



VTB Group FY 2007 results

April 10, 2008



Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of JSC VTB ("VTB") and its subsidiaries (together with VTB, the "Group"). Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. We caution you that these statements are not guarantees of future performance and involve risks, uncertainties and other important factors that we cannot predict with certainty. Accordingly, our actual outcomes and results may differ materially from what we have expressed or forecasted in the forward-looking statements. These forward-looking statements speak only as at the date of this presentation and are subject to change without notice. We do not intend to update these statements to make them conform with actual results.



Andrey Kostin

President – Chairman of the Management Board

- Strong underlying results in core divisions:
 - Net income: Up 28.4% to US\$ 1,514 million
 - Core income ⁽¹⁾: Up 48.0% to US\$ 3,056 million
 - EPS: Up 10.6% to US\$ 0.000241

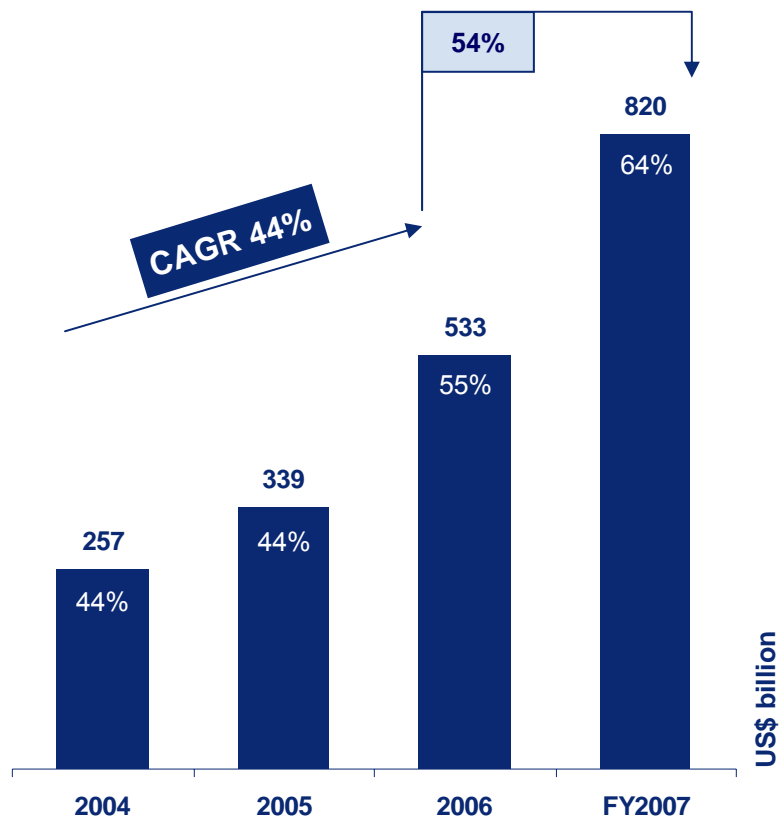
- Impressive growth backed by solid capital base:
 - Total assets: Up 76.7% to US\$ 92,609 million
 - Gross loans: Up 88.9% corporate / 203.3% retail
 - Customer accounts: Up 108.6% corporate / 45.8% retail
 - Total capital ratio: 16%

- Becoming a more balanced business

(1) We define core income as including net interest income before provisions, and net fee and commission income. In 2007, net fee and commission income was adjusted for depositary appointment fee of US\$ 57 million.

- IPO successfully raised almost US\$8 billion
 - Major internal restructuring and cultural change as a publicly listed company
 - Confirmed strategic direction and set clear targets
 - Capital available for strategic growth
- Strengthened retail and corporate banking franchises
 - Doubled the loan portfolio while growing faster than the market
 - Opened 165 new VTB24 retail branches and continued VTB North-West retail integration
 - Expanded further in CIS countries with focus on Ukraine and Belarus
 - Expanded corporate presence in China, India, and Angola
- Investment in IT systems
 - Providing infrastructure for business development
 - Centralised data facilities and networks
 - Improved responsiveness, security and functionality

Total banking assets and penetration⁽¹⁾



Environment

- Corporate loans and deposits grew by 70% and 89% in 2007, respectively
- Retail loans and deposits increased by 54% and 46% in 2007, respectively
- Liquidity stretch due to global financial crisis in 2007 has impacted the market, however healthy growth is expected as the banking sector is still under-penetrated

Opportunities

- Banks will have to concentrate more on collecting client deposits
- Banks need to focus efforts on maintaining interest margins
- Banks with sufficient liquidity and good access to funding gain additional advantage to grow market share

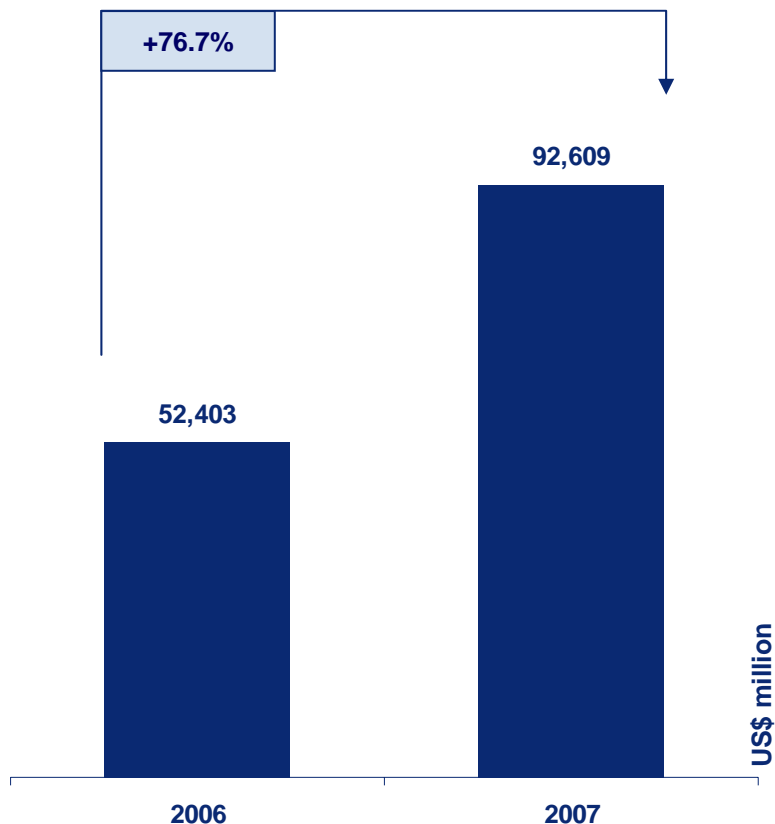
(1) Penetration rate calculated as total banking assets as a proportion of GDP at the year end of 2007.

Source: CBR

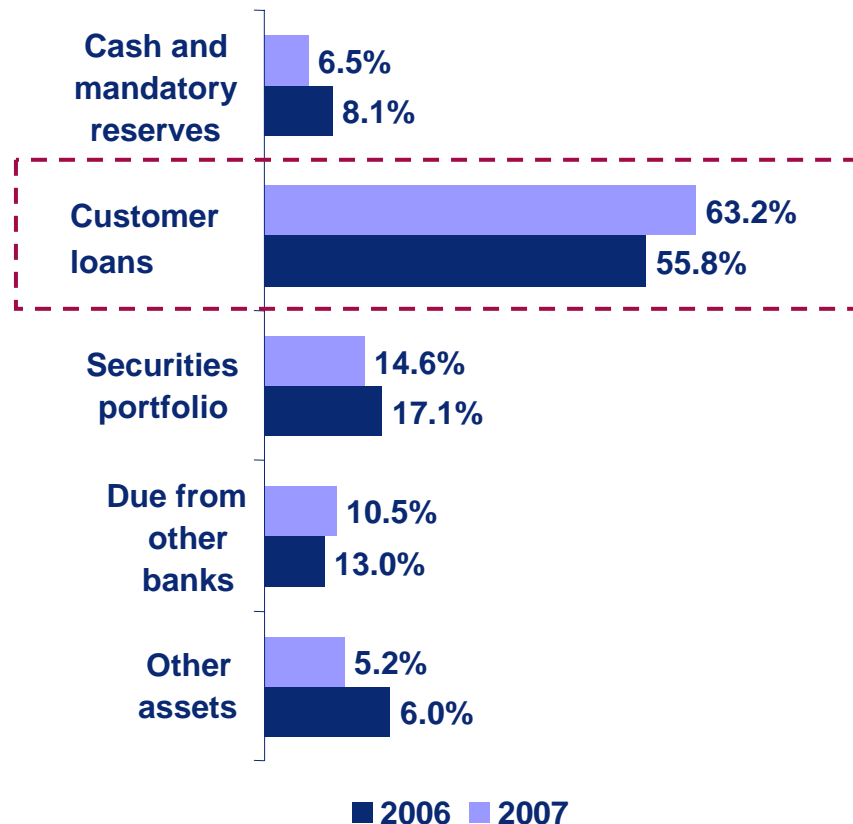


Nikolai Tsekhomsky
CFO, Member of the Management Board

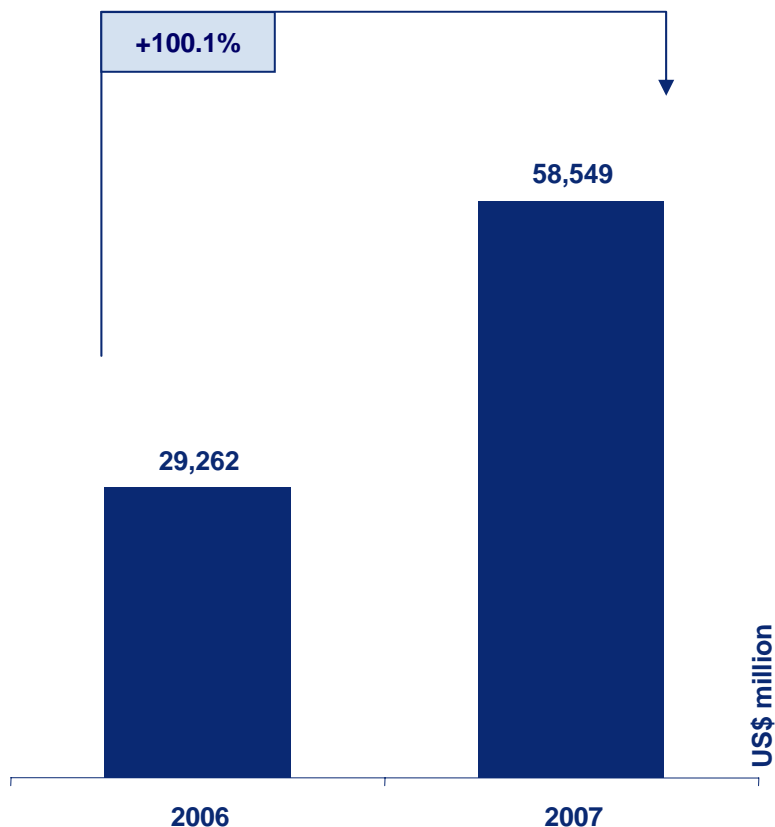
Total assets



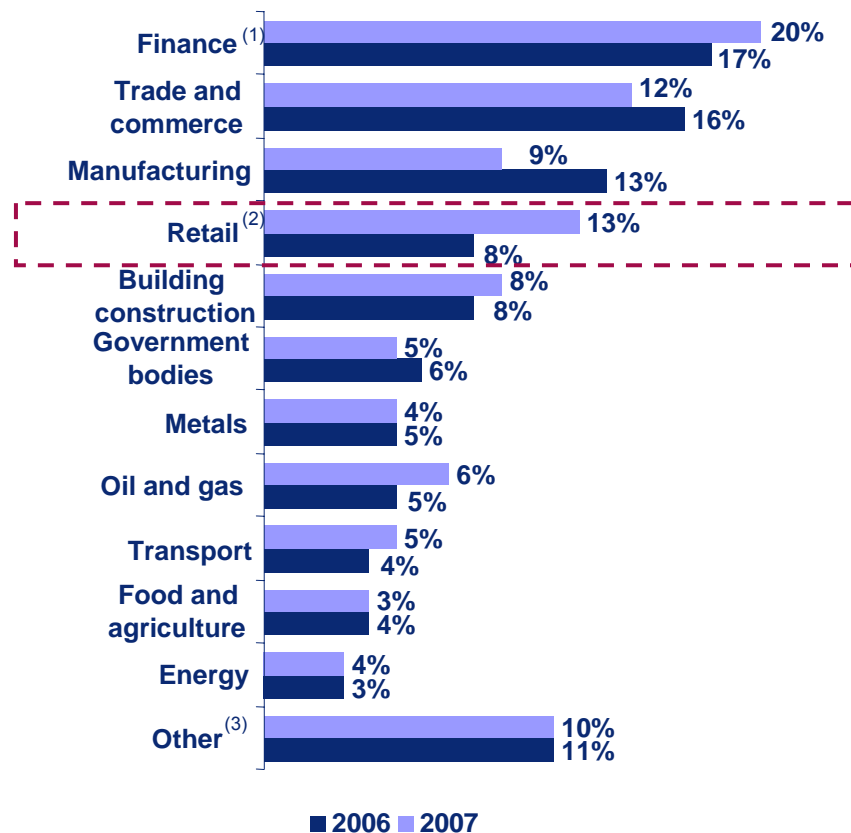
Breakdown of assets (as % of total)



Customer loans



Breakdown of loan portfolio (gross)

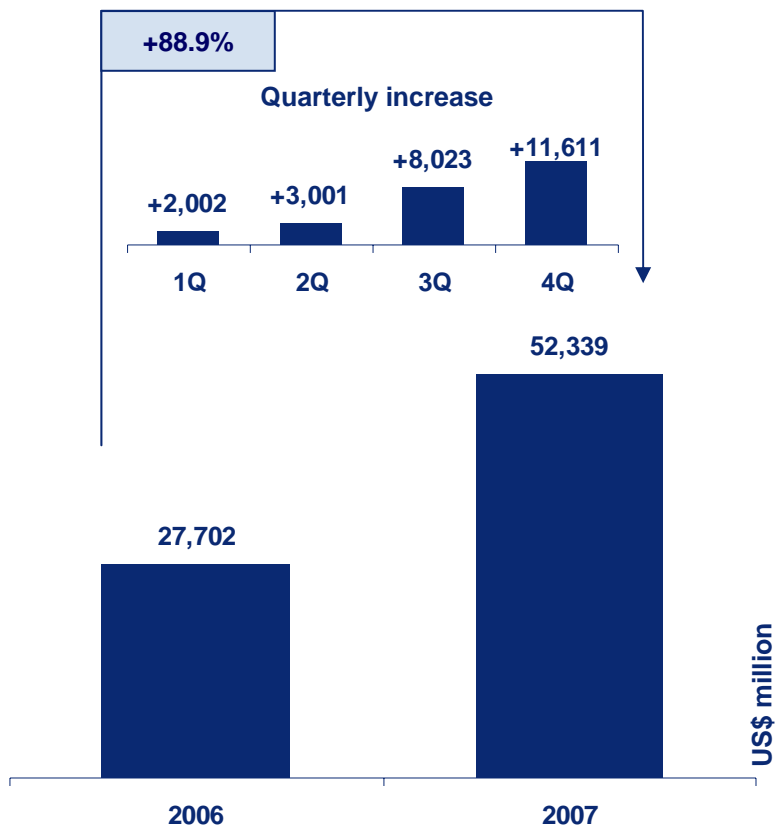


(1) Includes loans made for acquisition financing, to insurance and leasing companies, to non-bank investment companies, and financial arms of Russian industrial groups

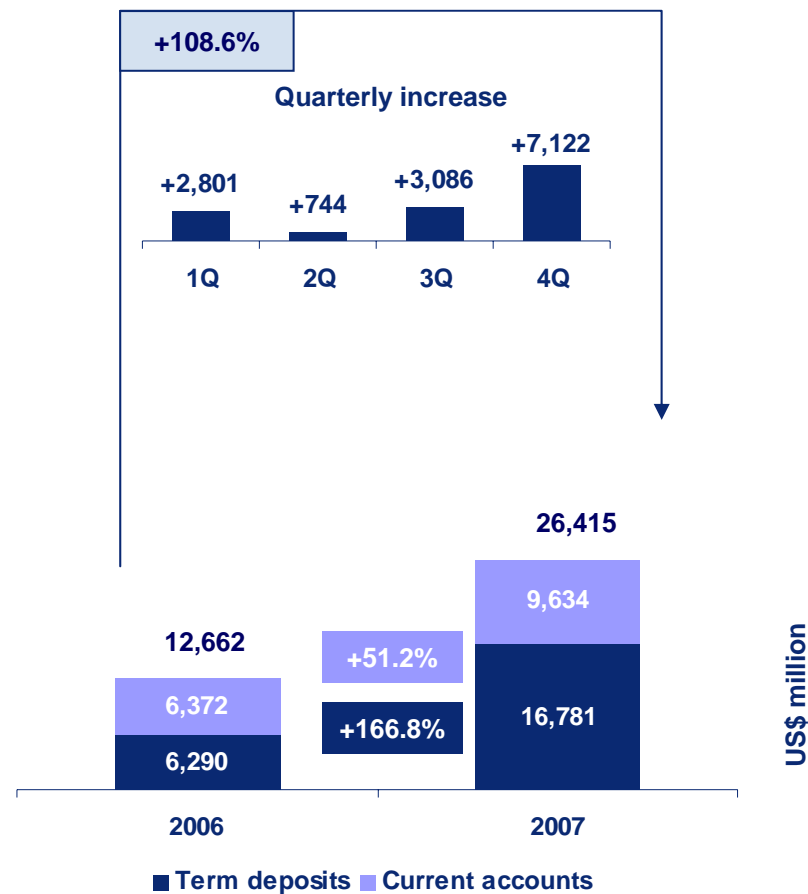
(2) Excludes loans to SMEs

(3) Incl. chemical, telecommunications and media, coal mining and aircraft industries

Corporate loans (gross)

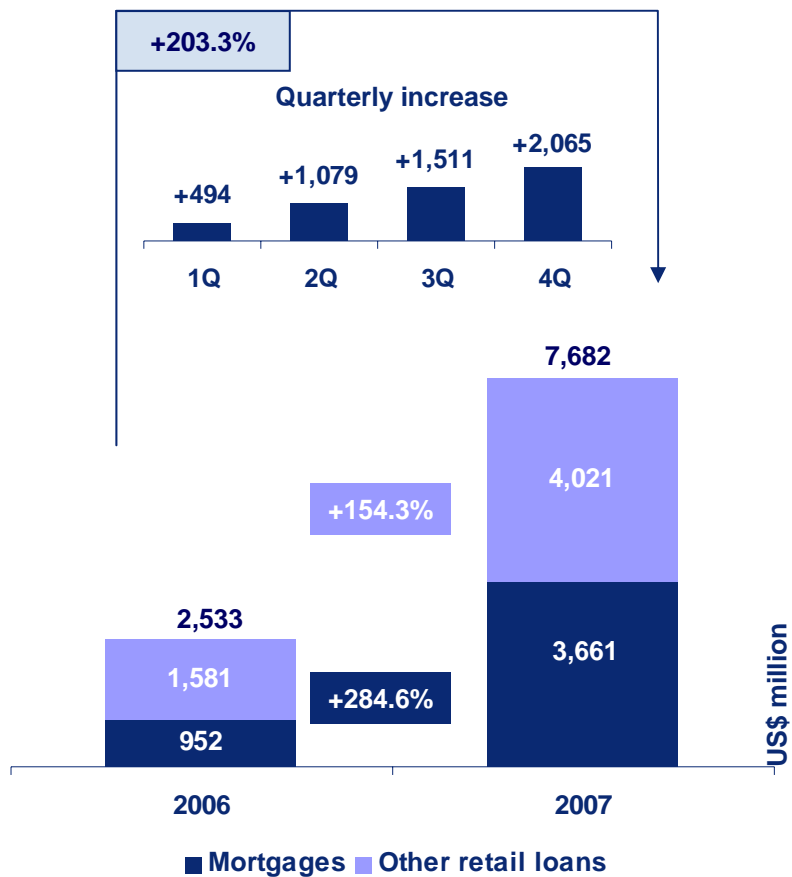


Corporate customer deposits⁽¹⁾

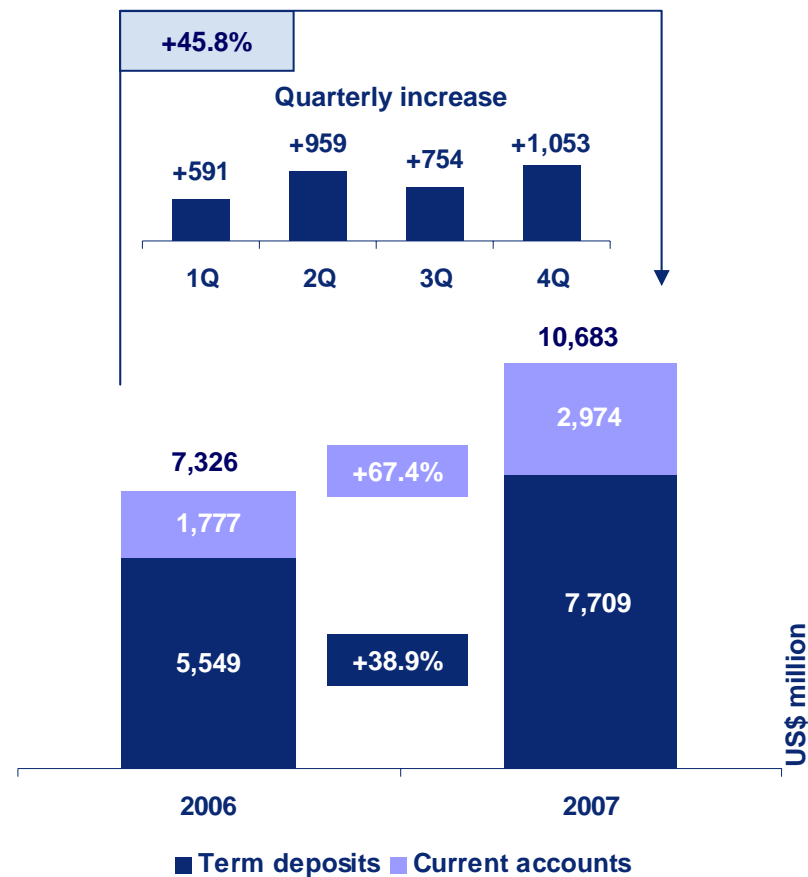


(1) Incl. government bodies accounts

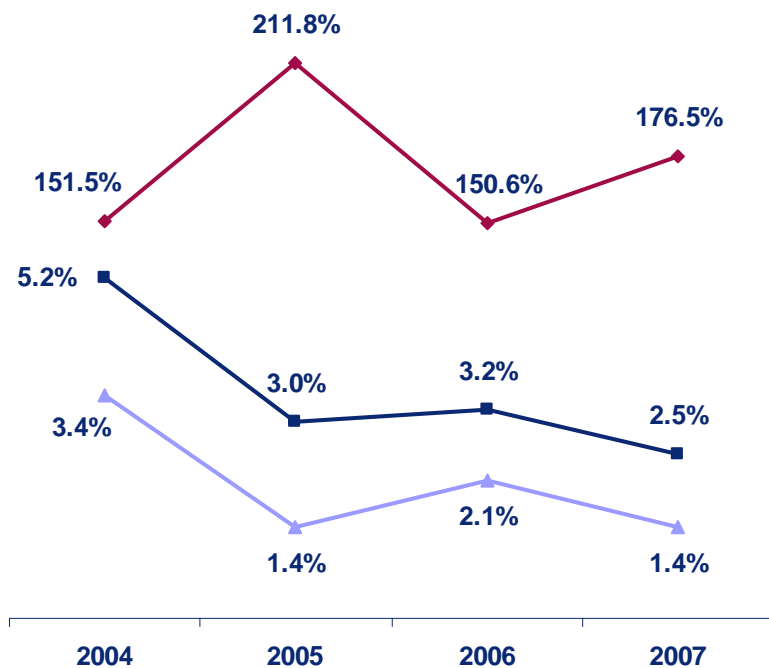
Retail loans (gross) ⁽¹⁾



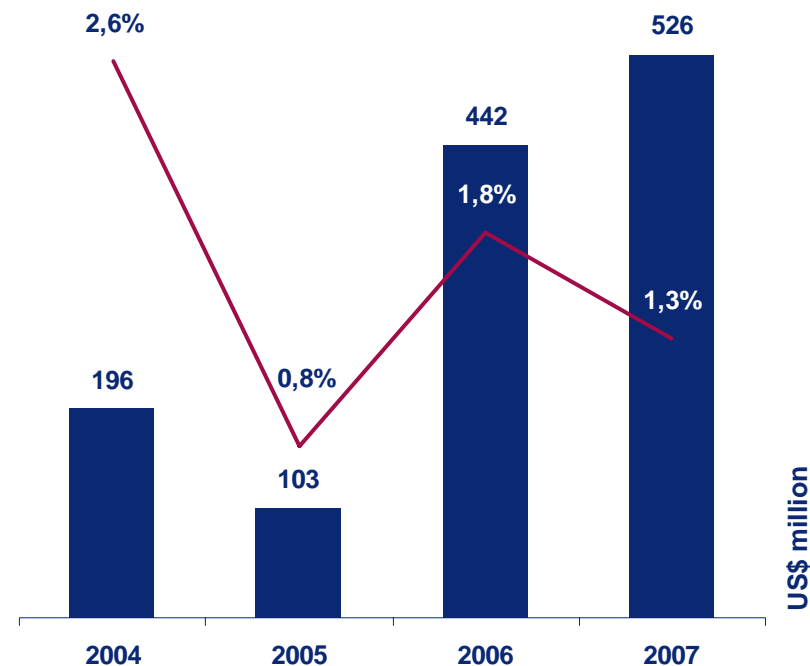
Retail customer deposits



(1)) Exclude loans to SMEs



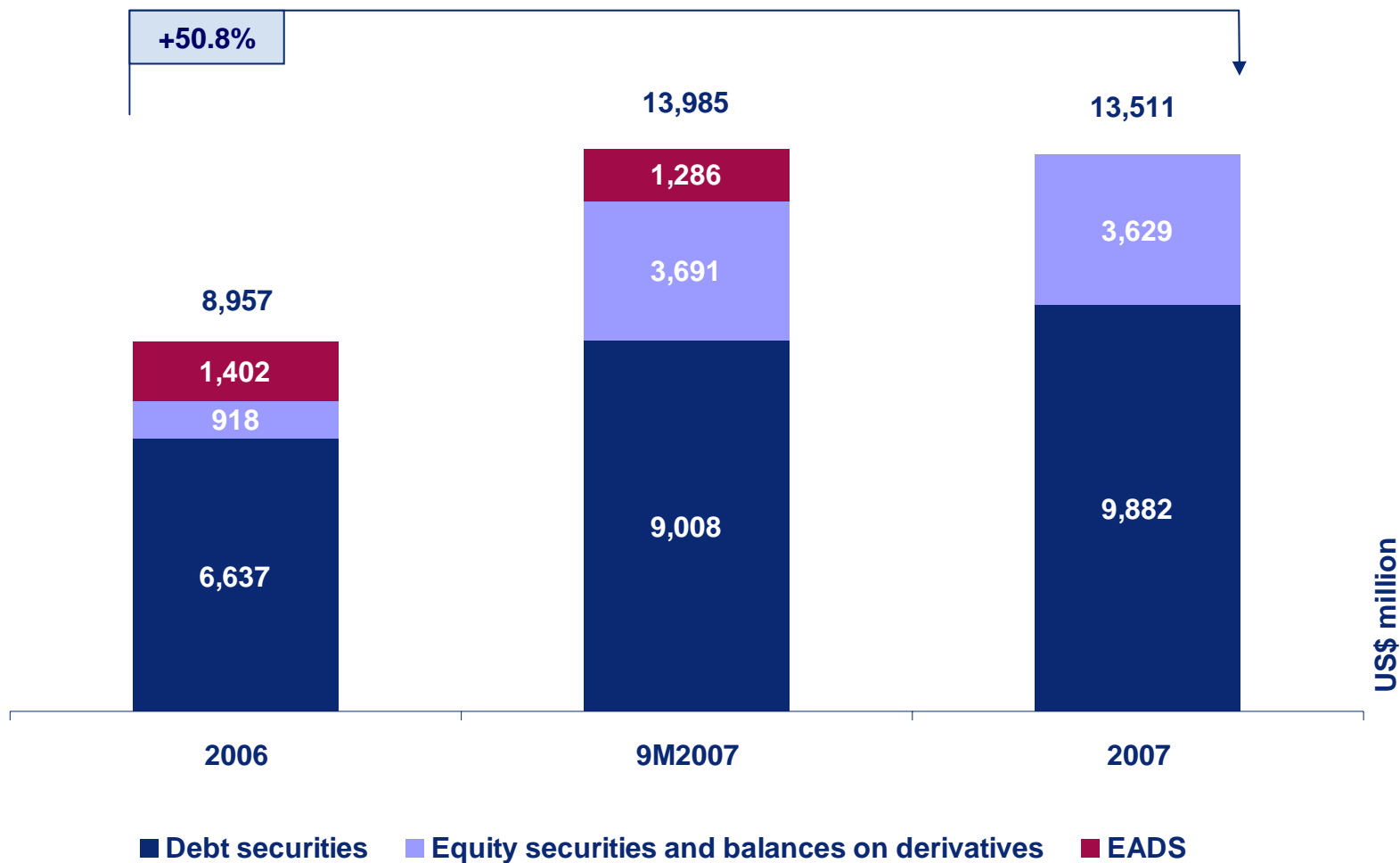
- Allowance for loan impairment/Total gross loans
- ▲ Overdue and rescheduled loans/Total gross loans
- ◆ Allowance for loan impairment/Overdue and rescheduled loans



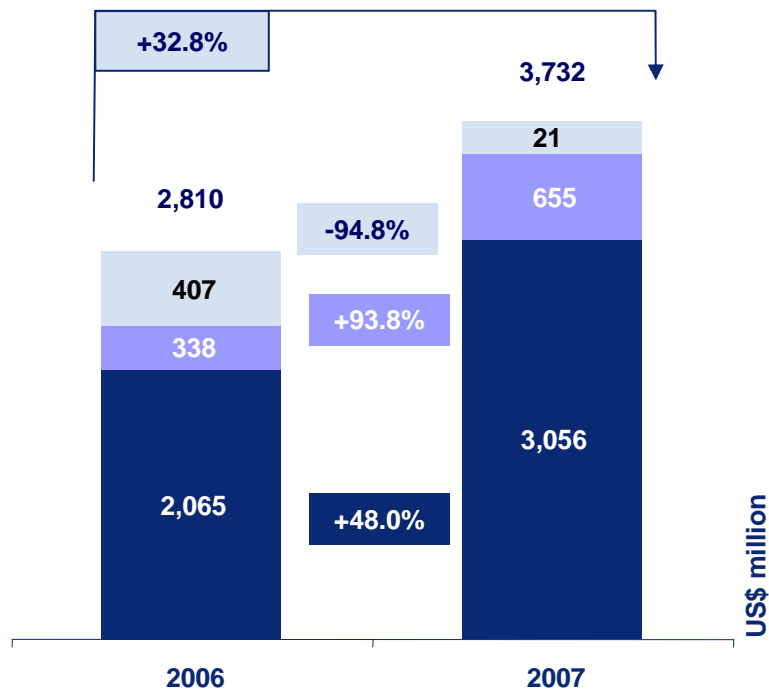
- Provision for loan impairment
- Provision charge/Average gross loan portfolio

Note: Overdue loans represent payments, that are overdue, and do not include the entire amount payable under the loan agreement

Securities breakdown



Operating income

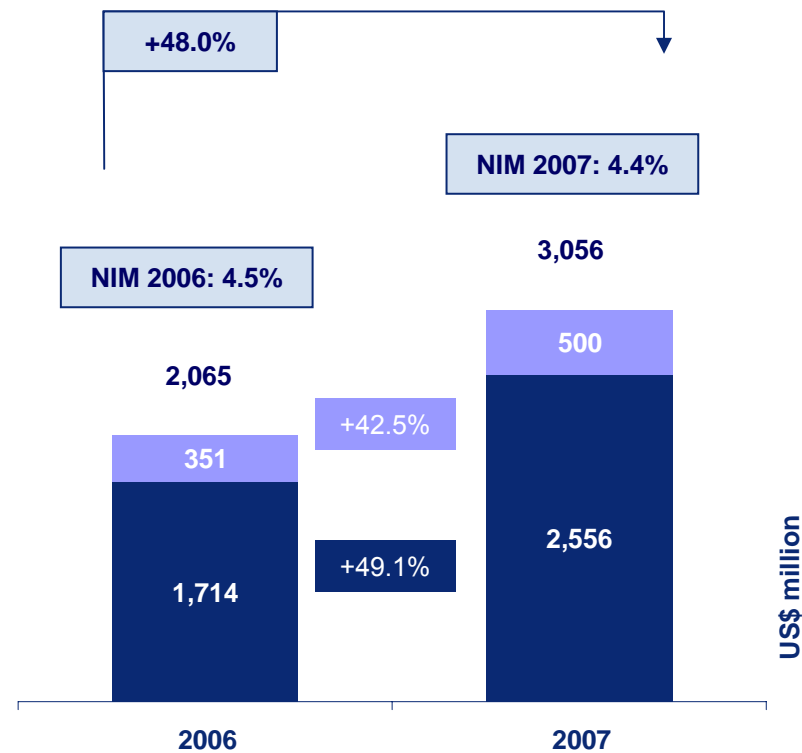


■ Other operating income⁽²⁾

■ FX gains less losses⁽³⁾

■ Core income⁽¹⁾

Core income⁽¹⁾



■ Net interest income before provisions

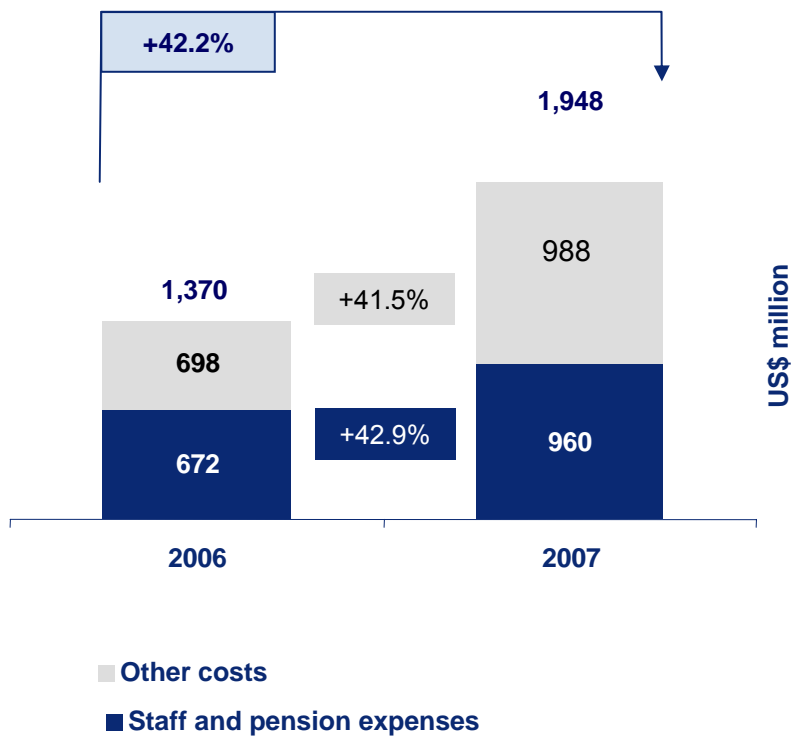
■ Net fee and commission income⁽³⁾

(1) Includes net interest income before provision for loan impairment and net fee and commission income

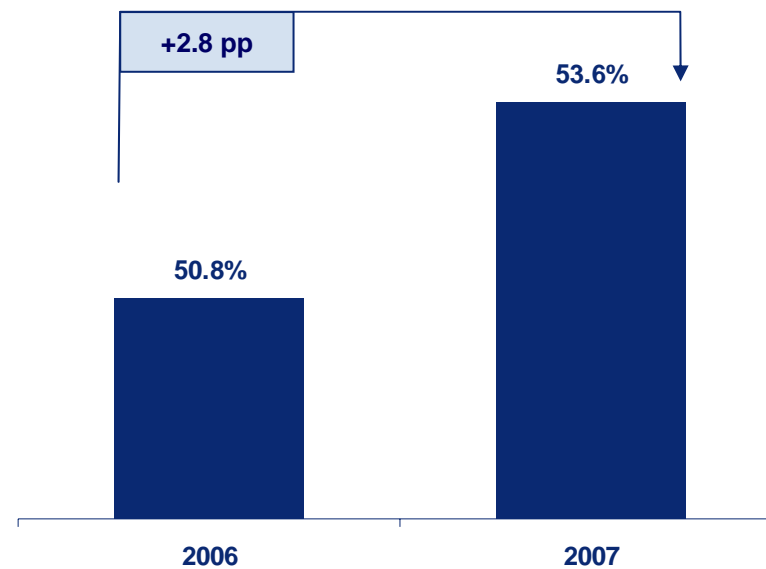
(2) Includes other items from profit and loss accounts

(3) Includes foreign exchange translation gains and gains less losses from dealing in foreign currencies

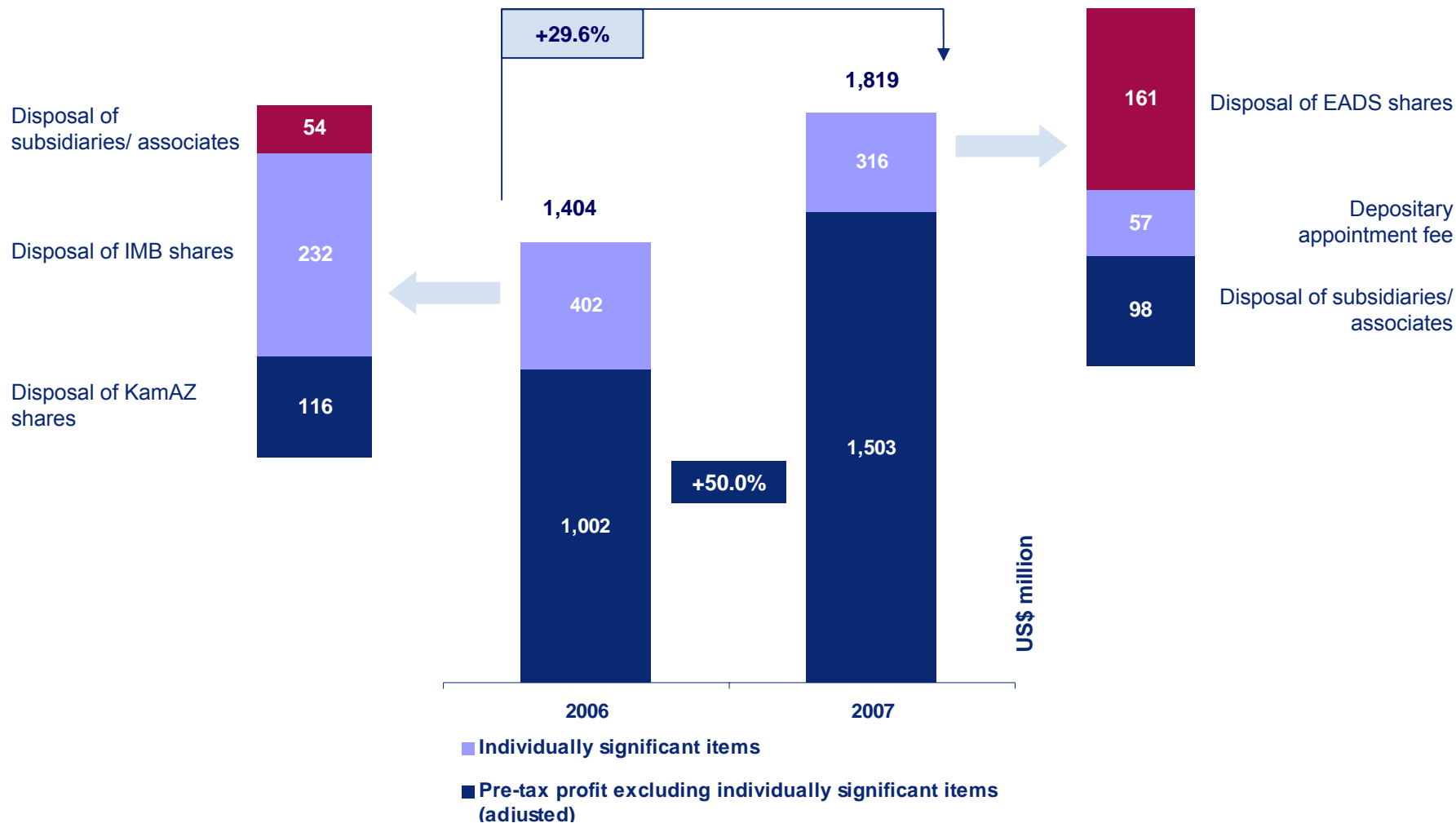
Operating expenses



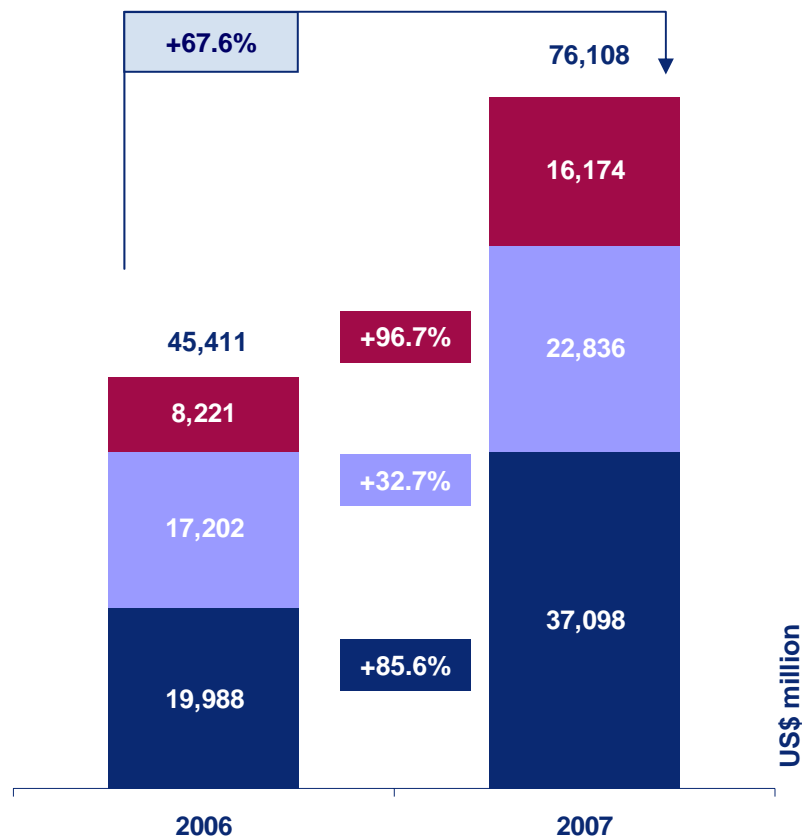
Cost to income ratio



Profit before taxation

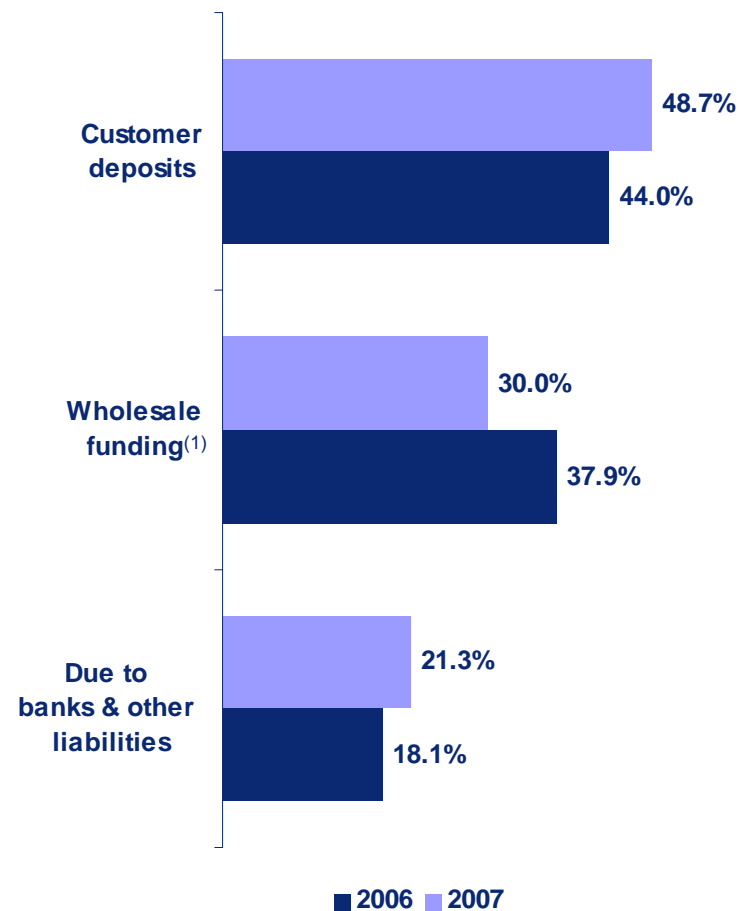


Total liabilities



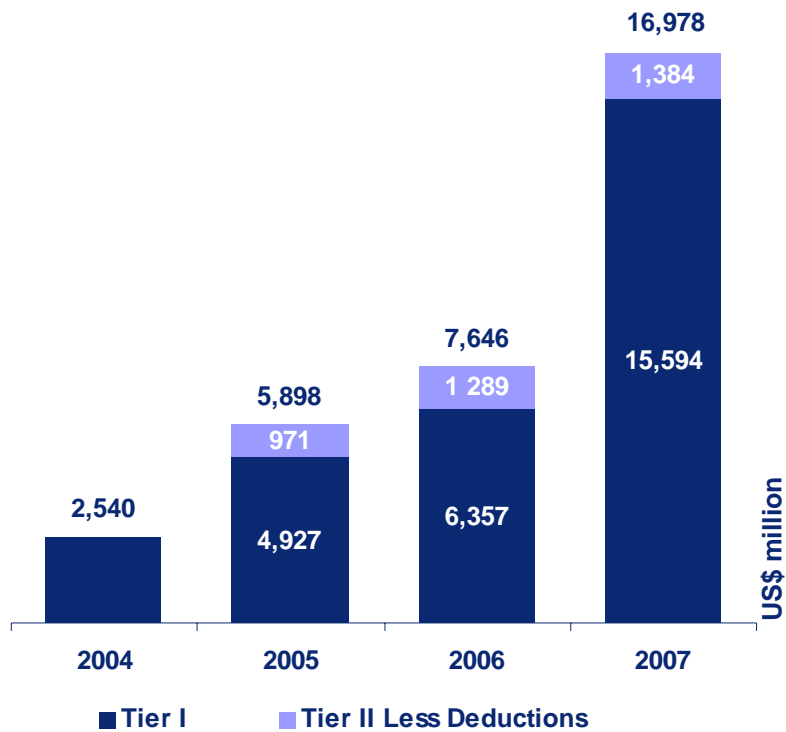
- Due to Banks & Other liabilities⁽¹⁾
- Wholesale funding
- Customer deposits

Breakdown of liabilities (as % of total)

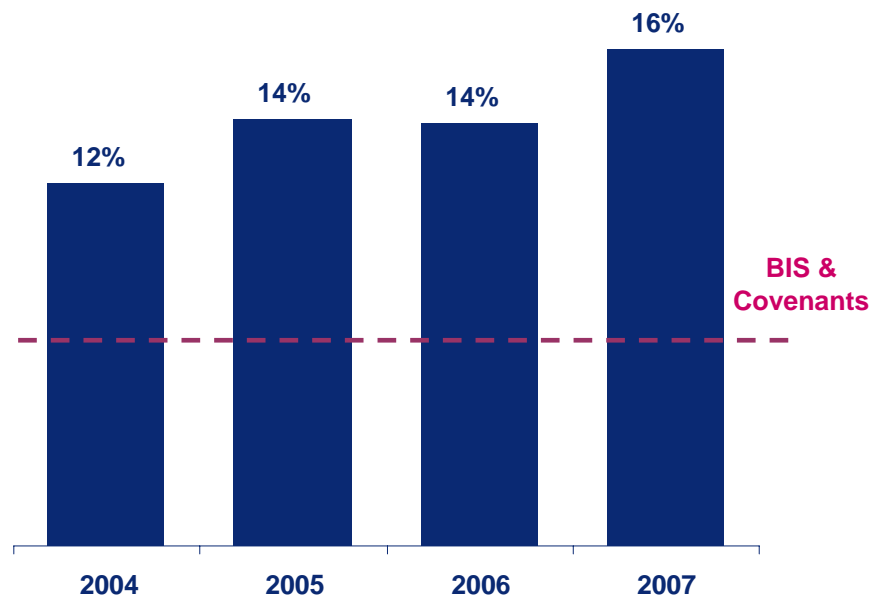


(1) Incl. debt securities issued, other borrowed fund and sub.debt

BIS Group Capital (Tier I + Tier II)



BIS Group Capital Adequacy Ratio





Andrey Kostin

Retail Banking

- Expand VTB24 network to 500 branches
- Improve the retail banking products and services
- Revise the product line and tariff structure
- Improve retail risk management system
- Improve IT systems and optimize processes to support rapid growth
- Utilize VTB24 experience to expand retail business in CIS countries (primary focus on Ukraine and Belarus)

Corporate Banking

- Intensify deposit gathering efforts
- Maintain net interest margin
- Develop new corporate banking and treasury products
- Develop new tariff plans and product packages
- Increase client "share of wallet"
- Improve sales staff motivation system
- Implement new credit procedure, incl. updated internal credit rating methodology and improved client and transaction credit-risk pricing

Investment Banking

- Build a team of top investment bankers to lead the new division
- Leverage existing relationships with 2,400 large corporate clients
- Conduct operations from offices based in Moscow, London and Singapore
- Planned investments of US\$500 million over next two years depending on market conditions
- Expected profitability in the third year after IB roll-out

- Grow market share across all business lines
- Finalize customer migration between 3 businesses
- Continue policy of selected acquisitions in the CIS
- Further develop presence in key overseas markets

- Grow faster than Russian banking market both in corporate and retail
- Increase share of retail business in bank loan portfolio to 25-30%
- Maintain current level of net interest margin
- Accelerate commission income growth
- Target cost to income ratio of $\leq 50\%$
- Improve return on equity to 15-20%



Investor Relations

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US\$ million	FY/06	FY/07	% y-o-y
<i>Interest income</i>	3,606	5,387	49.4
<i>Interest expense</i>	(1,892)	(2,831)	49.6
Net Interest Income	1,714	2,556	49.1
Provision charge for impairment	(442)	(526)	19.0
Gains less losses from securities	566	254	(55.1)
<i>Fee and commission income</i>	401	637	58.9
<i>Fee and commission expense</i>	(50)	(80)	60.0
Net Fee and Commission Income	351	557	58.7
Net gains from dealing in foreign currencies	73	547	n.a.
Forex translation gains less losses	265	108	(59.2)
Income arising from non-banking activities	111	95	(14.4)
Share of income of associates	15	18	20.0
Other operating income	157	123	21.7
Operating Income	2,810	3,732	32.8
Staff Costs & Administrative Expenses	(1,370)	(1,948)	42.2
Expenses arising from non-banking activities	(90)	(63)	(30.0)
Profit from disposal of associates subsidiaries	54	98	81.5
Profit Before Tax	1,404	1,819	29.6
Net Profit	1,179	1,514	28.4
Of which minority interest	42	34	(19.0)

US\$ million	31/12/06	31/12/07	% y-o-y
Cash and short-term funds	3,581	5,160	44.1
Mandatory cash balances with central banks	648	825	27.3
Financial assets at fair value through profit or loss	5,120	10,436	103.8
Financial assets pledged under repurchase agreements and loaned financial assets	2,938	2,212	(24.7)
Due from other banks	6,813	9,733	42.9
Loans and advances to customers, gross	30,235	60,021	98.5
<i>Allowance for loan impairment</i>	<i>(973)</i>	<i>(1,472)</i>	<i>51.3</i>
Loans and Advances to Customers	29,262	58,549	100.1
Financial assets available-for-sale	888	858	(3.4)
Investments in associates	200	167	(16.5)
Investment securities held-to-maturity	11	5	(54.5)
Premises and equipment	1,422	1,997	40.4
Investment property	178	168	(5.6)
Intangible assets	455	480	5.5
Deferred tax asset	93	215	131.2
Other assets	794	1,804	127.2
Total Assets	52,403	92,609	76.7

USD million	31/12/06	31/12/07	% y-o-y
Liabilities			
Due to Other Banks	7,587	14,794	95.0
Customer Deposits	19,988	37,098	85.6
Other Borrowed Funds	4,468	5,176	15.8
Debt Securities Issued	11,565	16,489	42.6
Other liabilities	509	1,231	141.8
Subordinated Debt	1,169	1,171	0.2
Total Liabilities	45,411	76,108	67.6
Equity			
Share capital	2,500	3,084	23.4
Share premium	1,513	8,792	n.a.
Treasury stock	-	(21)	n.a.
Unrealized gain of AFS securities	154	109	(29.2)
Currency translation difference	352	663	88.4
Fixed assets revaluation reserve	341	587	72.1
Retained earnings	1,744	2,993	71.6
Equity attributable to shareholders of the parent	6,604	16,207	145.4
Minority interest	388	294	(24.2)
Total Equity	6,992	16,501	136.0
Total Liabilities & Equity	52,403	92,609	76.7

Key Financial Ratios

Unaudited figures

Profitability & Efficiency	2006	Q1/07	Q2/07	Q3/07	Q4/07	2007
Net Interest Spread ⁽¹⁾	4.4%	4.2%	3.9%	4.4%	4.1%	4.1%
Net Interest Margin	4.5%	4.2%	4.1%	4.9%	4.6%	4.4%
Cost-to-Income Ratio	50.8%	56.0%	56.8%	45.2%	57.8%	53.6%
Return on Average Shareholders' Equity ⁽²⁾	19.7%	13.1%	9.7%	14.1%	11.4%	12.3%
Return on Average Assets ⁽²⁾	2.6%	1.7%	1.8%	3.1%	2.2%	2.2%

(1) $(\text{Interest Income}/\text{Avg. Interest Earning Assets}) - (\text{Interest Expense}/\text{Avg. Interest Bearing Liabilities})$. Averages are calculated as a simple quarterly average.

(2) Calculated using net profit and average assets/equity (all including minority interest)

	At fair value through P&L	Repo + loaned securities	Available-for-sale	Held-to-maturity	Total
Debt securities	7,623	1,986	268	5	9,882
- Russian	6,758	1,009	102	-	7,869
- foreign	865	977	166	5	2,013
Equity securities	2,253	226	590	-	3,069
Balances on derivatives	560	-	-	-	560
Total securities and derivatives	10,436	2,212	858	5	13,511

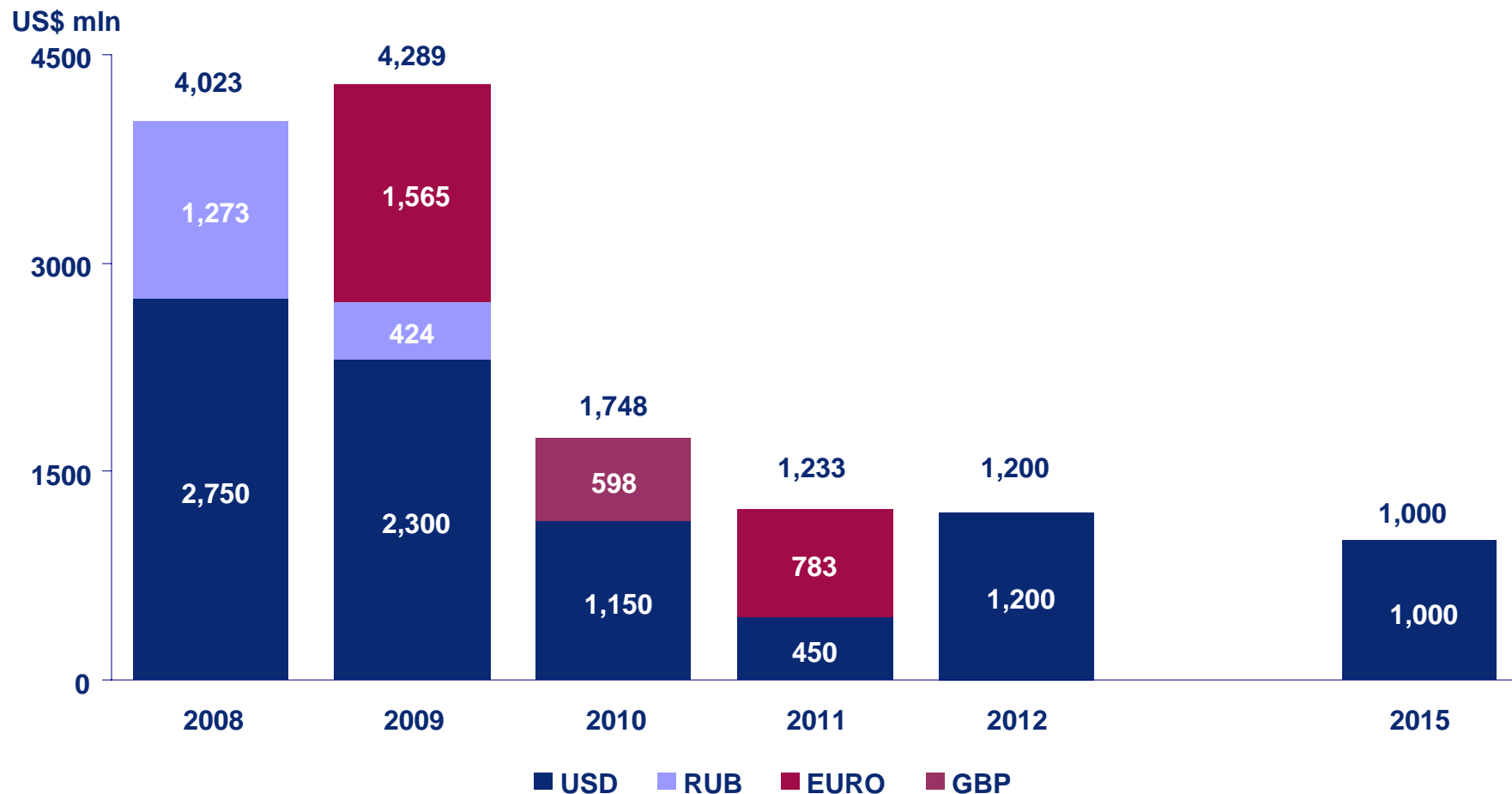
VTB Group Eurobond Outstanding Issues

Unaudited figures

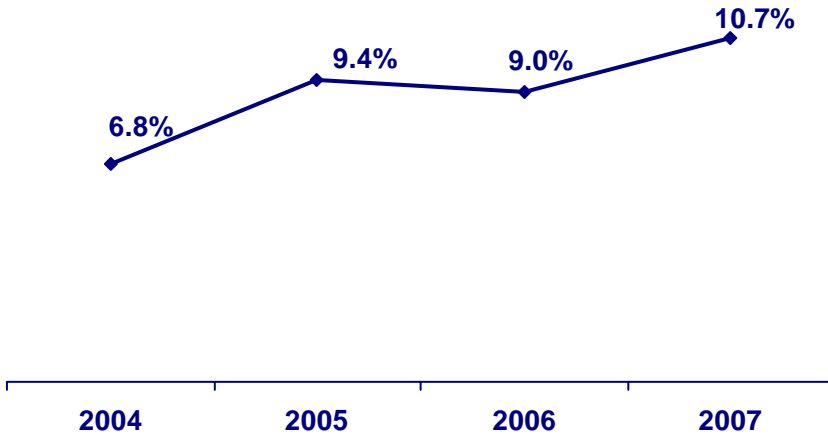
Borrower	Amount (US\$, mln)	Instrument	Maturity Date	Coupon
2008				
VTB Europe	150	Fixed Rate Eurobond	June 2008	4.375%
VTB N-W	300	Fixed Rate Eurobond	July 2008	6.875%
VTB	1,750	Series 10 Eurobond	August 2008	L+0.6%
VTB	1,273	Series 3 RUB Eurobond EMTN 2	November 2008	7.25%
VTB	550	Series 1 Eurobond	December 2008	6.875%
Subtotal	4,023			
2009				
VTB	1,565	Series EUR 11 Eurobond	March 2009	E+0.6%
VTB	424	Dali RUB Eurobond	April 2009	7.000%
VTB Europe	500	Floating Rate Eurobond	April 2009	L+0.625%
VTB Europe	500	Fixed Rate Eurobond	October 2009	L+0.8%
VTB	800	Series 2 Eurobond EMTN 2	November 2009	L+1.70%
VTB 24	500	Floating Rate Eurobond	December 2009	L+0.820%
Subtotal	4,289			
2010				
VTB	750	Subordinated Eurobond call	February 2010	6.315%
VTB	598	Series 12 GBP Eurobond	March 2010	6.332%
VTB N-W	400	Subordinated Eurobond call	September 2010	6.2%
Subtotal	1,748			
2011				
VTB	783	Series 9 EUR Eurobond put	February 2011	4.25%
VTB	450	Series 4 Eurobond	October 2011	7.5%
Subtotal	1,233			
2012				
VTB	1,200	Series 1 Eurobond EMTN 2	October 2012	6.609%
2015				
VTB	1,000	Series 6 Eurobond put	June 2015	6.25%
Total VTB Group	13,493			

VTB Group Eurobond Maturity Profile

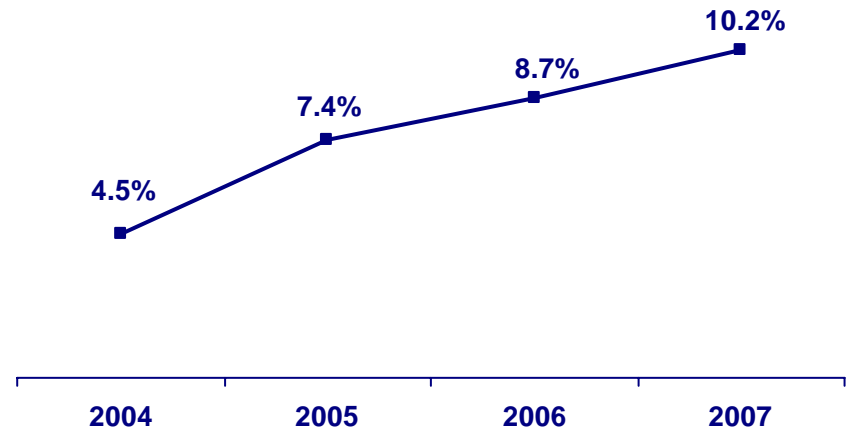
Unaudited figures



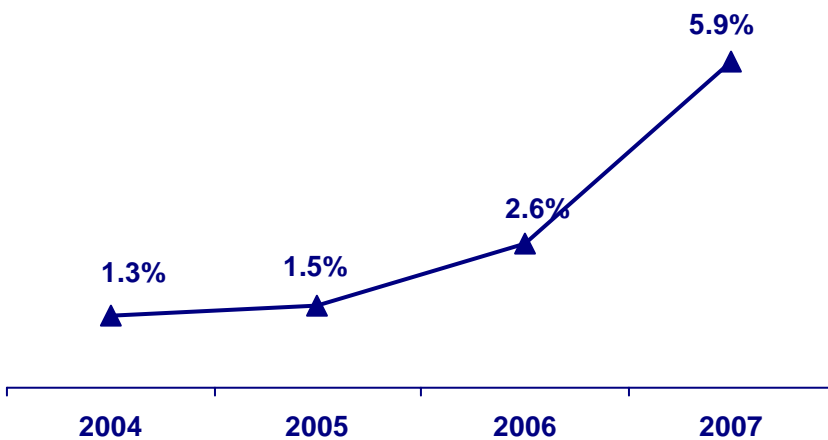
VTB corporate loans market share



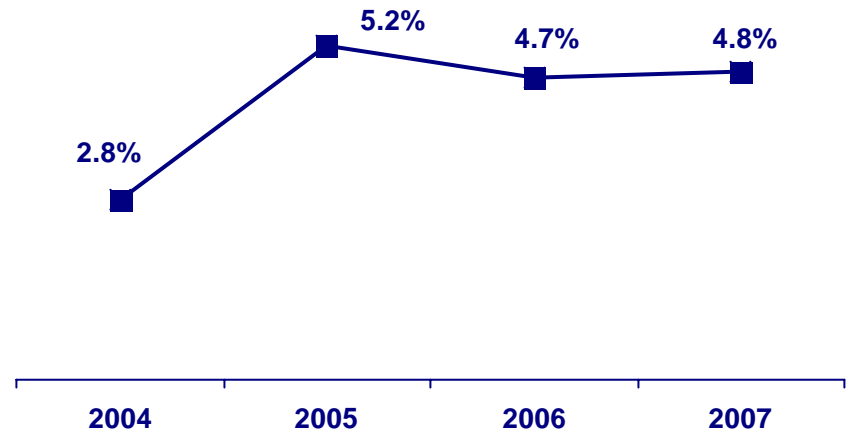
VTB corporate deposits market share



VTB retail loans market share



VTB retail deposits market share



Source: CBR, based on Russian Statutory Financial Statements calculated for banking groups.



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