



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

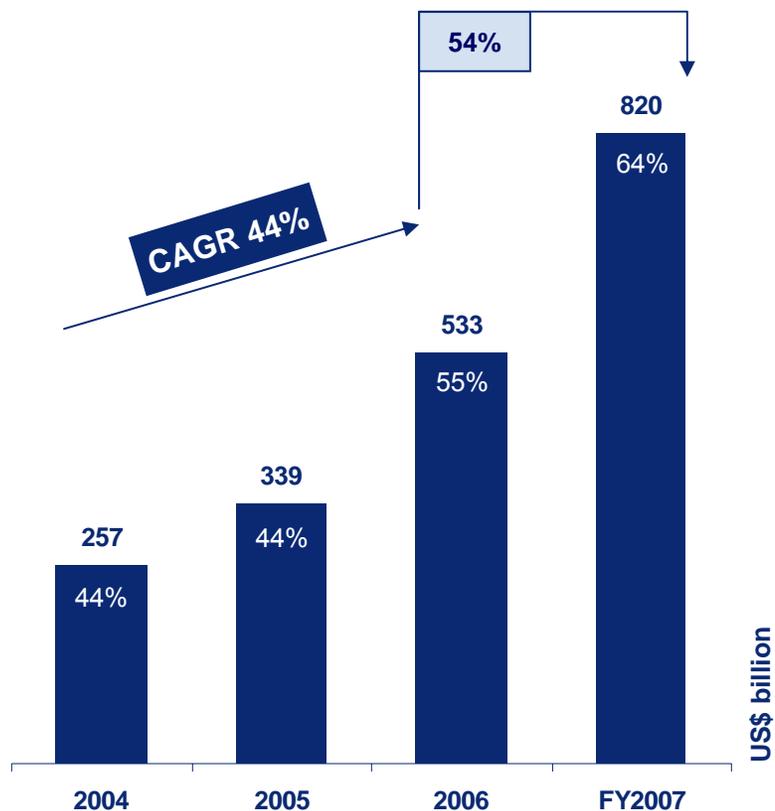
- Impressive growth backed by solid capital base:
 - Total assets: Up 76.7% to US\$ 92,609 million
 - Gross loans: Up 88.9% corporate / 203.3% retail
 - Customer accounts: Up 108.6% corporate / 45.8% retail
 - Total capital ratio: 16%

- 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

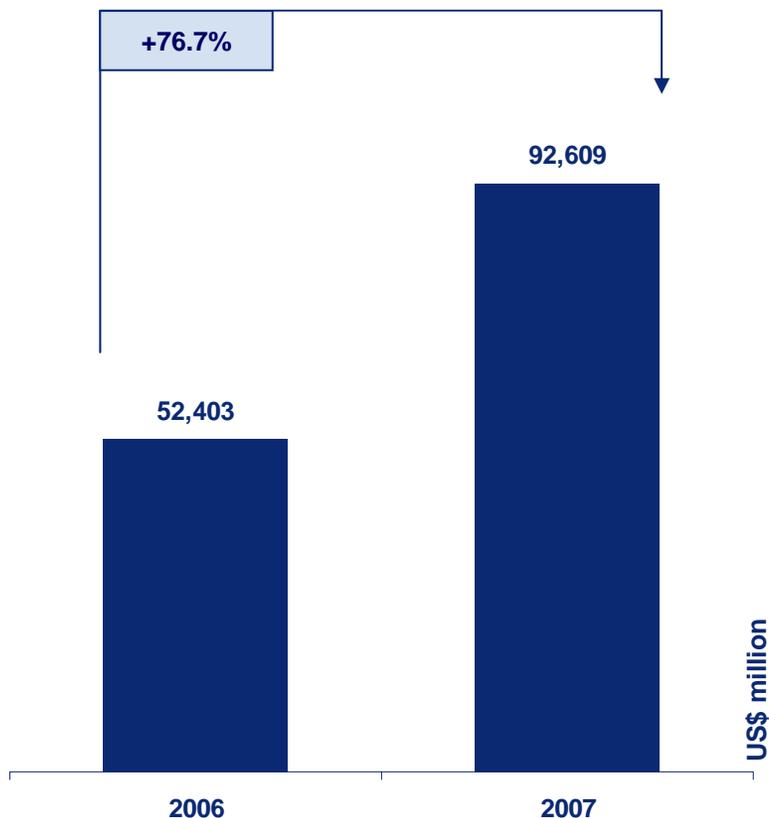
(1) Penetration rate calculated as total banking assets as a proportion of GDP at the year end of 2007.

Source: CBR

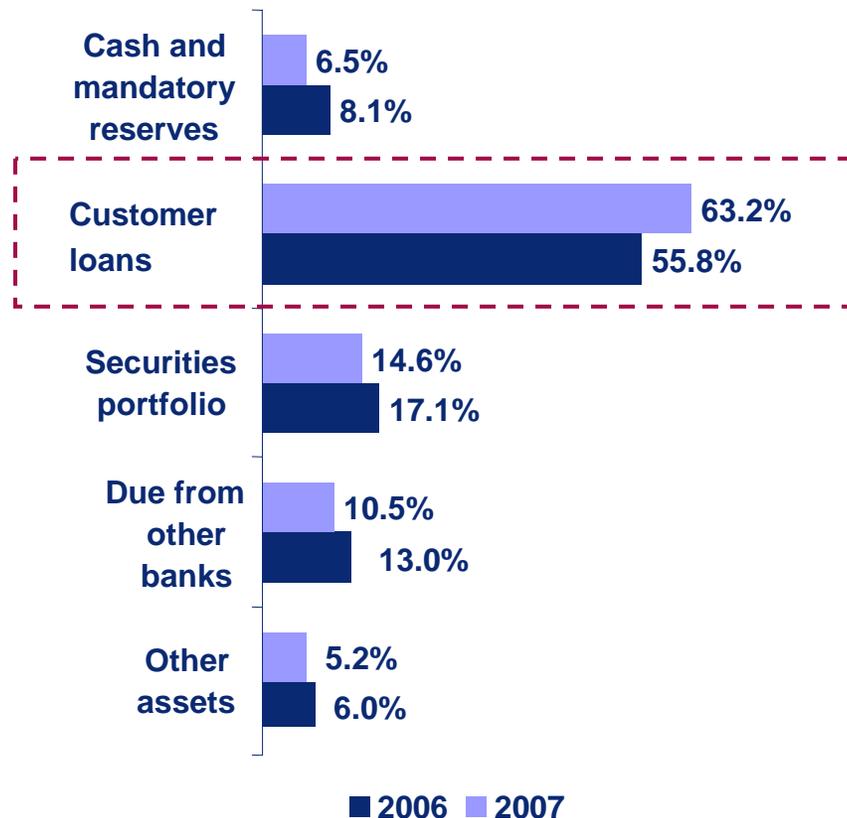


Nikolai Tsekhomsky
CFO, Member of the Management Board

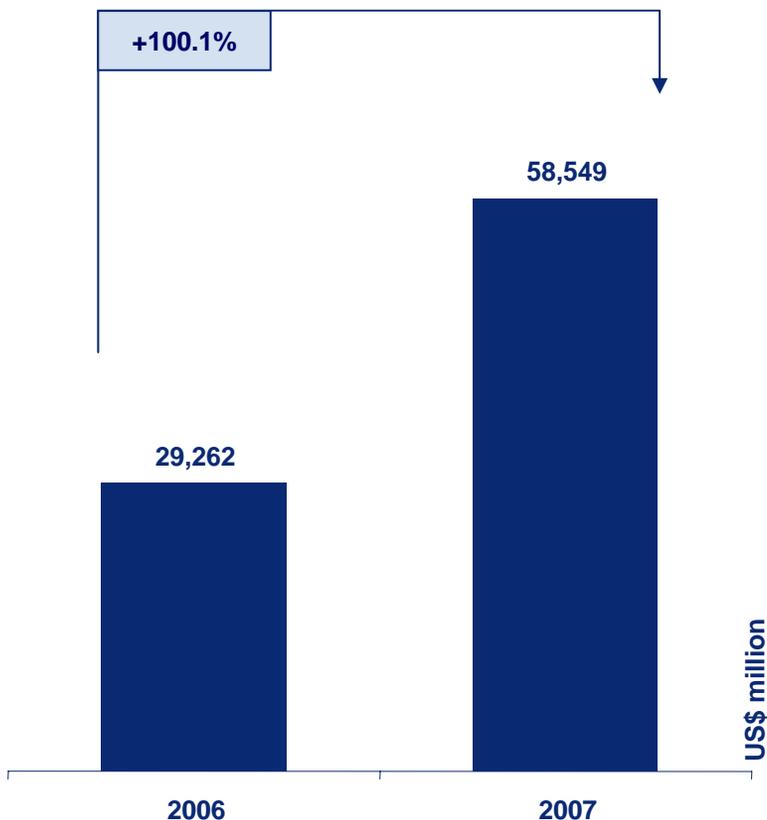
Total assets



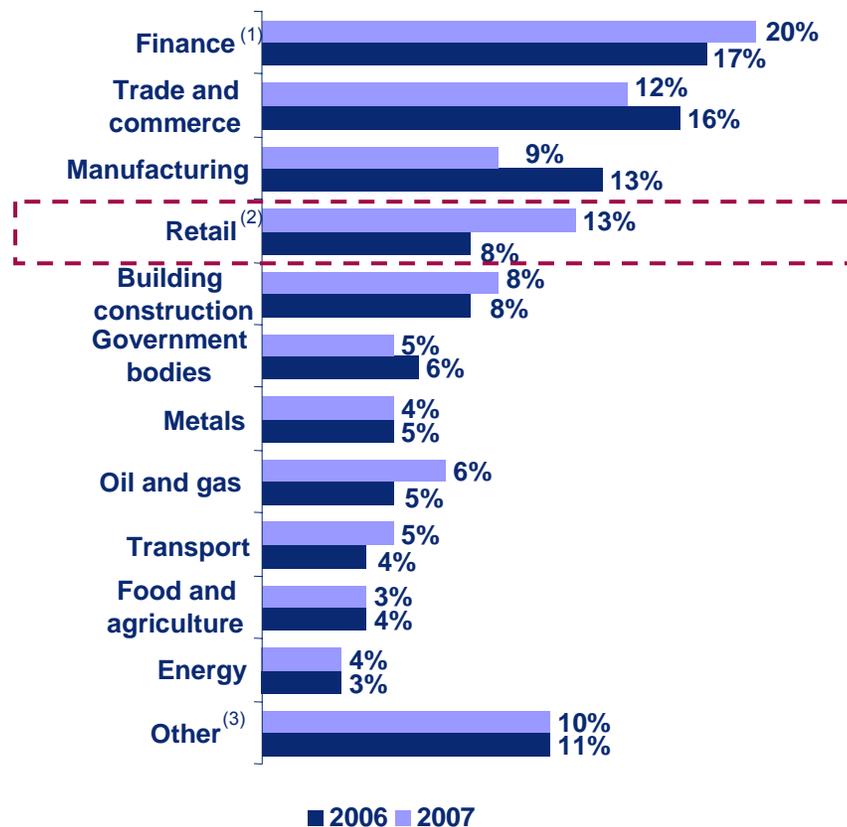
Breakdown of assets (as % of total)



Customer loans



Breakdown of loan portfolio (gross)

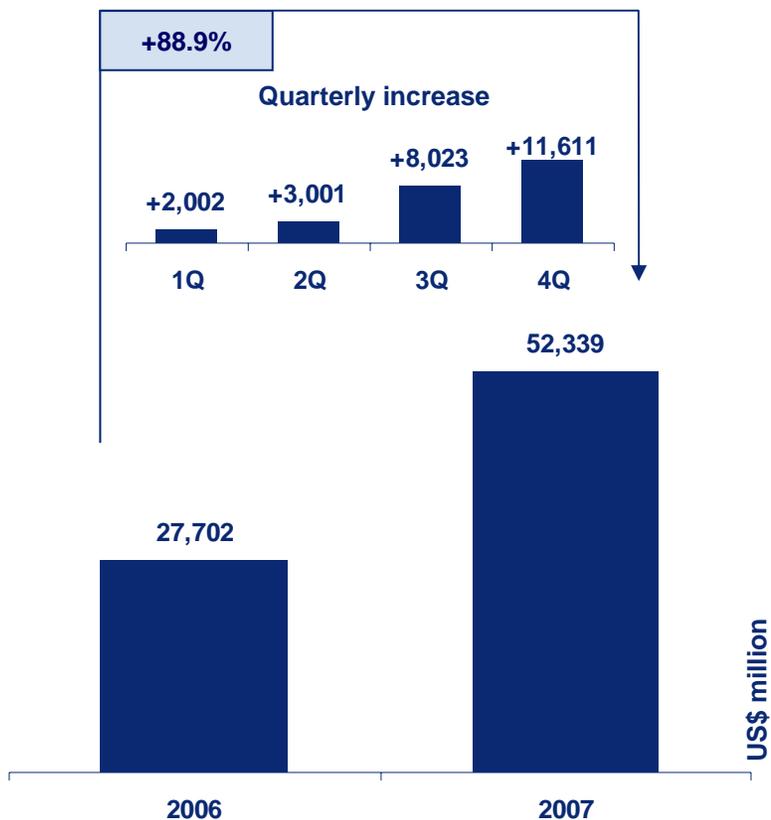


(1) Includes loans made for acquisition financing, to insurance and leasing companies, to non-bank investment companies, and financial arms of Russian industrial groups

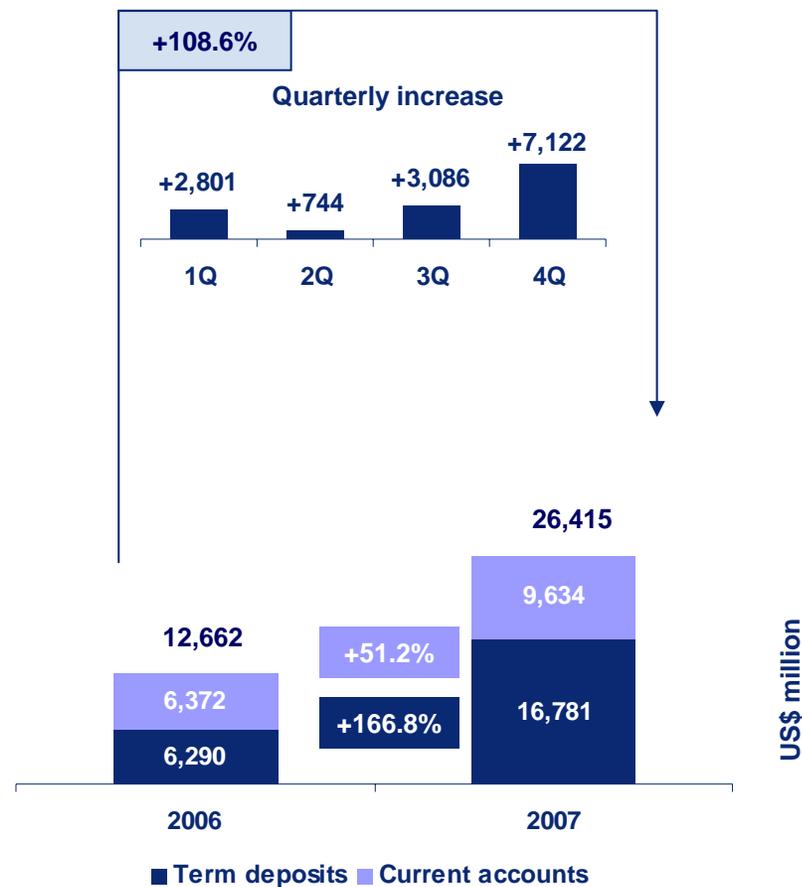
(2) Excludes loans to SMEs

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

Corporate loans (gross)

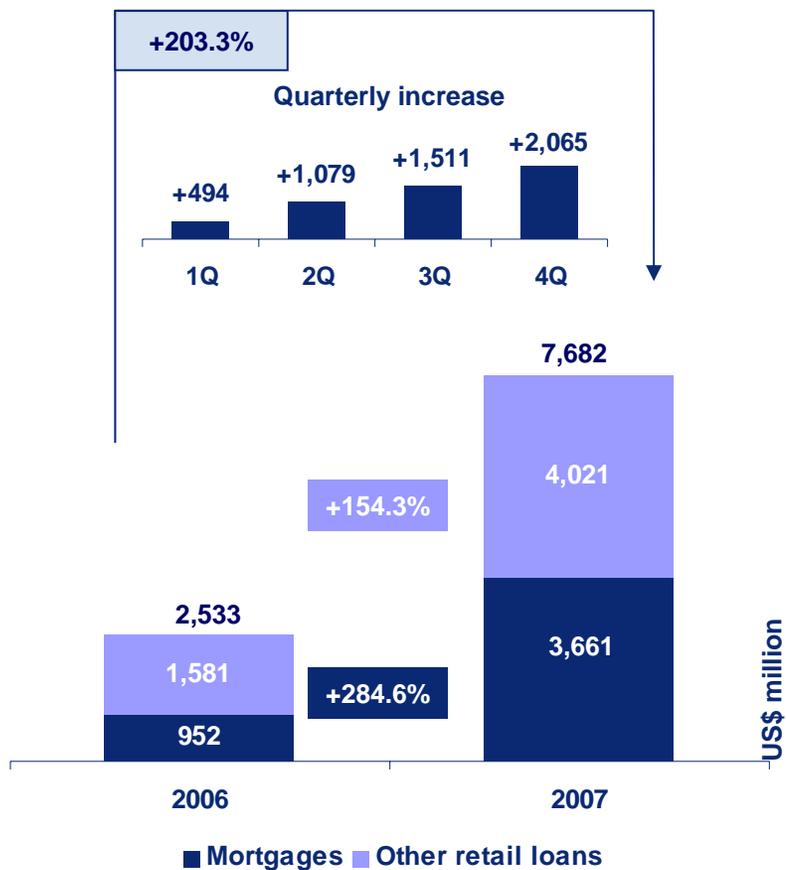


Corporate customer deposits⁽¹⁾

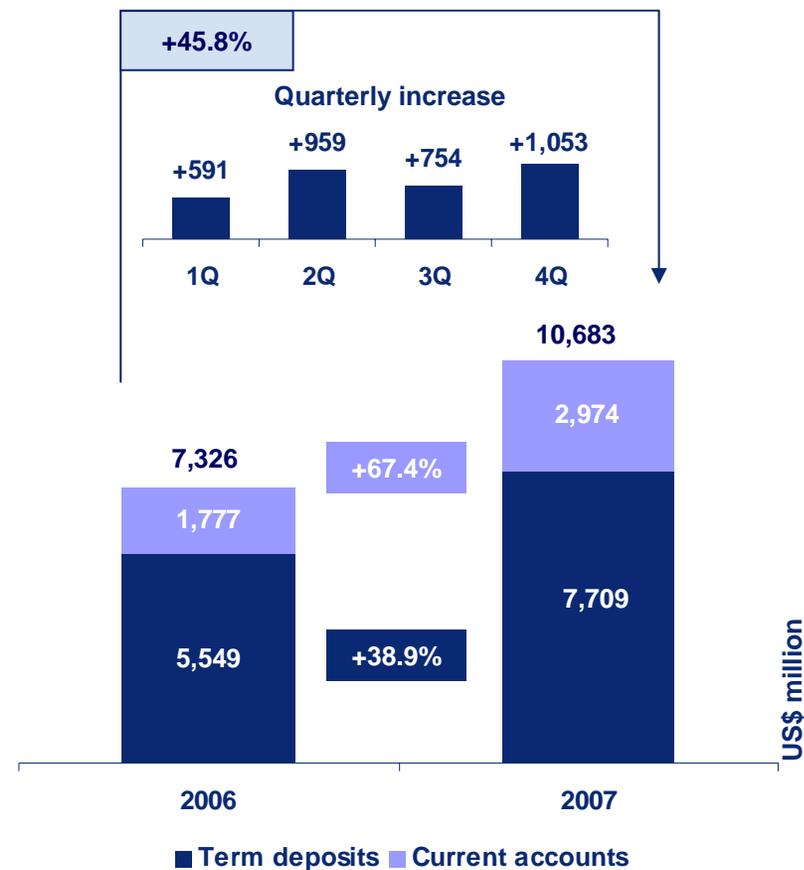


(1) Incl. government bodies accounts

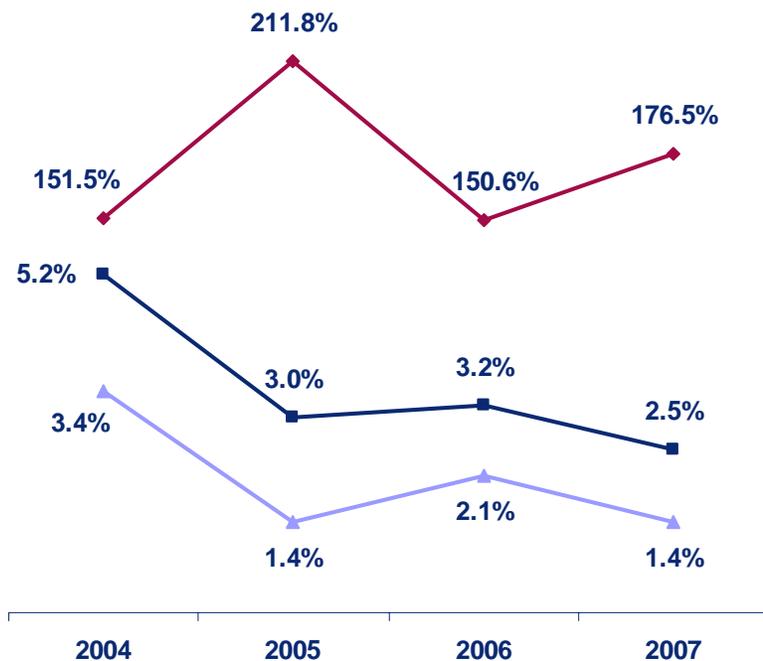
Retail loans (gross) ⁽¹⁾



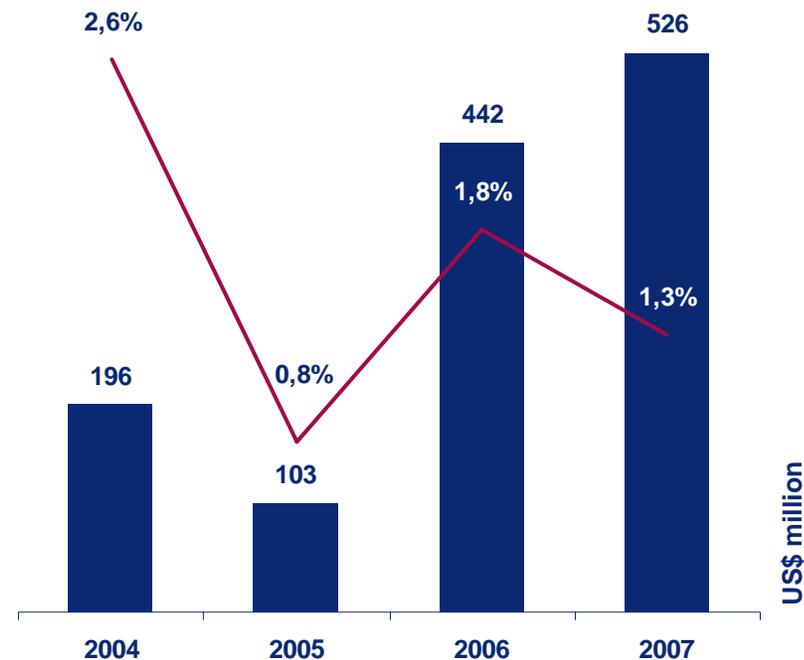
Retail customer deposits



(1)) Exclude loans to SMEs



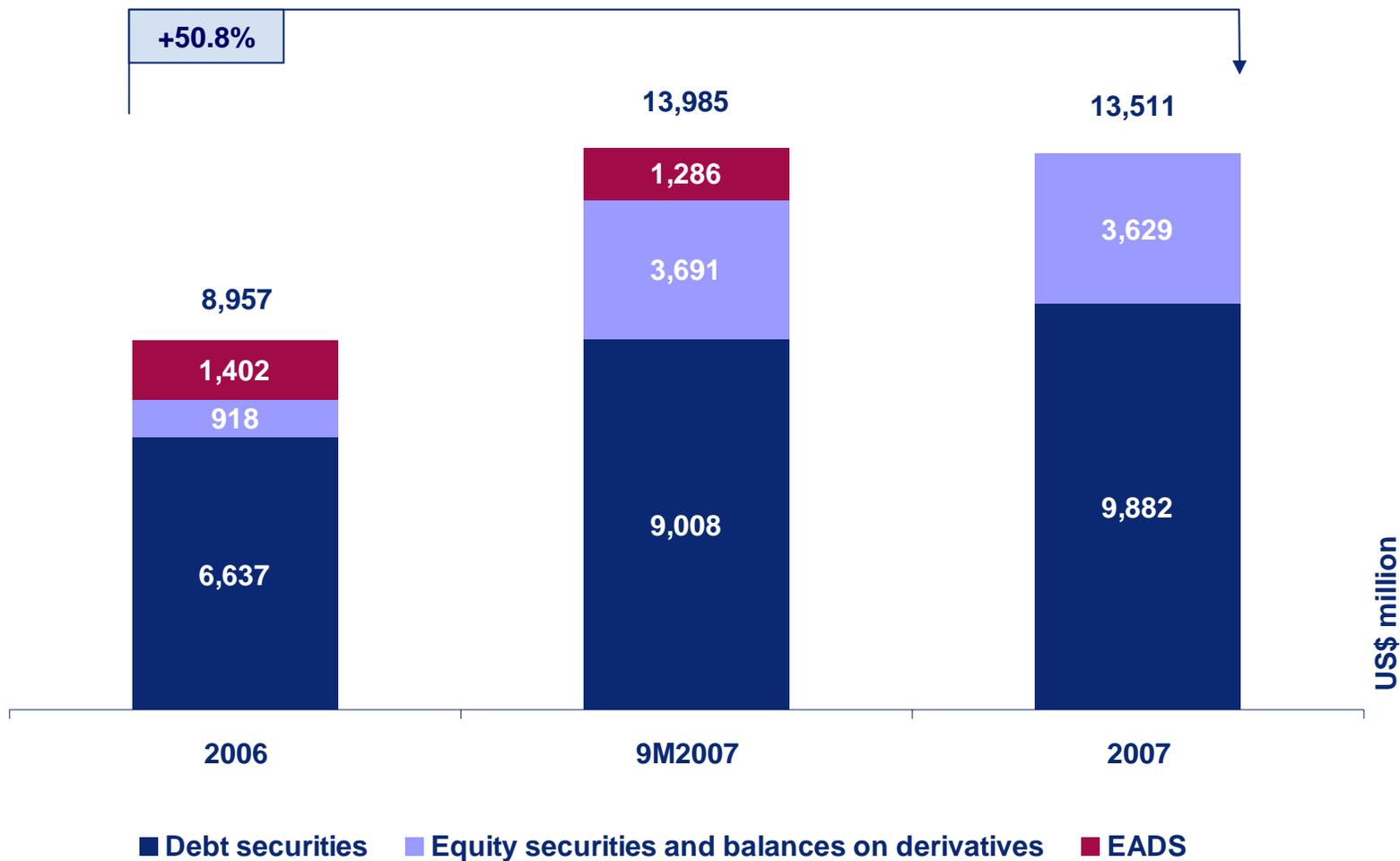
- Allowance for loan impairment/Total gross loans
- ▲ Overdue and rescheduled loans/Total gross loans
- ◆ Allowance for loan impairment/Overdue and rescheduled loans



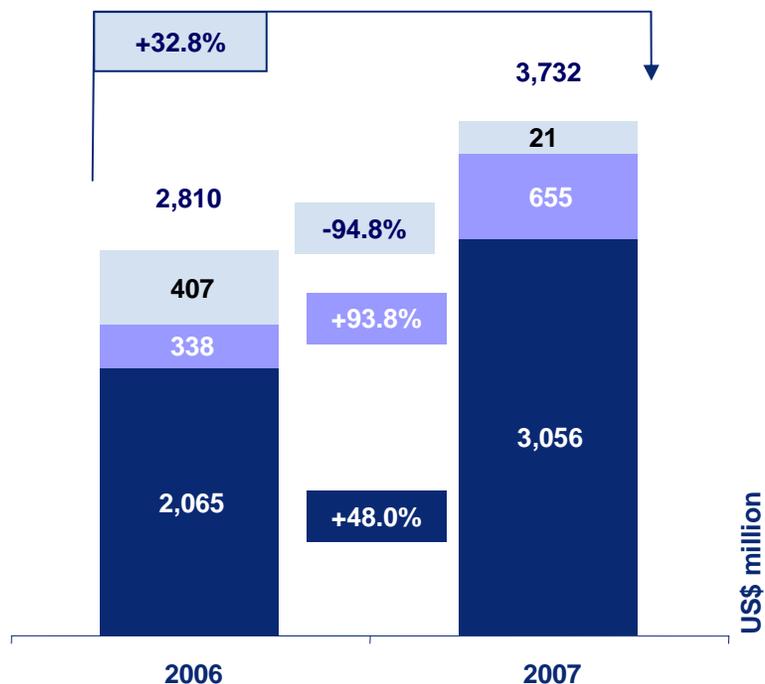
- Provision for loan impairment
- Provision charge/Average gross loan portfolio

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

Securities breakdown



Operating income

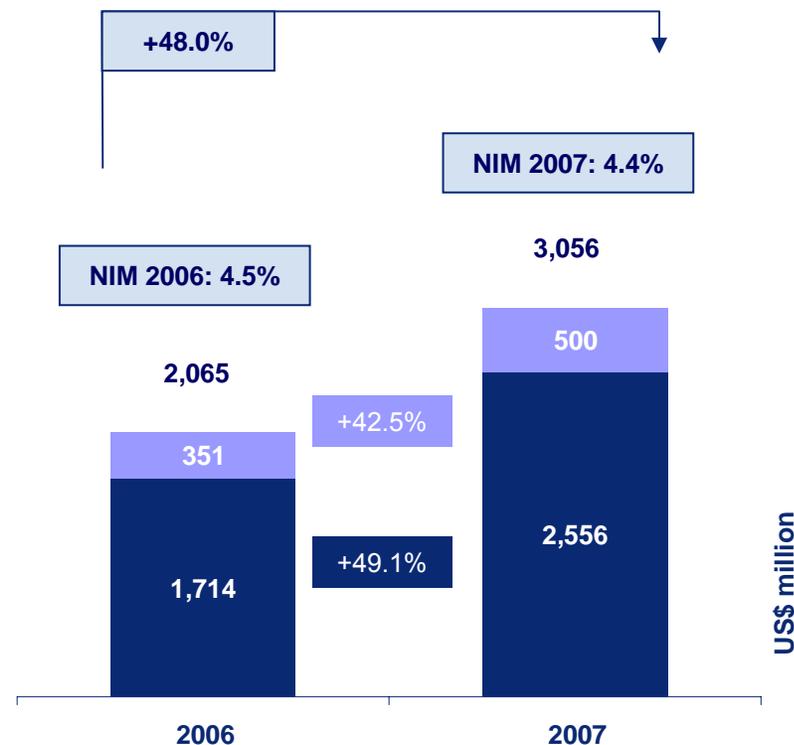


■ Other operating income⁽²⁾

■ FX gains less losses⁽³⁾

■ Core income⁽¹⁾

Core income⁽¹⁾



■ Net interest income before provisions

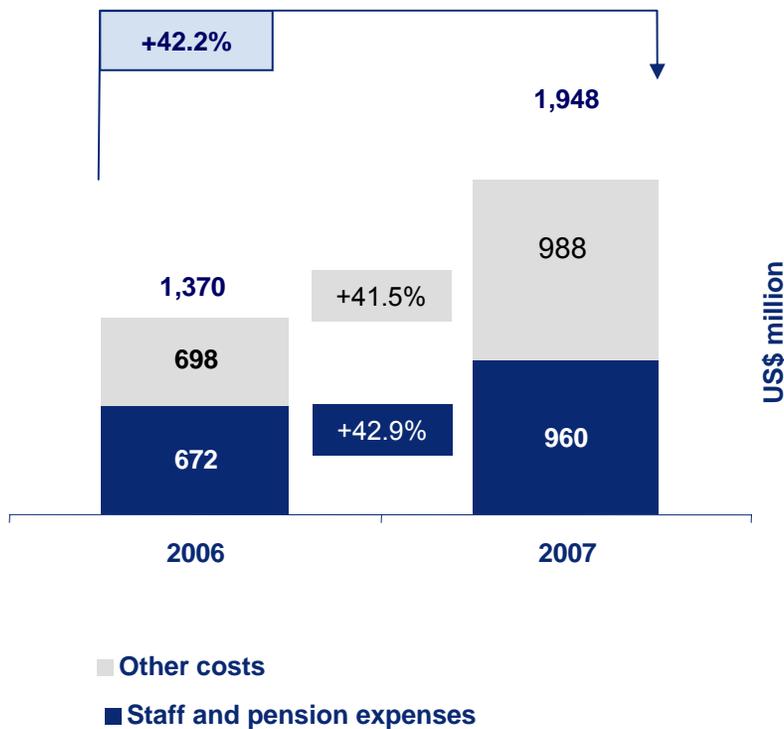
■ Net fee and commission income⁽³⁾

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

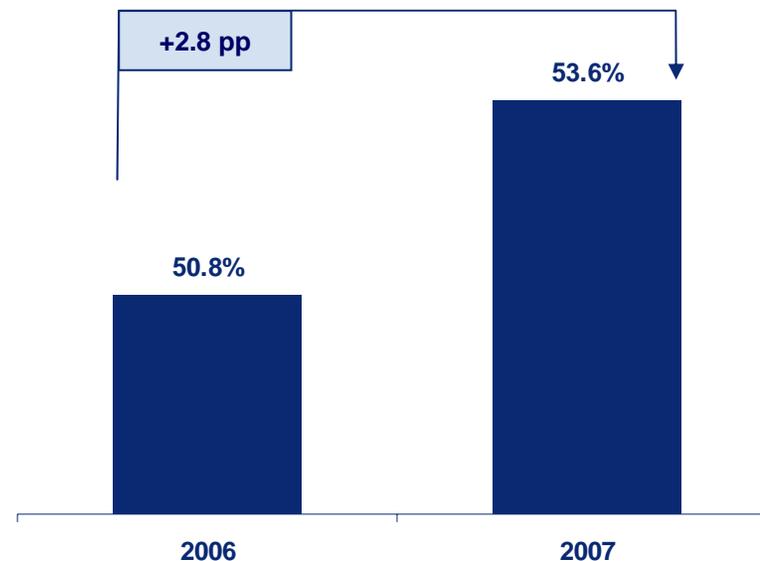
(2) Includes other items from profit and loss accounts

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

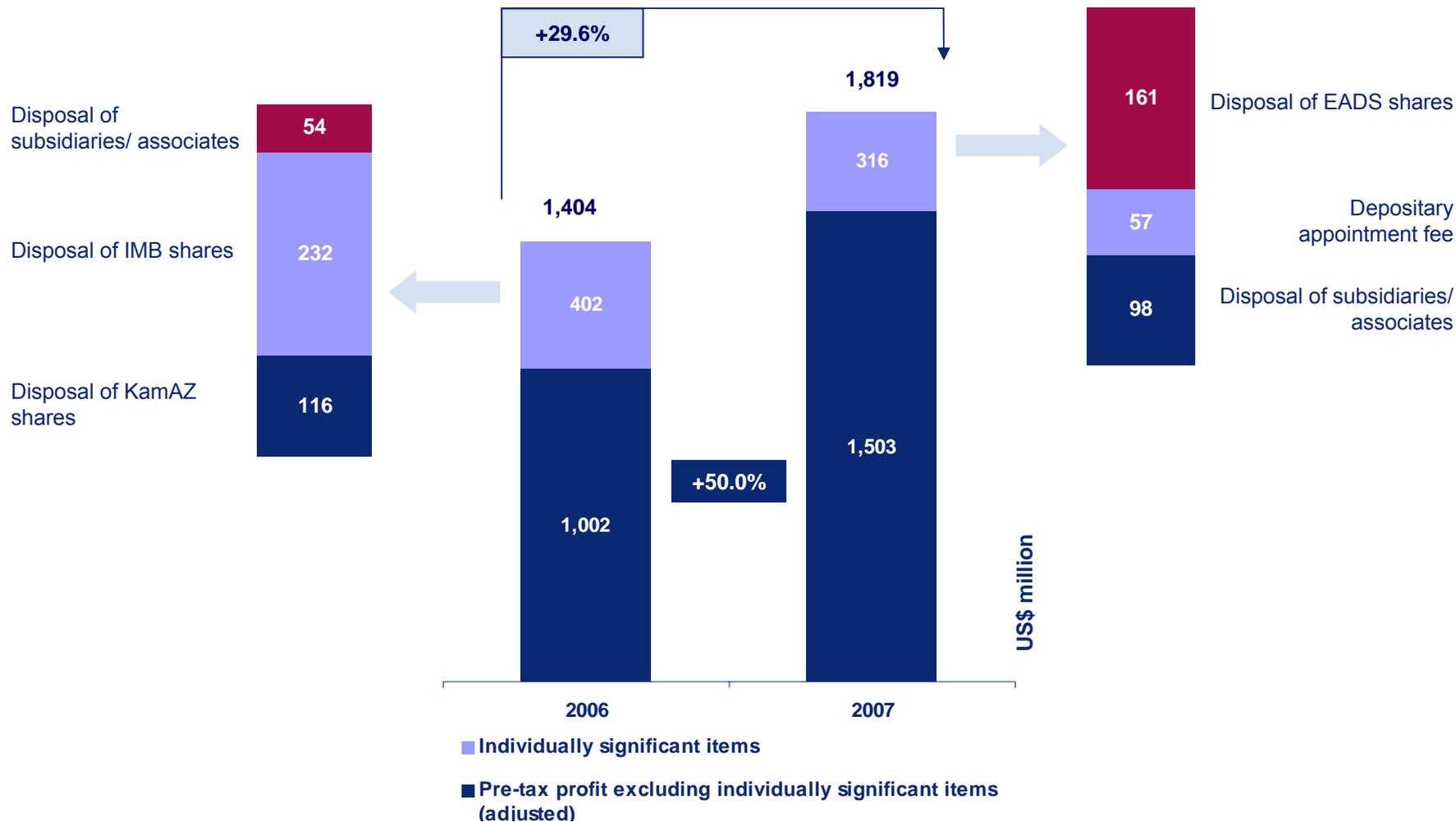
Operating expenses



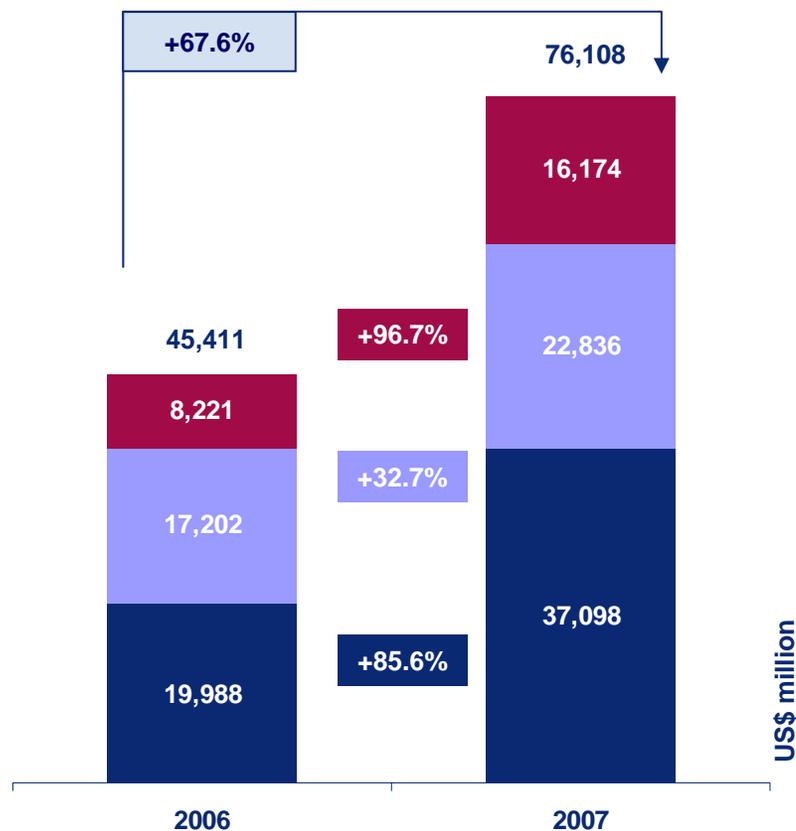
Cost to income ratio



Profit before taxation

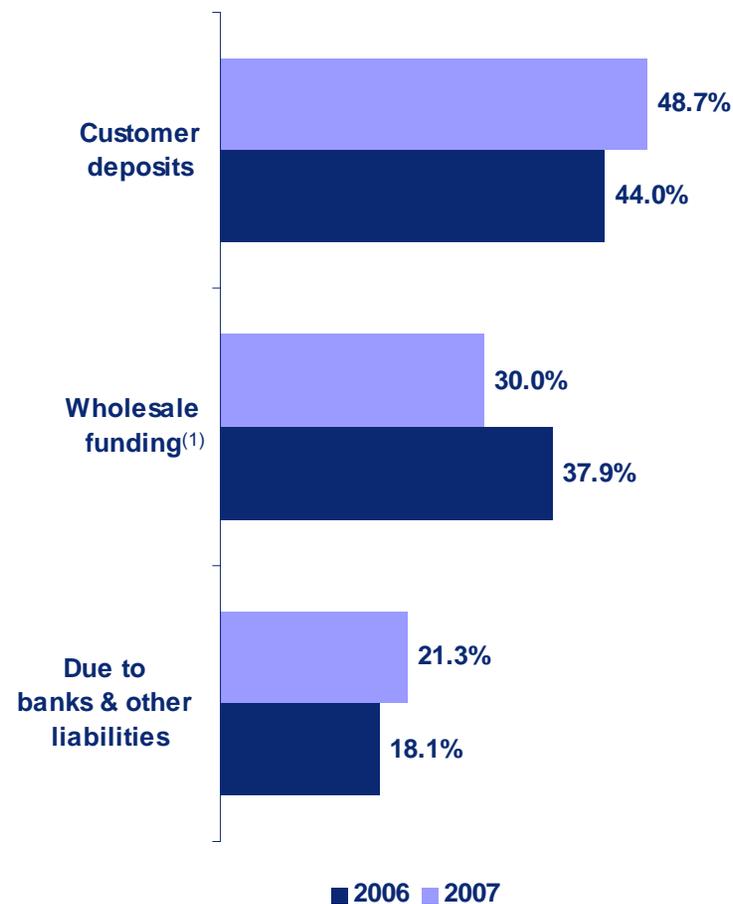


Total liabilities



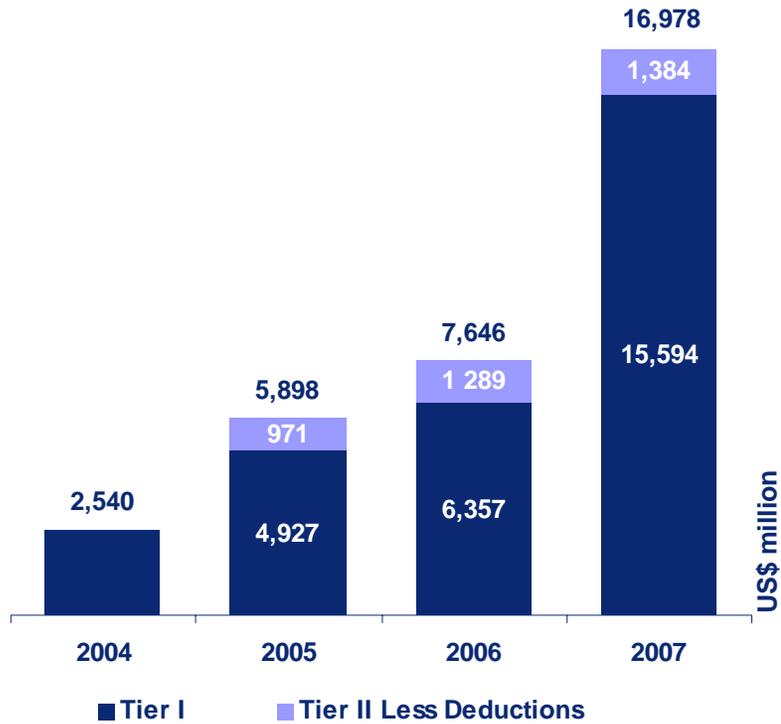
- Due to Banks & Other liabilities⁽¹⁾
- Wholesale funding
- Customer deposits

Breakdown of liabilities (as % of total)

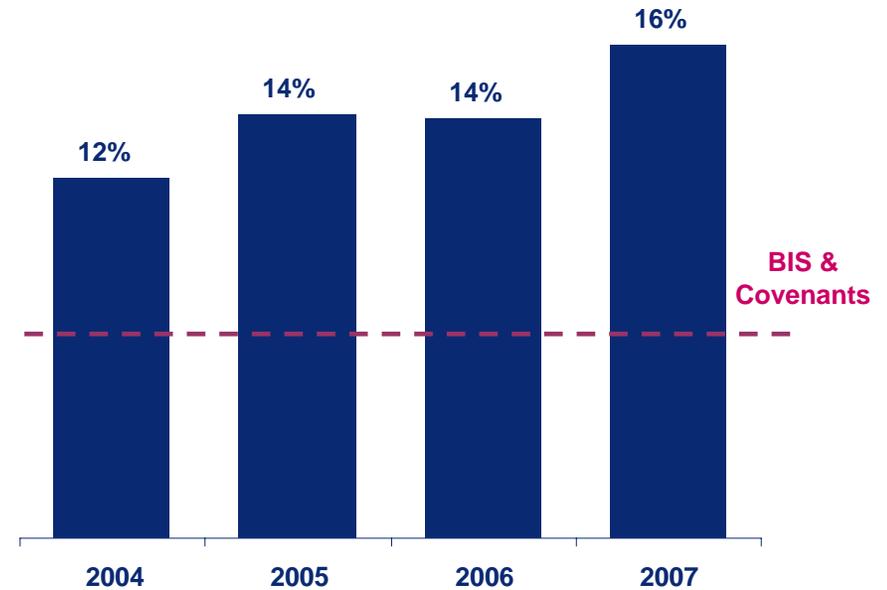


(1) Incl. debt securities issued, other borrowed fund and sub.debt

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%



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