972		4,386,610	20.06%
15-20	155,385		2,670,519	12.21%
20-25	77,356		1,722,899	7.88%
25-30	48,655		1,334,999	6.11%
30-40	29,124		989,530	4.53%
40-50	8,590		379,099	1.73%
50-100	1,577		97,783	0.45%
100-200	8		1,280	0.01%
<b>Total</b>	<b>3,308,414</b>		<b>21,867,060</b>	<b>100.00%</b>

As of 30 June 2005, the aggregate outstanding principal amount of HCFB's consumer loans (excluding accrued interest and other deferrals) amounted to RUR 21.8 billion. As of 30 June 2005, the average size and tenor of a loan was approximately RUR 11,914 and ten to 11 months, respectively.

The following table sets out a breakdown of HCFB's consumer loan portfolio (excluding accrued interest and other deferrals) (gross of provision for impairments) by months remaining to maturity as well as overdue loans as of 30 June 2005:

<b>Months to Maturity</b>	<b>Aggregate Outstanding Principal Amount</b>	<b>Percentage of Aggregate Outstanding Principal Amount</b>
	<b>(in RUR thousands)</b>	
Less than 3	4,091,051	18.71%
4-6	6,349,105	29.04%
7-9	5,601,694	25.62%
10-12	2,114,010	9.67%
13-24	398,961	1.82%
overdue over 60 days	3,312,238	15.15%
<b>Total</b>	<b>21,867,060</b>	<b>100.00%</b>

The following table sets out the distribution of HCFB's consumer loan portfolio by outstanding principal amount as of 30 June 2005 in the Russian regions covered by HCFB:

<b>Region of the Russian Federation</b>	<b>Percentage by Outstanding Aggregate Principal Amount of Loans</b>
Moscow	10.73%
Saint-Peterburg	6.01%
Krasnodar Region	5.02%
Republic of Tatarstan	4.73%
Republic of Bashkortostan	5.05%
Ekaterinburg Region	5.48%
Moscow Region	3.83%
Perm Region	4.38%
Tumen Region	4.02%
Volgograd Region	4.07%
Other	4.27%
<b>Total</b>	<b>57.59%</b>

The following table sets out the breakdown of HCFB's consumer loan portfolio by type of goods as of 31 March 2005:

<b>Type of Goods</b>	<b>Percentage of Total Consumer Loan Portfolio</b>
Household appliances	31.38%
Audio and video equipment	27.47%
Personal computers	17.29%
Mobile phones	13.05%
Furniture	2.32%
Cameras/Video Cameras	1.68%
Office appliances	0.40%
Other	6.41%
<b>Total</b>	<b>100.00%</b>

Since the launch of its consumer finance programme in July 2002, HCFB has extended over 4.4 million consumer loans with an aggregate principal amount of more than RUR 53 billion. As of 30 June 2005, HCFB had more than 3.3 millions outstanding consumer loans (including revolving credit loans) with an aggregate principal amount of approximately RUR 23.1 billion.

#### *Distribution of Consumer Finance Products*

As of 30 June 2005, HCFB had one head-office in Moscow, 56 representative offices in the Russian regions and 12,777 active points-of-sale throughout the Russian Federation compared to one head-office in Moscow, 20 representative offices and 7,995 points-of-sale as of 30 June 2004.

HCFB's regional network development policy provides that HCFB's representative offices are opened in economically developed Russian regions that have a potential demand for consumer finance products and where HCFB's retail partners have established a presence. HCFB's representative offices are responsible for the marketing analysis of the consumer finance market in their respective regions, development of HCFB's distribution network in their respective regions (including negotiations of the terms of the distribution agreements with regional retail partners and their ongoing support), assistance in collection and processing of loan documentation, development and implementation of the loan repayment and collection system in their respective regions and the marketing of HCFB's consumer finance products. HCFB's representative offices do not render any banking services directly to HCFB's customers but rather coordinate the activities of points-of-sale located in their respective regions.

In 2005, HCFB intends to continue to implement its strategy of establishing operations in the economically developed regions of the Russian Federation where HCFB's retail partners have developed a network of outlets. In particular, by the end of 2005, HCFB plans to have over 18,000 active points-of-sale throughout the Russian Federation. The expansion of HCFB's distribution network will be funded through HCFB's general sources of funding.

#### *Consumer Loans*

HCFB's consumer loans are sold through points-of-sale located in retail outlets. HCFB's points-of-sale are opened on the basis of distribution agreements between HCFB and relevant retailers. HCFB's distribution agreements have standardised terms, are for an indefinite period of time and, depending on the type of consumer finance products sold through the retail partner, require the payment of a commission fee either by HCFB or the retailer. HCFB pays a commission fee to certain retailers through which HCFB sells standard consumer finance products. HCFB receives a commission fee from retail chains in which HCFB runs promotions of its consumer finance products (see "*Banking Services and Other Activities—Consumer Finance Services*" above). The commission fees payable to HCFB by the retailer and to the retailer by HCFB are set depending on a number of factors, including the retailer's market share, number of sales outlets, track record, previous relationship with



HCFB and with other consumer finance banks, the volume of consumer finance generated by sales and the retailer's financial condition. All distribution agreements with retailers are non-exclusive.

HCFB's retail partners generally fall within one of three groups (a) "federal" retailers having a presence in several Russian regions (such as Eldorado, Technosila, Euroset, Mir and M.Video), (b) "regional" retailers whose outlets are located within one Russian region (such as Sibvez and Domo) and (c) "local" retailers, being retailers operating two or more outlets in one city and major single-outlet retailers.

The following table sets out the number of HCFB's active points-of-sale operating in each of its retail partner groups as of 30 June 2005:

<b>Retail Partner Group</b>	<b>Number of Retailers in the Retail Partner Group</b>	<b>Number of points-of-sale</b>
Federal	6	1693
Regional	652	5335
Local	3,455	5,749
<b>Total</b>	<b>4,113</b>	<b>12,777</b>

HCFB's points-of-sale are equipped with computer systems to allow secure access through the Internet to the centralised automated loan application processing and scoring system developed and operated at the Home Credit Group level. Depending on the volume of sales and terms of the distribution agreement with the relevant retailer, HCFB's points-of-sale are staffed either with HCFB's loan officers or trained employees of HCFB's retail partners (with each point-of-sale staffed by between one to six employees). As of 30 June 2005, out of 12,777 active points-of-sale, more than 491 were staffed with HCFB's personnel. HCFB estimates that approximately 45 per cent. of HCFB's consumer finance products are sold through points-of-sale staffed with HCFB's personnel.

All of HCFB's loan officers and retail partners' employees offering consumer finance products participate in training programmes supervised by HCFB's Human Resources section of the Administrative Department. HCFB's and retail partners' sales staff also undergo a mandatory security check. Each of HCFB's points-of-sale staffed with HCFB's personnel are subject to weekly internal audits to ensure compliance with HCFB's lending policy and customer service standards. Points-of-sale staffed with a retailer's employees are subject to regular visits by HCFB's sales managers.

#### *Consumer Lending Policy, Loan Repayment and Loan Collection*

##### Lending Policy

The principal body responsible for assessing consumer loan applications and the allocation of credit limits is HCFB's Consumer Crediting Department in the Customer Services and IT Department.

Consumer loan applications with respect to standard products are considered on the basis of a loan application consisting of 20 different fields of information and photocopies of the applicant's passport and another identification document (typically, a driver's licence, insurance or tax certificates). If the loan is applied for at a point-of-sale that is not staffed with HCFB's personnel, applicants for loans exceeding RUR 30,000 must also supply a monthly income statement certified by the applicant's employer or social security office. Information specified in the application is entered into the automated scoring system by HCFB's loan officers or authorised employees of its retail partners' outlets via a secure internet connection or is submitted to the Consumer Crediting Department by fax for its manual input into the automated scoring system by an operator in the Consumer Crediting Department. HCFB estimates that approximately 98 per cent. of applications are entered into the scoring system via internet connection and two per cent. by an operator in the Consumer Crediting Department.

For credit scoring, HCFB utilises the automated scoring system developed and operated at the Home Credit Group level by HCI in Brno, the Czech Republic. The processing of each application is subject to a market standard fee payable by HCFB to HCI. The scoring system was initially based on loan scoring systems developed, tested and utilised by members of the Home Credit Group in the Czech Republic and Slovakia. Following the expansion of HCFB's consumer finance business, in 2003 the scoring system was modified and tailored to the Russian consumer finance environment and was further upgraded in June, November and December 2004 and in September 2005. In its assessment of a loan application, the automated scoring system considers the age, sex, marital status, education level, employment details, monthly income, property ownership and the credit history of the applicant and the specific features of the applicant's region of domicile. HCFB obtained a licence for the export of data from the Federal Agency for the Government Communications and Information of the Russian Federation and utilises the scoring system on the basis of a licence agreement with HCI.

Information supplied by the applicant is verified through HCFB's client database (containing information on over six million individuals), publicly available databases (such as telephone directories), databases maintained by the CBR that it shares with Russian commercial banks and references from people identified on the basis of the information in the application (such as the applicant's employer and members of its household, etc.). Information on applicants requesting a loan exceeding RUR 50,000 (approximately U.S. \$1,770) must be also verified by the Business Security section of the Administrative Department of HCFB.

Credit limits are generally assigned by the scoring system and are manually approved by an officer in the Authorisation Service of the Consumer Crediting Department depending on the amount of the loan.

HCFB's scoring system uses certain proprietary weightings to assess the applicant's probability of default under the requested product. The applicant must achieve a score above a certain cut-off level that reflects the maximum risk HCFB may accept for the type of credit product requested. This cut-off level varies depending on the type of customer, purchased product, tenor and amount of the loan. The weightings are continuously adjusted in accordance with the actual performance of HCFB's consumer loan portfolio.

The scoring system assigns the borrower to one of the four risk groups on the basis of the scoring results. Depending of the risk group assigned, the scoring system also suggests that certain additional matters be verified before vetting the loan application.

Depending on the requested amount of the loan, applications are approved by (a) a loan officer of the Authorisation Service where the amount of the loan does not exceed RUR 50,000, (b) a senior loan officer of the Authorisation Service where the amount of the loan does not exceed RUR 100,000, (c) a more experienced senior loan officer of the Authorisation Service where the amount of the loan does not exceed RUR 200,000 and (d) the Chairman of the Management Board of HCFB where the amount of the requested loan exceeds RUR 200,000.

Applications for loans not exceeding RUR 50,000 are generally approved within several minutes. Applications for loans exceeding RUR 50,000 are approved within 24 hours. The Consumer Crediting Department processes and approves on average approximately 12,000 applications a day and has the capacity to handle up to 35,000 applications daily. During periods where the volumes of consumer finance activities traditionally increase (such as New Year and other Russian holidays) the automated scoring system and the number of employees in the Consumer Crediting Department may be adjusted to handle over 60,000 applications a day.

HCFB evaluates its consumer loan portfolio on a regular basis by monitoring the structure of the loan portfolio by maturity, the overall performance of the loan portfolio, the performance of the loan portfolio per type of loan, per region of distribution, per retail chain and the collection recovery rate.

### Loan Repayment

While HCFB processes loan servicing and billing data internally, the mailing process is outsourced to a number of independent firms specialising in mailing services. Consumer loans are repaid in monthly instalments (combining both principal and interest) starting from the date of the loan's activation in HCFB's IT systems. Based on the data received from HCFB, the mailing firms mail HCFB's borrowers monthly statements and fully completed individual payment orders (specifying, among other things, the amount of the instalment and last payment date) making the repayment process easier.

HCFB's loans may be repaid through a variety of channels:

- (a) *Russian Post Office*: HCFB has an agreement with the Russian Post Office that allows HCFB's borrowers to repay consumer loans through the Russian Post Office's offices equipped to handle electronic wire transfers. Loan repayments through Russian Post Office offices are subject to a one per cent. commission fee payable by the borrower.
- (b) *Russian Banks*: HCFB has entered into agreements with a number of Russian banks which allow HCFB's customers to repay their consumer loans through their networks of regional branches in Russia. In addition, borrowers may repay consumer loans at any bank offering payment and account services, such as Sberbank, which has the largest network of branches in Russia.
- (c) *HCFB's Network*: Consumer loans may also be repaid at a cash desk located in HCFB's principal office in Moscow. HCFB is currently assessing the possibility of establishing its own cash collection network

and started a pilot project in Nizhny Novgorod. In 2005, HCFB intends to analyse the results of that project and may or may not decide to establish its own cash collection network in certain major Russian cities.

HCFB recommends that its customers repay their consumer loans through the Russian Post Office and Sberbank networks. HCFB also recommends its clients to repay their loans using the banking salary payment arrangements of their employer whereby the client's monthly payment due under the HCFB loan is automatically deducted from its salary and transferred to HCFB.

HCFB estimates that, as of 30 June 2005, more than 80 per cent. of loan repayments were made through the Russian Post Office.

### Loan Collection

HCFB utilises a multi-stage collection system allowing for greater efficiency in the recovery of overdue Consumer Loans. Collection is mainly carried out by the HCFB's Collection Service, but may be, and sometimes is, outsourced to external collection or enforcement agencies. HCFB's loan collection system follows certain steps and procedures, as described below.

#### Early Collection

First Step: If a payment is more than 15 days overdue, the Loan Customer is sent written notification of the missed payment.

Second Step: Once a payment becomes 45 days overdue, it is classified as delinquent and telephone calls are made by HCFB's Contact Centre to notify the relevant Loan Customer of the missed payment.

#### Late Collection

This stage consists of administrative collection, personal collection (*Rozysk*) and legal collection.

##### Administrative Collection

Third Step: If the payment is more than 75 days overdue, a stronger statement (warning about possibility of the full repayment being required) is sent by registered mail to the relevant Loan Customer.

Fourth Step: HCFB's Collection Department makes telephone calls to notify the relevant Loan Customer of the consequences of failing to pay.

Fifth Step: A final statement is issued requiring the Loan Customer to make payment of the full amount of all principal, accrued interest and other outstanding amounts under the relevant Consumer Loan. In addition, HCFB charges the Loan Customer a penalty fee of six per cent. After the final statement is issued, a restructuring schedule may be negotiated with the Loan Customer at any following step prior to the initiation of court proceedings.

Sixth Step: If the relevant payment remains unpaid for 35 days after the issue of the final statement, a strong letter regarding the consequences of non-repayment is sent to the Loan Customer.

##### Personal collection

Seventh Step: Consumer Loans which remain unpaid for 170 days are fully transferred to HCFB's Collection Service. In addition, a final settlement request is sent to the Loan Customer, which offers conciliation and contains a statement that HCFB will use all available legal means in order to enforce its claims against the Loan Customer. These activities may be outsourced to outside collection agencies, which usually requires HCFB to offer a percentage of any recovery to these collection agencies. This stage also envisages that HCFB may offer the Loan Customer the possibility to restructure his debt, some of which may be written off.

##### Legal collection

Eighth Stage: Consumer Loans which remain unpaid for 200 days are dealt with by HCFB's external legal counsel. This stage involves the legal counsel sending official letters informing the Loan Customers that the

relevant Consumer Loan is closed and that court proceedings will be commenced. Legal counsel also file claims and pursue enforcement through the court system.

HCFB estimates that its total loan repayment rate (including overdue loans recovered through collection proceedings) is approximately 92 per cent.

### IT Infrastructure

Information technology is an integral part of HCFB's daily operations. HCFB is constantly implementing new technologies developed by the Home Credit Group's IT group to ensure the information support of its present and future business.

Daily operations of HCFB are supported by two core banking information systems. The "Homer" system processes and generates data relating to the lifecycle of the credit products granted by HCFB (that is, borrowers' personal data, credit check, scoring, loan repayment schedule, etc.). The "Homer" system is owned, maintained, operated and regularly updated by the Home Credit Group's IT group in Brno, the Czech Republic, where the Home Credit Group's main data centre is located. The "Quorum" system supports HCFB's operations as a bank in general, including risk management and compliance with reporting requirements of the CBR.

The "Homer" system is remotely accessed by HCFB's staff via two dedicated frame relay lines with additional back-up connectivity via virtual private network lines and ISDN. Frame relay lines are operated by two different telecom operators and are physically connected by different telecommunications lines. HCFB's employees access the data entry part of the system via the Internet. Access to the "Quorum" system is restricted to internal users only.

The Home Credit Group and HCFB, as an integral part thereof, have developed an information storage system to secure reliable and continuous access to data for information systems. Home Credit Group's and HCFB's IT systems allow for off-site back-up data storage for both servers and processors and fall-back communication systems allowing uninterrupted operation of their IT systems. In 2004, Home Credit Group's and HCFB's IT systems successfully passed the first stage of a security audit undertaken by BDO, an independent organisation specialising, among other things, in the audit of internal control systems.

In order to provide the highest quality of services to its clients, HCFB is constantly seeking to improve the operational features and security of its IT systems. HCFB is contemplating replacing the "Quorum" system with a more sophisticated banking IT system in 2006.

## **XXI. STRUCTURE AND CASH FLOW**

### **Parties to the Securitisation Transaction**

The parties to the securitisation transaction are described in "*Issuer's Business Overview; Parties to the Securitisation Programme*" (Chapter VIII of this Listing Prospectus).

### **Closing Date**

On the Closing Date, the Issuer will issue the Notes and the Class Z Coupons, will make the initial drawings under the Subordinated Loan Facility including the Initial Expenses Drawings and will issue the Preference Share. The EUR proceeds of the issuance of the Notes and the EUR proceeds of the borrowings under the Subordinated Loan Facility including the Initial Expenses Drawings will be deposited in the Issuer Euro Account net of any Initial Expenses that are settled on such Closing Date and the RUR proceeds of the issuance of the Preference Share will be deposited in the Issuer Rouble Account.

### **Initial Asset Sale Date**

On or about the first Business Day following the Closing Date (the "**Initial Asset Sale Date**"), the Seller will sell the Initial Receivables and the Related Rights to the Issuer, pursuant to the Receivables Purchase Agreement (the "**Initial Asset Sale**"). Pursuant to the Cash Management Agreement, on the Initial Asset Sale Date, the Cash Manager will execute certain initial hedging activities on behalf of the Issuer which are described in "*Hedging Activities*" below. Should the Initial Asset Sale not be completed during the first Calculation Period immediately following the Closing Date for any reason, then the Notes and the Class Z Coupons will be repaid in full on the first Interest Payment Date.

## **Calculation Periods, Notice Dates and Interest Payment Dates**

The calculations necessary to support the Issuer's activities are organised by reference to specific time periods and dates as set out below.

### ***Calculation Periods***

A Calculation Period is the period commencing on (and including) the day following a Calculation Date and ending on (and including) the next Calculation Date, provided that the first Calculation Period shall commence on (and include) the Closing Date and end on (and include) the last day of the calendar month in which the Closing Date falls. A Calculation Date is the last day of a calendar month, provided that the first calculation date shall be the Closing Date. A Calculation Period represents the period with respect to which the Issuer makes the calculations and takes the decisions on payments to Noteholders that are stipulated in the Transaction Documents.

### ***Notice Dates***

Notice dates occur, in relation to any Interest Payment Date, on the day falling six days prior to (and excluding) such Interest Payment Date (subject to adjustment for non-Notice Business Days) (each, a "**Notice Date**") and represent the day by which all calculations relevant to an Interest Payment Date must be completed, and the day on which notices are given to the Paying Agents.

### ***Interest Payment Dates***

The Interest Payment Dates occur as stipulated in the Conditions.

## **Hedging Activities**

The Issuer will have the benefit of two committed hedging facilities provided by the Hedge Counterparty, each for a term from and including the Closing Date to but excluding the Final Maturity Date or any earlier date on which (a) the Class A Notes and Class B Notes are redeemed in full or (b) the Security Trustee certifies that there is no reasonable prospect of recovering on an economic basis any further amounts in respect of the Receivables Portfolio. The first such facility will provide for the execution of a rolling programme of Non-Round FX Swaps, each consisting of a Spot Leg and a Forward Leg, to swap EUR amounts for RUR amounts, and vice versa, at market rates for a variable size and duration to maturity; the second will provide for the execution of a rolling programme of RUR Interest Rate Swaps each for a duration to maturity of up to nine months with monthly payment dates and with a RUR notional amount declining by reference to a fixed amortisation schedule prepared by the Servicer based upon the Principal Amount Outstanding of the Receivables Portfolio on the Calculation Date immediately preceding the date of execution of each RUR Interest Rate Swap and designed to reflect (when aggregated with the unamortised portion of the fixed amortisation schedules for each of the RUR Interest Rate Swaps that are outstanding on the date of execution), the amortisation profile of the Receivables Portfolio. These activities (the "**Hedging Activities**") will be undertaken by the Cash Manager, on behalf of the Issuer, as part of the Cash Management Services, which are a set of non-discretionary procedures that are attached to and form part of the Cash Management Agreement (see "*Cash Management Services*" below).

For the purposes of this chapter, "Non-Round FX Swap" means any FX swap entered into under the committed facility referred to above, comprising both a Spot Leg and a Forward Leg and:

- (a) references to the date when a Non-Round FX Swap is "executed" are references to the day when the Issuer, or the Cash Manager on behalf of the Issuer, enters into such Non-Round FX Swap (being normally two Business Days prior to the settlement date for the Spot Leg of such Non-Round FX Swap);
- (b) references to the "effective" date of a Non-Round Swap are references to the settlement date for the Spot Leg of such Non-Round FX Swap, and
- (c) references to the "maturity" of such a Non-Round FX Swap are references to the settlement date in respect of the Forward Leg of such Non-Round FX Swap.

If (i) there is no market quotation available for Non-Round FX Swaps or RUR Interest Rate Swaps of a size, structure and maturity similar to that which is contemplated to be executed as part of the Cash Management Services, (ii) there is substantial market disruption such that either party is prevented from making or receiving a payment or delivery or it becomes impossible or impracticable for such party to perform or comply with (or it would be so impossible or impracticable were performance required on the day) its obligations under the Hedge Agreement or to receive performance of the other party's obligations, by reason of any force majeure or act of state beyond the control of such party and which such party is not able, using all reasonable efforts, to overcome, (c) there is sovereign or fiscal interference in the EUR/RUR FX swap market or RUR interest rate swap market or (d) any event which constitutes an Event of Default or Termination Event in respect of the Issuer, as such terms are defined in the Hedge Agreement, (or any event that would have done so had not such Event of Default or Termination Event been stated to be "Not Applicable" in the case of the Issuer) occurs in respect of the Issuer, then the Security Trustee may, based upon the advice of the Cash Manager, declare that a Hedge Disruption Event has occurred.

At all times during which a Hedge Disruption Event is not continuing, the Cash Manager will carry out the Hedging Activities set out below on behalf of the Issuer, in accordance with the Cash Management Services.

#### ***In relation to the Initial Asset Sale Date***

On the second Business Day immediately preceding the Initial Asset Sale Date, the Cash Manager will execute on behalf of the Issuer a single Non-Round FX Swap with an effective date of the Initial Asset Sale Date and a maturity of one week. The Non-Round FX Swap will be (a) in respect of the Spot Leg, for the Issuer to sell EUR in an amount equal to the Principal Amount Outstanding of the Notes less the EUR Liquidity Principal Amount in exchange for RUR at the applicable spot rate and (b) in respect of the Forward Leg, for the Issuer to purchase EUR in an amount equal to the EUR sold under the Spot Leg plus a proportion of the estimated EUR net expenses (including interest on the Notes) that are expected to be payable on the first Interest Payment Date in exchange for an amount of RUR calculated based on the forward rate for RUR for the maturity date of the Non-Round FX Swap. On the maturity date of the first Non-Round FX Swap it is anticipated that the maturing Non-Round FX Swap will be replaced by a further single Non-Round FX Swap, entered into by the Cash Manager on behalf of the Issuer, with an effective date of such maturity date but to mature one month later (subject to adjustment for Business Days). The replacement Non-Round FX Swap will comprise a Spot Leg equal to the Principal Amount Outstanding under the Notes and a Forward Leg equal to the Spot Leg plus a further proportion of the estimated EUR net expenses (including interest on the Notes) that are expected to be payable on the first Interest Payment Date in exchange for an amount of RUR calculated based on the forward rate for RUR for the maturity date of the Non-Round FX Swap.

On the second Business Day immediately preceding the maturity date of the second Non-Round FX Swap, it is anticipated that the Cash Manager will execute on behalf of the Issuer a series of ten Non-Round FX Swaps, each with an effective date of such maturity date but maturing on a different day falling in the second Calculation Period, subject to adjustment for non-Business Days, to ensure (to the extent this is possible) that not more than ten per cent of the aggregate notional amount of the Non-Round FX Swaps matures on any one Business Day. Each such Non-Round FX Swap will be (i) in respect of the Spot Leg, for the Issuer to sell EUR in an amount equal to one tenth of the Principal Amount Outstanding of the Notes less one tenth of the EUR Liquidity Principal Amount in exchange for RUR and (ii) in respect of the Forward Leg, for the Issuer to purchase EUR in an amount equal to the EUR sold under the Spot Leg plus one tenth of the estimated EUR net expenses (including interest on the Notes) that are expected to be payable on the Interest Payment Date immediately following the Calculation Period in which such Non-Round FX Swap will mature in exchange for an amount of RUR calculated based on the forward rate for RUR for the applicable maturity date for that Non-Round FX Swap.

On the second Business Day prior to the Initial Asset Sale Date, the Cash Manager will execute an RUR Interest Rate Swap with an effective date of the Initial Asset Sale Date and a schedule of up to nine monthly payments dates (on Interest Payment Dates) and a declining notional amount calculated by reference to an amortisation schedule prepared by the Servicer in respect of the Receivables Portfolio, pursuant to which the Issuer will pay a fixed rate of interest in RUR and receive a monthly floating rate of interest in RUR.

In addition, on the second Business Day immediately preceding the Initial Asset Sale Date the Cash Manager will execute on behalf of the Issuer a spot rate FX swap with the Hedge Counterparty whereby the Issuer will sell EUR in an amount equal to the initial funding drawing under the Subordinated Loan Facility and will receive RUR calculated at the then prevailing spot rate for EUR/RUR.

### ***On Subsequent Business Days When One or More Non-Round FX Swaps are Maturing***

From the implementation of the rolling programme of Non-Round FX Swaps as described above, on the second Business Day prior to the maturity date of any Non-Round FX Swap, the Cash Manager will, subject to the paragraphs below, enter into a replacement Non-Round FX Swap on behalf of the Issuer, the effective date of which will be the maturity of the maturing Non-Round FX Swap. The Cash Manager shall so far as possible maintain in place an ongoing programme of Non-Round FX Swaps such as would spread the maturity of all Non-Round FX Swaps with an effective date in one Calculation Period over a number of Business Days in the immediately following Calculation Period, to minimise the number of Non-Round FX Swaps maturing on any one Business Day.

Under the Forward Leg of a maturing Non-Round FX Swap, the Issuer will purchase a EUR amount equal to the EUR amount sold by the Issuer under the Spot Leg of that Non-Round FX Swap plus up to one tenth (depending on the number of Non-Round FX Swaps entered into in the immediately preceding Calculation Period) of the estimated EUR net expenses (including interest on the Notes) that were expected to be payable on the Interest Payment Date immediately following Calculation Period in which such Non-Round FX Swap will mature. Such EUR amounts will be payable by the Hedge Counterparty against delivery of the RUR amount owing by the Issuer under the relevant Forward Leg, being equal to the amount of the EUR Forward Leg multiplied by the Forward EUR/RUR FX rate applicable to the relevant Non-Round FX Swap.

It is anticipated that the Issuer will generate part of the RUR required to meet its obligations under the Forward Leg of the then-maturing Non-Round FX Swap by swapping the EUR receivable from the Hedge Counterparty under the Forward Leg for RUR at the then-prevailing EUR/RUR spot FX rate. Any balance of RUR owing by the Issuer on the Forward Leg of the maturing Non-Round FX Swap will be met from, among other sources, RUR received in respect of the Receivables Portfolio, other RUR cash balances and EUR cash balances (converted into RUR) and, potentially and to the extent available, RUR drawings under the Liquidity Facility. Each new EUR/RUR swap will be effected by the Cash Manager, on behalf of the Issuer, entering into a new Non-Round FX Swap with a notional amount calculated (in part) by reference to the notional amount of the maturing Non-Round FX Swap. Under the Spot Leg, the Issuer will sell an EUR amount calculated by the Cash Manager by reference to (a) the amount of EUR sold by the Issuer under the Spot Leg of the maturing Non-Round FX Swap, (b) the amount of RUR required to be converted into EUR in order to make principal payments (if any) in respect of the Notes, (c) any adjustments in the currency of the Issuer's cash balances as between RUR and EUR amounts and (d) the performance of the Receivables Portfolio. The EUR amount is sold in exchange for an amount of RUR calculated at the then prevailing EUR/RUR spot rate.

RUR amounts payable by the Issuer under the Forward Leg of a maturing Non-Round FX Swap will be netted as against RUR amounts receivable by the Issuer under the Spot Leg of the new Non-Round FX Swap, and vice versa in respect of EUR amounts.

The Cash Manager may, in order to preserve an even spread of EUR between the Non-Round FX Swaps entered into in any one Calculation Period, based on, amongst other things, the level of RUR then available in the Issuer Rouble Account and the level of EUR in the Issuer EUR Account and the need to retain a level of cash assets within the Issuer (but always subject to the terms governing the provision of the Cash Manager Services), arrange for the Issuer to enter into fewer Non-Round FX Swaps in any Calculation Period or enter into new Non-Round FX Swaps in any Calculation Period for a smaller EUR amount.

### ***In relation to each Interest Payment Date***

In addition to rolling over any maturing Non-Round FX Swaps, on each Interest Determination Date prior to the occurrence of an Amortisation Event the Cash Manager will arrange for the Issuer to enter into a new RUR Interest Rate Swap with an effective date of the immediately following Interest Payment Date, pursuant to which the Issuer will on subsequent monthly payment dates (being Interest Payment Dates) during the term of such RUR Interest Rate Swap pay a fixed rate of interest in RUR and receive a monthly floating rate of interest in RUR.

Each RUR Interest Rate Swap that will be executed has a notional amount determined by reference to a fixed amortisation schedule. Such fixed amortisation schedule of the notional amount is derived from (a) a report that is produced by the Servicer showing the prospective amortisation of the Receivables Portfolio from the date Calculation Date immediately preceding the date on which the RUR Interest Rate Swap is executed and (b) the aggregate of the notional amounts outstanding in respect of each other outstanding RUR Interest Rate Swap (based upon their respective amortisation schedules) for the monthly payment dates for such RUR Interest Rate Swap.



### ***Achieving Amortisation***

Amortisation of the Notes and the Class Z Coupons, whether before or after an Amortisation Event, is ultimately achieved using the receipts of RUR from the Receivables Portfolio. Amounts representing such receipts (being collections) are expected to be paid to the Issuer on those days that are Business Days and to accumulate in RUR in the Issuer Rouble Account pending settlement of any maturing Non-Round FX Swaps. To the extent that the Notes and the Class Z Coupons are to be amortised (either mandatorily or as a result of a direction from the Servicer), then all or part of the EUR purchased by the Issuer under the Forward Leg of a maturing Non-Round FX Swap will be retained by the Issuer to be applied towards repayment of the Notes, so that a reduced EUR amount will be sold under the Spot Leg of the new Non-Round FX Swap. The Issuer will use the reduced RUR received under the Spot Leg plus the RUR standing to the credit of the Issuer Rouble Account and available for the purpose in accordance with the Priority of Payments to pay the RUR amount required to settle its obligation under the Forward Leg of the maturing Non-Round FX Swap. Subject to the Priority of Payments, the EUR amount retained by the Issuer will then be placed on deposit in the Issuer Euro Account until the immediately following Interest Payment Date when it will be available to make payments to Noteholders in accordance with the Priority of Payments.

### ***Cash Management Services with respect to Hedging***

The Cash Management Agreement sets out the Cash Management Services, which include the rules by which the Cash Manager will carry out Hedging Activities on behalf of the Issuer (subject to adjustment and variation to the extent that a Hedge Disruption Event occurs and continues). The rules are such that the Cash Manager should not be required to exercise discretion as to what hedging transactions should be executed. Notwithstanding this principle, the Cash Management Agreement does provide that the Cash Manager may, acting in good faith, make adjustments to the detail of the Cash Management Services to deal with necessary changes to procedures in case of issues arising in connection with systems, payment methods, fiscal, legal or other matters that may arise from time to time, or to correct the procedures in case of manifest error.

In respect of hedging activities, the Cash Management Services provide for the following:

- (a) the entering into of Non-Round FX Swaps and RUR Interest Rate Swaps;
- (b) the management of liquidity and the translation of cash balances between RUR and EUR by the variation of the amounts of Non-Round FX Swaps that are entered into;
- (c) information flows between the Cash Manager and the Servicer necessary to provide the Cash Manager with the information required for the calculations that it is obliged to make; and
- (d) settlement of FX hedging transactions and RUR Interest Rate Swaps

Upon the occurrence of a Hedge Disruption Event, and so long as it is continuing, the Cash Manager shall provide to the Issuer such of the Cash Management Services as it may still be capable of providing, notwithstanding such Hedge Disruption Event, and shall, to the extent practicable, endeavour to put in place satisfactory arrangements (having regard to the then-current position of the Issuer) to ensure that, as much as possible, the ongoing management of the Issuer, the Receivables Portfolio and the other Cash Management Services remain in place.

### ***Monitoring and Potential Replacement of the Hedge Counterparty***

The Cash Manager shall provide a report in respect of each Business Day that, amongst other things, sets out the details of the Cash Management Services that relate to hedging. If the Servicer considers that the rates quoted by the Hedge Counterparty are not comparable with prevailing market quotations, the Servicer will be entitled to request that the Hedge Counterparty justify the rates quoted. Should any such justification not be produced or fail to be convincing (in the opinion of the Servicer), then the Servicer may request market quotations from third party banks of similar credit standing to the Hedge Counterparty for similar transactions in size and tenor and on similar terms to the terms applicable to the hedging transactions that are executed with the Cash Manager, on behalf of the Issuer. Should the Hedge Counterparty not be able to justify adequately any difference between quotations for which the Hedge Counterparty has quoted and those obtained from such third party banks, taking into account all relevant factors, including but not limited to the availability of a committed facility, (and the opinion of the Servicer is final in this respect) and a material difference in the levels of quotations obtained continues for more than seven days, then the Servicer (with the consent of the Security Trustee) may replace the

Hedge Counterparty with one or more alternative financial institutions. The replacement of the Hedge Counterparty does not release the Cash Manager from its obligations to continue providing the Cash Management Services, but may permit some relaxation of the cut off times for reporting and responsiveness that are incorporated in the Cash Management Agreement to allow for practical considerations that may arise in dealing with the new hedge counterparty. PPF Group companies may act as hedge counterparties with respect to the Non-Round FX Swaps and the RUR Interest Rate Swaps or have cash balances reinvested with them should the above reporting process result in a change in the hedge counterparty, provided that the relevant PPF Group company obtains a guarantee from a Western European or United States bank rated by one of Moody's, Fitch Ratings Ltd or Standard & Poor's Rating Services at a level at least equal to A3/A-/A-, such guarantee being required for a term longer than the term of any transaction to be executed with them.

### ***Other Cash Management Services***

In addition to the activities described above in respect of hedging in "*Cash Management Services with respect to Hedging*", the Cash Management Services also regulate other aspects of the Cash Manager's activities on behalf of the Issuer, including:

- (a) the implementation of the transactions which are to take place on the Closing Date and the Initial Asset Sale Date, including arranging for all cash movements that are required;
- (b) information flows between the Cash Manager and the Servicer necessary to provide the Cash Manager with the information required for the calculations that it is obliged to make;
- (c) calculation of the liquidity requirements of the Issuer given the cashflows generated by the Purchased Receivables and other assets of the Issuer, including its cash reserves, movements in market rates and other factors;
- (d) operation of the Subordinated Loan Facility;
- (e) operation of the Liquidity Facility;
- (f) determination of the amount of principal cash available to purchase Receivables and Related Rights;
- (g) determination as to whether the offer of Receivables and Related Rights by the Seller to the Issuer can be accepted (in terms of available cash to pay the relevant Purchase Price) on any Business Day;
- (h) calculation of all cash settlements, including those relating to the Hedging Activities; and
- (i) the giving of notices and the making of payments in connection with the Notes and the Class Z Coupons and other payments that are to be made on Interest Payment Dates.

The activities of the Cash Manager vary from day to day as well as in respect of Interest Payment Dates, depending upon the cash positions of the Issuer, whether or not there are transactions are maturing for which new transactions need to be executed and whether or not an offer to sell Receivables to the Issuer will be made.

### ***Daily Activities of the Cash Manager***

#### ***Prior to the Occurrence of an Amortisation Event***

On each Business Day prior to the occurrence of an Amortisation Event, the Cash Manager shall undertake, among others, the following calculations:

- (a) Irrespective of whether or not there is a Non-Round FX Swap maturing on such Business Day or on either of the two immediately following Business Days, the Cash Manager will determine the Prevailing Bid Spot Rate and calculate the RUR Liquidity Principal Amount and EUR Liquidity Principal Amount.
- (b) Should one or more Non-Round FX Swaps be maturing on the second Business Day immediately following that Business Day (or on the immediately following Business Day or on that Business Day if provision has not already been made to roll over Non-Round FX Swaps maturing on such days), then the Cash Manager will determine in respect of each such Non-Round FX Swap the EUR amounts of

the Spot Leg and Forward Leg of such maturing Non Round FX Swap that is to be its replacement (and by reference to market rates quoted by the Hedge Counterparty, the relative RUR amounts).

- (c) Irrespective of whether or not there is a Non-Round FX Swap maturing on such Business Day or on either of the two immediately following Business Days, the Cash Manager will determine, the net RUR amount that would be required to settle all Non-Round FX Swaps maturing either on that Business Day or on the next three immediately following Business Days. Based upon the amount of RUR and EUR available in cash to the Issuer at such time, the Cash Manager will determine whether or not there is a requirement to give notice of a drawing under the Liquidity Facility, or whether the Liquidity Facility can be repaid using any principal amounts of RUR that the Issuer has in excess of the RUR it requires to make principal payments in respect of the Notes and/or settle outstanding Non-Round FX Swaps.
- (d) Based upon the aggregate principal balance of the Consumer Loans and the required credit enhancement and subordination strategy in respect of the Issuer on such Business Day (set out more fully in Chapter XXI "*Operation of the Subordinated Loan Facility*"), the Cash Manager will determine whether or not any amounts need to be drawn under the Subordinated Loan Facility Agreement before any offer to sell Receivables to the Issuer by the Seller can be accepted, and to issue a drawing notice in this respect should an offer be made and a drawing required.
- (e) The Cash Manager will determine the amount of RUR that is available to purchase new Receivables from the Seller, being equal to the total amount of principal amounts of RUR that the Issuer then has standing to the credit of the Issuer Rouble Account (after taking account of any drawings under the Subordinated Loan Facility that would have to be made in order for an Offer to be accepted and any net settlements for such Business Day in relation to Non-Round FX Swaps), less amounts to be retained in respect of the Issuer's liquidity requirements.
- (f) The Cash Manager will determine whether it is possible for the Issuer to accept any offer for the sale of Receivables that has been made on such day by the Seller on the basis that such offer must be either accepted or rejected in full. The Cash Manager has no independent duty of enquiry as to the satisfaction of conditions precedent or the meeting of Eligibility Criteria and will only consider whether there is sufficient RUR to pay the relevant Purchase Price based upon the non-discretionary rules set out in the Cash Management Agreement.

#### *Following the Occurrence of an Amortisation Event*

On each Business Day following the occurrence of an Amortisation Event, the Cash Manager shall undertake, among others, the following calculations:

- (a) Irrespective of whether or not there is a Non-Round FX Swap maturing on such Business Day or on either of the two immediately following Business Days, the Cash Manager will determine the Prevailing Bid Spot Rate and calculate the RUR Liquidity Principal Amount and the EUR Liquidity Principal Amount.
- (b) Should one or more Non-Round FX Swaps be maturing on the second Business Day immediately following that Business Day (or on the immediately following Business Day or on that Business Day if provision has not already been made to roll over Non-Round FX Swaps maturing on such days), then the Cash Manager will determine whether or not any maturing Non-Round FX Swap should be replaced in such a way as to convert RUR into EUR for the purpose (subsequently) of redeeming Notes and Class Z Coupons or maintaining the amount of liquidity held in EUR. The aggregate amounts of RUR available to the Issuer which may be applied in redeeming the Notes and/or Class Z Coupons is equal to the total amount of RUR that the Issuer then has standing to the credit of the Issuer Rouble Account, adjusted for any net RUR settlement of Non-Round FX Swaps, less an allowance for any senior expenses that might arise in RUR, less the amount currently held in RUR that is required to be maintained in RUR. The Cash Manager will also determine whether the Spot Leg of any new Non-Round FX Swap should be reduced in size to take into account the amount of the Receivables Portfolio that is performing.
- (c) Irrespective of whether or not there is a Non-Round FX Swap maturing on such Business Day or on either of the two immediately following Business Days, the Cash Manager will determine the net RUR amount that would be required to settle all Non-Round FX Swaps maturing either on that Business Day or on the next three immediately following Business Days. Based upon based upon the amount of RUR

and EUR available in cash to the Issuer at such time, the Cash Manager will determine whether or not there is a requirement to give notice of a drawing under the Liquidity Facility, or whether the Liquidity Facility can be repaid using any amounts of RUR that the Issuer has in excess of the RUR it requires to make principal payments in respect of the Notes and/or settle outstanding Non-Round FX Swaps.

### ***Calculations Made by the Cash Manager in respect of Calculation Periods***

#### ***Prior to the Occurrence of an Amortisation Event***

Prior to the occurrence of an Amortisation Event, the Cash Manager will, in accordance with the Cash Management Services, make, among others, the following determinations in respect of each Calculation Period:

- (a) the amount of RUR representing principal receipts under Consumer Loans (based upon the amortisation of the principal balance of such Consumer Loans) or which remain from the swapped proceeds of the original principal issuance of Notes and Class Z Coupons and borrowings under the Subordinated Loan Facility on the last day of that Calculation Period; and
- (b) the amount of RUR received under Consumer Loans which is not principal (as above), or which have been credited to the Issuer Rouble Account in respect of interest earned on amounts standing to the credit of such account on the last day of that Calculation Period.

#### ***Following the Occurrence of an Amortisation Event***

Following the occurrence of an Amortisation Event, the Cash Manager will, in accordance with the Cash Management Services, among other determinations, determine the cash balance that the Issuer has in RUR on the last day of each Calculation Period.

### ***Activities of the Cash Manager on the Notice Date***

In addition to the daily activities described in "*Daily Activities of the Cash Manager*" above, on or before the Notice Date, the Cash Manager will prepare the notices to be given to the Paying Agents in respect of the payments to be made in connection with the Notes and the Class Z Coupons.

### ***Activities of the Cash Manager on the Interest Payment Date***

In addition to the daily activities described in "*Daily Activities of the Cash Manager*" above, on the Interest Payment Date (or before the Interest Payment Date so that Noteholders may receive payments for value on the Interest Payment Date), the Cash Manager will instruct the Issuer Account Bank to make the payments required pursuant to the relevant Priority of Payments.

### ***Changes to Activities of the Cash Manager Should an Amortisation Event Occur***

Should an Amortisation Event occur, then the Cash Manager shall additionally:

- (a) monitor the Class B Trigger to determine whether it is hit; and
- (b) operate and make the determinations necessary to operate and maintain the Class A-2 Escrow Account in accordance with the Cash Management Agreement.

### ***Cash Manager Reporting***

On each Business Day, the Cash Manager, in accordance with the Cash Management Services, will provide a report to the Security Trustee and the Servicer showing the hedging and cash management activity that has been undertaken since the date of the last report and the effective rates that have been achieved by reason of the Hedging Activities.

### ***Amortisation Events, Notification Events, Servicer Events and the Class B Trigger***

The Amortisation Events, Notification Events, Servicer Events and the Class B Trigger are events and triggers that have the potential to introduce changes to the normal operation of the transaction with respect to the allocations of responsibilities and cash flows.

### ***Amortisation Events***

The Amortisation Events are set out in full in Condition 1(a) (*Definitions and Principles of Construction – Definitions*). In summary, an Amortisation Event occurs if, *inter alia*, any of the following occurs:

- (a) the long-term corporate credit rating of the Seller is downgraded or adjusted to a level below Ba3 by Moody's or is no longer maintained;
- (b) a downgrade of the foreign currency rating of the Russian Federation by Moody's to a level below Ba3 by Moody's;
- (c) a deterioration in the performance of the Receivables Portfolio such that the Portfolio Base Test is not passed or that the Excess Spread falls below the relevant threshold;
- (d) material defaults by the Seller in connection with the Transaction Documents, including breach of representations, warranties, payment obligations and a repudiation of any of the Transaction Documents;
- (e) customary regulatory, constitutional and insolvency events that affect the Seller; and
- (f) cross-default on material financial obligations of the Seller, change of control of the Seller which has a material adverse effect and any other event which has a material adverse effect,

provided that the occurrence of any of these events shall only take effect as an Amortisation Event from the date of the Note Amortisation Notice delivered by the Note Trustee to the Issuer in respect of that event in accordance with the Conditions,

The effect of an occurrence of an Amortisation Event is set out in the Transaction Documents and is broadly as follows:

- (i) the Issuer will no longer purchase Receivables from the Seller;
- (ii) the reporting requirements related to the Receivables Portfolio and the tracking of cash balances will simplify such that the distinction between Available Issuer Income and Available Issuer Principal will no longer need to be made in order to administer the Transaction Documents;
- (ii) the Post Amortisation Priority of Payments will come into effect;
- (iii) cash will be deposited into the Class A-2 Escrow Account and either withdrawn or released in accordance with the Post Amortisation Priority of Payments and the Transaction Documents;
- (iv) the continued monitoring of the Principal Deficiency Ledger, the Interest Deficiency Ledger, and Excess Spread will not be required to operate the Transaction Documents, as the principle under which cash is allocated between different obligations of the Issuer is based upon dealing with senior obligations and obligations to Noteholders before making any further payments in respect of subordinated liabilities and the Preference Share. The Portfolio Base Test will continue to be monitored (for the purpose of determining whether a Servicer Event may occur);
- (v) the Class B Trigger will be monitored to determine whether it remains possible to continue making payments of interest to Class B Noteholders in the fourth step of the Post Amortisation Priority of Payments or whether this obligation should move to the ninth step; and
- (vi) the performance of the Receivables Portfolio will be monitored to determine whether it is necessary to reduce the principal amount of Non-Round FX Swaps that are rolled over.

The Portfolio Base Test is on any Business Day passed if, as of such Business Day:

$$A + B \text{ exceeds } C + D$$

Where:

"A" is equal to the Performing Receivables Portfolio (calculated in RUR);

"B" is equal to RUR and EUR cash balances held by the Issuer in any Issuer, expressed in RUR at the prevailing FX spot rate excluding any cash balance deposited in the Class A-2 Escrow Account and excluding any cash balance deposited in the Issuer Second HCFB Account;

"C" is equal to the Principal Amount Outstanding of the Notes together with all accrued estimated senior expenses and accrued EUR interest on such Notes expressed in RUR (converted from EUR to RUR where necessary at the prevailing FX swap rate derived by reference to the weighted average rate applicable to all outstanding Non-Round FX Swaps (weighted by reference to the amounts of the Forward Legs of such Non-Round FX Swaps) plus the amount of any outstanding drawings under the Liquidity Facility and any accrued interest thereon; and

"D" is equal to the Subordinated Loan RUR Amount.

### ***Operation of the Subordinated Loan Facility***

The Subordinated Loan Facility is denominated, drawn and repaid in EUR. Two kinds of drawing may be made (a) Initial Expenses Drawings (for the purpose of funding the payment of the Initial Expenses of the Issuer in connection with the issuance of Notes and Class Z Coupons and related matters) and (b) Funding Drawings (for the purpose of funding Receivables and providing supporting cash flow to the Issuer). The Subordinated Loan Facility is an uncommitted facility and, even to the extent that the amount drawn is less than the total facility amount under such Subordinated Loan Facility, the Subordinated Loan Facility Provider is under no obligation to honour any drawing notice submitted by the Issuer. Such total facility amount may be increased or reduced at the Subordinated Loan Facility Provider's option at any time by notice to the Issuer, provided that any amounts drawn may not be repaid other than in accordance with the Priority of Payments.

Initial Expenses Drawings generally remain in EUR as most of the Initial Expenses are incurred in EUR. Funding Drawings, when made, are generally converted immediately into RUR via a spot FX transaction or are used to support Non-Round FX Swaps that the Cash Manager is executing in the normal course of the operation of the Cash Management Services with the result that the amount of such Non-Round FX Swaps is adjusted by reference to the Funding Drawing being made.

Initial Expenses Drawings may only be made up to and including the eleventh Interest Payment Date following the Closing Date. Interest owing and principal repayments in connection with such drawings are paid according to the Pre-Amortisation Priority of Payments: Available Issuer Income and, if applicable, in accordance with the Pre-Amortisation Priority of Payments: Available Issuer Principal should all Funding Drawings have been repaid.

Funding Drawings are made as result of the Cash Manager submitting a drawing notice to the Subordinated Loan Facility Provider, such notice being accompanied by a request to increase the uncommitted total facility amount of the Subordinated Loan Facility, should this be required. The Subordinated Loan Facility Provider has no obligation to agree to make an advance and no obligation to agree to any increase in the total facility amount. The Cash Manager will make such a request, pursuant to the Cash Management Agreement in a number of circumstances, including as follows:

- (i) On the Closing Date to support the purchase of the Initial Receivables on the Initial Asset Sale Date.
- (ii) As a condition precedent to the acceptance of any Offer, to ensure that the amount of the Subordinated Loan Facility outstanding is at least equal to the required level (as set out below).
- (iii) In the event that the Issuer would not have sufficient liquid funds available to accept an Offer, to provide such additional cash so as to enable the Issuer to accept such Offer.
- (iv) In the event that the Issuer would otherwise suffer a Hedge Disruption Event, to provide additional liquidity to the Issuer where this directly prevents the occurrence of such event.

The calculation of the required level of the drawn amount of the Subordinated Loan Facility prior to the acceptance of any Offer referred to at paragraph (ii) takes into account a number of factors:

- (A) the level of Asset Excess Spread that is available to the Issuer, being the excess of the weighted average yield of the Performing Receivables Portfolio (additionally including the Receivables, if any,

which are about to be sold) over the weighted average fixed rate payable by the Issuer under the RUR Interest Rate Swaps;

- (B) the Principal Amount Outstanding of the Notes;
- (C) the amount of Commingled Cash;
- (D) the extent to which amounts of Available Issuer Income (that would otherwise have been credited to the Issuer Second HCFB Account) are added to amounts of Available Issuer Principal to be applied pursuant to Condition 6(b) (*Redemption, Purchase and Calculation – Mandatory Redemption in Part*) reflecting depreciation of RUR versus EUR that would otherwise subsequently result in the Issuer having a potential shortfall in relation to the eventual repayment of the Funding Drawings; and
- (E) the extent to which movements in exchange rate between RUR and EUR cause the Issuer to receive additional amounts of RUR pursuant to the rollover of Non-Round FX Swaps which are not then converted into EUR and used to repay Notes but remain (in principle) available to fund the purchase of a greater amount of Receivables (which greater amount therefore requires additional credit enhancement to be provided).

The calculations involve determining the Subordinated Loan RUR Amount, the Subordinated Loan Target RUR Amount, and the Subordinated Loan RUR Shortfall. These terms are defined in the Conditions and are summarised below.

The Subordinated Loan RUR Amount shows the amount of principal credit enhancement that is actually provided by the Funding Drawings outstanding under the Subordinated Loan Facility and is equal, on a particular day, to the RUR amount obtained from selling the EUR proceeds of Funding Drawings made pursuant to the Subordinated Loan Facility *less* the RUR amount applied (or the RUR equivalent of any EUR amount directly applied) in repayment of Funding Drawings pursuant to the Subordinated Loan Facility *plus* all amounts that have been (prior to such particular day) added to the Available Issuer Principal pursuant to Condition 3(j)(x) (*Status, Priority and Security - Income Priority of Payments Prior to Amortisation*) to be applied pursuant Condition 6(b) (*Redemption, Purchase and Cancellation – Mandatory Redemption in Part*).

The Subordinated Loan Target RUR Amount represents the amount that the Subordinated Loan RUR Amount should equal if the principal amount of credit enhancement provided by Funding Drawings under the Subordinated Loan Facility is the required amount and is equal to the Principal Amount Outstanding of the Notes multiplied by the Subordination Target Percentage rounded up to the nearest EUR 50,000.

The Subordinated Loan RUR Shortfall measures the extent to which there are inherent FX losses arising in connection with the fact that the Issuer's ability to repay the Funding Drawings principally relies upon the performance of RUR denominated assets whilst the repayments are owing in EUR and is equal to the greater of (a) zero and (b) the EUR outstanding balance of Funding Drawings then outstanding converted into RUR at the then prevailing FX spot rate between RUR and EUR as determined by the Cash Manager *less* the Subordinated Loan RUR Amount.

The Subordination Target Percentage is required to compute the Subordinated Loan Target RUR Amount and is equal to:

$$(Y \times (\text{greater of A and B})) + C$$

where:

"Y" is equal to the value determined by looking up in column 2 of the following table the value that corresponds to the Principal Amount Outstanding of the Notes shown in column 1 (using a straight-line method to interpolate the resulting value to be used for Y in the event that the Principal Amount Outstanding of the Notes falls between two values displayed in column 1):

Principal Amount Outstanding of Notes	Y
Less than €100,000,000	1.300
€100,000,000	1.250

€126,500,000	1.216
€200,000,000	1.100
€291,000,000	1.000

"A" is equal to the value obtained as the "Percentage" in the second column of the following table corresponding to the applicable percentage in the first column, which represents the actual difference between the yield of the Performing Receivables Portfolio (on the assumption that any Receivables that are the subject of an Offer are sold to the Issuer) and the weighted average fixed rate payable by the Issuer on the RUR Interest Rate Swaps that the Issuer then has outstanding at such time, both expressed on an annual basis (the relevant monthly yields being multiplied by 12):

Asset Excess Spread	Percentage
16 %	9.62 %
14 %	10.12 %
12 %	10.62 %
10 %	11.12 %
8 %	11.62 %

"B" is equal to the Minimum Seller Net Investment; and

"C" is equal to the Excess Commingled Cash Percentage.

By way of illustration, the operation of the above definitions in relation to the position of the Issuer as at the Closing Date would result in a requirement to draw EUR 14,800,000 under the Subordinated Loan Facility as a Funding Drawing on the assumption that the Initial Receivables will deliver a value for Asset Excess Spread in excess of 16 per cent (although it should be noted that this is not guaranteed and that the actual Funding Drawing under the Subordinated Loan Facility may be in a different amount). The calculation that would result in this requirement is as follows:

Total amount of Notes outstanding:	EUR 126,500,000
Subordinated Loan Target Percentage calculation:	$1.216 \times 9.62 \% + 0$
Subordinated Loan Target Percentage result:	11.698 %
Resulting in a required Funding Drawing of:	$11.698 \% \times \text{EUR } 126,500,000 = \text{EUR } 14,800,000$ (rounded up)

Prior to the occurrence of an Amortisation Event, Funding Drawings made under the Subordinated Loan Facility may in certain circumstances be repaid prior to the repayment of any of the Notes (or together with any repayments of the Notes). This is permitted in respect of amounts by which the EUR equivalent at prevailing rates of the Subordinated Loan RUR Amount exceeds the Subordinated Loan Target RUR Amount, by way of cash in respect of a provision at item (iii) in the Pre-Amortisation Priority of Payments: Available Issuer Principal and the subsequent application of such reserved cash at item (viii) of the Pre-Amortisation Priority of Payments: Available Issuer Principal. Accordingly, the amount that may be repaid is limited (a) by the Issuer paying outstanding principal amounts to the Liquidity Facility Provider or the Hedge Counterparty and to Noteholders (to the extent that a notice of repayment was given on or about the preceding Notice Date) and (b) to retain amounts needed in respect of the RUR Liquidity Principal Amount and the EUR Liquidity Principal Amount.

Following the occurrence of an Amortisation Event, Funding Drawings may only repaid after the Notes have been repaid in full.



### **Notification Events**

Certain of the Amortisation Events are also Notification Events. Upon the occurrence of a Notification Event, the Security Trustee (having taken advice from Closed Joint Stock Company International Moscow Bank, on which it will rely absolutely and act) may conclude that the Loan Customers should be notified for the sale of the Purchased Receivables to the Issuer, in which case, the Loan Customers will be notified of such sale. Alternatively, the Security Trustee may conclude that, notwithstanding the occurrence of such Notification Event, that a notification is not in the best interests of the Class A-1 Noteholders and Class B Noteholders, in which case, no such notification will be made.

Notification Events are set out in the Master Definitions and Framework Deed and include those Amortisation Events, which are indicative of an actual or potential financial failure of the Seller, broadly being events of the following kind (each, a "**Notification Event**"):

- (a) the long-term corporate credit rating of the Seller falls to B2 and such rating is placed on credit watch with negative implications by Moody's;
- (b) certain material defaults by the Seller in connection with the Transaction Documents, including breach of payment obligations and a repudiation of any of the Transaction Documents;
- (c) certain regulatory, constitutional and insolvency events that affect the Seller; and
- (d) cross-default on material financial obligations of the Seller or change of control of the Seller which has a material adverse effect.

Attention is drawn to "*Risk Factors*" (Chapter IV of this Listing Prospectus) and the sections entitled "*Risks Relating to the Notes - Servicer Replacement*", "*Risks Relating to the Notes - Insolvency of the Seller - Effect on Sale*" and "*Risks Relating to the Receivables - Commingling Risk and Similar Risks*", in particular, the discussion regarding the power of the Security Trustee to conclude that, notwithstanding the occurrence of a Notification Event, it is not in the interests of the Class A-1 Noteholders or the Class B Noteholders to proceed with actual notification of Loan Customers.

### **Servicer Events**

Certain of the Amortisation Events are also Servicer Events. Upon the occurrence of a Servicer Event, the Security Trustee (having taken advice from the Standby Servicer, on which it will rely absolutely and act) may conclude that the Standby Servicer or another person deemed by the Standby Servicer as qualified to perform the Services and notified to the Security Trustee (a "**Replacement Servicer**") should be asked to perform the Services. Two potential levels of service are envisaged, either or both of which may be performed at the Security Trustee's request based upon advice from the Standby Servicer, on which it will rely absolutely and act. These are set out in the Servicer Agreement and maybe summarised as follows:

- (a) Level one, pursuant to which the Standby Servicer (or his delegates) performs certain supervisory, reporting and checking functions in connection with the Seller's and the Servicer's conduct of their obligations pursuant to the Transaction Documents and in particular, the Servicing Agreement. The Servicer, the Seller and HCI have agreed to cooperate in full with such processes and to make all their books, records, systems, staff and infrastructure available to support any enquiries or reporting functions that are deemed necessary by the Standby Servicer. Under a level one request, however, the Servicer remains responsible for servicing the Receivables Portfolio and the Standby Servicer has only an advisory role.
- (b) Level two, pursuant to which the Replacement Servicer formally assumes responsibility for the servicing functions and assumes (subject to certain limitations) some of the obligations of the Servicer in the Servicing Agreement. The limitations include that the Replacement Servicer is not obliged to achieve any particular result and has only the obligation to apply efforts to meet the obligations that the Servicer previously assumed. Given that a Servicer Event is also automatically an Amortisation Event, the reporting obligations are reduced. The Replacement Servicer is entitled to use some or all of the facilities, staff, infrastructure, systems and capabilities of the Servicer and HCI to carry out the collection and enforcement of the Receivables Portfolio. In this regard, the Servicer and HCI have agreed to make all of their facilities staff, infrastructure, systems and capabilities available to the Replacement Servicer. Should the Replacement Servicer conclude (in its sole discretion) that servicing

functions may be better carried out by itself or by any delegate, it is entitled to move such servicing functions to itself or third parties including in relation to any function (including without limitation, systems, mailings, customer communications, reconciliations, cash management, record keeping, enforcement, and judicial enforcement).

Servicer Events are set out in the Servicing Agreement and include those events that are indicative of an actual or potential failure of the Servicer, broadly being events of the following kind (each, a "**Servicer Event**"):

- (i) the long-term corporate credit rating of the Seller falls to B1 and such rating is placed on credit watch with negative implications by Moody's;
- (ii) certain material defaults by the Servicer in connection with the Servicing Agreement, including breach of payment obligations;
- (iii) certain regulatory, constitutional and insolvency events that affect the Servicer; and
- (iv) change of control of the Servicer which has a material adverse effect.

Attention is drawn to "*Risk Factors*" (Chapter IV of this Listing Prospectus) and the section entitled "*Risks Relating to the Notes - Servicer Replacement*", in particular, the discussion regarding the power of the Security Trustee to conclude that, pursuant to advice received from the Standby Servicer and notwithstanding the occurrence of a Servicer Event, it is not in the interests of the Class A-1 Noteholders or the Class B Noteholders to proceed with either level 1 or level 2 services as outlined above.

#### ***Class B Trigger***

The Class B Trigger will be monitored following the occurrence of an Amortisation Event. The Class B Trigger, if hit, has the effect of making it materially less likely that the Issuer will continue to make interest payments on the Class B Notes and therefore would correspond to a high likelihood that there would be a loss on the Class B Notes.

The Class B Trigger is calculated using the same methodology as the Portfolio Base Test and the components used in the such calculation. The Class B Trigger means, on any Business Day, the test represented by the calculation set out below, which will be passed if such calculation holds true on such Business Day:

$A + B \text{ exceeds } C$

Where:

- "A" is equal to the outstanding balance of the Performing Receivables Portfolio (calculated in RUR);
- "B" is equal to RUR and EUR cash balances held by the Issuer in any Issuer Account, expressed in RUR at the prevailing FX spot rate (including, for the avoidance of doubt, any cash balance deposited in the Class A-2 Escrow Account) and excluding any cash balance deposited in the Issuer Second HCFB Account;
- "C" is equal to the Principal Amount Outstanding of the Notes together with all accrued estimated senior expenses and accrued EUR interest on such Notes expressed in RUR (converted from EUR to RUR where necessary at the prevailing FX swap rate derived by reference to the weighted average rate applicable to all outstanding Non-Round FX Swaps (weighted by reference to the amounts of the Forward Legs of such Non-Round FX Swaps) plus the amount of any outstanding drawings under the Liquidity Facility and any accrued interest thereon.

#### **Priority of Payments and the Relationship Between the Notes and the Class Z Coupons**

The Issuer will have three primary types of financial assets (a) the Receivables, (b) its interest in the Related Rights and (c) the remaining proceeds of the issue of the Notes and the Class Z Coupons and other borrowings (that is, cash).

The Issuer will have three main types of liability (a) senior liabilities (including the Class A-1 Notes and the Class A-2 Notes), (b) mezzanine liabilities (the Class B Notes) and (c) subordinated obligations (including the Class Z Coupons and drawings under the Subordinated Loan Facility).

Since liabilities under the Notes and the Class Z Coupons and under a number of other contractual commitments of the Issuer fall due on a monthly basis, the Issuer will be in a position to distribute funds in this same monthly cycle, on each Interest Payment Date. Certain amounts, which fall due during a month, can either be paid on a monthly basis or, if such amounts represent amounts that are senior to the Notes in the relevant Priority of Payments, may be paid on any day should available cash permit. Also, replenishments (that is, purchases of further Receivables and Related Rights) may take place on a daily or less frequent basis prior to the occurrence of an Amortisation Event.

Note that the transaction does not provide for a guaranteed investment contract because, as described in "*Priority of Payments – Pre-Amortisation Priority of Payments – Daily Priority of Payments*" below, the Issuer must have cash available on a daily basis. As a result, any surplus cash of the Issuer will bear interest at a rate lower than would be the case if such surplus cash were deposited in a guaranteed investment contract bank account. In addition, the rates at which any surplus cash of the Issuer will bear interest will, in the context of rouble interest rates, be likely to be more volatile than the interest rates that would be available for a guaranteed investment contract bank account.

### ***Priority of Payments***

#### *Pre-Amortisation Priority of Payments*

Prior to the occurrence of an Amortisation Event, the transaction is structured in such a way that with respect to each Calculation Date, that the Issuer's cash balances can always be split into an amount which represents principal and an amount which represents interest, each paid with respect to the Receivables Portfolio. These are represented by the defined terms "**Available Issuer Income**" and "**Available Issuer Principal**". Each of these terms represents part of the balance in both the Issuer Euro Account and the Issuer Rouble Account. Unless a Hedge Disruption Event has occurred as a result of the way in which the Non-Round FX Swaps are organised, the Issuer will have an amount of EUR in the Issuer Euro Account corresponding to the amount of estimated EUR expenses and, should no amortisation of Notes and the Class Z Coupons be contemplated, the remaining amounts will exist in RUR.

Amounts of Available Issuer Principal can then (subject to the Pre-Amortisation Priority of Payments: Available Issuer Principal) only be invested in Receivables and Related Rights or be used to repay the Notes and the Class Z Coupons (subject to the creation and maintenance of Liquidity Principal), whereas amounts of Available Issuer Income can be used (subject to the Pre-Amortisation Priority of Payments: Available Issuer Income) to pay interest on the Notes and amounts on the Class Z Coupons and to make deposits in the Issuer Second HCFB Account pending ultimate payments of dividends on the Preference Share.

Principal losses that arise on the Receivables and Related Rights are debited to the Principal Deficiency Ledger, which is a notional ledger recording the extent to which losses have arisen and which are subsequently corrected by the crediting of otherwise surplus funds in accordance with the Priority of Payments.

The Cash Manager operates the Pre-Amortisation Priority of Payments: Available Issuer Income and the Pre-Amortisation Priority of Payments: Available Issuer Principal as set out below.

#### Pre-Amortisation Priority of Payments: Available Issuer Income

Interest on the Notes and the Class Z Coupons is payable only outside the United States and its possessions, within the meaning of United States Treasury regulation section 1.163-5(c)(1)(ii)(A). No demand (other than a lawsuit) for payment of interest on the Notes or the Class Z Coupons may be made within the United States or its possessions, within the meaning of United States Treasury regulation section 1.163-5(c)(2)(v). No interest on the Notes or the Class Z Coupons shall be paid into an account maintained by the payee in the United States or mailed to an address in the United States unless the payee is described in United States Treasury regulation sections 1.163-5(c)(2)(v)(B)(1) or (2).

Prior to the delivery of a Note Amortisation Notice in accordance with Condition 10 (*Amortisation*), the Cash Manager, as agent for the Issuer, shall on each Notice Date instruct the Issuer Account Bank to make payments on the following Interest Payment Date from Available Issuer Income standing to the credit of the Issuer Euro

Account and the Issuer Rouble Account less an amount equal to any debit balance on the Income Deficiency Ledger from the preceding Interest Payment Date to be applied in paying or providing for the payment of the following amounts, calculated with respect to the Calculation Period ending on the Calculation Date prior to that Notice Date (in each case, together with any interest and any VAT thereon, as provided for in the relevant Transaction Documents) in the following order of priority (the "**Pre-Amortisation Priority of Payments: Available Issuer Income**") (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full), in accordance with and as more fully set out in the Cash Management Agreement (with FX transactions being executed during each Calculation Period (in preparation for the payments to be made) and also on or about each Interest Payment Date (to the extent required) so as to make the payments in the appropriate currency):

- (i) *first*, in or towards payment, *pro rata*, according to the respective amounts due, and to the extent that such amounts cannot be paid in full out of Available Issuer Income, any other available cash resources of the Issuer shall be used and a corresponding debit entry shall be made to the Income Deficiency Ledger, of (A) the fees or other remuneration and indemnity payments (if any) payable to the Note Trustee and any costs, charges, liabilities and expenses incurred by it for which it is entitled to be reimbursed or indemnified under the Trust Deed and the Issuer Deed of Charge and (B) the fees or other remuneration and indemnity payments (if any) payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by it for which it is entitled to be reimbursed or indemnified under the Issuer Deed of Charge;
- (ii) *second*, in or towards payment, *pro rata*, according to the respective amounts due, and to the extent that such amounts cannot be paid in full out of Available Issuer Income, any other available cash resources of the Issuer shall be used and a corresponding debit entry shall be made to the Income Deficiency Ledger, of (A) the Senior Fees payable to the Servicer and/or the Standby Servicer and/or any Replacement Servicer under the Servicing Agreement and the Issuer Deed of Charge, (B) the fees or other remuneration and indemnity payments (if any) which are then due to the Paying Agents and the Agent Bank and any costs, charges, liabilities and expenses incurred by any of them for which any of them is entitled to be reimbursed or indemnified under the Agency Agreement and the Issuer Deed of Charge, (C) the fees or other remuneration and indemnity payments (if any) which are then due to the Issuer Account Bank and any costs, charges, liabilities and expenses incurred by it for which it is entitled to be reimbursed or indemnified under the Issuer Accounts Agreement and the Issuer Deed of Charge, (D) the fees or other remuneration and indemnity payments (if any) which are then due to the Corporate Services Provider and the Domiciliation Agent and any costs, charges, liabilities and expenses incurred by them for which they are entitled to be reimbursed or indemnified under the Corporate Services Agreement and the Issuer Deed of Charge, (E) the commitment fees which are then due to the Hedge Counterparty under the Hedge Agreement and (F) sums due to third parties (or which are expected to fall due during the Interest Period commencing on such Interest Payment Date) under obligations incurred in the ordinary course of the Issuer's business (other than amounts specifically provided for elsewhere in this order of priority);
- (iii) *third*, in or towards payment, *pro rata*, according to the respective amounts due, and to the extent that such amounts cannot be paid in full out of Available Issuer Income, any other available cash resources of the Issuer shall be used and a corresponding debit entry shall be made to the Income Deficiency Ledger, of:
  - (A) amounts due in respect of the Issuer's liability to tax (if any);
  - (B) all amounts due or overdue to the Liquidity Facility Provider in respect of interest, commitment fees and indemnity payments (if any) payable to the Liquidity Facility Provider in relation to the Liquidity Facility pursuant to the Liquidity Facility Agreement; and
  - (C) all amounts due or overdue in respect of interest in relation to the Non-Round FX Swaps and in respect of the RUR Interest Rate Swaps (other than the amounts described in item (v)(B) below);
- (iv) *fourth*, in or towards payment of or provision for all amounts of interest due or overdue in respect of the Class A Notes, and to the extent that such amounts cannot be paid in full out of Available Issuer Income, any other available cash resources of the Issuer shall be used and a corresponding debit entry shall be made to the Income Deficiency Ledger;

- (v) *fifth*, in or towards payment, *pro rata*, according to the respective amounts due, and to the extent that such amounts cannot be paid in full out of Available Issuer Income, any other available cash resources of the Issuer shall be used and a corresponding debit entry shall be made to the Income Deficiency Ledger, of:
  - (A) all amounts of interest due or overdue in respect of the Class B Notes; and
  - (B) any swap termination payments due and payable to the Hedge Counterparty pursuant to the Hedge Agreement, irrespective of who is the Defaulting Party;
- (vi) *sixth*, in or towards payment of an amount equal to any debit balance on the Principal Deficiency Ledger, the relevant amount to be set aside on account of Available Issuer Principal (and such amount shall be credited to the Principal Deficiency Ledger);
- (vii) *seventh*, in or towards payment of any amount due or overdue in respect of the Class Z Coupons;
- (viii) *eighth*, in or towards payment of or provision for the Junior Fees payable to the Servicer and/or the Standby Servicer and/or any Replacement Servicer and any costs, charges, liabilities and expenses incurred by any of them for which any of them is entitled to be reimbursed or indemnified under the Servicing Agreement and the Issuer Deed of Charge;
- (ix) *ninth*, in or towards payment of or provision for amounts due and payable to the Subordinated Loan Facility Provider, including amounts due with respect to the principal amount of any Initial Expenses Drawings but not including amounts due with respect to the principal amount of any Funding Drawings, pursuant to the Subordinated Loan Facility Agreement;
- (x) *tenth*, by adding an amount equal to the amount of the Subordinated Loan RUR Shortfall to the Available Issuer Principal to be applied pursuant to Condition 6(b) (*Redemption, Purchase and Calculation – Mandatory Redemption in Part*);
- (xi) *eleventh*, in or towards the deposit of an amount equal to any remaining amount of Available Issuer Income into the Issuer Second HCFB Account pending the payment of the Preference Share Dividends; and
- (xii) *twelfth*, to the extent of any cash balance in the Issuer Second HCFB Account, in or towards the payment of Preference Share Dividends, to the extent that the same have been declared by the Board of Directors of the Issuer.

Pre-Amortisation Priority of Payments: Available Issuer Principal

Prior to the delivery of a Note Amortisation Notice in accordance with Condition 10 (*Amortisation*), the Cash Manager, as agent for the Issuer, shall on each Notice Date instruct the Issuer Account Bank to make payments on the following Interest Payment Date from Available Issuer Principal standing to the credit of the Issuer Euro Account and the Issuer Rouble Account less any amounts debited to the Income Deficiency Ledger pursuant to Condition 3(j) (*Status, Priority and Security - Income Priority of Payments Prior to Amortisation*) on that date plus any amount to be added to the Available Issuer Principal pursuant to Condition 3(j)(x) (*Status, Priority and Security - Income Priority of Payments Prior to Amortisation*) to be applied, having first made the determinations and payments relating to the Pre-Amortisation Priority of Payments: Available Issuer Income, in paying or providing for the payment of the following amounts, calculated with respect to the Calculation Period ending on the Calculation Date prior to that Notice Date, (the "**Pre-Amortisation Priority of Payments: Available Issuer Principal**" and together with the Pre-Amortisation Priority of Payments: Available Issuer Income, the "**Pre-Amortisation Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full), in accordance with and as more fully set out in the Cash Management Agreement (with FX transactions being executed during each Calculation Period (in preparation for the payments to be made) and also on or about each Interest Payment Date (to the extent required) so as to make the payments in the appropriate currency):

- (i) *first*, in or towards payment, *pro rata*, according to the respective amounts due, of:

- (A) all amounts due or overdue to the Liquidity Facility Provider in respect of principal in relation to the Liquidity Facility pursuant to the Liquidity Facility Agreement (such amounts to be potentially re-drawn if required);
  - (B) all amounts due or overdue in respect of principal in relation to the Non-Round FX Swaps; and
  - (C) all amounts due in respect of the repayment of Notes in relation to which a notice of repayment has been given on or about the preceding Notice Date, provided that no such notice shall be given with respect to the Class A-2 Notes until the Class A-1 Notes and the Class B Notes have been redeemed in full and no such notice shall be given with respect to the Class B Notes until the Class A-1 Notes have been redeemed in full;
- (ii) *second*, in or towards provision for an amount equal to the Liquidity Principal on the immediately preceding Calculation Date (split between the RUR Liquidity Principal Amount and the EUR Liquidity Principal Amount);
  - (iii) *third*, in or towards provision for an amount to be repaid in respect of Funding Drawings made under the Subordinated Loan Facility in an amount up to the amount (if any) by which the Subordinated Loan RUR Amount exceeds the Subordinated Loan Target RUR Amount;
  - (iv) *fourth*, in or towards provision for an amount equal to Retained Principal;
  - (v) *fifth*, in or towards satisfaction of all amounts of principal in respect of the Class A-1 Notes;
  - (vi) *sixth*, in or towards satisfaction of all amounts of principal in respect of the Class B Notes;
  - (vii) *seventh*, in or towards satisfaction of all amounts of principal in respect of the Class A-2 Notes;
  - (viii) *eighth*, to the extent of any remaining amounts still to be applied pursuant to this order of priority *plus* the amount of the provision made at item (iii), in or towards payment of amounts due and payable to the Subordinated Loan Facility Provider in respect of the repayment of Funding Drawings (and if there are no Funding Drawings, amounts due with respect to the Initial Expenses Drawings) pursuant to the Subordinated Loan Facility Agreement; and
  - (ix) *ninth*, in or towards the deposit of an amount equal to any remaining amount into the Issuer Second HCFB Account pending the payment of the Preference Share Dividends.

#### Daily Priority of Payments

Prior to the delivery of a Note Amortisation Notice in accordance with Condition 10 (*Amortisation*), the Cash Manager, as agent for the Issuer, shall be entitled on any day during a Calculation Period (including an Interest Payment Date) to instruct the Issuer Account Bank to make payments from Issuer Income and Issuer Principal standing to the credit of the Issuer Euro Account and the Issuer Rouble Account to be applied in paying or providing or providing for the payment of the following amounts (in each case, together with any interest and any VAT thereon, as provided for in the relevant Transaction Documents) (with FX transactions being executed so as to make the payments in the appropriate currency):

- (a) to make any of the payments set out in items (i) to (iv) of the Pre-Amortisation Priority of Payments: Available Issuer Income that fall due;
- (b) to make any of the payments set out in items (i) and (ii) of the Pre-Amortisation Priority of Payments: Available Issuer Principal that fall due;
- (c) to make any payment in respect of an Offer that is accepted by the Issuer having first set aside an amount equal to Liquidity Principal; and
- (d) to meet any obligations set out in Condition 6(c) (*Redemption, Purchase and Cancellation – Optional Redemption for Tax Reasons*) that fall due.

To the extent that Issuer Principal is used to meet any obligation that is otherwise expressed to be part of the Pre-Amortisation Priority of Payments: Available Issuer Income, a debit entry shall be made to the Income Deficiency Ledger.

#### *Post Amortisation Priority of Payments*

Following the occurrence of an Amortisation Event, the arrangements are simplified to reduce the reporting burden on the Servicer, especially if there is a requirement to replace the Servicer. The distinction between principal and income in the Priority of Payments and use of cash is removed, and there is a single order of priority dealing with all payment obligations. In addition, the necessity to debit from and credit amounts to the Income Deficiency Ledger and the Principal Deficiency Ledger falls away.

After the delivery of a Note Amortisation Notice in accordance with Condition 10 (*Amortisation*), the Cash Manager, as agent for the Issuer or, provided an Enforcement Notice has been delivered in accordance with Condition 11 (*Enforcement*), as agent for the Security Trustee, shall on each Notice Date instruct the Issuer Account Bank to make payments on the following Interest Payment Date from Available Cash and any other resources of the Issuer as listed below to be applied in paying or providing for the payment of the following amounts, calculated with respect to the Calculation Period ending on the Calculation Date prior to that Notice Date (in each case, together with any interest and any VAT thereon, as provided for in the relevant Transaction Documents) in the following order of priority (the "**Post Amortisation Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full), in accordance with and as more fully set out in the Cash Management Agreement (with FX transactions being executed during each Calculation Period (in preparation for the payments to be made) and also on or about each Interest Payment Date (to the extent required) so as to make the payments in the appropriate currency):

- (i) *first*, Available Cash shall be applied in the following order of priority:
  - (A) in or towards payment, *pro rata*, according to the respective amounts due, of (aa) the fees or other remuneration and indemnity payments (if any) payable to the Note Trustee and any costs, charges, liabilities and expenses incurred by it for which it is entitled to be reimbursed or indemnified under the Trust Deed and the Issuer Deed of Charge and (bb) the fees or other remuneration and indemnity payments (if any) payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by it for which it is entitled to be reimbursed or indemnified under the Issuer Deed of Charge;
  - (B) in or towards payment, *pro rata*, according to the respective amounts due, of (aa) the Senior Fees payable to the Servicer and/or the Standby Servicer and/or any Replacement Servicer under the Servicing Agreement and the Issuer Deed of Charge, (bb) the fees or other remuneration and indemnity payments (if any) which are then due to the Paying Agents and the Agent Bank and any costs, charges, liabilities and expenses incurred by any of them for which any of them is entitled to be reimbursed or indemnified under the Agency Agreement and the Issuer Deed of Charge, (cc) the fees or other remuneration and indemnity payments (if any) which are then due to the Issuer Account Bank and any costs, charges, liabilities and expenses incurred by it for which it is entitled to be reimbursed or indemnified under the Issuer Accounts Agreement and the Issuer Deed of Charge, (dd) the fees or other remuneration and indemnity payments (if any) which are then due to the Corporate Services Provider and the Domiciliation Agent and any costs, charges, liabilities and expenses incurred by them for which they are entitled to be reimbursed or indemnified under the Corporate Services Agreement and the Issuer Deed of Charge, (ee) the commitment fees which are then due to the Hedge Counterparty under the Hedge Agreement and (ff) prior to the delivery of an Enforcement Notice only, sums due to third parties (or which are expected to fall due during the Interest Period commencing on such Interest Payment Date) under obligations incurred in the ordinary course of the Issuer's business (other than amounts specifically provided for elsewhere in this order of priority);
  - (C) in or towards payment, *pro rata*, according to the respective amounts due, of:
    - (aa) prior to the deliver of an Enforcement Notice only, amounts due in respect of the Issuer's liability to tax (if any);

- (bb) all amounts due or overdue to the Liquidity Facility Provider in respect of interest or commitment fees and indemnity payments (if any) payable to the Liquidity Facility Provider in relation to the Liquidity Facility pursuant to the Liquidity Facility Agreement; and
- (cc) all amounts due or overdue in respect of the Non-Round FX Swaps and in respect of the RUR Interest Rate Swaps (other than the amounts described in item (E)(bb) below);
- (D) in or towards payment of all amounts of interest due or overdue in respect of the Class A Notes;
- (E) in or towards payment, *pro rata*, according to the respective amounts due, of:
  - (aa) if the Class B Trigger has not been hit, all amounts of interest due or overdue in respect of the Class B Notes; and
  - (bb) any swap termination payments due and payable to the Hedge Counterparty pursuant to the Hedge Agreement, irrespective of who is the Defaulting Party;
- (F) in or towards provision for an amount equal to the Liquidity Principal;
- (G) in or towards, *pro rata*, in accordance with the Class A Note Ratio:
  - (aa) making a deposit into the Class A-2 Escrow Account; and
  - (bb) satisfying of all amounts of principal due or overdue in respect of the Class A-1 Notes;
- (ii) *second*, the amount then standing to the credit of the Class A-2 Escrow Account on the relevant Interest Payment Date less amounts that have been withdrawn in connection with a Commingling Loss shall be applied, to the extent such amounts have been released from the Class A-2 Escrow Account in accordance with the Cash Management Agreement, in satisfaction of all amounts of principal due or overdue in respect of the Class A-2 Notes;
- (iii) *third*, the Available Cash remaining after payment in full of the amounts listed in item (i) together with amounts released from the Class A-2 Escrow Account in accordance with the Cash Management Agreement (whether or not in connection with a Commingling Loss) on the relevant Interest Payment Date shall be applied in the following order of priority:
  - (A) in or towards satisfaction of all amounts of principal (if any) remaining due or overdue in respect of the Class A-1 Notes;
  - (B) in or towards, *pro rata*, according to the respective amounts due:
    - (aa) payment of all amounts of interest due or overdue in respect of the Class B Notes, to the extent such interest has not already been paid in accordance with item (i)(E)(aa); and
    - (bb) satisfaction of all amounts of principal due or overdue in respect of the Class B Notes;
  - (C) in or towards satisfaction of all amounts of principal due or overdue in respect of the Class A-2 Notes;
  - (D) in or towards payment of any amount due or overdue in respect of the Class Z Coupons;
  - (E) in or towards payment of or provision for the Junior Fees payable to the Servicer and/or the Standby Servicer and/or any Replacement Servicer and any costs, charges, liabilities and expenses incurred by any of them for which any of them is entitled to be reimbursed or indemnified under the Servicing Agreement and the Issuer Deed of Charge;



- (F) in or towards payment of or provision for amounts due and payable to the Subordinated Loan Facility Provider (including amounts due with respect to the Initial Expenses Drawings) pursuant to the Subordinated Loan Facility Agreement; and
- (G) in or towards the deposit of an amount equal to any remaining amount into the Issuer Second HCFB Account pending the payment of the Preference Share Dividends; and
- (H) to the extent of any cash balance in the Issuer Second HCFB Account, in or towards the payment of Preference Share Dividends, to the extent that the same have been declared by the Board of Directors of the Issuer.

***Relationship Between the Classes of Notes and the Class Z Coupons***

*Class A-1 Notes*

The Class A-1 Notes and the Coupons relating thereto constitute direct and, upon issue, unconditional obligations of the Issuer subject to the terms of the Trust Deed and the Conditions and are secured by the Issuer Security. The Class A-1 Notes rank *pari passu* and without preference or priority amongst themselves.

In accordance with Conditions 3 (*Status, Priority and Security*) and 6 (*Redemption, Purchase and Calculation*) and the Cash Management Agreement:

- (a) prior to the occurrence of an Amortisation Event:
  - (i) payments of interest on the Class A-1 Notes will rank *pari passu* to payments of interest on the Class A-2 Notes and in priority to payments of interest on the Class B Notes and to payments on the Class Z Coupons; and
  - (ii) payments of principal on the Class A-1 Notes will be made before payments of principal on the Class A-2 Notes but such principal payments will only be made to the extent that payments of interest due on the Class B Notes have been made in full (unless the Class B Trigger has been hit);
- (b) following the occurrence of an Amortisation Event:
  - (i) payments of interest on the Class A-1 Notes will rank *pari passu* with payments of interest on the Class A-2 Notes, and in priority to payments of interest on the Class B Notes and to payments on the Class Z Coupons; and
  - (ii) payments of principal on the Class A-1 Notes will rank *pari passu* with credits to be made to the Class A-2 Escrow Account (from which payments of principal on the Class A-2 Notes may subsequently be made, unless a Commingling Loss has occurred as described in more detail below) and in priority to payments of principal on the Class B Notes and to payments on the Class Z Coupons.

The Issuer may not call the Class A-1 Notes without also calling the Class A-2 Notes, the Class B Notes and the Class Z Coupons.

The Class A-1 Notes benefit from the subordination of the Class B Notes, the Class Z Notes, the Subordinated Loan Facility including the Initial Expenses Drawings and any income generated from the Consumer Loan Agreements and cash deposits less losses and funding costs of the Issuer which has not yet been deposited into the Issuer Second HCFB Account. In addition, following the occurrence of an Amortisation Event, the Class A-1 Notes benefit from the mitigation of a Commingling Loss, which is offered by cash balances (if any) standing to the credit of the Class A-2 Escrow Account from time to time.

Pursuant to Condition 20 (*Delayed Draw Notes and Delayed Draw Class Z Coupons*), the Issuer may from time to time on any day on or before the date nine months from the Closing Date allot the Delayed Draw Class A-1 Notes at an aggregate nominal amount of up to €130,000,000.

### *Class A-2 Notes*

The Class A-2 Notes and the Coupons relating thereto constitute direct and, upon issue, unconditional obligations of the Issuer subject to the terms of the Trust Deed and the Conditions and are secured by the Issuer Security. The Class A-2 Notes rank *pari passu* and without preference or priority amongst themselves.

In accordance with Conditions 3 (*Status, Priority and Security*) and 6 (*Redemption, Purchase and Cancellation*) and the Cash Management Agreement:

- (a) prior to the occurrence of an Amortisation Event:
  - (i) payments of interest on the Class A-2 Notes will rank *pari passu* to payments of interest on the Class A-1 Notes, and in priority to payments of interest on the Class B Notes and to payments on the Class Z Coupons; and
  - (ii) payments of principal on the Class A-2 Notes will not be made unless payments of principal on the Class A-1 Notes have been made in full and such principal payments will only be made to the extent that payments of interest on the Class B Notes have been made in full (unless the Class B Trigger has been hit);
- (b) following the occurrence of an Amortisation Event:
  - (i) payments of interest on the Class A-2 Notes will rank *pari passu* with payments of interest on the Class A-1 Notes, and in priority to payments of interest and principal on the Class B Notes and to payments on the Class Z Coupons;
  - (ii) credits to be made to the Class A-2 Escrow Account (from which payments of principal on the Class A-2 Notes may subsequently be made) will rank *pari passu* with payments of principal on the Class A-1 Notes and in priority to payments of principal and interest on the Class B Notes and to payments on the Class Z Notes and, to the extent that no Commingling Losses have arisen, principal will be paid on the Class A-2 Notes out of the funds standing to the credit of the Class A-2 Escrow Account such that the Class A-2 Notes will be repaid (albeit at a later time in accordance with the formula by which cash is released from the Class A-2 Escrow Account) to the same extent that Class A-1 Notes are repaid; and
  - (iii) to the extent that Commingling Losses have arisen, sums may be withdrawn from the Class A-2 Escrow Account and used to repay Class A-1 Notes and Class B Notes in priority to payments of principal on the Class A-2 Notes. However, Class A-2 Notes may further be repaid out of surplus cash flow that the Issuer has after all sums owing on the Class A-1 Notes and Class B Notes have been paid.

The Issuer may not call the Class A-2 Notes without also calling the Class A-1 Notes, the Class B Notes and the Class Z Coupons.

The Class A-2 Notes benefit from the subordination of the Class B Notes (save to the extent that the Class B Notes are amortised using cash released from the Class A-2 Escrow Account in case of a Commingling Loss), the Class Z Notes, Subordinated Loan Facility including the Initial Expenses Drawings and cash deposits less losses and funding costs of the Issuer which has not yet been deposited into the Issuer Second HCFB.

As outlined above, prior to the occurrence of an Amortisation Event, payments of principal on the Class A-2 Notes will not occur before the Class A-1 Notes are repaid in full. The reason for this is that the amount of commingling risk in the transaction more likely declines as a function of the number of Consumer Loans that are outstanding at any one time rather than as a function of the aggregate principal amount of all Consumer Loans (since the Consumer Loans provide for the making of monthly level payments of principal and interest and commingling risk can be assumed to be a function (amongst other things) of the amounts of payments that are being made).

Following the occurrence of an Amortisation Event, payments of principal on the Class A-2 Notes will be made in the first instance on the basis of the credit of cash to the Class A-2 Escrow Account and the release of cash from this account (otherwise than in connection with a Commingling Loss). Each time a payment of principal is made on the Class A-1 Notes, the Cash Manager will instruct the Issuer Account Bank to deposit an amount

equal to the amount that would have been paid in respect of principal on the Class A-1 Notes if they had the Principal Amount Outstanding of the Class A-2 Notes on such day (but without having regard to the principal payments that would be made on the Class A-1 Notes as a result of drawings on the Class A-2 Escrow Account) into the Class A-2 Escrow Account. The reason for this arrangement is that there may have been some early amortisation of the Class A-1 Note prior to the occurrence of the Amortisation Event and, thereafter, the Class A-1 Notes will amortise directly by cash being applied in principal redemption, while the Class A-2 Notes are redeemed on a slower basis. Should no Commingling Loss occur, however, the principal amount of the Class A-2 Notes will be repaid in full to the same extent that the principal amount of the Class A-1 Notes is paid, albeit more slowly.

Following the occurrence of an Amortisation Event and to extent no Commingling Loss occurs, amounts standing to the credit of the Class A-2 Escrow Account will be released to repay the Class A-2 Noteholders only. Funds will be released on each Interest Payment Date on the basis of a formula (the "**Collections Ratio**") that relates (a) the total amount of collections received by the Servicer (or a Replacement Servicer, as the case may be) relating to the Consumer Loans in the immediately preceding Calculation Period to (b) the total amount of collections received by the Servicer (or a Replacement Servicer, as the case may be) relating to the Consumer Loans in the Calculation Period immediately preceding the occurrence of the Amortisation Event. This calculation is used as a proxy for the amount of commingling risk that remains from time to time. The result of the formula determines the amount of Class A-2 Notes that should remain outstanding and, to the extent that funds permit, cash is released from the Class A-2 Escrow Account to amortise the Class A-2 Notes to this level. Once the required amount of Class A-2 Notes as determined by the formula reaches the level of 5 per cent. of the total amount of all Class A-2 Notes that have been issued, all cash is released from the Class A-2 Escrow Account.

Following the occurrence of an Amortisation Event and to extent a Commingling Loss occurs, amounts standing to the credit of the Class A-2 Escrow Account will be released to repay the Class A-1 Noteholders and then the Class B Noteholders in priority to the Class A-2 Noteholders and no amounts will be released to the benefit of Class A-2 Noteholders until such time as the Class A-1 Notes and the Class B Notes have been repaid in full, or the amount of the Collections Ratio falls below one per cent.. The amount that may be withdrawn in respect of one or more Commingling Losses for the benefit of Class A-1 Noteholders and the Class B Noteholders is the lesser of (a) the available balance of the Class A-2 Escrow Account from time to time (as inflated by credits made to it subsequent to occurrence of the event giving rise to the Commingling Loss and reduced by permitted withdrawals) and (b) the amounts of commingled cash that are either known or estimated to have been lost.

To the extent that the amounts credited to the Class A-2 Escrow Account are used to repay other Classes of Notes or are otherwise insufficient, when released, to achieve an amortisation in full of the Class A-2 Notes, then further recovery may be achieved from:

- (i) amounts available in accordance with the Post Amortisation Priority of Payments after payments of principal on the Class B Notes have been made in full;
- (ii) the subrogation of the Issuer's claims against the Servicer following breach of its obligations to transfer collections under the Servicing Agreement to the claims of the Class A-2 Noteholders, in accordance with the Servicing Agreement; and
- (iii) through an indemnity granted by the Seller to the Class A-2 Noteholders under the Receivables Purchase Agreement, pursuant to which the Seller agrees to indemnify such Noteholders for losses they suffer as a result of use of the amounts standing to the credit of the Class A-2 Escrow Account to make payments on the Class A-1 Notes and the Class B Notes if such Noteholders are unable to recover such losses in another manner.

The postponement of payments on the Class A-2 Notes in the manner described above has the function of absorbing the risk of losses on the Class A-1 Notes and the Class B Notes that may arise because of the occurrence of a Commingling Loss.

The Issuer may not call the Class A-2 Notes without also calling the Class A-1 Notes, the Class B Notes and the Class Z Notes.

Pursuant to Condition 20 (*Delayed Draw Notes and Delayed Draw Class Z Coupons*), the Issuer may from time to time on any day on or before the date nine months from the Closing Date allot the Delayed Draw Class A-2 Notes at an aggregate nominal amount of up to €19,500,000.

### *Class B Notes*

The Class B Notes and the Coupons relating thereto constitute direct and, upon issue, unconditional obligations of the Issuer subject to the terms of the Trust Deed and the Conditions and are secured by the Issuer Security. The Class B Notes rank *pari passu* and without preference or priority amongst themselves.

In accordance with Conditions 3 (*Status, Priority and Security*) and 6 (*Redemption, Purchase and Cancellation*) and the Cash Management Agreement:

- (a) both prior to and following the occurrence of an Amortisation Event but in the absence of the Class B Trigger having been hit, payments of interest on the Class B Notes will be made to the extent that the Issuer's cash resources permit following payment of interest on the Class A-1 Notes and the Class A-2 Notes and before any payments of a principal nature are made in connection with either class of Note;
- (b) prior to the occurrence of an Amortisation Event and in the absence of the Class B Trigger having been hit and a Commingling Loss, payments of principal on the Class B Notes will be made after the amortisation in full of the Class A-1 Notes and the Class A-2 Notes;
- (c) following the occurrence of an Amortisation Event but in the absence of the Class B Trigger having been hit and a Commingling Loss, payments of principal on the Class B Notes will be made after the payment in full of interest on the Class A-1 Notes, the Class A-2 Notes and the Class B Notes, the amortisation in full of the Class A-1 Notes and the crediting of an amount to the Class A-2 Escrow Account equal to the full Principal Amount Outstanding of the Class A-2 Notes;
- (d) following the occurrence of an Amortisation Event but if the Class B Trigger has been hit and in the absence of a Commingling Loss, payments of interest and principal on the Class B Notes will be made only to the extent that the Issuer's cash resources permit following payment of interest on the Class A-1 Notes and the Class A-2 Notes, the amortisation in full of the Class A-1 Notes and the crediting of an amount to the Class A-2 Escrow Account equal to the full Principal Amount Outstanding of the Class A-2 Notes;
- (e) following the occurrence of an Amortisation Event but in the absence of the Class B Trigger having been hit and if a Commingling Loss has occurred, payments of principal on the Class B Notes will be made from the Issuer's cash resources as supplemented by any amounts that are released from the Class A-2 Escrow Account in connection with such Commingling Loss, but after the payment in full of interest on the Class A-1 Notes, Class A-2 Notes and Class B Notes, the amortisation in full of the Class A-1 Notes and the pro rata crediting of amounts to the Class A-2 Escrow Account, and thereafter (to the extent that any balance on the Class B Notes remain outstanding) following the crediting of an amount to the Class A-2 Escrow Account equal to the full Principal Amount Outstanding of the Class A-2 Notes;
- (f) following the occurrence of an Amortisation Event but if the Class B Trigger has been hit and a Commingling Loss has occurred, payments of principal and interest on the Class B Notes will be made from the Issuer's cash resources as supplemented by any amounts that are released from the Class A-2 Escrow Account in connection with such Commingling Loss, but after the payment in full of interest on the Class A-1 Notes and the Class A-2 Notes, the amortisation in full of the Class A-1 Notes and the pro rata crediting of amounts to the Class A-2 Escrow Account, and thereafter (to the extent that any balance on the Class B Notes remains outstanding) following the crediting of an amount to the Class A-2 Escrow Account equal to the full Principal Amount Outstanding of the Class A-2 Notes.

The subordination of the Class B Notes to the Class A-1 Notes and the Class A-2 Notes in the manner described above, except in cases where cash is released from the Class A-2 Escrow Account in connection with a Commingling Loss, has the function of absorbing the risk of losses that may otherwise occur on the Class A-1 Notes and the Class A-2 Notes.

The Class B Notes benefit from the subordination of the Class Z Coupons, the Subordinated Loan Agreement including the Initial Expenses Drawings and the Preference Share together with any cash deposits less losses and funding costs of the Issuer which has not yet been deposited into the Issuer Second HCFB Account. In addition, following the occurrence of an Amortisation Event, the Class B Notes benefit from the collateralisation of potential commingling risks offered by cash balances standing to the credit of the Class A-2 Escrow Account.

The Issuer may not call the Class B Notes without also calling the Class A-1 Notes, the Class A-2 Notes and the Class Z Coupons.

Pursuant to Condition 20 (*Delayed Draw Notes and Delayed Draw Class Z Coupons*), the Issuer may from time to time on any day on or before the date nine months from the Closing Date allot the Delayed Draw Class B Notes at an aggregate nominal amount of up to €15,000,000.

#### *Class Z Coupons*

The Class Z Coupons constitute direct and, upon issue, unconditional obligations of the Issuer subject to the terms of the Trust Deed and the Conditions and are secured by the Issuer Security. The Class Z Coupons rank *pari passu* and without preference or priority amongst themselves.

Each purchaser of a Class A-1 Note or a Class A-2 Note will also be granted a corresponding number of Class Z Coupons. Each Class Z Note represents the entitlement of the relevant Class A-1 Noteholder or Class A-2 Noteholder to receive the Relevant Step-up Margin with respect to the Principal Amount Outstanding under such Class A-1 Note or Class A-2 Note as applicable, as well as the Redemption Penalty.

In accordance with Conditions 3 (*Status, Priority and Security*) and 6 (*Redemption, Purchase and Cancellation*) and the Cash Management Agreement, payments on the Relevant Step-up Margin and the Redemption Penalty in respect of each Class Z Coupons will be subordinated to the Class A-1 Notes, the Class A-2 Notes and the Class B Notes.

Pursuant to Condition 20 (*Delayed Draw Notes and Delayed Draw Class Z Coupons*), the Issuer may allot one further Class Z-1 Coupon together with each Delayed Draw Class A-1 Note and one further Class Z-2 Coupons together with each Delayed Draw Class A-2 Note that is allotted pursuant to Condition 20 (*Delayed Draw Notes and Delayed Draw Class Z Coupons*).

#### **Post Issuance Reporting**

The Cash Manager will, on behalf of the Issuer, provide post issuance transaction information regarding the Notes and the Class Z Coupons and the performance of the Receivables Portfolio in the form of the Investor Report.

The Cash Manager will deliver the Investor Report to the Issuer, the Servicer and the Security Trustee no later than 12.00 p.m. (noon) (Munich time) on the Business Day before each Notice Date.

The Investor Report will set out certain information regarding the Performing Receivables Portfolio and the amount of Collections made during the preceding Calculation Period.

Each Investor Report may be inspected by the Noteholders and the Class Z Couponholders in physical or electronic form during usual business hours on any day (excluding Saturdays, Sundays and public holidays) at the office of the Security Trustee located at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, until the Notes and the Class Z Coupons have been redeemed in full in accordance with the Conditions.

## XXII. TAXATION

*The following is a general description of certain tax considerations in the Russian Federation and the Grand Duchy of Luxembourg relating to the Notes and the Class Z Coupons, as well as a general outline of certain provisions of the Directive of the Council of the European Union on taxation of savings income in the form of interest payments. It does not purport to be a complete analysis of all tax considerations relating to the Notes and the Class Z Coupons. Prospective purchasers of Notes and Class Z Coupons should consult their tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and the Class Z Coupons and receiving payments of interest, principal and/or other amounts under the Notes and the Class Z Coupons and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Listing Prospectus and is subject to any change in law that may take effect after such date. The information and analysis contained within this section are limited to taxation issues, and prospective investors should not apply any information or analysis set out below to other areas, including (but not limited to) the legality of transactions involving any of the Notes or the Class Z Coupons.*

### **Russian Federation**

#### ***Taxation of the Notes and the Class Z Coupons***

##### *General*

The following is a general summary of certain Russian tax considerations relevant to the purchase, ownership and disposition of the Notes and the Class Z Coupons, as well as the taxation of the transfer of payments performed under the Consumer Loan Agreements. The summary is based on the laws of Russia, in effect on the date of this Listing Prospectus, which are subject to change (possibly with retroactive effect). The summary does not seek to address the applicability of, and procedures in relation to, taxes levied by regions, municipalities or other non-federal authorities of Russia. Similarly, the summary does not seek to address the availability of double tax treaty relief in respect of the Notes and the Class Z Coupons, and prospective investors should note that there may be practical difficulties involved in claiming such double tax treaty relief. Prospective investors should consult their own advisers regarding the tax consequences of investing in the Notes and the Class Z Coupons. No representation with respect to the Russian tax consequences to any particular holder is made hereby.

Many aspects of Russian tax law are subject to significant uncertainty. Further, the substantive provisions of Russian tax law applicable to financial instruments may be subject to more rapid and unpredictable change and inconsistency than in jurisdictions with more developed financial markets or more developed taxation systems. In particular, the interpretation and application of such provisions will, in practice, rest substantially with local tax inspectorates.

For the purposes of this summary, a "non-resident holder" means an individual actually present in Russia for an aggregate period of less than 183 days in a given calendar year (excluding days of arrival into Russia but including days of departure from Russia) or a legal person or organisation in each case not organised under Russian law which holds and disposes of the Notes or the Class Z Coupons, otherwise than through its permanent establishment in Russia.

The Russian tax treatment of payments made by the Servicer under the Servicing Agreement may affect the holders of the Notes and the Class Z Coupons (see "*Taxation of Payments under the Consumer Loans*" below).

##### *Non-Resident Holders*

A non-resident holder will not be subject to any Russian taxes on receipt from the Issuer of amounts payable in respect of principal or interest on the Notes or of amount payable in respect of the Class Z Coupons subject to what is said in "*Taxation of Payments under the Consumer Loans*" below.

A non-resident holder generally should not be subject to any Russian taxes in respect of gains or other income realised on redemption, sale or other disposition of the Notes or the Class Z Coupons outside of Russia provided that the proceeds from such disposition are not received from a source within Russia.

In the event that proceeds from a disposition of the Notes or the Class Z Coupons are received from a source within Russia, a non-resident holder which is a legal person or organisation generally should not be subject to

withholding tax on any gain realised on the sale or on the disposition of the Notes or the Class Z Coupons, although there is some uncertainty regarding the treatment of any part of such gain which is attributable to accrued interest on the Notes or the Class Z Coupons. Accrued interest may be distinguished from the total gain and be subject to Russian withholding tax at 20 per cent.. The separate taxation of the interest accrued may create a tax liability in relation to interest even in a situation of a capital loss on the disposal of the Notes or the Class Z Coupons. Non-resident holders should contact their own tax advisers with respect to this possibility.

Withholding tax on interest may be reduced or eliminated in accordance with the provisions of an applicable double tax treaty. Advance treaty relief should be available, subject to the requirements of the laws of the Russian Federation.

A non-resident Noteholder who is an individual will not be subject to Russian taxation on income or capital gains if the disposal of their holding takes place outside the Russian Federation. If Notes or Class Z Coupons are disposed of to a Russian resident and payment is made within or from Russia, the proceeds of such disposal are likely to be regarded, for personal income tax purposes, as income from a source within Russia and subject to tax at the rate of 30 per cent. from the gross proceeds less available cost deductions (which include the purchase price of the Notes or the Class Z Coupons), subject to any available double tax treaty relief.

Due to the complexity of the tax exemption procedure in respect of Russian source income paid to foreign individuals, it is not certain whether an advance relief would be available or not, and obtaining a refund can be extremely difficult, if not impossible.

There is some uncertainty regarding the treatment of the portion of proceeds attributable to accrued interest. Subject to reduction or elimination pursuant to the provisions of an applicable tax treaty relating to interest income, proceeds attributable to accrued interest may be taxed at a rate of 30 per cent., even if the disposal results in a capital loss.

Non-resident holders who are individuals should consult their own tax advisers with respect to the tax consequences of the receipt of proceeds from a source within Russian in respect of a disposition of the Notes or the Class Z Coupons.

There is a risk that the taxable base may be affected by changes in the exchange rates between the currency of acquisition of the Notes or the Class Z Coupons and the currency of sale and roubles.

#### *Resident Holders*

A holder of a Note or a Class Z Coupon who is an individual resident in Russia for tax purposes or a legal person who is not a non-resident in Russia is subject to all applicable Russian taxes in respect of gains from disposal of the Note or the Class Coupons, as applicable, and interest received on the Notes and the Class Z Coupons.

#### ***Taxation of Payments under the Consumer Loans***

##### *Taxation of Principal and Commissions*

In general, repayment of principal and commissions on borrowed funds by a Russian person to a non-resident legal person or organisation should not be subject to Russian withholding tax. However, if the payment is made by a Russian legal entity, there is residual uncertainty regarding the tax treatment of any part of such payment which is attributable to a discount if the Consumer Loans were purchased at a discount. Based on the professional advice it has received, the Servicer believes that, based on laws in effect as of the date hereof, payments under the Consumer Loan Agreements made to the Issuer should not be subject to withholding tax under the terms of the double tax treaty between the Russian Federation and the Grand Duchy of Luxembourg. However, there can be no assurance that such double tax relief will continue to be available.

##### *Taxation of Interest and Penalties*

In general, payments of interest and penalties on borrowed funds by a Russian individual are not subject to Russian withholding tax. However, if the funds are transferred to a non-resident legal person by a Russian legal entity, such amounts are subject to Russian withholding tax at a rate of 20 per cent., subject to reduction or elimination pursuant to the terms of an applicable double tax treaty. Based on the professional advice it has received, the Servicer believes that, based on the laws in effect as of the date hereof, transfers of the above

payments under the Consumer Loans made to the Issuer should not be subject to withholding under the terms of an applicable double tax treaty between the Russian Federation and the Grand Duchy of Luxembourg. However, there can be no assurance that such double tax relief will continue to be available.

In addition, if, as a result of the enforcement of the Issuer Russian Security, payments under the Consumer Loans become due to the Security Trustee, the benefit of the double tax treaty between the Russian Federation and the Grand Duchy of Luxembourg would cease and such payments will be subject to Russian withholding tax.

It should be noted that if the payments under the Consumer Loans are subject to any withholding taxes the Issuer would reduce payments under the Notes and the Class Z Coupons by the amount of such withholding taxes, since none of the Issuer, the Originator, the Servicer, the Standby Servicer, the Issuer Account Bank or the Cash Manager will be required to gross up payments in respect of any withholding or deduction.

No VAT is payable on any payment of interest, penalties or principal in respect of any Consumer Loan.

## **Luxembourg**

The following is a general description of certain Luxembourg tax considerations relating to the Notes and the Class Z Coupons. It does not purport to be a complete analysis of all tax considerations relating to the Notes and the Class Z Coupons, whether in Luxembourg or elsewhere. Prospective purchasers of the Notes and the Class Z Coupons should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes or the Class Z Coupons and receiving payments of interest, principal and/or other amounts under the Notes or amounts under the Class Z Coupons and the consequences of such actions under the tax laws of Luxembourg. This summary is based upon the law as in effect on the date of this Listing Prospectus. The information contained within this section is limited to taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes or the Class Z Coupons.

### ***Withholding Tax***

All payments of interest and principal by the Issuer under the Notes and all payments under the Class Z Coupons can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with applicable Luxembourg law, subject however to the application of the Luxembourg law of 21 June 2005 implementing the European Union Savings Directive (see "*EU Savings Directive*" below, which may be applicable in the event of the Issuer appointing a paying agent in Luxembourg within the meaning of the above-mentioned directive).

On 19 October 2005, the Luxembourg Treasury and Budget Minister introduced a bill, which should become effective as of 1 January 2006. The bill introduces a withholding tax in full discharge of income tax of ten per cent. on interest derived from certain transferable securities and paid to Luxembourg resident individuals through a paying agent located in Luxembourg. These taxpayers will no longer need to declare these interest payments in their tax returns and these payments will no longer be subject to a tax calculated by assessment.

### ***Taxes on Income and Capital Gains***

A holder of a Note or a Class Z Coupon who derives income from such Note or Class Z Coupon or who realises a gain on the disposal or redemption thereof will not be subject to Luxembourg taxation on such income or capital gains unless:

- (a) such holder is, or is deemed to be, resident in Luxembourg for Luxembourg tax purposes (or for the purposes of the relevant provisions); or
- (b) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment, a permanent representative or a fixed base of business in Luxembourg.

### ***Net Wealth Tax***

Luxembourg net wealth tax will not be levied on a holder of a Note or a Class Z Coupons unless:



- (a) such holder is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions; or
- (b) such Note or Class Z Coupon is attributable to an enterprise or part thereof which is carried on through a permanent establishment, a permanent representative or a fixed base of business in Luxembourg.

On 19 October 2005, the Luxembourg Treasury and Budget Minister introduced a bill, which should become effective as of 1 January 2006. Under this bill, the net wealth tax would be abolished for resident and non-resident individuals.

### ***Inheritance and Gift Tax***

Where the Notes or the Class Z Coupons are transferred for no consideration, note in particular:

- (a) no Luxembourg inheritance tax is levied on the transfer of the Notes or the Class Z Coupons upon death of a holder of a Note or a Class Z Coupons in cases where the deceased holder was not a resident of Luxembourg for inheritance tax purposes; and
- (b) Luxembourg gift tax will be levied on the transfer of a Note or a Class Z Coupon by way of a gift by the holder of the Note or the Class Z Coupon, as applicable, if this gift is registered in Luxembourg.

### ***Value Added Tax***

There is no Luxembourg value-added tax payable in respect of payments in consideration for the issue of the Notes or the Class Z Coupons or in respect of the payment of interest or principal under the Notes or payments under the Class Z Coupons or the transfer of a Note or a Class Z Coupon, provided that Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered, or are deemed to be rendered, in Luxembourg and an exemption from value added tax does not apply with respect to such services.

### ***Other Taxes and Duties***

There is no Luxembourg registration tax, capital tax, stamp duty or any other similar tax or duty (other than nominal court fees and contributions for the registration with the Chamber of Commerce) payable in Luxembourg in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgment in the courts of Luxembourg) of the Notes.

### ***Residence***

A holder of a Note or a Class Z Coupon will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of such Note or Class Z Coupons or the execution, performance, delivery and/or enforcement of that or any other Note or Class Z Coupon.

### ***Ireland***

The following is a summary of certain Irish tax consequences of the purchase, ownership and disposition of the Notes and the Class Z Coupons. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and the Class Z Coupons. The summary relates only to the position of persons who are the absolute beneficial owners of the Notes and the Class Z Coupons. The summary relates only to the tax position of Irish resident companies and individuals and non-resident holders.

The summary is based upon Irish tax laws and the practice of the Irish Revenue Commissioners as in effect on the date of this Listing Prospectus, which are subject to prospective or retroactive change. Prospective investors in the Notes should consult their own advisors as to the Irish or other tax consequences of the purchase, beneficial ownership and disposition of the Notes and the Class Z Coupons including, in particular, the effect of any state or local tax laws.

## ***Income and Corporation Tax***

### ***Resident Holders***

In general, individuals and companies that are resident in Ireland for tax purposes are liable to Irish tax on their world-wide income and gains (including any income arising from holding the Notes and the Class Z Coupons). All such persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment.

### ***Non-Resident Holders***

A non-resident holder will not be subject to any Irish taxes on receipt from the Issuer of amounts payable in respect of principal or interest on the Notes or the Class Z Coupons unless the holder is a company and the Notes or Class Z Coupons are held in connection with a trade or business which is carried on in Ireland through a branch or agency.

A non-resident holder should not be subject to any Irish taxes in respect of gains or other income realised on redemption, sale or other disposition of the Notes or the Class Z Coupons unless the holder of the Note or the Class Z Coupons is a company and the Notes and the Class Z Coupons are held by the company in connection with a trade or business which is carried on in Ireland through a branch or agency.

### ***Withholding Tax***

No charge to Irish interest withholding tax will arise upon payment of interest on the Notes and the Class Z Coupons as such interest is not charged with tax under Schedule D as set out in the Taxes Consolidation Act 1997.

If the interest on the Notes is entrusted to the Irish Paying Agent or is collected by an Irish collecting agent then Irish encashment tax may be required to be withheld at the standard rate (currently 20 per cent.) from the payments made by the relevant agent. Relief from encashment tax may be available to beneficial owners of Notes and Class Z Coupons that are not resident in Ireland who make declarations in the required form.

### ***EU Savings Directive***

On 3 June 2003, the Council of the European Union adopted the Council Directive 2003/48/EC (hereafter the "**Directive**") regarding the taxation of savings income in the form of interest payments. The Directive entered into force on 1 July 2005. The Directive was implemented into Luxembourg domestic law by the law of 21 June 2005 (the "**Law**"), which entered into force on 1 July 2005.

Unless specified otherwise, the terms used in this paragraph ("Paying Agent", "Third Country", "Residual Entity", "Transitional Period" and "Associated or Dependant Territory") have to be understood in the sense laid down by the Law.

The Directive provides that certain interest payments and investment fund distributions/redemptions made by a Paying Agent situated within a European Union member state, within an Associated or Dependent Territory or a Third Country to an individual or certain entities resident in another EU member state or Associated or Dependant Territory (the "**Territories**") will either have to be reported to the tax authorities of the country of establishment of the Paying Agent or will be subject to a withholding tax depending on the location of the Paying Agent.

For most EU countries (and Territories and Third Countries), the tax authorities of the country of residence of the Paying Agent will report relevant information to the tax authorities of the country of residence of the individual or the Residual Entity<sup>6</sup>.

But for a Transitional Period, Luxembourg, Austria and Belgium will be applying a withholding tax. The applicable withholding tax rate will be 15 per cent. for the first three years of application. This rate will be

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<sup>6</sup> A residual entity is defined as an entity that does not meet one of the following criteria (a) it is a legal person, (b) it is an entity whose profits are taxed under the general arrangements for business taxation, (c) it is a UCITS recognised in accordance with Directive 85/611/EEC ("**UCITS**") or (d) it has elected to be treated as a UCITS.

increased gradually to 20 per cent. then 35 per cent. in 2011 and will apply until the end of the Transitional Period. There are however ways of avoiding the application of this withholding tax.

### XXIII. DEFINITIONS

In this Listing Prospectus (a) expressions used in the Conditions shall have the meanings set out in the Conditions and (b) expressions used other than in the Conditions shall, except where the context otherwise requires, have the following meanings (and, unless the context otherwise requires, words denoting the singular number only include the plural number and *vice versa*):

"**Advance**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Adverse Claim**" means a mortgage, charge, pledge, attachment, lien, encumbrance, security interest of any nature, or other right or claim in, of or on any Person's assets or properties in favour of any other Person (including, but not limited to, any retention of title claims by any Person);

"**Affiliate**" of a Person means another Person, directly or indirectly, controlling, controlled by, or under common control with the first-named Person. For purposes of this definition, the term "control" means the ownership of at least 50 per cent. of the voting interests of a Person, or the contractual or other ability to exercise control over the management of such Person;

"**Agency Agreement**" has the meaning given in "*Summary of Principal Documents - Agency Agreement*" (Chapter XIV of this Listing Prospectus);

"**Agent Bank**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme - Agent Bank*" (Chapter VIII of this Listing Prospectus);

"**Amortisation Event**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Application**" means the software application developed by the Seller in response to the specifications set forth in Schedule 3 (*Application Specifications*) to the Servicing Agreement, as the same may be updated or modified by the Seller from time to time in accordance with the Servicing Agreement;

"**Articles**" has the meaning given on page I of this Listing Prospectus;

"**Asset Excess Spread**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Available Cash**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Available Issuer Income**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Available Issuer Principal**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Beta-Service**" means, as at the Closing Date, a closed joint stock company "BETA-Service", incorporated under the laws of Russia (registered number 772025920), having its registered office at Smirnovskaya st., Moscow, 111024, the Russian Federation;

"**Business Day**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Calculation Date**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Calculation Period**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Call Date**" has the meaning given on page III of this Listing Prospectus;

"**Cash Management Agreement**" has the meaning given in "*Summary of Principal Documents - Cash Management Agreement*" (Chapter XIV of this Listing Prospectus);

"**Cash Management Services**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Cash Manager**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme - Cash Manager*" (Chapter VIII of this Listing Prospectus);

"**CBR**" has the meaning given in "*Risk Factors – Risks Relating to the Notes - Currency Controls*" (Chapter IV of this Listing Prospectus);

"**Class**" means the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Class A Notes**" has the meaning given on page II of this Listing Prospectus;

"**Class A Note Ratio**" means the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Class A-1 Notes**" has the meaning given on page I of this Listing Prospectus;

"**Class A-2 Escrow Account**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Class A-2 Notes**" has the meaning given on page I of this Listing Prospectus;

"**Class B Notes**" has the meaning given on page I of this Listing Prospectus;

"**Class B Trigger**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Class Z Couponholders**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Class Z-1 Coupons**" has the meaning given on page I of this Listing Prospectus;

"**Class Z-2 Coupons**" has the meaning given on page I of this Listing Prospectus;

"**Class Z Coupons**" has the meaning given on page I of this Listing Prospectus;

"**Clearstream, Luxembourg**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Closing Date**" has the meaning given on page I of this Listing Prospectus;

"**Closing EUR Principal Cash Balance**" means, on the Closing Date, an amount equal to the balance of the Notes issuance, and on any Business Day thereafter, an amount equal to the Opening EUR Principal Cash Balance *plus* any amount received under a Non-Round FX Swap with respect to principal *plus* the amount of EUR Amortisation Principal;

"**Code**" has the meaning given in "*Admission to Trading and Dealing Arrangements - Dealing Arrangements: Subscription and Sale – United States of America*" (Chapter XVII of this Listing Prospectus);

"**Collections**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Collections Ratio**" has the meaning given in "*Priority of Payments and Relationship Between the Classes of Notes and the Class Z Coupons - Relationship Between the Classes of Notes and the Class Z Coupons - Class A-2 Notes*" (Chapter XXI of this Listing Prospectus);

"**Commingled Cash**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Commingling Loss**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Commission Amount**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Commission Loan**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Commitment Period**" has the meaning given in "*Summary of Principal Documents - Hedge Agreement*" (Chapter XIV of this Listing Prospectus);

"**Common Depository**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme – Common Depository*" (Chapter VIII of this Listing Prospectus);

"**Compartment**" has the meaning given on page I of this Listing Prospectus;

"**Conditions**" has the meaning given on page II of this Listing Prospects, and "**Condition**" shall have a corresponding meaning;

"**CONSOB**" has the meaning given in "*Admission to Trading and Dealing Arrangements - Dealing Arrangements: Subscription and Sale – Italy*" (Chapter XVII of this Listing Prospectus);

"**Consumer Loan**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Consumer Loan Agreement**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Contingency Plan**" means the plan drawn up as contingency plan by the Standby Servicer and the Servicer under the Servicing Agreement;

"**Corporate Services Agreement**" has the meaning given in "*Summary of Principal Documents - Corporate Services Agreement*" (Chapter XIV of this Listing Prospectus);

"**Corporate Services Provider**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme - Corporate Services Provider*" (Chapter VIII of this Listing Prospectus);

"**Coupons**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Credit and Collection Policy**" means the Servicer's credit and collection policies and practices relating to Consumer Loan Agreements summarised in Schedule 6 (*Credit and Collection Policy*) to the Servicing Agreement, as modified from time to time in accordance with the Servicing Agreement;

"**Customer Current Account**" means the bank account of the Loan Customer opened pursuant to the corresponding Consumer Loan Agreement with HCFB and designated in such agreement as the account to be used for settlements under such agreement;

"**Customer Loan Account**" has the meaning given in "*The Underlying Assets - Assets Backing the Notes and the Class Z Coupons: the Receivables Portfolio - Principal Terms and Conditions of the Consumer Loan Agreements*" (Chapter XX of this Listing Prospectus);

"**Data Agency Agreement**" has the meaning given in "*Summary of Principal Documents - Data Agency Agreement*" (Chapter XIV of this Listing Prospectus);

"**Data Agent**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme - Data Agent*" (Chapter VIII of this Listing Prospectus);

"**Data Custodian**" has the meaning given in "*Summary of Principal Documents - Data Custodian*" (Chapter XIV of this Listing Prospectus);

"**Data Custody Agreement**" has the meaning given in "*Summary of Principal Documents - Data Custody Agreement*" (Chapter XIV of this Listing Prospectus);

"**Data Property**" has the meaning given in "*Summary of Principal Documents - Data Agency Agreement*" (Chapter XIV of this Listing Prospectus);

"**Decree No. 58**" has the meaning given in "*Admission to Trading and Dealing Arrangements - Dealing Arrangements: Subscription and Sale – Italy*" (Chapter XVII of this Listing Prospectus);

"**Deed of Assignment**" means the form attached as Schedule 1 to the Receivables Purchase Agreement;

"**Defaulting Party**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Definitive Class Z Coupon**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Definitive Note**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Delayed Class A-1 Draw Notes**" has the meaning given on page II of this Listing Prospectus;

"**Delayed Draw Class A-2 Notes**" has the meaning given on page II of this Listing Prospectus;

"**Delayed Draw Class A Notes**" has the meaning given on page II of this Listing Prospectus;

"**Delayed Draw Class B Notes**" has the meaning given on page II of this Listing Prospectus;

"**Delayed Draw Class Z-1 Coupons**" has the meaning given on page II of this Listing Prospectus;

"**Delayed Draw Class Z-2 Coupons**" has the meaning given on page II of this Listing Prospectus;

"**Delayed Draw Class Z Coupons**" has the meaning given on page II of this Listing Prospectus;

"**Delayed Draw Notes**" has the meaning given on page II of this Listing Prospectus;

"**Directors**" has the meaning given in "*Administrative, Management and Supervisory Bodies of the Issuer*" (Chapter IX of this Listing Prospectus);

"**Disqualified Persons**" has the meaning given in "*Admission to Trading and Dealing Arrangements - Dealing Arrangements: Subscription and Sale – United States of America*" (Chapter XVII of this Listing Prospectus);

"**Domiciliation Agent**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme – Domiciliation Agent*" (Chapter VIII of this Listing Prospectus);

"**Eligibility Criteria**" has the meaning given in "*The Underlying Assets - Assets Backing the Notes and the Class Z Coupons: the Receivables Portfolio - Representations and Warranties and Eligibility Criteria*" (Chapter XX of this Listing Prospectus);

"**Eligible Receivable**" has the meaning given in "*The Underlying Assets - Assets Backing the Notes and the Class Z Coupons: the Receivables Portfolio - Representations and Warranties and Eligibility Criteria*" (Chapter XX of this Listing Prospectus);

"**Enforcement Event**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Enforcement Notice**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**ERISA**" has the meaning given in "*Admission to Trading and Dealing Arrangements - Dealing Arrangements: Subscription and Sale – United States of America*" (Chapter XVII of this Listing Prospectus);

"**ERISA Plans**" has the meaning given in "*Admission to Trading and Dealing Arrangements - Dealing Arrangements: Subscription and Sale – United States of America*" (Chapter XVII of this Listing Prospectus);

"**EUR Amortisation Principal**" means, on any Business Day, amounts that are held by the Issuer in EUR pending amortisation of the Notes being the amount of the Opening EUR Principal Cash Balance less amounts held in respect of the EUR Liquidity Principal Amount;

"**EUR Liquidity Principal Amount**" has the meaning given in "*Structure and Cash Flow - Cash Management Services - Daily Activities of the Cash Manager - Following the Occurrence of an Amortisation Event*" (Chapter XXI of this Listing Prospectus);

"**EURIBOR**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Euro**", "€" and "**EUR**" has the meaning given on page IV of this Listing Prospectus;

"**Euroclear**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Excess Commingled Cash Percentage**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Excess Spread**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Exchange Event**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**FAS**" has the meaning given in "*Risk Factors - Risks Relating to the Receivables - Consumer Protection Laws in Russia*" (Chapter IV of this Listing Prospectus);

"**Final Discharge Date**" means the date on which the Security Trustee is satisfied that all the Secured Obligations and/or all other moneys and other liabilities for the time being due or owing by the Issuer have been paid or discharged in full;

"**Final Maturity Date**" has the meaning given on page II of this Listing Prospectus;

"**First Interest Period**" has the meaning given on page II of this Listing Prospectus;

"**Forward Leg**" means the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**FSMA**" has the meaning given in "*Admission to Trading and Dealing Arrangements - Dealing Arrangements: Subscription and Sale – United Kingdom*" (Chapter XVII of this Listing Prospectus);

"**Funding Drawing**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Further Draw Date**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**GAAP**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);



"**HCB.V.**" has the meaning given in "*The Underlying Assets - Business and Organisation of HCFB - Overview*" (Chapter XX of this Listing Prospectus);

"**HCFB**" has the meaning given on page II of this Listing Prospectus;

"**HCFB Account Bank**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme – HCFB Account Bank*" (Chapter VIII of this Listing Prospectus);

"**HCFB Bank Account Addendum Agreement**" has the meaning given in has the meaning given in "*Summary of Principal Documents – Issuer HCFB Accounts Agreement and HCFB Bank Account Addendum Agreement*" (Chapter XIV of this Listing Prospectus);

"**HCI**" has the meaning given in "*Summary of Principal Documents – Servicing Agreement*" (Chapter XIV of this Listing Prospectus);

"**Hedge Agreement**" has the meaning given in "*Summary of Principal Documents - Hedge Agreement*" (Chapter XIV of this Listing Prospectus);

"**Hedge Counterparty**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme - Hedge Counterparty*" (Chapter VIII of this Listing Prospectus);

"**Hedge Disruption Event**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Hedging Activities**" has the meaning given in "*Structure and Cash Flow - Hedging Activities*" (Chapter XXI of this Listing Prospectus);

"**Home Credit Group**" has the meaning given in "*The Underlying Assets - Business and Organisation of HCFB - Home Credit Group*" (Chapter XX of this Listing Prospectus);

"**IBT**" has the meaning given in "*The Underlying Assets - Business and Organisation of HCFB - History*" (Chapter XX of this Listing Prospectus);

"**IFRS**" means International Financial Reporting Standards, including International Accounting Standards, as promulgated by the International Accounting Standards Board;

"**IMB Account Bank**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme – IMB Account Bank*" (Chapter VIII of this Listing Prospectus);

"**IMB Bank Account Addendum Agreement**" has the meaning given in has the meaning given in "*Summary of Principal Documents – Issuer IMB Accounts Agreement and IMB Bank Account Addendum Agreement*" (Chapter XIV of this Listing Prospectus);

"**Income Deficiency Ledger**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Indebtedness**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Ineligible Receivable**" means any Purchased Receivable, which, it is subsequently determined, did not satisfy any one or more of the Eligibility Criteria on the Purchase Date in respect thereof;

"**Initial Asset Sale**" has the meaning given in "*Structure and Cash Flow - Initial Asset Sale Date*" (Chapter XXI of this Listing Prospectus);

"**Initial Asset Sale Date**" has the meaning given in "*Structure and Cash Flow - Initial Asset Sale Date*" (Chapter XXI of this Listing Prospectus);

"**Initial Expenses**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Initial Expenses Drawings**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Initial Receivables**" means the Receivables Purchased by the Seller on the Initial Asset Sale Date;

"**Insolvency Event**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Insolvency Proceeding**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Interest Payment Date**" has the meaning given on page II of this Listing Prospectus;

"**Interest Period**" has the meaning given on page II of this Listing Prospectus;

"**Investor Report**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Irish Paying Agent**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme - Irish Paying Agent*" (Chapter VII of this Listing Prospectus);

"**Issuer**" has the meaning given on page I of this Listing Prospectus;

"**Issuer Account Bank**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme - Issuer Account Bank*" (Chapter VIII of this Listing Prospectus);

"**Issuer Accounts**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Issuer Accounts Agreement**" has the meaning given in "*Summary of Principal Documents - Issuer Accounts Agreement*" (Chapter XIV of this Listing Prospectus);

"**Issuer Deed of Charge**" has the meaning given meaning given in "*Summary of Principal Documents - Issuer Deed of Charge*" (Chapter XIV of this Listing Prospectus);

"**Issuer Euro Account**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Issuer First HCFB Account**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Issuer HCFB Accounts**" means the Issuer First HCFB Account and the Issuer Second HCFB Account and, where the context requires, either of them;

"**Issuer HCFB Accounts Agreement**" has the meaning given in "*Summary of Principal Documents - Issuer HCFB Accounts Agreement*" (Chapter XIV of this Listing Prospectus);

"**Issuer IMB Accounts Agreement**" has the meaning given in "*Summary of Principal Documents - Issuer IMB Accounts Agreement*" (Chapter XIV of this Listing Prospectus);

"**Issuer Income**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Issuer Non-Russian Security**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Issuer Principal**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Issuer Russian Security**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Issuer Rouble Account**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Issuer Second HCFB Account**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Issuer Security**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Issuer Security Documents**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Issuer Standby Servicer Account**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Junior Fee**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Lead Manager**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme - Lead Manager*" (Chapter VIII of this Listing Prospectus);

"**Listing Agent**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme - Listing Agent*" (Chapter VIII of this Listing Prospectus);

"**Listing Prospectus**" means this Listing Prospectus;

"**Liquidity Facility**" means the liquidity facility made available to the Issuer by the Liquidity Facility Provider in accordance with the terms of the Liquidity Facility Agreement;

"**Liquidity Facility Agreement**" has the meaning given meaning given in "*Summary of Principal Documents - Liquidity Facility Agreement*" (Chapter XIV of this Listing Prospectus);

"**Liquidity Facility Provider**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme - Liquidity Facility Provider*" (Chapter VIII of this Listing Prospectus);

"**Liquidity Principal**" has the meaning given in "*Structure and Cash Flow – Cash Manager Services – Daily Activities of the Cash Manager - Following the Occurrence of an Amortisation Event*" (Chapter XXI of this Listing Prospectus);

"**Loan Commissions**" has the meaning given in "*The Underlying Assets – Assets Backing the Notes and the Class Z Coupons: the Receivables Portfolio - The Loan Commissions*" (Chapter XX of this Listing Prospectus);

"**Loan Customer**" has the meaning given in "*The Underlying Assets - Assets Backing the Notes and the Class Z Coupons: the Receivables Portfolio – General Characteristics of the Loan Customers*" (Chapter XX of this Listing Prospectus);

"**Master Definitions and Framework Deed**" has the meaning given in "*Summary of Principal Documents - Master Definitions and Framework Deed*" (Chapter XIV of this Listing Prospectus);

"**Material Adverse Effect**" means a material adverse effect on (a) the ability of the Seller or the Servicer to perform its obligations under any Transaction Document to which it is a party, (b) the legality, validity or enforceability of any Transaction Document to which the Seller or the Servicer is a party, (c) the Seller's or the

Purchaser's interest in the Receivables, the Related Rights or the Collections with respect thereto or (d) the validity, enforceability, or collectability of the Purchased Receivables as a whole;

"**Minimum Seller Net Investment**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Monthly Payment**" means a scheduled monthly payment due from a Loan Customer under a Consumer Loan Agreement;

"**Moody's**" has the meaning given on page III of this Listing Prospectus;

"**Moscow Resident**" means a Loan Customer whose address on its application to the Seller for a Consumer Loan Agreement is in Moscow;

"**Nominal Amount**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Non-Round FX Swap**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*); (*Definitions and Principles of Construction - Definitions*);

"**Note Amortisation Notice**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Note Trustee**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme - Note Trustee*" (Chapter VIII of this Listing Prospectus);

"**Noteholder**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Notes**" has the meaning given on page I of this Listing Prospectus;

"**Notice Business Day**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Notice Date**" has the meaning given in "*Structure and Cash Flow - Calculation Periods, Notice Dates and Interest Payment Dates - Notice Dates*" (Chapter XXI of this Listing Prospectus);

"**Notification Event**" has the meaning given in "*Structure and Cash Flow – Amortisation Events, Notification Events, Servicer Events and the Class B Trigger – Notification Events*" (Chapter XXI of this Listing Prospectus);

"**Offer**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Opening EUR Principal Cash Balance**" means the Closing EUR Principal Cash Balance of the preceding Business Day (or, if determined on the Initial Asset Sale Date, zero) which amount shall include any amounts that are retained in respect of EUR Liquidity Principal Amount and EUR Amortisation Principal;

"**Original Class A-1 Note**" has the meaning given on page I of this Listing Prospectus;

"**Original Class A-2 Note**" has the meaning given on page I of this Listing Prospectus;

"**Original Class A Note**" has the meaning given on page I of this Listing Prospectus;

"**Original Class B Note**" has the meaning given on page I of this Listing Prospectus;

"**Original Class Z-1 Coupon**" has the meaning given on page I of this Listing Prospectus;

"**Original Class Z-2 Coupon**" has the meaning given on page I of this Listing Prospectus;

"**Original Class Z Coupon**" has the meaning given on page I of this Listing Prospectus;

"**Original Notes**" has the meaning given on page I of this Listing Prospectus;

"**Originator**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme - Originator and Seller*" (Chapter VIII of this Listing Prospectus);

"**Originator Redemption Notice**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Originator Tax or Regulatory Event**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Parties-In-Interest**" has the meaning given in "*Admission to Trading and Dealing Arrangements - Dealing Arrangements: Subscription and Sale – United States of America*" (Chapter XVII of this Listing Prospectus);

"**Paying Agents**" means the Principal Paying Agent and the Irish Paying Agent;

"**PDL**" means Principal Deficiency Ledger;

"**Performing Receivables Portfolio**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Permanent Global Class Z-1 Coupon**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Permanent Global Class Z-2 Coupon**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Permanent Global Class Z Coupon**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Permanent Global Note**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Person**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Plans**" has the meaning given in "*Admission to Trading and Dealing Arrangements - Dealing Arrangements: Subscription and Sale – United States of America*" (Chapter XVII of this Listing Prospectus);

"**Portfolio Base Test**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Post Amortisation Priority of Payments**" has the meaning given in "*Structure and Cash Flow – Priority of Payments and the Relationship Between the Notes – Priority of Payments – Post Amortisation Priority of Payments*" (Chapter XXI of this Listing Prospectus);

"**PPF Group**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Pre-Amortisation Priority of Payments**" means the Pre-Amortisation Priority of Payments: Available Issuer Income and the Pre-Amortisation Priority of Payments: Available Issuer Principal;

"**Pre-Amortisation Priority of Payments: Available Issuer Income**" has the meaning given in "*Structure and Cash Flow – Priority of Payments and the Relationship Between the Notes – Priority of Payments – Pre-Amortisation Priority of Payments: Available Issuer Income*" (Chapter XXI of this Listing Prospectus);

"**Pre-Amortisation Priority of Payments: Available Issuer Principal**" has the meaning given in "*Structure and Cash Flow – Priority of Payments and the Relationship Between the Notes – Priority of Payments – Pre-Amortisation Priority of Payments: Available Issuer Principal*" (Chapter XXI of this Listing Prospectus);

**"Prevailing Bid Spot Rate"** means, on any Business Day, for such Business Day, the bid rate applicable to a transaction to sell EUR (in an amount equal to one tenth of the Principal Amount Outstanding of the Notes less one tenth of the EUR Liquidity Principal Amount) for RUR, for same day settlement;

**"Preference Share"** has the meaning given on page II of this Listing Prospectus;

**"Preference Share Dividends"** means the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

**"Principal Amount Outstanding"** has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

**"Principal Balance"** has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

**"Principal Deficiency Ledger"** has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

**"Priority of Payments"** means the Pre-Amortisation Priority of Payments and the Post Amortisation Priority of Payments;

**"Principal Paying Agent"** has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme - Principal Paying Agent*" (Chapter VIII of this Listing Prospectus);

**"prohibited transactions"** has the meaning given in "*Admission to Trading and Dealing Arrangements - Dealing Arrangements: Subscription and Sale – United States of America*" (Chapter XVII of this Listing Prospectus);

**"Provisional List"** has the meaning given in "*The Underlying Assets - Assets Backing the Notes and the Class Z Coupons: the Receivables Portfolio – Description of the Consumer Loan Agreements and Statistical Information Concerning Certain of the Underlying Assets – Statistical Information Concerning the Underlying Assets as at 9 October 2005*" (Chapter XX of this Listing Prospectus);

**"Provisional List Selection Date"** has the meaning given in "*The Underlying Assets - Assets Backing the Notes and the Class Z Coupons: the Receivables Portfolio – Description of the Consumer Loan Agreements and Statistical Information Concerning Certain of the Underlying Assets – Statistical Information Concerning the Underlying Assets as at 9 October 2005*" (Chapter XX of this Listing Prospectus);

**"Purchase Date"** has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

**"Purchase Price"** has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

**"Purchased Receivable"** has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

**"Purchaser"** has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme - Issuer and Purchaser*" (Chapter VIII of this Listing Prospectus);

**"Rating Agency"** has the meaning given on page III of this Listing Prospectus;

**"Rating Condition"** has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

**"Receivable"** means all of the rights or purported rights (whether actual or contingent) of the Seller against any Loan Customer or any purported Loan Customer under or in connection with all Advances or purported Advances under a Consumer Loan Agreement;

**"Receivable Administration Data"** means the receivables administration data to be delivered by the Servicer to the Data Agent under the Servicing Agreement;

**"Receivables Listing"** has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

**"Receivables Portfolio"** has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

**"Receivables Purchase Agreement"** has the meaning given in "*Summary of Principal Documents - Receivables Purchase Agreement*" (Chapter XIV of this Listing Prospectus);

**"Redemption Penalty"** has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

**"Regulation 11522"** has the meaning given in "*Admission to Trading and Dealing Arrangements - Dealing Arrangements: Subscription and Sale – Italy*" (Chapter XVII of this Listing Prospectus);

**"Regulation S"** has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

**"Related Rights"** has the meaning given in "*The Underlying Assets - Assets Backing the Notes and the Class Z Coupons: the Receivables Portfolio - General Description of the Receivables Portfolio - The Related Rights*" (Chapter XX of this Listing Prospectus);

**"Relevant Implementation Date"** has the meaning given in "*Admission to Trading and Dealing Arrangements - Dealing Arrangements: Subscription and Sale – European Economic Area*" (Chapter XVII of this Listing Prospectus);

**"Relevant Margin"** has the meaning given on page II of this Listing Prospectus;

**"Relevant Member State"** has the meaning given in "*Admission to Trading and Dealing Arrangements - Dealing Arrangements: Subscription and Sale – European Economic Area*" (Chapter XVII of this Listing Prospectus);

**"Relevant Step-up Margin"** has the meaning given on page II of this Listing Prospectus;

**"Replacement Servicer"** has the meaning given in "*Structure and Cash Flow - Amortisation Events, Notification Events, Servicer Events and the Class B Trigger - Servicer Events*" (Chapter XXI of this Listing Prospectus);

**"Retained Principal"** has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

**"rouble"** and **"RUR"** has the meaning given on page IV of this Listing Prospectus;

**"RUR Interest Rate Swap"** has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

**"RUR Liquidity Principal Amount"** has the meaning given in "*Structure and Cash Flow - Cash Management Services - Daily Activities of the Cash Manager - Following the Occurrence of an Amortisation Event*" (Chapter XXI of this Listing Prospectus);

**"Russian Enforcement Party"** has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme – Russian Enforcement Party*" (Chapter VIII of this Listing Prospectus);

**"Russian Post Office"** has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Secured Creditors**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Secured Obligations**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Securities Act**" has the meaning given on page III of this Listing Prospectus;

"**Securitisation Law**" has the meaning given on page I of this Listing Prospectus;

"**Security Trustee**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme - Security Trustee*" (Chapter VIII of this Listing Prospectus);

"**Selection Date**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Seller**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme – Originator and Seller*" (Chapter VIII of this Listing Prospectus);

"**Senior Fee**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Servicer**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme – Servicer*" (Chapter VIII of this Listing Prospectus);

"**Servicer Event**" has the meaning given in "*Structure and Cash Flow – Amortisation Events, Notification Events, Servicer Events and the Class B Trigger – Servicer Events*" (Chapter XXI of this Listing Prospectus);

"**Servicer Report**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Services**" has the meaning given in "*Summary of Principal Documents – Servicing Agreement*" (Chapter XIV of this Listing Prospectus);

"**Servicing Agreement**" has the meaning given in "*Summary of Principal Documents – Servicing Agreement*" (Chapter XIV of this Listing Prospectus);

"**Sole Bookrunner**" means Bayerische Hypo- und Vereinsbank AG, a financial institution incorporated under the laws of Germany (registered number HRB 42148), having its registered office at Kardinal-Faulhaber Straße 1, 80333 Munich, Germany;

"**Specified Agreements**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Spot Leg**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Stabilisation Manager**" means the Lead Manager;

"**Standard Consumer Loan Agreement**" means a consumer Loan Agreement in the form of the Consumer Loan Agreement;

"**Standby Servicer**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme – Standby Servicer*" (Chapter VIII of this Listing Prospectus);

"**Subordinated Loan Facility**" has the meaning given on page II of this Listing Prospectus;

"**Subordinated Loan Facility Agreement**" has the meaning given in "*Summary of Principal Documents – Subordinated Loan Facility Agreement*" (Chapter XIV of this Listing Prospectus);



"**Subordinated Loan Facility Provider**" has the meaning given in "*Issuer's Business Overview; Parties to the Securitisation Programme – Parties to the Securitisation Programme – Subordinated Loan Facility Provider*" (Chapter VIII of this Listing Prospectus);

"**Subordinated Loan RUR Amount**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Subordinated Loan RUR Shortfall**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Subordinated Loan Target RUR Amount**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Subordination Target Percentage**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Subscription Agreement**" has the meaning given in "*Summary of Principal Documents – Subscription Agreement*" (Chapter XIV of this Listing Prospectus);

"**Talons**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Tax Event**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*);

"**Transaction Documents**" has the meaning given in "*Documents on Display*" (Chapter XIII of this Listing Prospectus);

"**Trust Deed**" has the meaning given in "*Summary of Principal Documents – Trust Deed*" (Chapter XIV of this Listing Prospectus);

"**UCITS**" has the meaning given in "*Taxation – Luxembourg – EU Savings Directive*" (Chapter XXI of this Listing Prospectus);

"**VAT**" means value added tax;

"**Yukos**" has the meaning given in "*Risk Factors - Risks Related to Social and Economic Instability in the Russian Federation and Similar Factors - YUKOS Risk Factor/Political Risk*" (Chapter XIV of this Listing Prospectus);

"**United States**" means the United States of America (including the States and the District of Columbia); and its territories and possessions include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands;

"**U.S. Person**" has the meaning given in Regulation S under the Securities Act; and

"**Written-Off Agreement**" has the meaning given in Condition 1(a) (*Definitions and Principles of Construction - Definitions*).

**ISSUER**

**Eurasia Structured Finance No. 1, S.A.,  
Compartment 1**  
7 Val Ste Croix, L-1371  
The Grand Duchy of Luxembourg

**SELLER**

**Home Credit & Finance Bank Limited  
Liability Company**  
317A Zelenograd  
Moscow 124482  
Russian Federation

**PRINCIPAL PAYING AGENT**

**Deutsche Bank AG, London Branch**  
Winchester House, 1 Great Winchester Street,  
London EC2N 2DB  
United Kingdom

**IRISH PAYING AGENT**

**Deutsche International Corporate Services  
(Ireland) Limited**  
5 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland

**NOTE TRUSTEE**

**Deutsche Trustee Company Limited**  
Winchester House, 1 Great Winchester Street,  
London EC2N 2DB  
United Kingdom

**SECURITY TRUSTEE**

**Deutsche Trustee Company Limited**  
Winchester House, 1 Great Winchester Street,  
London EC2N 2DB  
United Kingdom

**LISTING AGENT**

**Deutsche Bank Luxembourg S.A.**  
2 Boulevard Konrad Adenauer, L-115  
Luxembourg  
The Grand Duchy of Luxembourg

**STANDBY SERVICER/RUSSIAN  
ENFORCMENT PARTY**

**Closed Joint Stock Company International  
Moscow Bank**  
Prechistenskaya nab. 9  
Moscow 119034  
Russian Federation.

## LEGAL ADVISORS

*To the Seller as to English law:*

**Baker & McKenzie**  
100 New Bridge Street  
London EC4V 6JA  
United Kingdom

*To the Seller as to Russian law:*

**Baker & McKenzie CIS, Limited**  
Sadovaya Plaza  
7 Dolgorukovskaya Street  
Moscow  
Russian Federation

*To the Lead Manager:*

**Freshfields Bruckhaus Deringer**  
Seilergasse 16  
A-1010 Vienna  
Austria

*To the Lead Manager as to English law:*

**Freshfields Bruckhaus Deringer**  
65 Fleet Street  
London EC4Y 1HS  
United Kingdom

*To the Lead Manager as to Russian law:*

**Freshfields Bruckhaus Deringer**  
Kadashevskaya nab. 14/2  
119017 Moscow  
Russian Federation

*To the Note Trustee and the Security Trustee as to  
English law:*

**Freshfields Bruckhaus Deringer**  
65 Fleet Street  
London EC4Y 1HS  
United Kingdom

*Transaction counsel as to Luxembourg law:*

**Bonn Schmitt Steichen**  
44, Rue de la Vallée, L-2661  
The Grand Duchy of Luxembourg