



*From opportunities
to achievements*

Our Mission

JSC VTB Bank is the largest financial institution in Russia. It is the main entity of the VTB Group, a leading universal Russian banking group offering a wide range of banking products and services in Russia, the CIS, Western Europe, Africa and Asia.

Our vision

To participate in the growth of the Russian economy and the Russian corporate sector.

Our mission

VTB is a leading banking group, representing Russia in international markets and providing professional financial services.

VTB brings international experience to the contemporary Russian banking system, which promotes the success of our clients. We are proud to introduce to the world a Russia that is ready for meaningful partnership and development.

VTB strives to offer Russia's intellectual and spiritual potential, strong character and hospitality to the world, and is building qualitatively new relationships internationally.

Our strategy

To be a leader in servicing corporate and retail clients in Russia and the first Russian banking group capable of serving its clients worldwide.

Statement of the Chairman of the Supervisory Council



*Dear shareholders, clients
and partners,*

Please allow me to present VTB's Annual Report for 2007, which summarizes the results of one of the most important periods for the Group. For the past two years we have been preparing for an initial public offering, which took place successfully in May 2007.

As one of the key players in the Russian financial system, VTB impacts not only the path of development of the banking sector, but the country's economic system as a whole.

Based on the results of recent years we can speak with confidence of the growth of Russia's macroeconomic stability and financial independence. The result is growing prosperity among the population, and an investment boom that has been observed over the past two years.

In 2007 disposable household income grew by 10.4%. The average salary reached RUB 13,527; its real growth was 16.2%. These indicators are reflected in the development of the banking sector. Positive economic trends and rising household income led to increased activity of Russian citizens on financial markets. VTB was in a strong position to meet this growing demand as witnessed by the positive growth in all key areas of the Bank's business.

Last year the Russian economy faced a series of problems. First and foremost, the most pressing problem was inflation, which was tied to a significant degree, to the rising prices for certain goods on world markets. Our country, which is already highly integrated into the global economy, felt the effect of the negative developments in the economy.

Thanks to effective delivery of its strategy, VTB managed to neutralize the consequences of these trends and significantly decrease the level of macroeconomic risks. The outcome of these efforts is VTB's impressive results, which are reflected in this report.

The key indicators of banking activity in Russia allow us to characterize 2007 as a very successful year

for the banking sector. The rate of growth of most indicators was the highest in recent years. Banking sector assets grew by 44.1%, while the rate of capital growth was 57.8%.

Even in this context, VTB's success stands out. Its growth significantly outstripped the market average. For example, VTB's assets grew by 76.7% due mainly to the IPO carried out this year, the largest among European banks in 2007.

VTB's contribution to the development of the banking sector and the Russian economy, as a whole, is increasing with every year. VTB is among the leaders in virtually all spheres of financial activity, and is one of the fastest growing banking groups in the country.

I would like to thank staff, colleagues and all our clients and business partners for the part they played in our success in 2007. The challenge is to continue to deliver in 2008.

*Deputy Chairman of the Government
of the Russian Federation,
Minister of Finance of the Russian Federation,
and Chairman of the Supervisory Council
of JSC VTB Bank*

Alexey Kudrin



Statement of the Chairman and CEO



Dear shareholders, clients and partners,

We are pleased to present the results for 2007, which, we believe, mark a watershed for VTB. In May 2007 VTB Bank's initial public offering took place, which was a landmark economic event for Russia and the global capital markets.

VTB Bank's initial public offering was the second largest IPO in the world in 2007 and the largest banking IPO in Europe. During the IPO 22.5% of shares were distributed among Russian and international investors and the overall amount of equity raised was nearly USD 8 billion.

VTB Bank's IPO was "public" in the truest sense of the word; as a result of the offering, more than 120,000 Russians became stockholders in the Bank. This is a record for the Russian stock market both in terms of the number of participating retail investors and the volume of equity raised.

Despite the instability of the Russian financial market in 2007 triggered by the crises in the global financial system, VTB demonstrated noteworthy financial stability and reliability. We are confident in the future stability of the Russian financial market and the Russian banking system and in the ability of the Russian economy to successfully withstand crises in the global market and to compensate for a downturn of the world economy.

Embarking on the initial public offering, we outlined VTB's main development directions and strategic goals for our investors. In particular, our corporate business goals are to strengthen our leading market positions, continue to diversify and to increase our business efficiency.

The objective of our retail business is to significantly increase turnover and market share in all product segments. VTB plans to actively develop leasing, investment banking services (including asset management), insurance and to improve its system of corporate governance.

The priority area for the VTB Group outside Russia is the CIS countries, where the Group's goal is to become the local market leader. In Asia and Africa VTB plans to serve clients from Russia and the CIS and foreign clients doing business in Russia and the CIS and to take part in joint investment projects. In Western Europe the VTB Group plans to continue serving Russian business and assisting Russian companies in accessing European capital markets.

VTB Group has achieved considerable success since the beginning of 2007: its equity has increased by 2.4 times and by 31 December 2007 it had reached USD 16,501 million; the size of its assets increased by 76.7% to USD 92,609 million. Consolidated net profit grew in 2007 by 28.4% to USD 1,514 million. This growth occurred due primarily to the growth in net interest yields and net fee revenues.

For the accounting year of 2007 VTB Group achieved excellent results in its principal spheres of activity.

VTB24, the cornerstone of the VTB Group's retail business, successfully implemented social programs of the utmost importance in the sphere of mortgage loans and support for small businesses.

As a result, the VTB Group jumped from 4th place to 3rd place on the retail credit market and increased its market share from 2.6% in 2006 to 5.9% in 2007.

In 2007 VTB's corporate business grew faster than the market average, which allowed us to increase our market share in loans to the corporate sector from 9% in 2006 to 10.7% in 2007 and in corporate deposits from 8.7% in 2006 to 10.2% in 2007.

VTB Group also managed to strengthen market position in its investment banking business, taking

1st place among lead managers of bond issues on the domestic market. At the same time, we recognize that VTB's investment banking business must develop even more rapidly in the future. Our main goal for the coming years is turning VTB into a leader in Russian investment banking services.

Although it is a for-profit business, VTB occupies an active social position regarding sponsorship and charity as an important part of its work and its overall mission as a corporate citizen.

The growth in our financial results is enabling us to expand and diversify VTB's sponsorship and charity programs, whose key priorities remain culture, education, sports and public healthcare, as well as targeted social assistance.

Our efforts are concentrated on taking advantage of the opportunities now arising for ensuring VTB's long-term growth, as well as turning Russia into one of the most highly developed nations in the world.

In conclusion, I would like to express my recognition to my colleagues for their professionalism, hard work and excellent team spirit. I would also like to thank VTB's shareholders, clients and partners for their cooperation and wish them success and prosperity in 2008.

Chairman and CEO of JSC VTB Bank

Andrey Kostin



The VTB Group (hereinafter VTB, VTB Group and the Group) is a leading Russian financial and banking group offering a broad range of banking products and services in Russia and the CIS, as well as in a number of countries in Western Europe, Asia and Africa. VTB is a universal banking group specializing in corporate, retail and investment business.

Among VTB's competitive advantages are its broad base of corporate clients in key branches of the economy, an extensive regional sales network, a strong brand and an experienced team of managers.

The growth prospects and high development potential of the Russian market of banking services allow VTB to retain its position as a leader in all sectors.

The key component of VTB is JSC VTB Bank (hereinafter the Bank, VTB Bank), which provides services in the majority of areas of VTB's activity.

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1. VTB Group in Figures

1.1. Key financial¹ and operational indicators

VTB is the second largest bank in the Russian banking market in terms of the volume of its combined assets and credits and the volume of equity raised, which, along with its high rate of development, serves as an excellent foundation for further growth.

VTB is rated the 2nd at the Russian banking market by the value of the total assets, credits and raised funds.

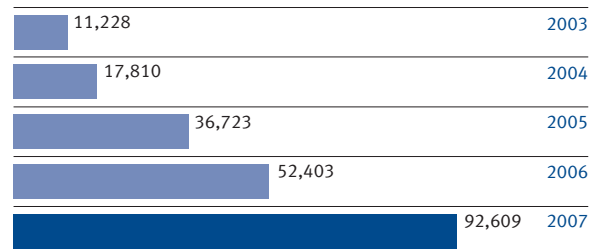
VTB is proud of its strong tradition and corporate culture.

Since the beginning of 2007 VTB's assets have grown by 76.7% and at the close of 2007 totaled USD 92,609 million. VTB's asset growth is significantly outpacing the growth rate of the combined assets of the Russian banking sector, as well as that of other leading Russian banks.

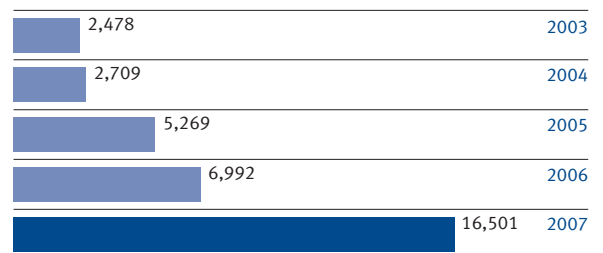
VTB Group has achieved this level of growth through an expansion in the volumes of its business, an increase in the range of banking products and services and an expansion of its network through the acquisition of banks in Russia and the CIS.

1. Data on VTB Group are presented in accordance with international accounting standards.

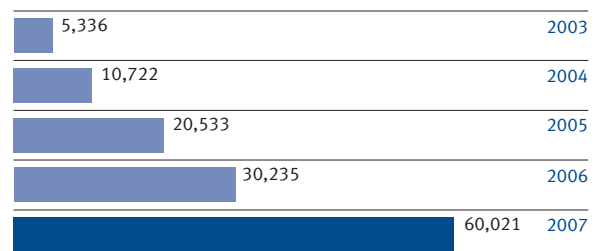
*Total assets of the VTB Group,
USD million*



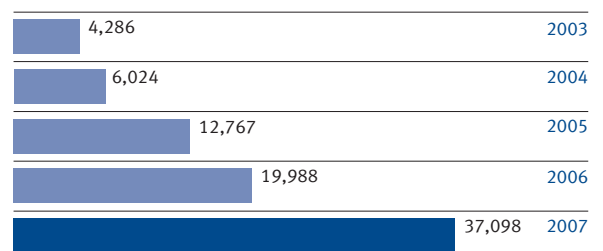
*Total equity of the VTB Group,
USD million*



*Total loans and advances to customers,
USD million*



*Customer deposits,
USD million*



Performance indicators

	2003	2004	2005	2006	2007
Net profit, USD million	287	208	511	1,179	1,514
ROAA	3.2%	1.5%	2.4%	2.6%	2.2%
ROAE	12.3%	8.2%	17.7%	19.7%	12.3%
Cost/Income	50.8%	65.2%	54.0%	50.8%	53.6%

Operational network and personnel, at year end

	2006	2007
Number of branches in Russia and the CIS	778	932
Number of points of sale in Russia	506	583
Number of employees (total)	28,466	35,945
Number of employees (in Russia)	24,163	29,976

Long-term credit ratings of VTB Bank

	2003	2004	2005	2006	2007
Standard and Poor's	BB	BB+	BBB	BBB+	BBB+
Moody's Investors Service	Ba1	Ba1	Baa2	Baa2	Baa2
Fitch Ratings	BB+	BBB-	BBB	BBB+	BBB+

1.2. Indicators on the Russian banking market

	2004	2005	2006	2007
Corporate loans	2	2	2	2
Retail loans	10	6	4	3
Corporate accounts and deposits	2	2	2	2
Retail accounts and deposits	2	2	2	2

According to its own methodology for assessing its market position and the data of the Central Bank of the Russian Federation, VTB occupies the 3rd place on the retail loan market and the 2nd place on the market of retail deposits.

If Rosbank is excluded from the Société Générale group, then VTB would have occupied the 3rd place on the retail loan market in 2006 and the 2nd place in 2007.

When performing the assessment, VTB experts included in their analysis the Société Générale Group, which includes Bank Société Générale Vostok, Rosbank, Rusfinans and DeltaCredit.

1.3. Information on the payment of dividends to shareholders of JSC VTB Bank

VTB Bank is the key component of the VTB Group. The amount of dividends paid to the Bank's shareholders is determined by decision of the General Meeting of Shareholders of VTB Bank based on the recommendation of the Supervisory Council. The amount of the dividends is based on the Bank's net profit calculated according to Russian Accounting Standards.

The year 2007 was another year of VTB successful development, marked with prestigious Russian and International awards to VTB Bank.

The dividends paid by the Bank for the past four years have ranged 13-20% of net profit.

In 2006 the number of uncertified ordinary registered shares in VTB Bank and the parameters of dividends per share changed.

In September 2006 5,211,112,400,000 ordinary shares with a par value of RUB 0.01 each were issued. These shares were floated through the conversion of uncertified ordinary registered shares in the bank with a par value of RUB 1,000. In the process a single share with a par value of RUB 1,000 was converted into 100,000 shares with a par value of RUB 0.01.

Amount of dividends paid by VTB Bank, RUB million

1,600	2003
1,707	2004
1,707	2005
3,439	2006

The amount of VTB Bank's charter capital did not change as a result of this share issue and totaled RUB 52,111,124,000.

1.4. VTB Awards 2007

During 2007 VTB won a number of major Russian and international awards.

In April 2007 Global Finance magazine named VTB the best bank in the categories of Best Domestic Bank and Best Commercial Bank of 2007.

For the third year in a row VTB's leading position in the Russian banking system, in both corporate and investment banking and the retail market, were distinguished by awards from this acknowledged publication.

In April 2007 VTB Bank received the Master of Brandbuilding award for 2007.

Vasily Titov, the Bank's Deputy CEO: *"VTB's rebranding is of a strategic character, and is a logical reflection of the current realities of the bank's business. Now all participants in the VTB banking group are working under the same brand*

	2003	2004	2005	2006
Net profit, RAS, RUB millions	8,947	9,541	12,919	17,176
Dividends per ordinary share, RUB	37.98	40.5	32.75	0.00066
Amount of dividends paid, % of net profit	17.9	17.9	13.2	20.0

and under the same quality standards. I think that our clients will sense and appreciate these changes. Their recognition will be our main reward.”

The leadership of VTB Bank was presented with a commemorative certificate by the London Stock Exchange at a ceremony in May 2007 to mark the start of trading in global depository receipts on the LSE.

Nikolai Tsekhomsky, the Management Board member, Head of the Bank’s Financial Department: *“VTB’s entry onto the London Stock Exchange is an important event, marking the beginning of a new chapter in the history of the Bank’s development.*

VTB is the first bank to represent Russia on the London Exchange. For us this is a great honor and, at the same time, a serious responsibility. VTB intends to do everything possible to realize its potential to the fullest on international markets for the benefit of its shareholders and the Russian banking sector as a whole.”

In July 2007 VTB Bank received Deutsche Bank AG’s STP Excellence Award for USD for the quality of its processing of payments in US dollars.

VTB Bank is the leading bank in the Russian Federation in the sphere of processing foreign trade operations, cooperating successfully with foreign export and import banks and insurance agencies. Its highly developed correspondent relations and accounts in practically all foreign currencies enable it to offer competitive service conditions to companies and financial institutions of Russia.

In November 2007 VTB Bank received the “Big Money” award for professional accomplishment in the financial sphere established by Itogi magazine and the Fitch international rating agency and was named “Bank of the Year in Corporate Lending.”

Andrey Kostin, the Bank CEO: *“Under the prevailing conditions in today’s financial markets the advantages and shortcomings of banks working in this sector are revealed with particular clarity.*

I’m pleased that VTB’s activity in 2007 has won the recognition it deserves. Work with corporate clients has always been a priority for the VTB Group. We intend to maintain a high standard in the future as well.”

Developed correspondent relations and accounts in almost any foreign currencies provides for competitive servicing of the Russian companies and financial institutions.

In December 2007 VTB Bank received the national award “Company of the Year 2007” organized by RosBusinessConsulting and won the category for “Bank of the Year.”

Vasily Titov, the Bank’s Deputy CEO: *“Despite the complex situation in international finance markets, VTB is one of the fastest growing banks in the world. For VTB 2007 was an extremely important year. We conducted an IPO and are continuing to drive the business forward, while remaining open to new ideas. We will try to live up to the trust shown by Russian citizens and in the future to be worthy of the title of “Bank of the Year.”*

From opportunities to goals
review of prospects + search for ways to attain them





2. Overview of the Russian economy and banking sector

2.1. The Russian economy

	calculation method	2003	2004	2005	2006	2007
Macroeconomic indicators						
Nominal GDP (billion RUB)	for the period	13,243.2	17,048.1	21,625.4	26,879.8	32,987.4
Real GDP growth	for the previous period	7.3%	7.2%	6.4%	7.4%	8.1%
Population (in millions)	at period end	144.2	143.5	142.8	142.2	142.0
GDP per capita (RUB)	for the period	91,607	118,537	151,106	188,683	232,142
Inflation	by December of the previous year	12.0%	11.7%	10.9%	9.0%	11.9%
Average RUB/USD exchange rate	period average	30.7	28.8	28.3	27.2	25.6

Source: Data of the Russian State Statistics Committee and the Central Bank of the Russian Federation.

In 2007 economic growth continued in Russia driven mainly by growth in manufacturing, investments in capital assets, consumer spending and high global prices for oil.

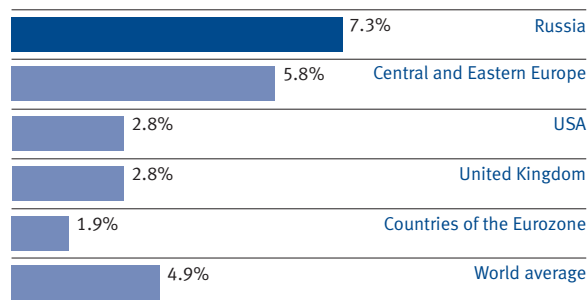
The Russian economy is one of the most rapidly developing in the world. GDP of the country has increased by 8.1% during the year.

During the financial year the price per barrel of Urals grade oil rose by 52% to USD 88.10, while the price per barrel of Brent crude rose by 45% to USD 91.3¹. These were both record highs.

The Russian economy is one of the most rapidly developing economies in the world. During the year the country's GDP rose by 8.1% in real terms (against 7.4% in 2006) to RUB 32,988.6 billion. Russia's GDP has risen by an average of 7.3% a year over the past five years, which significantly exceeds the global average rate for GDP growth.

1. According to data from the Russian Ministry of Economic Development.

Real growth of GDP of Russia compared to other countries during 2003–2007, CAGR



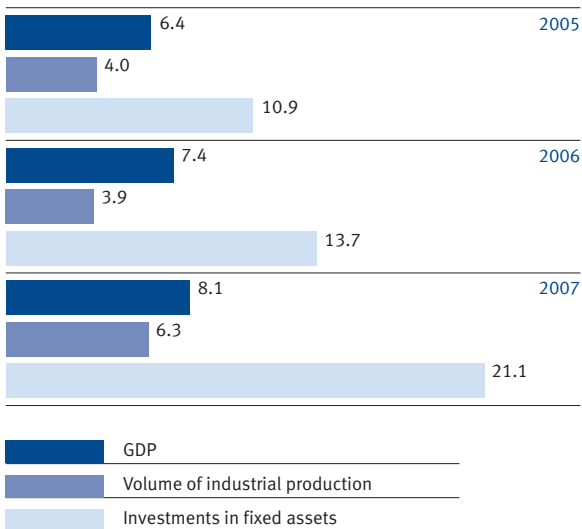
Source: Data of the Russian Central Bank and the IMF World Economic Outlook Database.

Investments in capital assets played a significant role in GDP growth. In addition, manufacturing growth accelerated to 6.3% in 2007 compared to approximately 4% in 2006.

The appreciation of the rouble to the dollar continued: the average exchange rate for 2007 was 25.6 roubles per dollar, having fallen by year end to 24.5 roubles.

Investments in capital assets rose by 21.1% in 2007, which is significantly higher than

Growth of GDP, industrial production and investments in fixed assets, %



Source: Russian State Statistics Committee data.

the growth in 2005 and 2006, which was 10.9% and 13.7%, respectively.

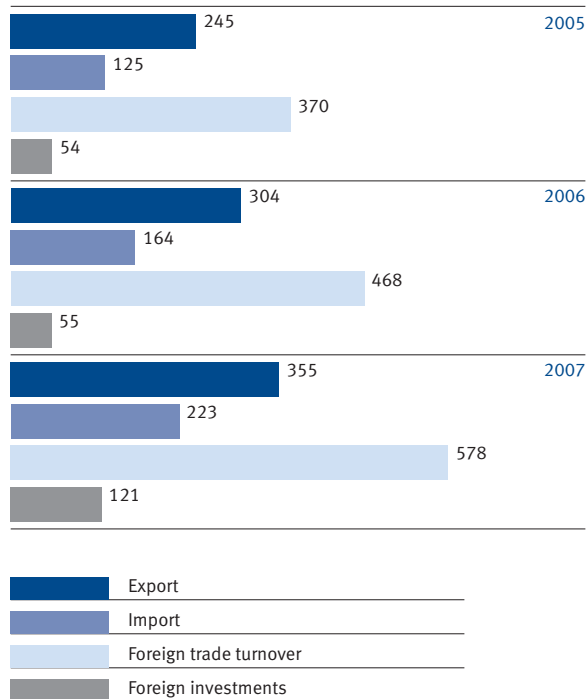
This sharp growth was maintained because of the loose monetary policy. The growth of the monetary base was approximately 34%, the monetization of the economy reached 40% of GDP and gross assets of banks exceeded 60% of GDP. In addition, the net inflow of capital into the country reached a new record of USD 82 billion. Direct investments from abroad grew by 40% compared to the previous year and also set absolute records since the start of economic reform in Russia.

Russian foreign trade continued to develop in 2007 as a result of favorable global economic conditions.

Russia's foreign trade volume was USD 578.3 billion, having risen by 23.5% compared to the same indicator for the previous year (in 2006 it rose by 26.9%).

The federal budget surplus was RUB 1,782.4 billion in 2007, or 5.4% of GDP². The budget softened

Foreign trade, USD billion



Source: Data of the Russian Ministry of Economic Development.

noticeably in late 2007, when the banking system's need for liquidity became especially acute. As a result, the surplus proved lower than the RUB 1,995 billion, or 7.5% of GDP achieved in 2006.

A change took place in the structure of the balance of payments in 2007. This was the result of the relative decrease in the account balance for current transactions and an increase in the volume of net capital imports by the private sector, which was estimated at USD 82.3 billion (against USD 41 billion in 2006).

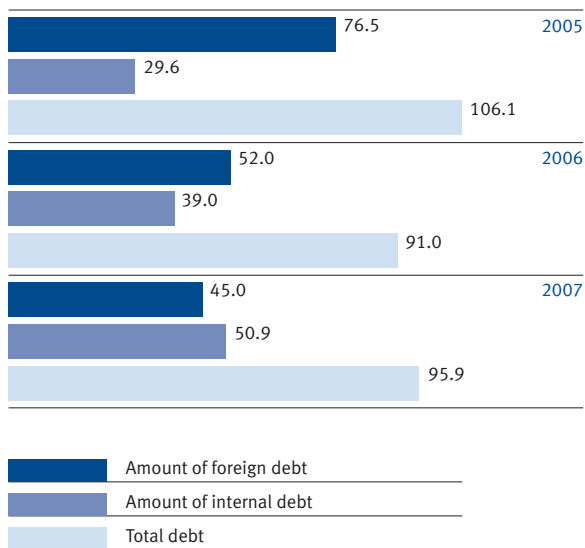
Russia's gold reserves rose by 56.9% totaling USD 476.4 billion as at 1 January 2008³. Russia consolidated its position as the third largest holder of gold reserves.

2. According to data of the Russian Ministry of Economic Development.

3. According to data of the Russian Central Bank.

The total volume of assets in the Stabilization Fund rose in 2007 by 64% to 3,849.11 billion in rouble equivalent (11.7% of GDP), or 156.8 billion in dollar equivalent (USD 66.9 billion, 51 billion euros, 7.7 billion pounds sterling) against RUB 2,346.9 billion at the beginning of 2007. For the year RUB 1,896.3 billion were credited to the Stabilization Fund⁴.

State debt of Russia, USD billion



Source: Russian Finance Ministry data.

Government policy aimed at reducing Russia's State foreign debt. The volume of State foreign debt fell to USD 45 billion (RUB 1,103.3 billion) as of 1 January 2008, due to net repayment (repayment minus attraction) of approximately USD 7 billion.

The volume of State domestic debt for 2007 rose by RUB 220.8 billion, or 21.5%, to RUB 1,248.9 billion, with an upper limit set by the Federal Law On the Federal Budget for 2007 of RUB 1,363.3 billion. Moreover, in 2007 the volume of State domestic debt exceeded that of foreign debt.

The total volume of State debt for 2007 rose by 5.3% to RUB 2,353.4 billion (USD 95.9 billion), or 7.1% of GDP.

On the negative side, inflation rose from 9% in 2006 to 11.9% with benchmark inflation of 11%. The corresponding figures a year ago were 9% and 7.7%, respectively. To a significant degree, the growth of inflation in 2007 was determined by factors connected with the increase in global food prices, structural imbalances in Russian domestic production and the sale of food products.

Disposable income rose 10.4% in 2007 compared to 8.9% and 13.3% in 2005 and 2006, respectively⁵.

2.2. The Russian Banking Sector

Over the past several years the Russian banking sector has grown at faster rates than the economy as a whole. The rate of growth of banks' capital, total assets, non-financial sector loans and retail deposits exceeded the rate of growth of GDP several times over, as a result of which the ratio of basic banking sector indicators to GDP grew as well.

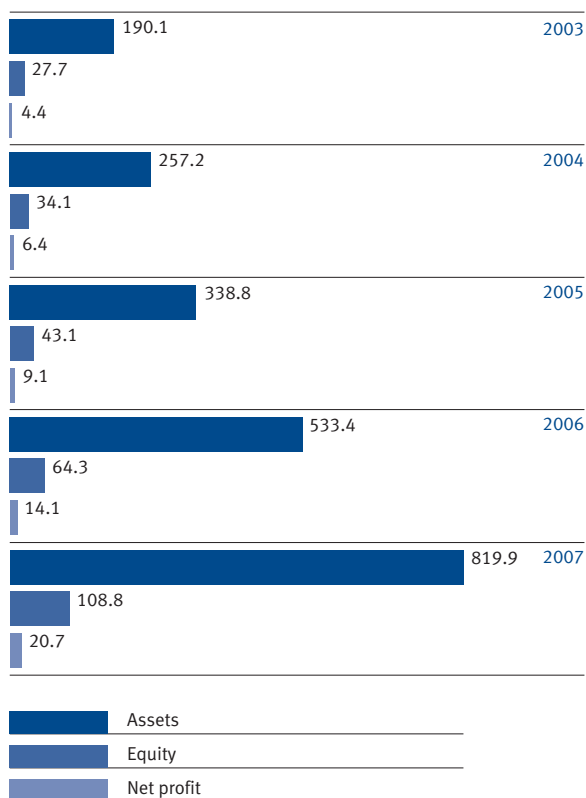
In 2006–2007 high rates of growth of banking sector assets were observed 57.5% and 53.7%, respectively. The rate of capital growth for 2007 was a record 69.3% (in 2006

The basis of the growth of banking sector assets in 2007 was again an expansion of lending.

4. According to data of the Ministry of Finance of the Russian Federation.

5. According to data of the Russian Central Bank and the Russian State Statistics Committee.

Indicators of the banking system, USD billion

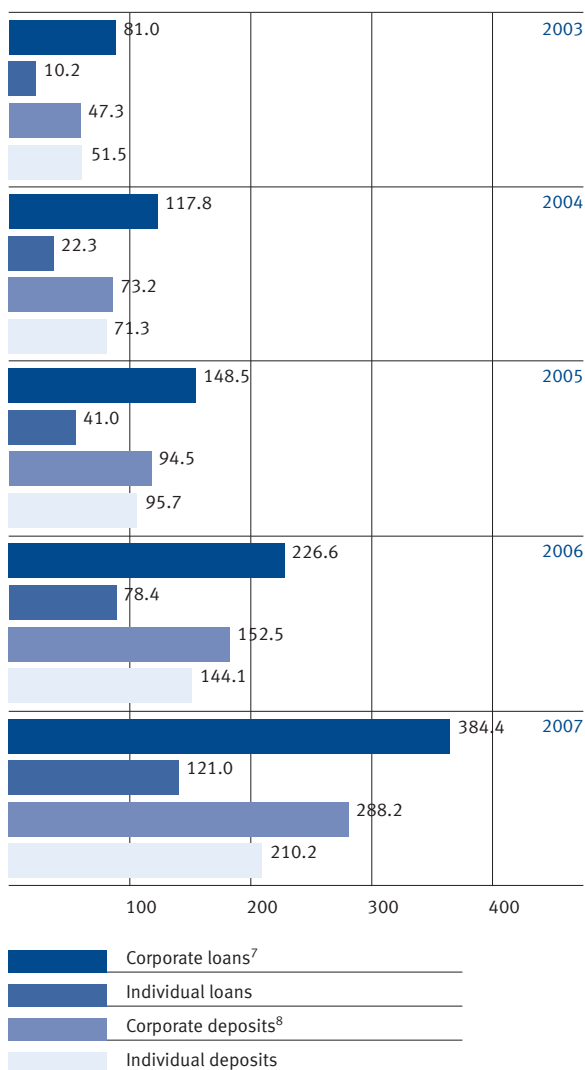


Source: Russian Central Bank data, in USD.

the figure was 49.0%). The net profit of the banking sector as a whole rose in 2007 by 46.7% to USD 20.7 billion.

In 2007 the ratio of banking sector assets to GDP rose by 9.6 percentage points reaching 63.5%. The ratio of banking sector capital to GDP rose to 8.3% and, thus, exceeded the 2006 level by 1.8 percentage points. The basis of the growth of banking sector assets in 2007 was again an expansion of lending. The loan portfolio volume rose by 65.7% to USD 505.4 billion.

Loans and deposits, USD billion



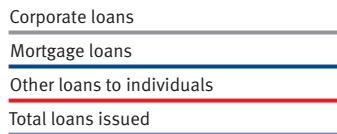
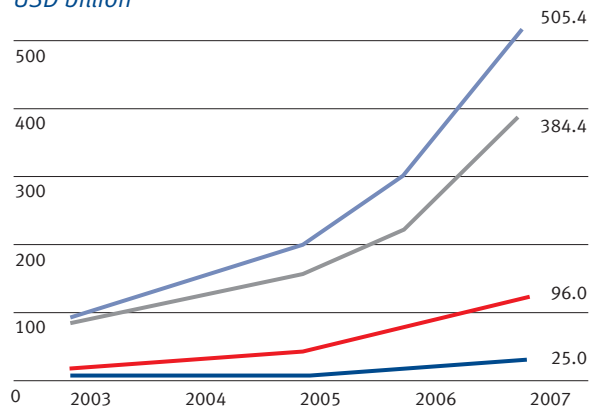
Source: Russian Central Bank data, in USD.

The ratio to GDP increased by 8.1 percentage points to 39.2%, and the share of total

7. Including non-bank financial institutions, financial authorities and non-budgetary funds. Bills are not included.

8. Including budgets of state non-budgetary funds, cash on settlement and current accounts of organizations, receivables, deposits of organizations and cash from factoring and forfeiting transactions.

Structure and breakdown of loans issued, USD billion



Source: Russian Central Bank data, in USD.

banking sector assets rose from 57.2% to 61.6%⁹.

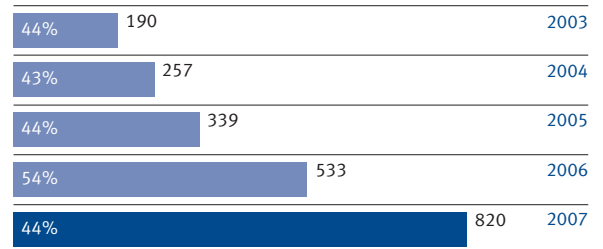
The ratio of all deposits to GDP grew by 8.3 percentage points to 38.6%. This is ahead of the target set out in the “Development strategy for the banking sector of the Russian Federation for the period ending 2008.”

The positive dynamics of all major indicators of the banking sector performance at the simultaneous growth of their GDP ratio shows continuously improved significance of the banking sector in the Russian economy.

On the banking market corporate loans predominated, but there was nevertheless strong growth in personal lending, especially mortgages.

The main source of funding were corporate deposits and organizations. These increased by 89% over

Total banking assets and banking penetration (assets/GDP), USD billion



Source: Russian Central Bank data, in USD.

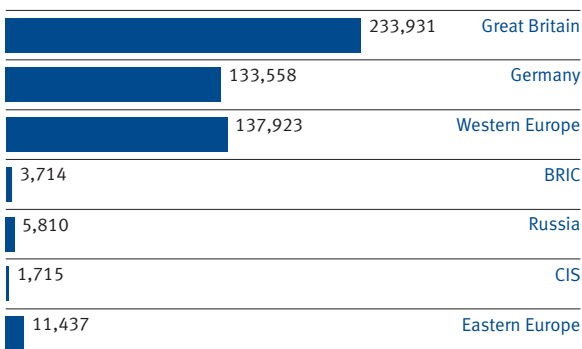
the reporting period; the ratio to GDP rose by 6.8 percentage points (to 22.3%), and its share in banking sector liabilities was 42.4%. The growth of retail deposits for the reporting period was 45.9% down slightly from 2006 (50.5%).

The positive dynamics of all the main indicators of banking sector activity, both in absolute terms and relative to GDP, shows how much the banking sector is growing in relative importance in the Russian economy.

In terms of total banking assets per capita Russia leads both the CIS and BRIC (Brazil, India, China), but is significantly behind the countries of Eastern and Western Europe.

Nevertheless, the Russian banking system continues to have a high asset concentration. The top 20 banks in terms of assets account for 65.9% of the assets of the banking system. Moreover, 45.1% of all banking system assets are held by the top five banks with Sberbank of the Russian Federation and the VTB Group holding 25.6% and 9.9%, respectively.

9. Source: Russian Central Bank.

Total assets per capita, USD

Averaged data for CIS countries include Armenia, Belarus, Georgia and Ukraine (CIS countries, in which VTB is represented). Averaged data for Eastern Europe include Poland, the Czech Republic, Slovakia, Serbia, Croatia and Hungary. Average data for Western Europe include Belgium, Denmark, Greece, Spain, France, Ireland, Italy, Holland, Austria, Portugal, Finland, Slovenia, Luxemburg, Germany and Great Britain. Data is as of the end of 2007.

The following factors are behind the growth of the Russian banking sector growth in recent years:

- a favorable macroeconomic climate in the country;
- an increase in levels of trust in banks and an increase in demand for banking services from business and, especially, retail customers;
- the growing diversification of banking business;
- the trend of banks to grow larger and fewer in number as a result of the tightening of the Russian Central Bank's regulation policies and the demise of non-competitive banks;
- an increase in the number of foreign-owned banks;
- a continuing high rate of expansion of retail business;
- further growth of mortgage and credit card business is expected.

The high level of liquidity of the banking system during the first half of the year, significant M&A activity by foreign banks in Russia and the significant interest of foreign investors in Russian assets led

to a boom in equity investments, which grew by more than 20%. The high rate of investment growth continued throughout the year.

In the second half of the year, against the background of the crisis in the international capital markets, the Russian Central Bank became an important source of short-term liquidity via a series of measures aimed at overcoming the cash shortage in the banking system: for instance, it raised credit limits on one-day repo agreements and relaxed reserve requirements, etc.

One of the most significant events in banking regulation in 2007 was the introduction of a new method for determining the effective interest rate for retail loans of great strategic importance for the development of a mature banking market. No less

High banking system liquidity in the first six months of the year, active external borrowings, significant interest in the Russian assets by the foreign investors brought forward the boom of fixed capital expenditures, the growth of which was over 20% in the year 2007.

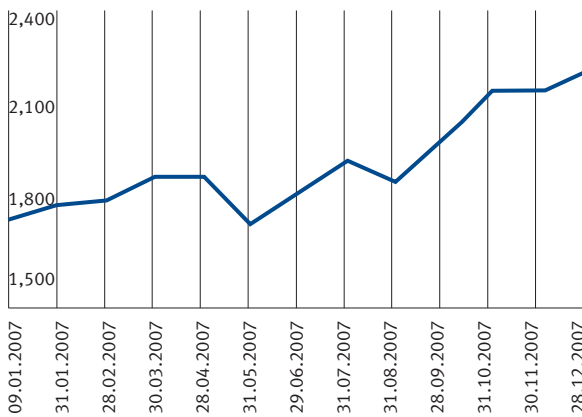
important were the passage of the Regulations On the Accounting Rules for Credit Institutions and the entry into force of the change to the Federal Law "On Retail Deposit Insurance in Banks of the Russian Federation," which raised the level of deposit insurance to RUB 400,000. All of these changes reflect the general development of the Russian banking system and the gradual maturing of the system.

3. Information for Shareholders and Investors

3.1. Growth Dynamics of the Russian Securities Market in 2007

After rapid growth in 2006 the Russian stock market had a slower start to the year in 2007. Nonetheless, the growth of prices for stocks remained impressive, at 19.9% (70.5% in 2006) and the RTS index hit 2,291 points (as of 28 December 2007).

Breakdown of RTS indexes in 2007



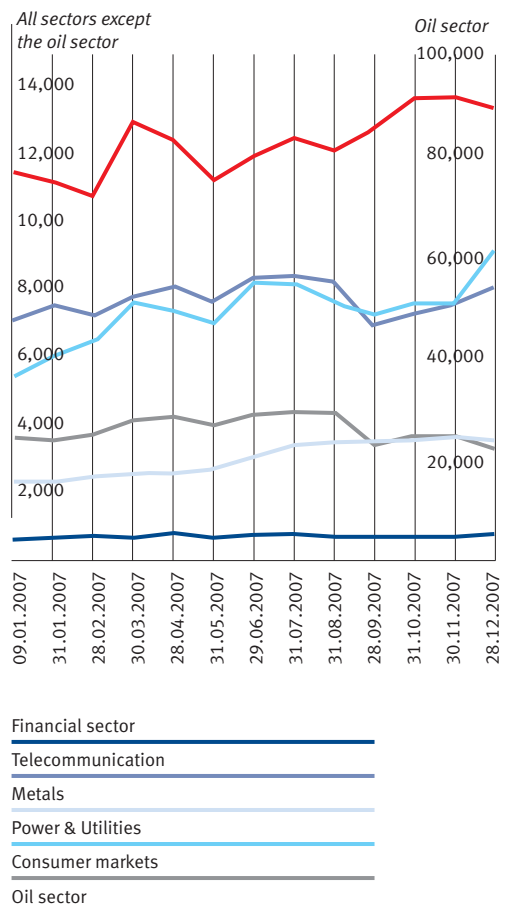
Source: Bloomberg.

In 2007 the following dynamics were observed in various sectors of the stock market (the RTS index).

Especially strong growth was observed in power and utilities (+67.7%), metals (+55.1%), financials (+19.2), oil (+16.4%) and telecommunications (+12.9%).

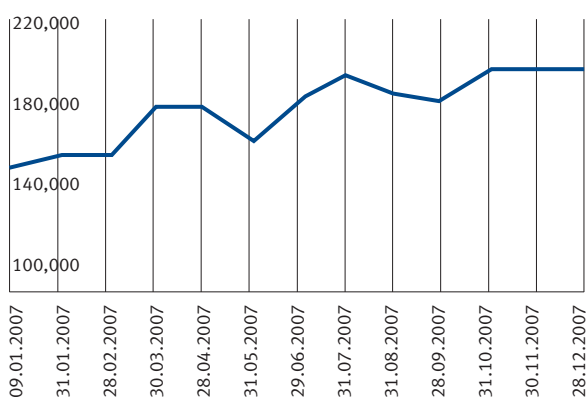
In 2007 market capitalization rose by 26.4%, to RUB 195.5 trillion compared to RUB 154.7 trillion at the end of 2006.

RTS indexes by sector



The basic drivers were continuing high oil, gas and metals prices, as well as interest rate reductions by the world's leading central banks. In addition, stock market growth was encouraged by the successful initial public offerings (IPO) by Russian companies and banks, along with the more active role taken by regulatory bodies and the growing interest among the population in stock market investments.

Capitalization of the Russian equity market in 2007, RUB billion



Source: Bloomberg.

In the second half of 2007 the global “credit crunch” had a negative effect on many Russian stocks, particularly in the banking sector.

The year end was characterized by capitalization growth on the Russian stock market. The decision by outgoing Russian President Vladimir Putin to publicly back Dmitry Medvedev as a presidential candidate removed much of the political risk overhanging the Russian stock market and triggered a return of investor interest in the Russian market.

3.2. The Initial Public Offering by JSC VTB Bank

Characteristics of the IPO/SPO market in 2007

The volume of stocks floated by Russian companies in 2007 reached a record USD 32.8 billion. Of this amount more than USD 18 billion was raised on the London Stock Exchange, 2 billion as a result of listings on the Russian market and the remainder through secondary issues. The IPO of JSC VTB Bank was the second

largest in the world in 2007 and the largest banking IPO in Europe.

In 2007, as in previous years, investors favored larger deals. The average size of an IPO/SPO transaction in Russia, taking into account the two large placements by VTB Bank and Sberbank of the Russian Federation, was USD 1.3 billion; if these two deals are excluded the average was USD 526 million. In countries with developing economies (not including Russia), the average transaction size was USD 150 million.

In February 2007, Sberbank of the Russian Federation raised more than USD 8.8 billion in new capital from Russian investors. In May of the same year VTB Bank raised almost USD 8 billion in an IPO among Russian and international investors, which led to 22.5% of the Bank’s shares being sold.

VTB Bank’s stock offering proved to be the most “popular IPO” in Russia so far: more than 120,000 Russian citizens became VTB Bank stockholders.

As a result of the stock offering, the market capitalization of VTB Bank, whose shares are traded

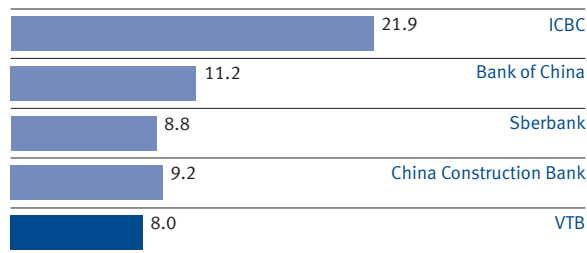
Amount of shares placed by the Russian companies in the year 2007 is estimated in record \$32.8 bn US dollars with over \$18 bn. US dollars raised during IPO at the London stock market.

on the MICEX and RTS, as well as in the form of Global Depository Receipt (GDR) on the London Stock Exchange, reached USD 35.5 billion at the time of the public offers.

Chronology

On March 8, 2007 VTB Bank stopped accepting applications for the IPO in Russia. Applications for shares were accepted in Russia from April 9, 2007, in 234 branches of VTB Bank and VTB24 in more than 100 Russian cities. Both individuals

Amount of share placement by banks worldwide, USD billion



and legal entities could acquire shares; the minimum purchase was set at RUB 30,000.

VTB conducted a parallel IPO in London, where, in accordance with a decision by the Federal Financial Markets Service, the Bank was able to place up to 70% additional issue of shares in the form of global depository receipts (GDR).

The target price range for shares in VTB Bank was:

- RUB 0.1130 to RUB 0.1390 per share;
- USD 8.77 to USD 10.79 per GDR (at the declared price and official exchange rate set by the Central Bank of Russia for April 25, 2007 of RUB 25.7760/USD).

The shares were priced at RUB 0.136 (USD 0.00528) each, or USD 10.56 per GDR.

Results of the VTB Bank IPO

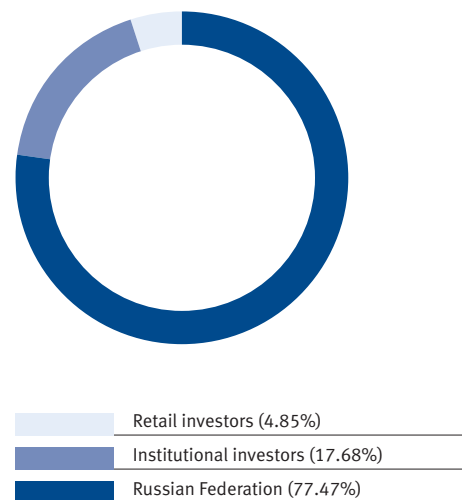
IPO Characteristics	
Number of shares	1,513,026,109,019
Offering size	USD 7,977 million
Offering price	RUB 0.136 (USD 0.00528) per ordinary share USD 10.56 per GDR
Minimum application size for individuals	RUB 30,000
Structure	Listing on Russian stock exchanges: MICEX and RTS Retail placement through VTB Bank and VTB24 Listing on the London Stock Exchange: - according to rule 144A and rule S (outside of Russia) - each GDR grants the proprietary right to 2,000 ordinary shares
GDR/Ordinary shares	65%/35%
Joint bookrunners	Citi, Goldman Sachs International, Deutsche Bank and Renaissance Capital
Price range	RUB 0.1130 – RUB 0.1390 per ordinary share USD 8.77 – USD 10.79 per GDR

The demand for shares of VTB Bank exceeded all expectations. The volume of retail applications totaled more than USD 1.6 billion and the number of subscribers exceeded 130,000.

This was more than all previous IPOs, including Rosneft and Sberbank.

The strong demand indicates a growing awareness of the value of stock exchange investments and an appreciation of the strong rate of growth of the banking sector, which exceeds that of the economy as a whole.

Breakdown of VTB shareholders on the completion of the global placement



4. Overview of JSC VTB Bank and Other VTB Group Companies

4.1. Corporate History

1990 — JSC VTB Bank is established by the Bank of Russia in the form of a closed joint-stock company with State participation in its capital. The Bank was created to service the international trading operations of Russian companies.

the 1990s — The Bank specializes in servicing large export-oriented Russian businesses, and holds the status of a corporate bank with a limited regional network. Acquires a controlling stake in Donau-Bank AG (presently VTB Bank (Austria) AG).

1998 — The bank is turned into an open joint-stock company, whose largest shareholder is the Government, represented by Russian Central Bank, with a 99.9% stake in the Bank's capital.

During the financial crisis the Bank is among the few Russian credit institutions to continue full-scale banking activity and to carry out, in a timely fashion, all settlements and payments, both clients' transactions and its own obligations to investors and creditors. Despite the economic instability, the Bank maintains its financial solvency: payments on forward contracts with foreign banks were made in full, syndicated loans and loans raised on international financial markets were paid off. To a significant degree, this strengthened the Bank's position on the Russian market of banking services.

2002 — the Bank's shares are transferred to the Ministry of Property Relations of the Russian Federation. A new management team is appointed, including Andrey Kostin, currently the Bank's Chairman and CEO; the Bank adopted a strategy to

develop a universal banking group with VTB Bank at its core.

This period of the Bank's development is characterized by expansion beyond its traditional focus on providing financial services to major Russian companies with foreign operations. The Bank offers its clients and partners a full range of banking services.

Under the financial crisis of 1998, the Bank was among a few Russian credit institutions which continued a full-scale banking activity.

The next following years are characterized by dynamic growth, well above the norm for major Russian and European banks.

2004 – present — The Bank actively develops its corporate business and product line, leading banking service technologies and cross-selling, and steadily grows its share of the corporate market.

In addition, the Bank expands its retail offerings, now one of its priorities. The Bank continues to develop as the foundation of a major international financial group and completes a series of significant acquisitions of banking assets in Russia and abroad:

2004 — the Bank acquires a controlling stake (85.81%) in the CJSC KB Gута-Bank, which at that time had a liquidity problem and was experiencing serious financial difficulties. On the foundation of Guta-Bank, a specialized retail bank, VTB24, was created, focusing on serving and providing credit for retail customers and small businesses as a part of VTB.

From goals to objectives
wide experience + progressive ideas





2005 — the Bank becomes the owner of 75% +3 shares in JSC Bank of Industry and Construction.

2004–2006 — the Bank acquires a controlling stake in United Georgian Bank (Georgia) and CJSC Armsberbank (Armenia), creates a wholly-owned Ukrainian subsidiary, CJSC Vneshtorgbank (Ukraine), and acquires 98.5% of AKB Mriya.

2005 — the Bank acquires the Russian Central Bank's interests in Moscow Narodny Bank in London [now VTB Bank (Europe)], the Commercial Bank for Northern Europe-Eurobank [VTB Bank (France)], Ost-West Handelsbank AG, Frankfurt am Main [VTB Bank (Germany)].

2006 — the Bank begins operations in Asia and Africa and creates a joint bank in Vietnam in partnership with the state Bank for Investments and Development of Vietnam, a bank in Angola and a financial company in Namibia.

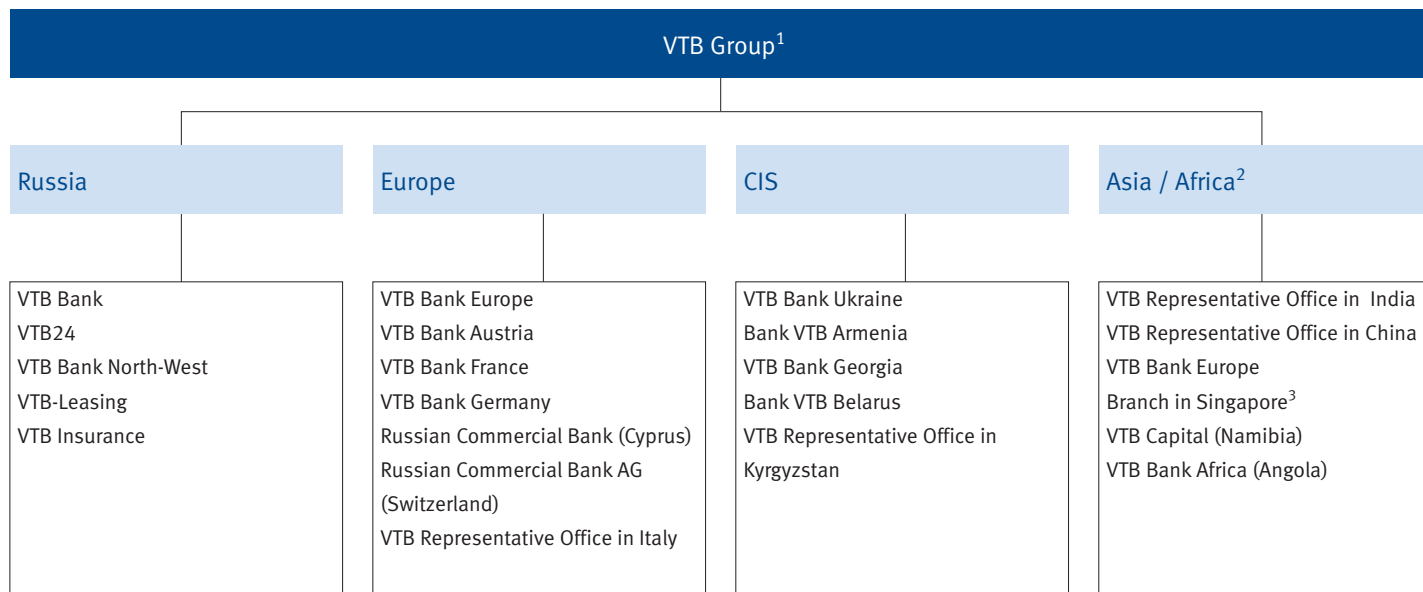
End of 2006 — the banks and companies that make up VTB are rebranded, following which the names of the majority of the Group's financial institutions contain the abbreviation "VTB" and an indication of the country, in which they are represented, or their line of business. Interests in VTB Bank (Germany) and VTB Bank (France) are transferred to VTB Bank (Europe).

Vneshtorgbank (Ukraine) with VTB Bank (Ukraine). As part of the restructuring of the business of European subsidiaries, stakes in VTB Bank (Germany) and VTB Bank (France) are transferred from VTB Bank (Europe) to VTB Bank (Austria), which serves as the core of a banking sub-group, with the goal of developing corporate business in Europe. A share of VTB's participation in East-West United Bank S.A. (Luxemburg) is sold.

IPO of VTB bank was the key event of the year 2007. The Russian and International companies and over 120 thousands of private investors became the owners of 22.5% of shares.

2007 — the key event of the year is the IPO of VTB Bank. Russian and international investment companies, as well as more than 120,000 private investors, become the owners of 22.5% of VTB Bank. A controlling stake is acquired in CJSC Slavneftebank in the Republic of Belarus; VTB's subsidiaries in Ukraine are reorganized by merging CJSC

4.2. Structure



1. The structure of the VTB Group as of December 31, 2007.

2. The Asia/Africa region was not a distinct geographical segment in 2007.

3. Consolidated on the basis of VTB Bank (Europe).

The creation of VTB began on October 17, 1990 with the establishment of the Bank of Foreign Trade of the Russian Federation.

As a result of organic growth and a series of major acquisitions, VTB Group has become a universal financial and banking group with a strong presence in Russia and in a series of countries in the CIS, Western Europe, Africa and Asia.

Despite its broad geographical reach, the cornerstone of VTB is its banking business in Russia. As of the end of 2007 VTB's sales network of banking products and services comprised 583 points of sale.

VTB Group consists of two subsidiaries in Russia, one each in Ukraine, Armenia, Georgia and Belarus; six subsidiaries in Western Europe (Great Britain, France, Austria, Germany, Cyprus and Switzerland), one in Angola and a financial company in Namibia. VTB Bank has a representative office in Italy and China.

In early 2008 VTB branches were opened in China (Shanghai), India (New Delhi), as well as a representative office in Kazakhstan. A joint venture bank was created in Vietnam and an affiliate of VTB Bank (Europe) is now operating in Singapore.

As a result of organic growth and a number of acquisitions, VTB was transformed into a universal financial banking group.

4.3. Strategy

The VTB Group's main goal is to increase shareholder value. To achieve this goal VTB Group:

- strives to be the leader in serving corporate and retail clients in Russia and the CIS, making use of its competitive advantages in terms of its skill in assessing and willingness to accept, the risks of its Russian clients, its work experience in developing markets and its ability to carry out exclusive deals for its major corporate clients and make use of a wide network of regional branches;
- seeks to capitalize on its unique position as the leading Russian financial group to offer its services to clients in the CIS, Europe, Asia and Africa;
- strives to increase the efficiency of each of its divisions and of VTB Group as a whole.

VTB Group views the current crisis in the global financial markets as a unique opportunity to strengthen its position in key regions and client segments:

1. VTB Group's priority is Russia. In Russia VTB's objective is to grow faster than the market as a whole, while increasing its profitability. In order to deliver this VTB Group plans to:

- strengthen VTB Bank's leading position in serving major corporate clients and financial institutions;
- rapidly diversify its portfolio and develop its business with small and medium-sized businesses;
- establish VTB24 Bank as the leading player in the retail market, particularly in lending. The share of retail business in the overall business of VTB Group grew significantly in 2007 and will continue to grow;
- actively develop its investment banking business with the aim of occupying a leading position in the Russian market in the medium term. The key centers for investment banking services will be Moscow and London as VTB Bank (Europe);
- optimize the business of VTB Bank North-West through specializing in serving corporate business

in the Northwestern Federal District and the city of Kirov. The retail business of VTB Bank North-West will be gradually transferred to VTB24 Bank, while its corporate business outside the Northwestern Federal District will be transferred to VTB Bank.

2. VTB Group's second priority region is the CIS, where VTB is actively expanding its presence, acquiring and opening new banks. By 2010 VTB Group will have branches in all countries of the CIS that meet our investment criteria. In these countries VTB Group will develop universal banks. Their functions will include serving local and international corporate clients and actively developing retail business on the basis of the experience and the technologies of VTB24 Bank. In addition to banking services, other financial services will be developed in CIS markets, including leasing. The objective is that VTB Group will be one of the leading players in each of the CIS markets.

3. The third priority for VTB Group in the medium-term is emerging markets – first and foremost, nations in Asia and Africa. In these markets, VTB plans to service clients from Russia and the CIS and foreign clients conducting business with Russia and the CIS and to take part in joint investment projects.

In Western Europe VTB Group plans to continue the policy of the Russian business servicing and providing support to the Russian companies in their foreign expansion and operation at the European capital markets.

4. In Western Europe VTB Group plans to continue its policy of serving Russian business and supporting Russian companies in their foreign expansion and on the European capital markets. Affiliated banks will be specialized: corporate business will be consolidated in VTB Bank (Austria), while VTB Bank (Europe) will concentrate on investment banking services.

To achieve its strategic goals, VTB Group plans to:

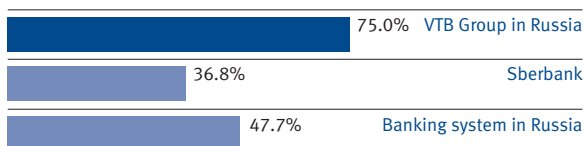
- grow at a rate faster than the Russian market and increase its share of both corporate and retail business;
- actively develop its investment banking business and attain a leading position in investment banking;
- increase and diversify its business by proactively developing mid-sized and small business and making retail a larger part of the Bank's business;
- ensure the business is profitable by maintaining the current net interest margin and significantly increasing commission income;
- lessen its dependence on the capital markets and increase the share of client deposits in total liabilities;
- further develop associated financial services – leasing, asset management and insurance;
- continue to actively develop the VTB Group's foreign business, including entry into new markets in CIS countries; increase the retail business in CIS countries;
- complete the integration of VTB Group banks in Russia and Europe;
- improve the systems of corporate governance.

Corporate Business

VTB aims to strengthen its leading position in the Russian corporate banking market. VTB Group intends to achieve this goal by:

- expanding its offerings and creating the best product range on the market;
- providing integrated long-term relations with clients and increasing cross-selling of supplementary products and services including investment banking

Average annual growth of assets in 2005–2007 according to RAS, %



Source: Russian Central Bank.

services to existing clients, using the potential of the foreign banks of VTB Group and affiliated financial companies;

- focusing on serving medium-sized businesses;
- further improving customer service and simplifying decision-making processes;
- further integrating VTB Bank North-West into the VTB Group, through its specialization in corporate business in the Northwestern Federal District (NWFO) and the gradual transfer of corporate business outside the NWFO to VTB Bank.

Increasing business efficiency will allow VTB Bank to maintain its leading position in the corporate sector. Improving lending procedures and risk management systems, along with better operational processes and technologies, will allow the Bank to become significantly more efficient and lower its costs.

Retail Business

VTB24 is the channel through which the Group is developing its retail business. VTB's key goals are rapid growth in volume and an increase in market share in retail banking services for all main products, as well as to increase the profitability of the credit portfolio and to grow commission income.

The goal of VTB Group in Russia is to achieve second place in terms of consumer lending and to maintain its leading position in terms of the size of retail deposits. VTB's target client segments are high-net-worth clients, middle-class clients and small businesses.

One of the priorities in the retail banking business is actively expanding the VTB24 retail network, completing the migration of the retail business of VTB Bank and VTB Bank North-West to VTB24 and ensuring VTB24 has a presence in all Russian cities with a population above 150,000.

To reach these goals VTB Group is taking a series of measures; among these, the highest priorities are:

- offering a full range of banking products and services to retail and small-business customers;

- providing all VTB Group products to retail clients through the VTB24 network: insurance, retirement coverage and asset management;
- providing premium financial services to high-net-worth clients in Moscow and other Russian cities;
- raising sales efficiency and improving the quality of customer service;
- gradually transferring VTB Bank North-West's retail business to VTB24.

Another of VTB Group's priorities is to develop its retail business in other CIS countries through existing banks currently being acquired, or newly created banks, by making use of the experience, processes and technologies of VTB24, and also to expand the network significantly in Ukraine and Belarus.

Investment Business

VTB views its investment business as its most promising activity with corporate clients and aims to strengthen its position significantly in this segment by partnering with VTB's extensive base of major corporate clients.

To achieve its goal of occupying a leading position on the Russian investment-banking market VTB will:

- form a professional team of specialists with experience in leading international investment companies and banks, including those in Great Britain, the USA and Russia;
- create a separate legal structure for the investment business with headquarters in Moscow and a major office in London [on the basis of VTB Bank (Europe)];
- establish partnerships with the main buyers of Russian risk – major retirement funds, mutual funds, and hedge funds of the USA, Western Europe, Asia and the Middle East;
- create a research capability that ranks among the top three in the market in macroeconomics and to the industry sectors, which will enable it to generate investment ideas.

VTB's Business outside Russia

The development of VTB's business outside Russia will contribute to the Group's strategic goals: to become a significant player in other CIS markets and to be able to offer its clients services throughout the world.

VTB plans to further develop its international presence with the goal of integrated service for corporate clients in Russia and the CIS, as well as businesses in economic partnership with Russia and other CIS countries.

VTB believes that the CIS countries present great opportunities for business development. In connection with this, VTB has identified the CIS countries as its priority international region.

VTB Group intends to expand its presence both through the organic growth of existing affiliated banks and through the acquisition of local banks or the creation of new banks in countries, where a presence is deemed economically beneficial.

The VTB Group has a presence in Ukraine, Belarus, Georgia and Armenia, where a significant number of banking institutions already exist, as well as in Kazakhstan, Azerbaijan, Kyrgyzstan, Moldova and Uzbekistan. VTB views these countries as priorities.

VTB has set its objectives for its CIS branches to become leaders in their local markets and to sell banking services to both Russian companies conducting business in the CIS and to local corporate clients. Another key area of focus is building and developing the retail business.

VTB Group has a presence in Western Europe as well, in Great Britain, France, Austria, Germany, Cyprus and Switzerland. VTB is continuing to optimize the activity of its subsidiaries in Western Europe. The Group intends to consolidate its corporate business in Europe under VTB Austria, while our London location [VTB Bank (Europe)]

will be used to develop the Group's investment banking business.

With the aim of developing and optimizing the management of its corporate business in Europe under VTB Bank (Austria), a banking sub-group has been created that includes VTB Bank (Germany) and VTB Bank (France). In VTB Bank (Europe) a reorganization process has begun as we build our investment business.

VTB is also planning the development of services for corporate clients in several countries of Asia and Africa, with which Russia will carry out joint projects and cooperate in foreign trade operations.

Operating Efficiency

Increasing VTB's operating efficiency and profitability is a key goal. In order to deliver value to our investors VTB is taking measures to integrate and strengthen the control and coordination of the activity of all the banks and financial companies in the Group.

VTB Group intends to continue to optimize its organizational structure in order to increase operational efficiency across all its businesses in every geographic region.

In order to increase the efficiency of cooperation between branches of VTB Bank and its affiliated companies VTB created the Management Committee of VTB Group in 2006. Its activity will be focused on ensuring the efficient development of VTB Group and the maximum use of its competitive advantages, optimizing internal processes with the aim of identifying and applying the Group's best practice and extracting the maximum impact from the integrated use of resources.

Information Technologies

VTB will continue to develop its IT systems to support the growing volume of business. This includes:

- creating a corporate data repository to store and

consolidate the Group's analytical information;

- centralizing and consolidating IT systems and operational support for increased efficiency and the creation of integrated IT solutions for VTB Group's banks in Russia;
- building a unified, integrated customer relationship management (CRM) system, which will facilitate a centralization of customer information, enabling the bank to have a holistic view of customer needs.

VTB aims to gradually introduce a unified, centralized automatic banking system (ABS) for the parent organization and the branches within VTB Bank. It is also planned to migrate VTB24 onto this system, which will equip it to handle increased customer volumes.

Other Financial Services of VTB

The strategy of VTB-Leasing in Russia calls for further aggressive growth maintaining a leading position

To meet the market and investor expectations, VTB implements measures for integration, strengthening of control and coordination of activities of all banks and financial companies within the Group.

in the Russian market, branch diversification, the growth of branches' share in the portfolio and the development of business in the CIS.

This will be achieved by:

- the development of the product line for targeted segments;
- the expansion of the sales network: the opening of VTB-Leasing branches in Russia (under VTB or VTB24 branches); the growth of regional portfolios;
- the introduction of a unified, centralized IT system;
- the opening of subsidiaries in the CIS.

VTB Group also plans to actively develop its Asset Management capability. The Group's plans include the development of a full range of products from

mutual funds and trust management for high-income private clients to fund management for companies.

VTB Group has purchased a holding in the insurance company VTB-Rosno and has renamed it VTB Insurance to independently develop its insurance business. The strategic goal of VTB Insurance is increasing its market share in terms of insurance premiums and developing its customer base in the market.

Other key developments in 2007 include VTB's entry into the factoring market and the launch of the VTB Private Retirement Fund.

Corporate Governance

The Group views the formation of a system of corporate governance that is in keeping with the best global practices as a prerequisite for effective development, an increase in transparency and the development of its internal control system.

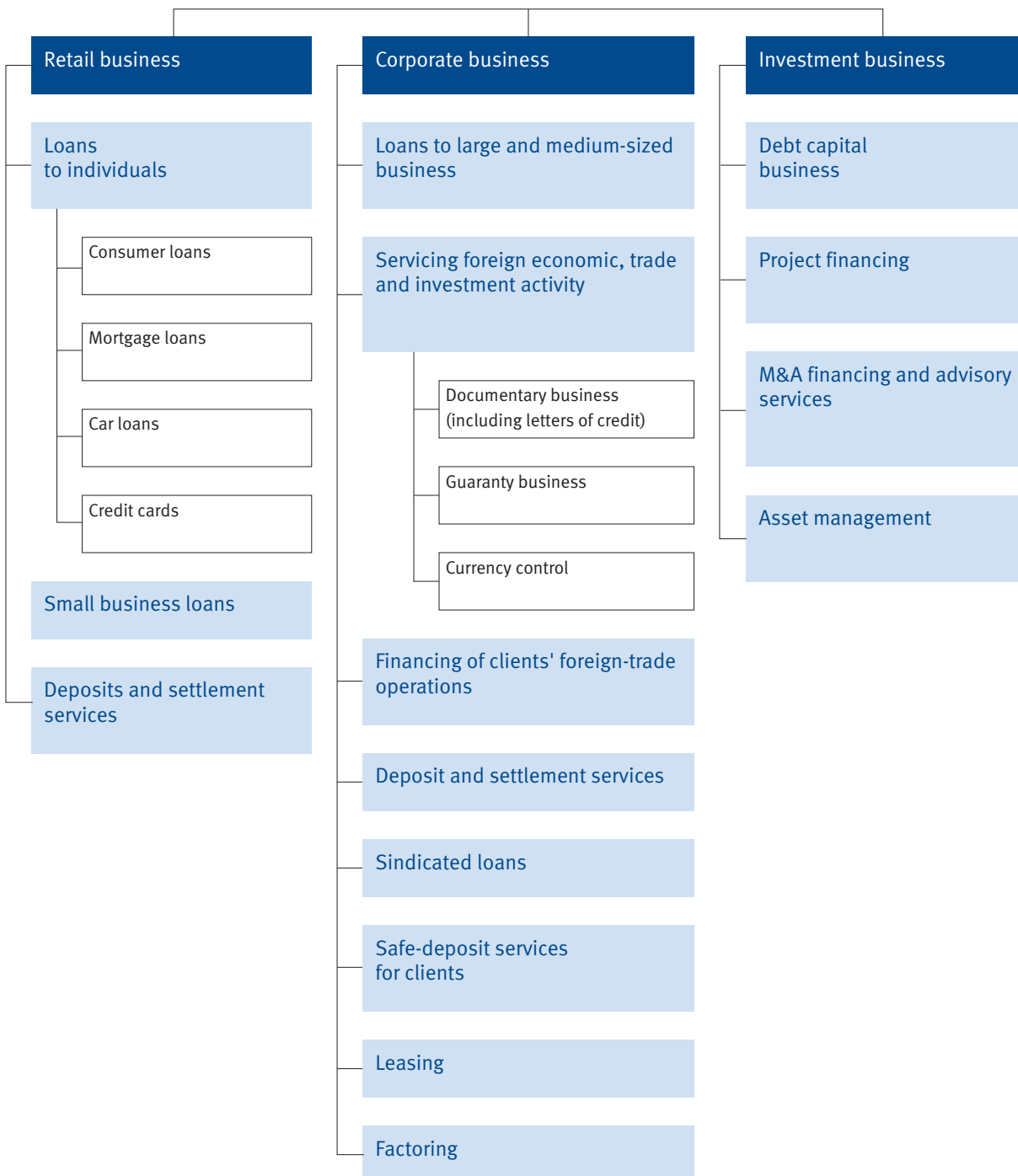
Formation of the corporate management system employing the best world practices is considered as a mandatory condition of efficient development by the Group.

The following priorities have been set for improving the corporate governance system:

- introducing the position of Corporate Secretary, the development and adoption of a Resolution on the Corporate Secretary;
 - increasing transparency – relations with the media, supervisory and regulatory bodies, investors and stockholders, employees and other stakeholders concerning questions on the corporate governance of the Bank and the VTB Group;
 - improving the corporate website in Russian and English (www.vtb.ru and www.vtb.com, respectively).
-
- adopting a series of documents addressing corporate governance issues: a Code of Corporate Conduct, Ethics Code, Dividend Policy, Regulations on Information Policy and Regulations for Responding to Stockholder Complaints and Inquiries;
 - creating a Nomination and Remuneration Committee of the Supervisory Council, as well as considering the creation of a Strategic Planning Committee and a Risk Management Committee;

4.4. Business Units

Business units of the VTB Group



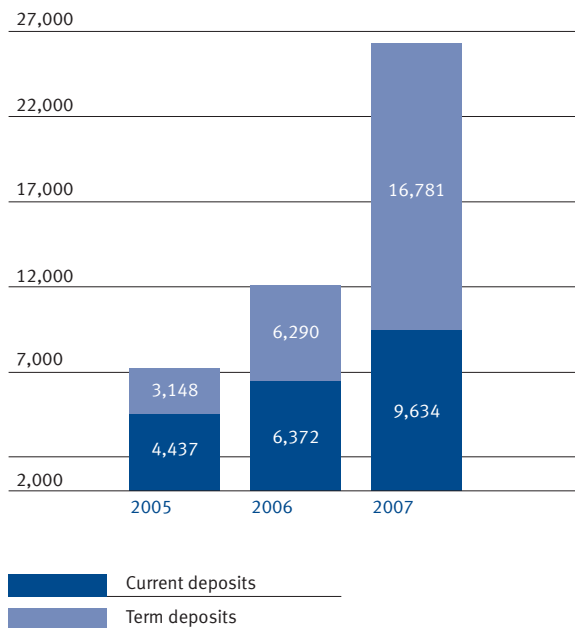
Corporate Business

At VTB Group corporate business is understood as the servicing of large and medium-sized corporate clients excluding the small business segment and investment banking services. Companies with a turnover of over RUB 2 billion are considered to be large clients while medium-sized clients are those with a turnover of between RUB 90 million and RUB 2 billion. Companies with a turnover of less than RUB 90 million are placed in the small business segment, and are covered by retail services.

The subdivisions of VTB's corporate units offer an extensive list of banking services and products to large and medium-sized companies, financial institutions and government organizations, serving the key sectors of the Russian economy.

VTB Group has nearly tripled the number of its large and medium-sized corporate clients since 2004.

Corporate deposits, USD million



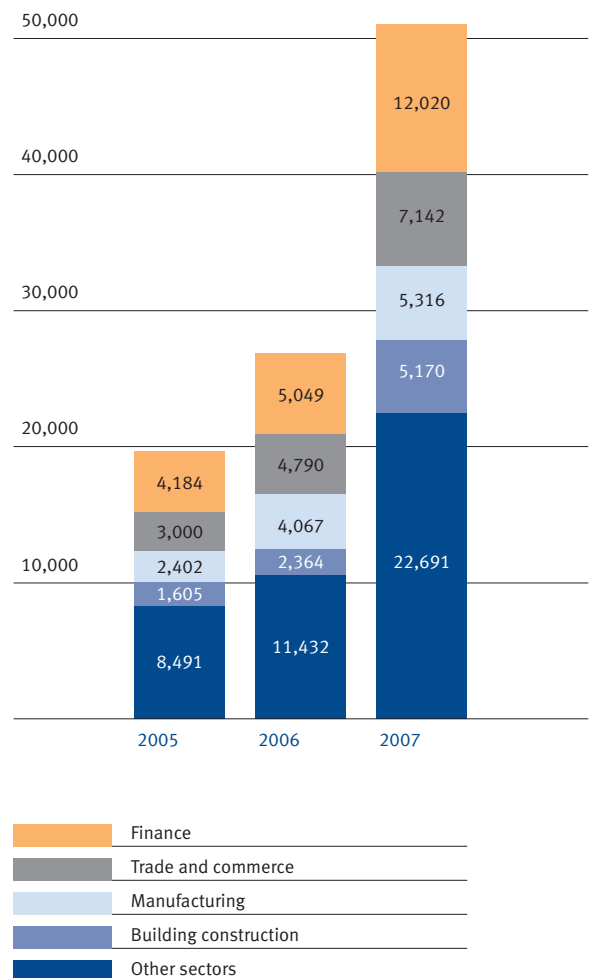
Source: Consolidated IFRS financial statements of VTB Group for 2007.

VTB has 2,400 large clients (those with earnings in excess of RUB 2 billion). The majority of them are part of large financial and industrial groups.

In 2007 VTB Group grew faster than the corporate segment of the market and increased its market share in Russia:

- market share in loans grew from 9.0% in 2006 to 10.7% in 2007;
- market share in corporate assets grew from 8.7% in 2006 to 10.2% in 2007.

Corporate loans breakdown, USD million



Competitive Advantages

VTB's strengths in the corporate business segment are:

- a broad product range;
- an effective customer service model;
- a differentiated approach to different customer segments;
- broad expertise and good understanding of the nature of Russian risks;
- the ability to structure complex individual deals;
- integrated service (bundling of leasing services, investment banking products, payroll plans and products for our clients' employees from VTB24, insurance products from VTB Insurance);
- a wide network that includes affiliated banks abroad;
- strong balance sheet and access to funds;
- the ability to offer long-term credits (5-7 years).

Services for Clients in the Large Business Category

In 2007 VTB Bank significantly expanded its range of products for corporate clients and began to offer the services of VTB's European banks to Russian customers. Traditional products offered by VTB Bank include:

- deposits;
- credit products:
 - short-term financing of current activity of business of corresponding branches (loans/credit lines, including those with debt and withdrawal limits, security-free loans);
 - loans in the form of overdrafts;
 - long-term loans for the financing of investment expenses;
 - reverse stock repurchase agreements;
 - financing deliveries of imported equipment, raising financing from foreign banks for the modernization of production;
 - leasing;
 - factoring;
- trade finance: guarantees and bills of credit;
- integrated cash services;

- service of settlements related to foreign-trade operations, including currency control, conversion operations;
- transactions involving clients' debt securities;
- offering services to clients' employees (for example, payroll plans, loans).

Plans for 2008:

- expanding the line of corporate and treasury services;
- increasing cross-selling;
- improving the service model for targeted customer segments, including large regional companies;
- improving business processes and the system of pricing for credit products.

In the year 2007 VTB Group managed to resolve the major task of the corporate segment – to exceed the market growth rate and increase the market share in Russia.

Main Clients

Among the bank's major clients are such companies as the AvtoVAZ Group, Rosoboronexport, JSC Sukhoi, JSC Sovkomflot, the Aeroflot Group, JSC Russian Railways, JSC Moscow Metrostroi, JSC Roszheldorstroi, the MOST Group, OMZ (Uralmash-Izhora Group), and many others.

Services for Clients in the Medium-Sized Business Category

Banking service for medium-sized businesses within the framework of the Group is provided by VTB Bank; in the Northwestern Federal District and in the city of Kirov – by VTB Bank North-West.

Main Products and Services

VTB Bank offers its medium-sized business clients the most competitive list of credit services on the market, allowing us to provide for current business needs in financing trade transactions, increasing working capital, production and also clients' short-term cash requirements.

Major deals in 2007

Client	Amount	Deal
JSC AvtoVAZ	RUB 6 billion	Corporate loan
Volga-Dnepr Group	USD 80 million	Servicing financing through VTB Bank (Europe)
JSC Terminal	USD 173 million	Financing for the construction of the Sheremetyevo-3 airport complex
JSC FESCO Transport Group	USD 120 million	Reverse repurchase agreement with shares
CJSC Sukhoi Civil Aircraft	EUR 50 million	Standby letter of credit for the European Bank of Reconstruction and Development for a loan offered for the completion of the development, certification testing and production of the airplane of the SSJ family (Sukhoi Super Jet)

In 2005 VTB Bank introduced a completely new service model for corporate clients in the medium-sized business category, which allowed us to eliminate redundant functions of the head office and branches involving standard transactions. A tool for assessing credit risk was developed for medium-sized customers, which has allowed us to offer clients a wide spectrum of banking products and services, including carrying out complex structured transactions.

Achievements in the Medium-Sized Segment in Regions

Applying improved methods for the sale of credit products and risk assessment, the development of client subdivisions for work with medium-sized business and adaptation of the employee incentive system to specific goals allow us not only to meet our targets, but also to grow faster than the Russian banking market as a whole. Thus, in 2007 loans made to medium-sized business clients nearly doubled. Over the same period the volume of the Russian banking market grew by 50%.

As of the end of 2007 the number of VTB Bank had 22,200 medium-sized business clients.

Plans for 2008

VTB's main task in 2008 is to ensure dynamic growth in sales to clients in the medium-sized regional business category. To achieve this VTB Bank plans to:

- significantly expand the products offered by the Bank;
- improve methods for analyzing the credit risk of medium-sized clients;
- improve our collateral policies.

Corporate Services for Banks

The main products offered by VTB Bank to credit organizations are:

- cash services;
- interbank loans;
- trade and structured finance;
- depositary service;

Major Transactions in 2007

Client	Amount	Deal
OJSC Lisko Broiler, Voronezh	RUB 1.9 billion	Construction and outfitting of processing plants
OJSC RDC-Samara, Samara	RUB 900 million	Financing to upgrade fixed assets, over a period of up to 5 years
FON Group, Kazan, Tatarstan	RUB 580 million	Financing for housing construction
OJSC Orenburg Drilling Company, Orenburg	USD 20 million	Raising international financing for capital investments

- investment services (organizing the issue of debt securities, syndicated loans, broker services).

By the end of 2007 the Bank's correspondent network comprised close to two thousand banks, which allows us to fully provide for the business needs of both clients and the Bank's own business.

In the context of working to ensure that the Bank fulfills the functions of one of the main transfer banks in Russia, the Bank began to open Russian rouble accounts for non-resident banks (including banks of CIS countries). As of the end of the year the Bank opened approximately 130 such accounts. In the second half of 2007 the Bank began to offer non-resident banks overdraft loans for rouble accounts.

In 2007 VTB Group organized more than 50 syndicated loans totaling USD 2.5 billion. VTB Bank is one of the most active players in the rouble syndication market, a segment that is relatively new for the interbank market. A landmark deal involved the Belarusian JSC Belagroprombank, as the first syndicated loan in roubles organized for a non-resident bank and was recognized as the "Transaction of the Year" by the authoritative international publication *Trade Finance Review*.

The overall fiduciary limits set by foreign and Russian financial establishments for the Bank rose in 2007 by USD 2.8 billion to approximately USD 15 billion, including approximately USD 4 billion by Russian banks and approximately USD 11 billion by foreign banks.

Retail Business

The VTB Group is one of the leaders in retail banking services in Russia.

In less than a year, through its retail business VTB24, the bank launched a full range of retail lending, deposit and cash services products, and implemented up-to-date technologies for serving retail customers.

In August 2005 VTB Group began migrating retail customers and small business clients to VTB24. The acquisition in December 2005 of a controlling stake in VTB Bank North-West (formerly JSC Promyshlennostroitelny bank, or PSB) allowed VTB to expand its presence on the retail banking services market in the Northwestern district.

The migration of retail business is expected to be completed in 2008.

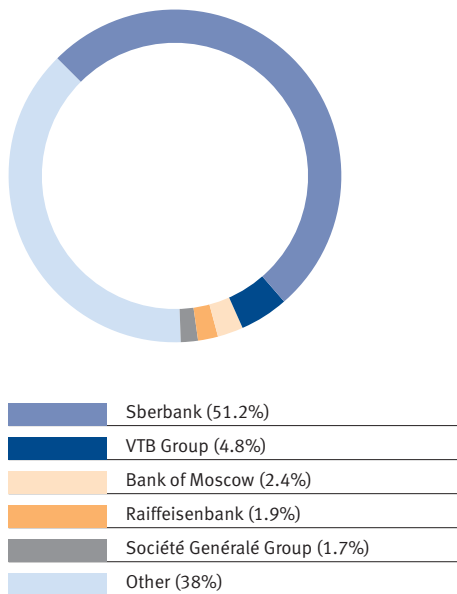
At the close of 2007 more than 2 million retail clients and approximately 200,000 small-business clients were served by the VTB Group. As of December 31, 2007 VTB Group also served approximately 450,000 retail clients and 30,000 small-business clients in Ukraine, Georgia and Armenia.

VTB Group made a breakthrough in the development of retail banking services, having increased its market share from 2.6% in 2006 to 5.9% in 2007 and risen from fourth to third place in consumer lending in 2007.

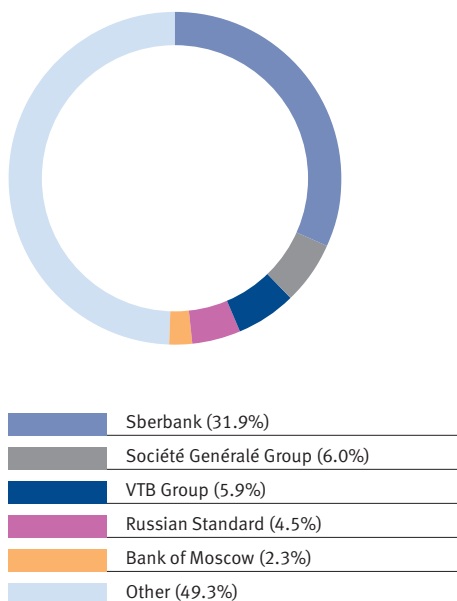
VTB Group is firmly maintaining its position in the 2nd place in retail deposits with a significant market share that rose based on 2007 results to 4.8%.

Region	Number of New Correspondent Banks in 2007	Overall Number of Correspondent Banks
Foreign countries, CIS and beyond	39	1,390
Russian Federation	17	560
Total	56	1,950

VTB Group retail deposits market share in Russia, %



VTB Group retail loans market share in Russia, %



Source: VTB analysis. Société Générale Group figures include the figures of Société Générale Vostok, Rosbank, Rusfinans, and DeltaCredit.

VTB continues to grow its small business loan portfolio (businesses with annual sales up to RUB 90 million), showing consistently high and stable growth in lending volumes.

According to the Russian Central Bank, at the close of 2007 VTB controlled the second-largest retail sales network in Russia.

Competitive Advantages

The significant achievements in the retail business segment in 2007 were made possible by the accelerated creation of a retail sales network (165 new retail points were opened), an expansion of the product line, the introduction of new products, the strengthening of the positions of the VTB and VTB24 brands in Russia, improvements to service quality, and the launch of a quality control program for customer service.

Main Products and Services

VTB's retail customers can take advantage of a long list of banking products and services from VTB24.

Deposits. VTB Group offers its retail customers a wide range of retail deposits, as well as promissory notes denominated in six currencies, registered deposit certificates and bearer deposit certificates.

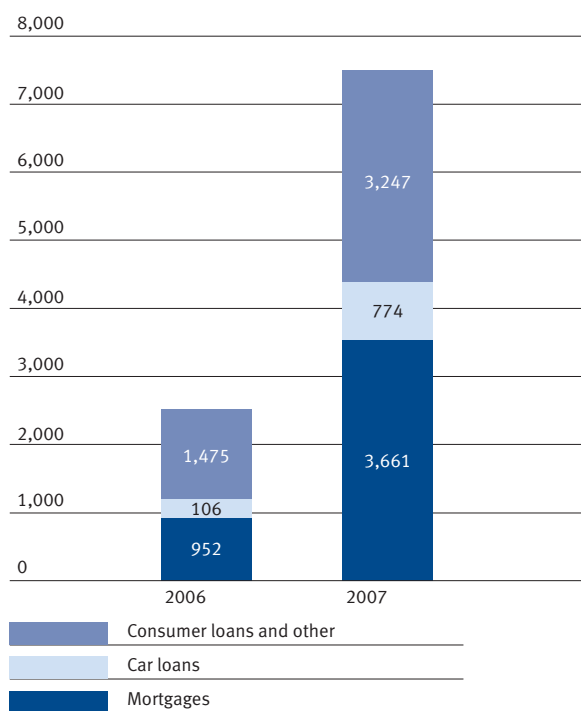
Mortgage lending. Today, mortgage lending is one of the priority focus areas of VTB. By increasing the availability of home loans VTB is fulfilling an important social as well as economic need.

VTB24 offers a wide range of residential mortgage products.

In 2007 VTB24 significantly updated its lending terms and optimized its mortgage lending technology.

VTB24 controls a significant share of the Russian mortgage lending market: 14.4% in 2007. In the Moscow region VTB24 is the clear leader

Loans to individuals, USD million



Source: Consolidated IFRS financial statements of VTB Group for 2007.

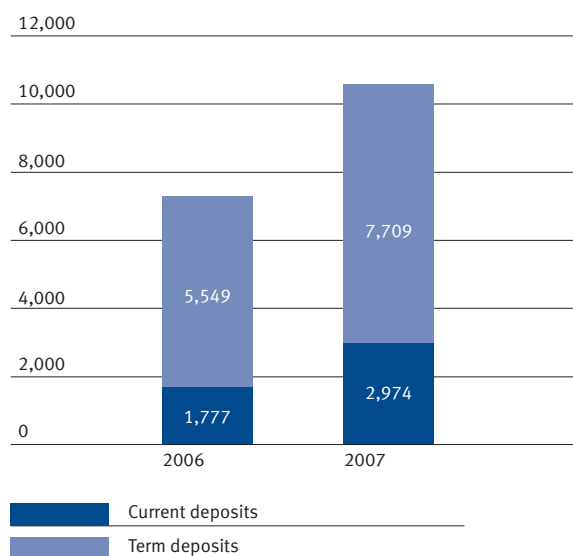
in mortgage lending with a market share of more than 23%.

In 2007 VTB Group issued mortgage loans to totaling USD 3.661 billion. At the end of 2007 the average mortgage loan issued was USD 90,360 significantly larger than the market average.

Consumer Lending. VTB24 offers retail customers secured retail loans of up to USD 100 thousand (or euros) or RUB 3 million, as well as unsecured retail loans of up to USD 25 thousand (or euros) or RUB 750,000. Retail loans issued in 2007 averaged USD 7,800.

Car Loans. VTB24 offers loans for the purchase of new and used foreign cars and for new Russian-manufactured cars in roubles, US dollars and euros.

Deposits of individuals, USD million



Source: Consolidated IFRS financial statements of VTB Group for 2007.

Banking Cards. As of December 31, 2007 VTB24 had issued more than 4 million banking cards, of which more than 570,000 were credit cards.

VTB24 offers its cardholders a high level of services, advantageous financial conditions and innovative credit products. The selection of credit and debit cards issued by VTB24 includes cards, which employ the VISA International, MasterCard World Wide and Diner's Club payment systems.

Service for High-Net-Worth Customers . In 2007 VTB24's business of servicing high-net-worth clients was split off into a separate area of focus and ambitious plans were made to develop this line of business. Special attention was paid to the development and introduction of a systematic approach to high-net-worth services, to the creation of service platforms, quality control and relationships with clients.

By the end of 2008 VTB24 plans to increase its number of HNW clients and is therefore planning

to open “premium” offices in Moscow and St. Petersburg, introduce new standards for HNW services in the regions, expand its package of international services and comfort services and offerings connected with asset protection, maintenance and inheritance.

Small Business Services. In 2007 the sales of the small business lending unit grew rapidly.

The biggest contribution to the development of small business lending was made by the Moscow region (including Moscow and the Moscow oblast), St. Petersburg and the Leningrad oblast and the regions of Tomsk, Belgorod, Yaroslavl and Altai, along with several others.

Over the course of 2007 VTB24 signed partnership agreements with 27 Russian regions on small business support. An active partnership is now in place with the Small Business Credit Assistance Fund of the city of Moscow.

Retail Client Services Sales Network

In the past year VTB Group has continued to expand its VTB24 regional retail sales network, which consisted of 328 points by the end of 2007. The network created by the bank covers all the main regions of Russia, and VTB24’s services are accessible to customers in 140 cities.

Alongside the introduction of new products, greater efficiency of the sales system and better customer

VTB24’s Retail Network

	2006	2007
Number of Points of Sale	163	328
Branches	44	48
Sub-branches	87	268
Loan and cash services outlets	20	6
Cash transactions service outlets	12	6
ATM network*	2,593	3,036

* Including ATMs of VTB Bank and VTB Bank North-West.

service, one of VTB’s priorities is the development of alternative sales channels, such as ATM networks and telephone and Internet banking (the “Telebank” system).

Plans for 2008

Among the main goals in the coming year is a focus on increasing market share for all products, growing

In the year 2007 VTB24 made a significant improvement of lending conditions with an optimized mortgage lending technology.

the retail business a rate above that of the market as a whole, creating innovative products, developing technologies, increasing the share of fees and commissions, improving the existing sales system and making active use of the VTB24 network for sales of insurance products by VTB Insurance and VTB Asset Management.

In 2008 VTB plans to complete the migration of its retail business from VTB Bank and VTB Bank North-West to VTB24.

VTB’s plans include a further increase in the number of retail points of sale. By the end of 2008 178 new retail points will be opened including the migration to VTB24 from VTB Bank and VTB Bank North-West; as a result, the overall number of points in the retail network will reach 500.

Investment Banking

Retail Business Development in 2007

The main focus areas in this business segment of VTB are the debt capital markets (managing the issue of rouble and euro-bonds), acquisition finance, syndicated lending, venture capital, direct investment in real estate and brokerage services for retail customers.

In 2007 VTB's priority goal under stiff competition between Russian and Western players on the investment market was to maintain and strengthen its market position, to increase its competitiveness and to raise commission revenues from its investment banking business.

Debt Capital Markets

For the fourth year running VTB was the recognized leader among organizers and underwriters of rouble-denominated bond loans. In 2007 VTB Group was the manager of 29 bond issues for 26 issuers; the overall amount raised was RUB 77.351 billion. Moreover, VTB Group moved from 2nd to 1st place among bond issue managers on the domestic market, according to the Cbond rating (www.cbonds.ru).

In 2007 VTB Group was the lead manager of eurobond loans raising a total of USD 1.746 billion, managing six loans for six issuers, which allowed it to take the 9th place in the rating.

Acquisition Finance in 2007

According to Sliyaniya i pogloshcheniya [Mergers & Acquisitions] magazine, VTB Bank is among the biggest merger and acquisition advisors. A strong advisor position should translate into a strong flow of financing assignments.

In 2007 VTB Bank organized financing for:

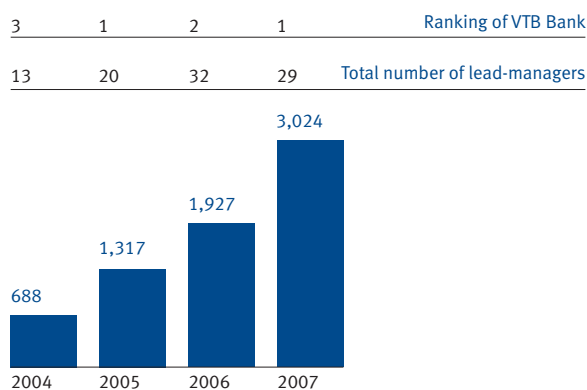
- the acquisition of the Nutritek Group dairy business for USD 230 million;
- the Russpetsstal company's acquisition of the Krasny Oktyabr metal factory in Volgograd;
- the acquisition of the Agarak copper and molybdenum works (Armenia).

Brokerage Services for Retail Customers

Over the course of the past eight years VTB has actively developed its brokerage services for retail customers. According to RTS data, VTB24 is presently one of the leaders on the Russian brokerage services

market. As a result of VTB Bank's IPO, approximately 120,000 retail customers became clients of its brokerage services. The Bank is in first place in terms the number of registered customers and is among the top three in terms the number of active customers, occupying the 6th place in the volume of customer transactions.

Volume of bonds issued of VTB Bank as a lead-manager in Russia, USD million



Venture Capital

In 2007 VTB Asset Management won a series of competitions for the right to manage venture capital funds: VTB-Venture, whose capital includes VTB Asset Management, the Russian Venture Company (RVC) and the European Bank for Reconstruction and Development (EBRD), venture capital funds of St. Petersburg and the Saratov and Nizhny Novgorod regions, 50% of whose investments government funds. Today, a highly qualified team has been formed, along with a portfolio of potential projects.

In 2007 a 3.6 billion rouble joint venture agreement was signed between the Bank and a venture capital firm, Draper Fisher Jurvetson, to manage venture capital investments and create an offshore venture capital fund to support innovation.

At present, VTB participates in the following venture capital funds (see table).

Name of the Fund	VTB's Stake, RUB	VTB's Stake, %	Management Company
"Development of the South of Russia" Closed Mutual Fund	520,000,000	40	OJSC General Management Company
"VTB Venture Capital Fund" Closed Mutual Fund	1,530,500,000	50	CJSC VTB Asset Management
"Regional Venture Capital Fund for Investments in Small Businesses in the Scientific-Technical Sphere in St. Petersburg" Closed Mutual Fund for High-Risk (Venture) Investments	60,000,000	15	CJSC VTB Asset Management
"Regional Venture Capital Fund for Investments in Small Businesses in the Scientific-Technical Sphere in the Nizhny Novgorod Region" Closed Mutual Fund for High-Risk (Venture) Investments	42,000,000	15	CJSC VTB Asset Management
"Regional Venture Capital Fund for Investments in Small Businesses in the Scientific-Technical Sphere in the Saratov Region" Closed Mutual Fund for High-Risk (Venture) Investments	42,000,000	15	CJSC VTB Asset Management

Direct Investment

With the aim of developing direct investment business, a partnership agreement was concluded with Canadian real estate market leader SITQ.

The overall volume of VTB Bank's participation in direct investment funds was RUB 2.1945 billion roubles.

Over the course of 2007 VTB Bank acted as an investor and advisor for investment projects in such regions as Moscow, Kaliningrad oblast the Chuvash Republic, Voronezh oblast, and the Republic of Tatarstan. Thus, VTB Bank confirmed that it is one of the few Russian financial institutions to carry out large-scale regional investment projects. In addition, VTB Bank took part in financing projects in CIS countries (Georgia, Armenia).

In 2007 VTB Bank took part in investment projects financed under a public-private partnership. In cooperation with the Moscow City Government on a PPP basis, the Bank took part in financing the construction of electric substations in Moscow.

VTB Bank's portfolio of investment transactions exceeded RUB 166 billion.

Despite these accomplishments, there is still significant potential for further development of VTB's investment banking business. Becoming the market leader in investment banking services is VTB's main goal for the coming years, as designated by the Development Strategy for the Investment Business of VTB Bank, adopted by the Supervisory Council.

To meet this objective, work began in 2007 to create a team with experience in the largest Western and Russian investment banks and to establish an investment banking line of business under a separate legal structure.

Most Significant Projects Financed by VTB Bank in 2007

Project	Financing
"Sever" – executed by JSC AK Transnefteprodukt. Construction of the "Kstovo-Yaroslavl-Kirishi-Primorsk" arterial gas-product pipeline. Project timeframe: 7 years.	USD 753 million
Construction of 14 high-voltage step-down electric substations in Moscow. Overall project sum: 40 billion roubles.	RUB 6,879 million
Construction and furnishing with elite livestock of a selected genetics center for breeding Scandinavian mink (Kaliningrad oblast). Project timeframe: 5 years.	RUB 694 million
Development of a contemporary low-rise residential region on the shore of the Cheboksarsky reservoir in the Chuvash Republic. Overall project value: RUB 850 million roubles.	RUB 66.7 million

4.5. Branch Network in Russia



1 Astrakhan	16 Kazan'	31 Orenburg	46 Tomsk
2 Barnaul	17 Kaliningrad	32 Penza	47 Tula
3 Belgorod	18 Kaluga	33 Perm'	48 Tyumen'
4 Blagoveschensk	19 Kemerovo	34 Petropavlovsk-Kamchatsky	49 Ulan-Ude
5 Bryansk	20 Kostroma	35 Rostov-on-Don	50 Yl'yanovsk
6 Vladivostok	21 Krasnodar	36 Ryazan'	51 Ufa
7 Vladimir	22 Krasnoyarsk	37 Samara	52 Khabarovsk
8 Volgograd	23 Kursk	38 Saint-Petersburg	53 Cheboksary
9 Vologda	24 Lipetsk	39 Saransk	54 Chelyabinsk
10 Voronezh	25 Magadan	40 Saratov	55 Chita
11 Vyborg	26 Nalchik	41 Smolensk	56 Yakutsk
12 Yekaterinburg	27 Nizhniy Novgorod	42 Stavropol	57 Yaroslavl'
13 Izhevsk	28 Novosibirsk	43 Syktyvkar	
14 Irkutsk	29 Omsk	44 Tambov	
15 Yoshkar-Ola	30 Orel	45 Tver	

○ Moscow and Saint-Petersburg

VTB's branch network is Russia's third largest, which provides a significant competitive advantage over Russian and foreign banks.

By the end of 2007 the VTB Group's network in Russia comprised 583 points of sale including 328 VTB24 points of sale serving retail customers, 103 VTB Bank North-West points and 152 VTB Bank points; 69 Russian regions are represented, which together account for approximately 90% of the country's population.

Corporate and retail customers are served directly in branch locations through ATMs, or by telephone. VTB24 is a leader among Russian banks in online banking services.

VTB's ATM network, which is one of the largest in Russia, totals more than three thousand ATMs.

Divisions of VTB Bank serving the Group's corporate clients operate in 63 of 85 constituent subjects of the Russian Federation. The share of GDP of those regions

VTB Bank Points of Sale (including Moscow region)		2007
Branches		57
Sub-branches		81
Operational outlets		2
Cash transactions service outlets		12
Total Points of Sale		152

in which VTB Bank is present accounts for 99.7% of the GDP of the Russian Federation as a whole.

In every region, where we have a presence, there is generally a branch and one or several divisions and sub-branches, offering the licensed list of banking services and specializations by types of business.

In 2007 12 new points of sale of VTB Bank were opened for corporate clients:

- eight branch units: seven sub-branches and one cash services office;
- a supplementary office in Sochi under the auspices of the Krasnodar branch;
- two operational outlets under the auspices of cash services offices: in the cities of Ivanovo and Kurgan;
- a cash transactions service desk outside the ATM network in Moscow under the auspices of a supplementary office in connection with relocation.

VTB24 Retail Network

Part of VTB's sales network is the rapidly growing VTB24 retail sales network, which covers all major regions of Russia; VTB24's services are accessible to clients in 140 cities.

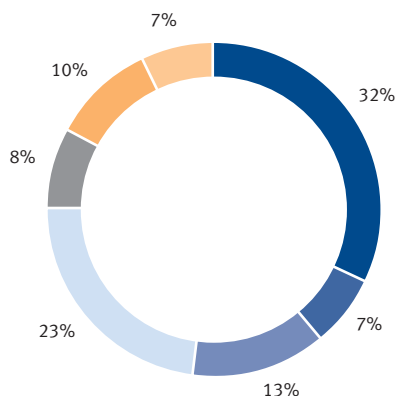
In 2007 165 new VTB24 retail locations were opened including those attributable to the migration of locations from VTB Bank and VTB Bank North-West. Thus, the number of VTB24's retail locations by the end of the reporting year was 328.

VTB24 plans to provide retail banking services in all economically significant regions of Russia and to open points of sale in all Russian cities larger than 150,000.

Expenses on opening new retail points of sale are expected to be recouped within three to five years, depending on the size and location.

By the end of 2008 VTB24 plans to increase the number of points of sale to 500, opening more than 170 new ones including the migration of locations from VTB Bank and VTB Bank North-West to VTB24.

Breakdown of VTB Bank points of sale by Federal Districts as at January 1, 2008



Central Federal District	48 (Branches – 15, Sub-branches – 27, Other – 6)
Northwest Federal District	11 (Branches – 5, Sub-branches – 5, Other – 1)
Southern Federal District	20 (Branches – 6, Sub-branches – 11, Other – 3)
Volga Federal District	35 (Branches – 13, Sub-branches – 21, Other – 1)
Urals Federal District	12 (Branches – 3, Sub-branches – 7, Other – 2)
Siberian Federal District	15 (Branches – 9, Sub-branches – 5, Other – 1)
Far Eastern Federal District	11 (Branches – 6, Sub-branches – 5, Other – 0)

VTB Bank North-West

VTB Bank North-West (previously the Industrial-Construction Bank) offers a full range of services to corporate and retail customers, as well as several investment banking services. VTB plans to integrate VTB Bank North-West into the Group's structure and to expand its presence in the Northwestern Federal District.

As of December 31, 2007 the VTB Bank North-West network includes 103 points of sale located primarily in the Northwestern region of Russia including St. Petersburg.

In 2007 the Industrial-Construction Bank was renamed VTB Bank North-West and measures were taken to prepare for the integration of business; in particular, a number of processes and IT-systems were unified and fees and interest policies were harmonized.

VTB's plans include completing the migration of client segments as allocated by the Group:

- retail business and retail divisions of Group banks will be moved to VTB24;
- the corporate business of VTB Bank North-West outside the Northwestern Federal District will be moved to VTB Bank;
- VTB Bank branches in the Northwestern Federal District will be moved to VTB Bank North-West.

4.6. Business Outside of Russia

In 2007 VTB Group increased its international presence through the acquisition of CJSC Slavneftbank in the Republic of Belarus, which in 2007 was renamed CJSC VTB Bank (Belarus); and to receiving a license for Banco VTB-Africa S.A. in Angola.

Besides, in early 2008 VTB affiliates were opened in India and China, as well as a representative office in Kazakhstan.

CIS Countries in 2007

Business development continued in countries of the CIS, one of the priority regions for VTB. The share of assets in the CIS rose in 2007 from 2% to 4%.

As of the end of 2007, 349 points of sale were in operation in the CIS, in Ukraine, Georgia, Armenia and Belarus, the number of whose clients exceeded 480,000.

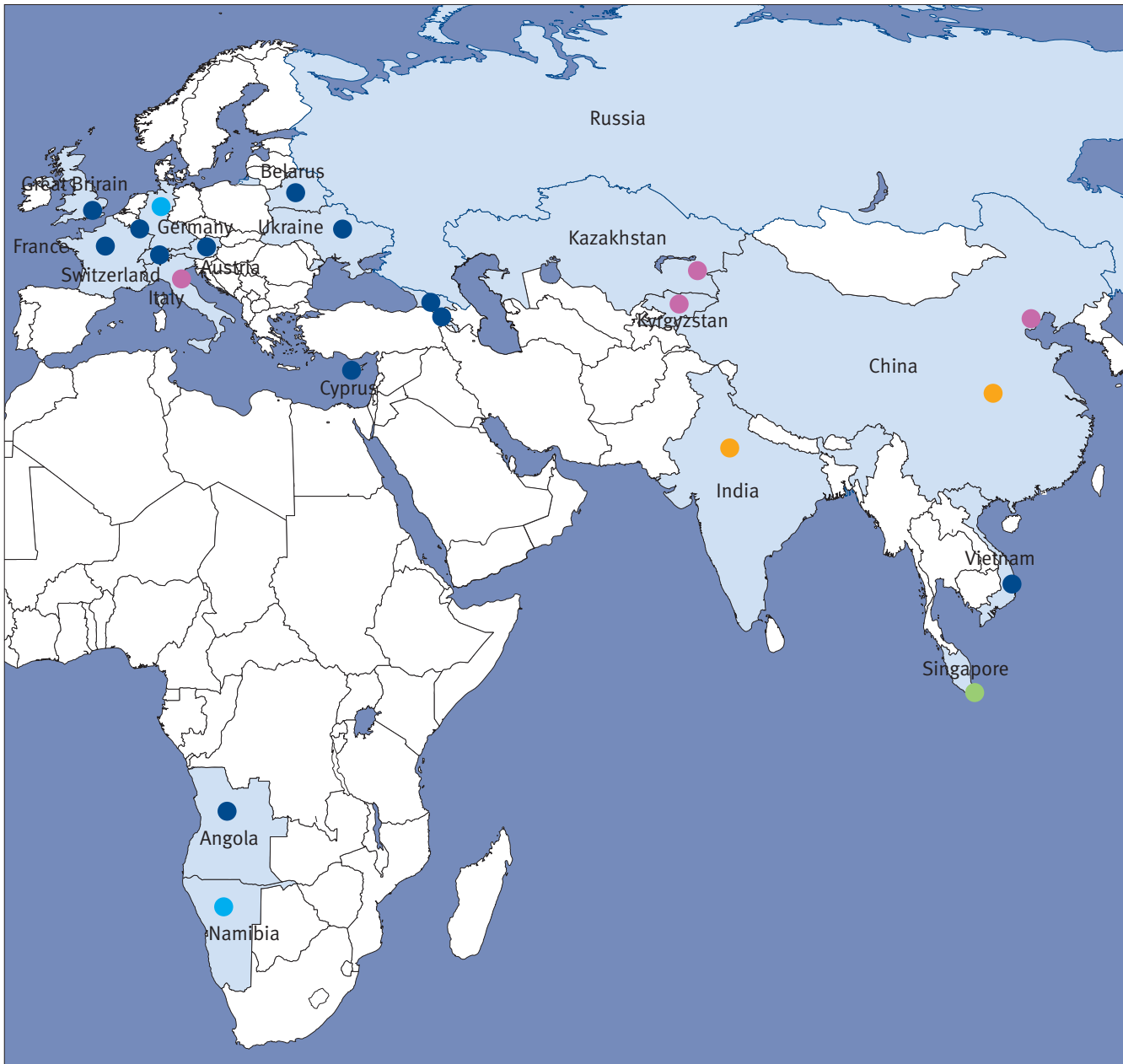
In Ukraine, the reorganization of CJSC Vneshtorgbank (Ukraine) was successfully completed by merging it with VTB Bank (Ukraine); 70 new points of sale were opened. The capital of the unified VTB bank in Ukraine rose in 2007 by USD 46.5 million. In 2007 a representative office was opened in Kyrgyzstan.

Western Europe

The presence of subsidiaries in Austria, Germany, France, Cyprus, Switzerland and Italy (representative office) allows VTB Group to offer a full range of services to corporate clients. An important event of 2007 was the improvement of the structure and management model of VTB Group's banks in Europe. A controlling stake in the bank in Luxemburg was sold; the investment banking specialization of VTB Bank (Europe) was strengthened. The center of the European integration of the Group's corporate business was moved from London to Vienna and all necessary measures related to it were taken.

Asia and Africa

Branches in China and India (2008), a subsidiary in Angola, a joint venture bank in Vietnam and a financial company in Namibia – all of this allows VTB Group to support Russian businesses carrying out foreign trade projects and operating in these regions.



- Subsidiary

- Financial company

- Representative office

- Branch

- VTB Bank Europa branch

4.7. Financial Markets Transactions

Debt Financing Transactions

In 2007 VTB Bank continued active borrowing in the capital markets. Last year the aggregate amount of Notes outstanding under Programme (“Programme”) for the issuance of Euro Medium term Notes (EMTN) was increased to U.S. \$20 billion. Under the Programme five Series of Eurobonds were issued in a number of different currencies (euros, pounds sterling, US dollars and roubles) totaling about U.S.\$ 5.3 billion. Issues were successfully placed under the best market conditions and enjoyed high demand from international investors.

In March 2007 VTB Bank completed a dual-tranche issue of Eurobonds for EUR 1 billion and GBP 300 million. At the time of the issue the euro tranche was a record transaction in euros among Russian banks-issuers and the sterling issue was the first of its kind for Russian borrowers.

In October 2007, despite the crisis in the international financial markets, the Bank placed a benchmark issue of Eurobonds among Russian issuers for U.S. \$2 billion. VTB won a EuroWeek Award for this issue as the CEEMEA Financial Institution Bond of the Year. The transaction generated strong interest, which in the challenging market conditions, attests to the confidence that international investors have in the strength of the VTB’s credit.

Simultaneously, VTB Group continued to raise syndicated loans. Thus, from March through May of 2007 VTB Bank (Austria) raised three syndicated loans for \$U.S.280 million maturing in February 2010. In July the Russische Kommerzial Bank AG received a syndicated loan for U.S.\$ 75 million maturing in August 2010. In August VTB Bank (Austria) raised financing in the form of SSD (Schuldscheindarlehen) for U.S.\$75 million maturing in July 2010.

The Group plans to continue borrowing in Russian and international markets in the course of 2008.

Securities Transactions

Historically, VTB conducts transactions on the financial market involving all kinds of securities, including stocks and bonds denominated in Russian roubles and in foreign currencies and promissory notes. The bank offers its customers a broad range of services on the securities market. These include:

- brokerage services on the MICEX, the RTS Stock Market and on the off-exchange market;
- completing repurchase agreements with the securities of Russian issuers;
- buying/selling of stocks, sovereign bonds and Eurobonds of the Russian Federation and of Russian corporate issuers;
- the issue, repayment (including early), and novation of simple VTB promissory notes and other operations with promissory notes.

VTB Bank is a major participant in the OTC trade of government and corporate bonds and a leading market-maker on MICEX for fixed-yield instruments. In addition, VTB actively conducts repurchase agreements with major Russian and foreign banks.

As of the end of 2007, the Group’s own securities portfolio totaled USD 13.5 billion, or 15% of total assets.

Exchange Operations on the Currency Markets

In 2007, as in previous years, foreign-exchange operations with various currency pairs remained a major focus area of VTB Bank’s activity on the currency markets. This is due to the large number of the Bank’s customers who carry out foreign trade operations and thus ensure a stable demand for products connected with currency-exchange operations, as well by the necessity for the prompt response to emerging balance sheet risks.

The past year was characterized by a significant increase in the volumes of exchange operations carried out and by the growth in their profitability, which was largely due to Russia's increasingly strong foreign trade, and the high volatility of the currency markets both within Russia and beyond its borders.

Operations with the USD/RUB pair (spot and forward) alone in 2007 totaled more than USD 720.0 billion (the figure for 2006 was USD 280.0 billion). On the international market, volume for all currencies totaled more than USD 60 billion (USD 50.0 billion in 2006). The total volume of options executed surpassed their value by USD 300 million. Income received from our own operations on the currency markets in 2007 was the largest in recent years.

Banknote Operations

VTB's cash forex activity continues to grow. The Bank strengthened its position as one of the main forex players in Russia, remaining in the top five traders in banknote operations on the Russian interbank market.

As well as strong profit growth, (profits more than quadrupled compared to 2005 and were up 36% against 2006), the bank saw the volume of operations with foreign banks grow (doubling since 2005 and up 41% from 2006) as well as the volume of operations with Russian banks (6.7 times the 2005 level and more than double the 2006 level).

Money Market Operations

In 2007 the bank used domestic and international money market operations to regulate liquidity and to ensure its constant presence in this segment of the financial market. The past year was characterized by significant growth (more than 100% in comparison with 2006) of the volume of operations on the interbank market and "conversion swap" operations performed to regulate current liquidity.

In 2007 FRA (Forward Rate Agreement) operations were introduced into the trading toolkit on the interbank market and the Interest Rate Swap into

hard currencies with foreign contractors, as well as MosPrime interest rate futures on MICEX.

Client Operations on the Currency Exchange, Money and Commodities Markets

An increase in customer operations was achieved in 2007 thanks to active expansion and improvement of the product line of treasury services with the use of competitive approaches when working with various customer segments.

On the money market the volume of overnight operations totaled RUB 3,040.9 billion in 2007. As part of its priority approach to servicing strategic clients, services for attracting and placing funds were applied using remote service systems (Reuters-Dealing, BS-Client) with various kinds of clients. The volume of fundraising operations exceeded RUB 355.5 billion. Short-term fixed-limit lending to corporate clients reached RUB 169.6 billion, which allowed our clients to effectively finance cash gaps arising during daily operations for periods from one to 30 days.

To help customers manage risks, particularly those relating to the high volatility of currency exchange rates and significant price fluctuation for commodities, VTB Bank offers derivative operations on the currency exchange, stock exchange and OTC markets.

Using the Bank's derivatives expertise enables customers to plan long-term and adopt the most attractive hedging strategy. As a result, in 2007 operations of the "forward" and "currency option" types were actively carried out with corporate clients. The total volume of the given operations was more than RUB 10.6 billion.

One of the priority areas of focus of VTB's activity on the financial markets is offering its clients increasingly sophisticated financing tools. In line with this the Bank is constantly working to improve active products and introduce new, complex ones, of which the most important are operations for hedging interest-rate risks, using remote servicing and simplifying document flow.

5. Internal Controls

5.1. Risk Management

Risk Management Structure

The Bank employs a complex system for managing basic banking risks (credit, market, liquidity, operational), ensuring the identification, assessment and limitation of accepted risks and control over their size and structure. The basic principles of the risk management system at JSC VTB Bank are:

- a clear-cut distribution of responsibilities among the Bank's authorized management bodies and executives during the decision-making process;
- an integrated approach when analyzing various types of accepted risks;
- the independence of those business units that provide assessment and control of risks from those units that initiate the corresponding operations;
- the use of the most up-to-date methods of risk assessment;
- the existence of an extensive reporting system at every level of the Bank's management.

The organizational system of risk management includes various collegial bodies (among them a loan committee, a lower loan committee, loan committees of branches, a committee for asset and liability management) and structural units. Moreover, given further expansion of the international VTB Group and the obligations arising out of VTB's public listings, in 2007 a new organizational structure of risk management was introduced into the Bank, providing for the adequate expansion of functionality and the strengthening of key focus areas of risk management. As a result, a Risk Department was formed in the Bank consisting of the following structural units:

- core units for the basic types of risk and/or lending procedure functions (Lending Risk Management, Market and Operational Risk Management, Expert Service for Loan Applications, Lending and Mortgage Operations Management);
- Consolidated Risk Analysis Management, responsible for risk management on the level of VTB Group, including the introduction of the Basel II standards.

As a result of the noticeable influence of risks taken on by subsidiary banks on overall results and the efficiency of the Bank's activity amid integration into the Group, a great deal of attention was paid in 2007 to taking measures to develop and introduce effective procedures for control of risks on a consolidated basis including the following:

- basic principles and regulations regarding the lending policies of VTB Group were adopted;
- the functional interaction with subsidiary banks in the realm of risk management was fine-tuned including through working collegial bodies created under the Management Committee of VTB Group (first and foremost, the Risk Management Commission, as well as the Commission for Asset and Liability Management);
- questions of data collection with the aim of consolidated risk analysis for VTB Group were worked through and the first stage of introducing a procedure for forming a periodic consolidated risk report was completed.

Credit Risk

In 2007, we continued our work on the "Credit Policy of JSC VTB Bank for 2007–2008", which sets the basic principles of the Bank's credit risk management in order to improve credit risk management methods.

From objectives to actions
elaborate strategy + timely decisions





One of the main instruments of the current assessment of credit risk in the Bank is the method of ranking clients according to risk level based on an evaluation of their finances payment history, market positioning and other risk factors. Over the course of the year the Bank continued to improve this risk assessment tool. After a careful analysis of the best practice and international experience in this field and the accumulated statistics of ratings and losses, we managed to refine our ranking methods. In the framework of a project for improving credit activity, a model was developed in conjunction with international consultants, for the assessment of transaction risks making it possible to take into account the risk characteristics of a concrete lending operation while delegating authority in taking a lending decision and determining its cost conditions.

Another important focus area of credit risk management was the establishment and monitoring of the structure of the credit portfolio as set down in the Lending Policy. Over the course of the year, on an ongoing basis, the Bank monitored the structure of the credit portfolio on a sectoral, regional and national basis broken down into types of credit products and the structure of the security provided. Moreover, the system of sectoral risk management held to ensure a rapid response to negative developments in various market segments including specifying additional requirements for the financial position of borrowers in various sectors (the manufacture and trade of alcohol products and others).

In 2007 a scheduled work was performed to make lending operations more efficient, in particular through the standardization of various aspects (optimization of credit risk assessment procedures, increasing labor productivity and decreasing operational risks). A system of “standard base conditions for lending to customers” was developed and introduced (applicable to customers of various categories, various types of security, etc.); a package of standard forms of credit and security agreements was adopted for all types of transactions and lending decision formats were improved.

In 2007 the Bank improved the decision-making system for lending including for transactions carried out on the branch level within limits of the independent acceptance of credit risks.

In 2007 the Bank paid a great deal of attention to business development in the medium-sized business segment expanding its selection of credit products accessible to customers in the given category, for which service is provided in the Bank’s regional business units. One of the most important projects was the start of the “New Lending Process for Medium-Sized Business Customers” project involving an integrated development of new approaches to the lending process (including innovations in the way the Bank’s business units work together and in the system for ranking customers, price formation for lending transactions, accounting for transaction risks, etc.). For medium-sized clients we began to develop a system of standardized credit products with lending terms tailored to clients of various categories, as well as a system of authorised persons for taking credit decisions for each of these categories.

Market Risk

The key elements of the Bank’s system to assess and manage market risks are:

- quantitative assessment of market risks using the Value-at-Risk methodology (VaR) for assessing risk exposure to marketable securities and currency risk.
- sensitivity analysis to assess the potential impact on the balance sheet of various market movements such as interest rates and currencies;
- scenario analysis of the Bank’s assets and liabilities operations (liquidity risk, interest risk);
- management of interest risk and liquidity risk by establishing clear target figures for the assets and liability structures based on size, term, profitability/cost;
- procedure for establishing and firmly controlling compliance with limits on the Bank’s acceptance of market risks (currency exposure, conversion operations and operations with market securities

broken down by type of operation and instrument and stop-loss limits);

- evaluation of the economic capital necessary to cover market risks.

The market risk management system was improved in 2007, primarily in terms of interest-rate risk and market risk with securities operations. The main measures taken were:

- with regard to interest-rate risk: the establishment of interest rates for asset and liability operations, taking into account regular reporting on the size and structure of interest rate exposure; the establishment of limitations on the size of interest rate exposure, broken down by currency and terms and control over compliance with them;
- with regard to market risk for securities operations: improving the methodology of quantitative risk analysis broken down by type of operation (reverse repurchase agreements, derivative products).

Liquidity Risk

Management of quick liquidity is the Bank's main goal in daily asset and liability management, ensuring there are sufficient cash balances to cover payments whether in cash or electronic form in the appropriate currency.

The Treasury Department is responsible for quick liquidity management. It provides real-time estimates (over the course of the day) of current payment position and an estimate of the change of the payment position based on the payments calendar and scenario analysis. Branches' quick liquidity is managed by way of setting limits on cash balances in regional payment processing centers at the end of the branch's operating day.

As part of the lending activity improvement project jointly with the international consultants the model of transaction risk assessment was developed in the Bank.

The main task of current liquidity management is changing the structure of the Bank's current assets and liquidities, to reduce liquidity gaps to a set level and there are fixed deadlines for meeting demands and discharging obligations. This is accomplished by the Bank's Treasury determining in real time the current exposure to current liquidity risk, the current values of liquidity gaps in accordance with internal limits, as well as limits established by the Central Bank of Russia. Management of current liquidity by the Bank's Parent Organization and branches is carried out in a centralized fashion.

Operational Risk

In terms of operational risk the Bank carries out regular exercises to assess risks and ensure appropriate actions are taken in compliance with the principles established by the regulatory acts

Proactive measures for risk limitation are complemented with insurance programs providing for minimization of possible loss and diversified by the types and volumes of transactions.

Central Bank of Russia, and the Basel Committee on Banking Supervision (including "Basel II").

Among the primary methods of the Bank's operating risk management are the regulation of procedures for completing operations, the application of procedures of multi-level and independent control over their completion, monitoring of the functioning of IT systems, the application of principles for splitting and limiting employees' functions and authority, the use of mechanisms for taking collegial decisions, and the establishment of individual limits on the size and types of operations carried out by employees.

These pro-active measures for limiting risks are supplemented by insurance programs that minimize possible losses and are diversified in accordance with the types and volumes of the operations being

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carried out. The Bank's total insurance coverage in 2007 was approximately USD 343 million including a comprehensive insurance against criminal acts in accordance with the international standards of "Banker's Blanket Bond" and "Electronic & Computer Crime"; it also includes insurance cover for valuables during transfer, documentary securities located in storage, ATMs and possible losses resulting from fraudulent use of both credit and debit cards.

In order to ensure effective detection, assessment and management of the operational risk, the Bank actively collected information on operational losses that were sustained, in accordance with the requirements of Basel II covering both the business units of the Bank and its regional network. We are planning to extend the system to all of VTB Group's members in the future.

Measures and Plans Related to the Introduction of the Basel II System

In 2007 JSC VTB Bank carried out work on the preliminary evaluation of variants and necessary organizational, personnel, technical, and material resources needed to move the Bank's risk management standards to Basel II standards. Moreover, elements of Basel II were taken into account to establish various risk-management procedures.

As the plans and timeframe for the introduction of Basel II are adopted into Russian law, the Bank will aim to harmonize the Bank's risk management standards with the new standards, as well as the necessary methodological and procedural documents, while simultaneously preparing a corresponding budget and ensuring the necessary coordination of the work of the Bank's structural business units in this project.

That said, in connection with the introduction, as of January 1, 2008 of Basel II principles into the banking legislation of EU countries, the Western European banks of VTB Group have already prepared

the transition to the new Basel II standards, as part of a standardized approach.

Risk Management objectives for 2008

VTB Group intends to further improve both transparency and risk control.

To that end control procedures will be improved at the Group level for operations with corporate clients and contracting banks and unified standards will be introduced to assess and monitor the concentration level of national and sectoral risks within the Group by country and sector. In addition, further improvements will be made to information exchange and analysis as part of risk management at the Group level, which should facilitate the decision-making process.

In 2008 the Bank will continue to improve methods for ranking the Bank's borrowers and procedures for lending to clients grouped in various categories. In particular, the system for delegating credit approval authority will be improved. With regard to standard operations with highly creditworthy customers, the practice of delegating authority for taking lending decisions will be expanded to the level of the heads of the corresponding business units, which will allow us to make the lending process more efficient, and will promote better customer service.

5.2. System of Internal Controls

The Development Concept of the Internal Controls System at VTB Bank defines internal controls as activity undertaken by the Supervisory Council, Management, the CEO, heads of business units and employees of the Bank aimed towards ensuring the appropriate performance of the following tasks:

- The efficiency and effectiveness of operations conducted by VTB Group, including ensuring the safety of VTB Group's assets, along with risk management;
- The adequacy and timeliness of financial and

administrative information and reporting;

- Compliance with legal requirements and standards regulating the activity of VTB Group;
- Ensuring that neither VTB Group nor its clients are involved in criminal conduct such as money laundering or financing of terrorism.

Several years ago in an inspection the Central Bank of Russia noted that VTB Bank possessed a sufficiently effective system of internal controls adequate to the nature and scope of the Bank's operations.

Strong internal controls are crucial to ensure our business is conducted to the highest standards, and to increase our attractiveness for customers, shareholders, investors and other stakeholders on the domestic and international markets..

We are seeking to comply with the international best practice (the rules of the Basel Committee on Banking Supervision, the Institute of Internal Auditors and the Committee of Sponsoring Organizations of the Treadway Commission).

Strong internal controls improve VTB Group's management system in the following areas:

- the creation of a unified control environment, a unified system of strategic and financial planning and of risk analysis within VTB Group;
- the integration of information systems at the level of the Group, the Bank, subsidiaries and separate business units;
- the creation of clear and transparent system for decision-making, control and reporting at the Bank, its branches and VTB Group as a whole.

VTB Bank's activity in developing effective internal controls is aimed at supporting the strategy of VTB Group and at improving the following basic elements of the system:

Control Environment and Control Culture

- A belief in honesty and ethical values
- Evaluation and control by the Supervisory Council

of the effectiveness of the system of internal controls

- Improvement in the organizational structure and the distribution of authority and responsibility
- Policies and procedures for managing human capital
- Human talent

Risk Assessment

- Risk identification and analysis
- Managing change

Control Actions

- Policies, procedures, control measures backed up by execution
- Measures for supporting business continuity, and control over their execution
- Strong controls on money laundering and financing of terrorism

Information and Communications

- Quality of information
- Effective communication

Monitoring

- Continuous monitoring
- Mechanisms of notification concerning material shortcomings

For the effective realization of these principles of internal control at VTB Bank, a system of control and inspection bodies is in place:

- The Audit Committee of the Board;
- The Audit Commission;
- The Internal Control Department.

5.3. The Audit Committee

The Audit Committee was created in 2007 with the aim of analyzing and supporting the internal audit system.

Members of the Audit Committee:

- Matthias Warnig – Committee Head (independent member of the Supervisory Council of VTB Bank);
- Aleksey L. Savatyugin – Committee Member (member of the Supervisory Council of VTB Bank);
- Aleksey V. Ulyukaev – Committee Member (member of the Supervisory Council of VTB Bank).

More detailed information on the activity of the Audit Committee can be found in the section “Corporate Governance,” on page 65.

5.4. The Audit Commission

Control of the financial and economic activity of VTB Bank is carried out by the Audit Commission, which is elected by the Annual General Meeting of the Bank’s stockholders.

The size and composition of the Bank’s Audit Commission are determined by the AGM. Members of the Bank’s Audit Commission can not concurrently be members of the Bank’s Supervisory Council or hold positions in the Bank’s executive bodies.

Members of the Audit Commission of VTB Bank as of January 1, 2008:

Vladimir V. Lukov — Chairman (Deputy Director of the Department of Financial Policy of the Finance Ministry of the Russian Federation);

Olga E. Gritsai — member of the Inspection Committee (Advisor to the Department of Corporate Management of the Ministry of Economic Development and Trade of the Russian Federation);

Olga A. Popova — member of the Audit Commission (Head of Property Management of Financial, Foreign Economic, Tax and Customs Organizations at Rosimushchestvo (the Property Agency of Russian Federation)).

The Audit Commission monitors the Bank’s

compliance with the relevant regulations, internal bank controls, the legality of the operations carried out by the Bank (by comprehensive inspection or spot checks).

5.5. Internal Control Department (ICD)

According to the Charter of VTB Bank, control of financial and economic activity is carried out within the Bank by the Internal Control Department (previously the Internal Control Service) established in January 2000.

The brief of the ICD is to perform internal controls and to work together with the Bank’s administrative bodies to ensure effective functioning. The ICD’s task is to contribute to the high-quality and efficient operation of the internal control system.

As of January 1, 2008 the Internal Control Department of VTB Bank will comprise 135 employees. The head of the ICD is Igor B. Turuev.

To carry out internal control at Bank branches internal control groups have been created at the branches, within the structure of the Internal Control Department.

The ICD performs the following functions:

- checking and evaluating the effectiveness of the internal control system;
- checking that methodology for assessing banking risks and procedures for managing banking risks are properly applied;
- checking the reliability of the internal control system’s functioning with the use of automated information systems;
- checking the truthfulness, completeness, objectivity and timeliness of accounting and reporting and their testing, as well as the reliability (including the truthfulness, completeness, and objectivity) and timeliness of the collection and presentation of information and reporting;

- testing the truthfulness, completeness, objectivity and timeliness of the presentation of other information, in accordance with the regulatory legal acts to government bodies of the Russian Federation;
- checking applicable methods for ensuring the safety of the Bank's property;
- checking the compliance of the Bank's internal regulatory acts with regulatory legal acts, and the standards of self-regulating organizations;
- checking internal control processes and procedures;
- testing systems created with the aim of complying with legal requirements and professional codes of conduct;
- other functions provided for by the Russian Central Bank Resolution No. 242-P of December 16, 2003, On the Organization of Internal Control at Credit Organizations and Banking Groups, and by the internal regulatory acts of VTB Bank.

The Internal Control Department, within the framework of its competency, works together with the Bank's external auditors with regard to the presentation of information on the Bank's internal control system and on the main flaws detected by the ICD in the course of the period being examined by the auditors.

5.6. VTB Bank's External Auditor

Every year VTB Bank engages an external auditor in order to check and confirm the reliability of its annual financial statements,.

Based on its scrutiny of the financial and economic activity of the Bank, the external auditor prepares a report, which is submitted to the Audit Committee for preliminary assessment. The prepared report is sent to the Bank's Supervisory Council and is also submitted to the Bank's Annual General Shareholders Meeting.

The Bank's external auditor is designated as a result of a tender, the approval of the candidacy of the

external auditor at a meeting of the Audit Committee, the recommendation of the Supervisory Council to the General Shareholders Meeting and the approval of the proposed candidate at the Bank's Annual General Shareholders Meeting.

On March 19, 2007 VTB Bank announced an open tender for audit firms to perform VTB Bank's annual statutory audit for 2007.

In the announcement of the open tender basic information concerning the tender was given: the ordering customer, the source of financing for the order, the subject of the contract, the place, conditions and timeframe for the provision of services, the initial price of the contract, the beginning and end dates for the submission of applications to participate in the tender, etc.; a draft audit services agreement was also presented.

On April 19, 2007 the audit tender for the annual statutory audit was held. According to the decision of the competition committee, CJSC Ernst & Young Vneshaudit was named the winner of the tender.

By the decision of the Bank's Annual General Shareholders Meeting, CJSC Ernst & Young Vneshaudit was appointed as VTB Bank's auditor for the year 2007.

From actions to achievements

individual effort + understanding of common objectives





6. Corporate Governance

6.1. Overview of the Corporate Governance System

The Bank aims to develop the corporate governance system in accordance with international best practice.

VTB Bank aims to observe strictly the provisions of Russian corporate governance law and strives to meet the highest international standards, as well as the recommendations of corporate governance best practice, including the Code of Corporate Conduct recommended by the Federal Securities and Exchange Commission of Russia.

In all its activities VTB Bank is committed to the strict adherence to the provisions of the Russian law in the sphere of corporate management.

VTB Bank's existing system of corporate governance is based on the following principles, which reflect the provisions of Russian legislation, as well as the requirements of the Central Bank of the Russian Federation and the recommendations of the Federal Service for Financial Markets of Russia:

- shareholders are given a real opportunity to exercise their rights to participate in VTB Bank;
- the Supervisory Council carries out strategic governance of the activity of VTB Bank and effective control of the activity of its executive bodies; members of the Supervisory Council are accountable to the shareholders of VTB Bank;
- VTB Bank's executive bodies are given the opportunity to carry out the effective leadership of its current activity, reasonably, in good faith, and exclusively in the interest of VTB Bank; the executive bodies are accountable to the Supervisory Council and to the shareholders of VTB Bank;

- VTB Bank provides for the timely disclosure of full and reliable information on the Bank's activity including information on its financial situation, economic figures, property structure and governance, with the aim of ensuring the Bank's stockholders and investors take well-informed decisions;
- VTB Bank has controls in place over the use of confidential and insider information; these include documents establishing rules for preventing the use of this information;
- VTB Bank ensures effective control of its financial and economic activity in order to protect the rights and lawful interests of its shareholders.

VTB Bank's corporate governance system lays down specific responsibilities for:

- the Annual General Meeting of Shareholders;
- the Supervisory Council;
- the Chairman and CEO;
- the Management Board.

In order to carry out an examination and approval of its financial reporting the Bank annually engages an external auditor who is not connected with the bank and/or its shareholders by any property interests.

At the same time, VTB Bank recognizes the need to improve its corporate governance. This follows from the requirements of regulatory bodies, investors, rating agencies and by the rapid pace of VTB Group's growth.

In 2007 VTB Bank continued to work actively on improving the system of corporate governance:

- the Bank's Management approved the Fundamental Directions for the Development of the Corporate Governance System of the Bank and its subsidiaries for 2007–2010;
- the Bank has now allocated responsibilities for

implementing its corporate governance guidelines among the appropriate business units;

- a separate investor relations structural unit was created;
- a series of measures were taken to raise the Bank's level of transparency including a set of standards for the disclosure of information and an improvement of investor relations. As a result of these measures, the Bank was awarded the second place in the Survey of Transparency and Disclosure by Russian Banks conducted annually by Standard & Poor's;
- a series of measures were taken to improve corporate management in connection with the IPO: the inclusion of two independent directors on the Supervisory Council, the creation of an Audit Committee, the adoption of a Regulations on Procedures for the Use of Insider Information;
- on the basis of methods of the International Finance Corporation, the Russian Institute of Directors and the Expert Rating Agency, the Bank's management conducted an assessment of the level of corporate governance. As a result of this assessment, VTB Bank's system of corporate governance was recognized as meeting the requirements of Russian law. In addition, the necessity of introducing a series of internal documents was brought to light, along with the need to take measures aimed at bringing the level of corporate governance at VTB Bank in line with that of global best practices.

Bank employees are participating in various projects for improving regulatory standards of the corporate governance. Thus, for example, the Bank is part in the Working Group created under the National Council on Corporate Governance, which was set up to review the existing legislation.

In partnership with Russian and international banking groups (UniCredit, Citigroup, Erstebank, Société Générale and others), with professional associations (the Association of Russian Banks, the Russian Institute of Directors, the Association of Independent Directors, and others), VTB Bank organizes meetings for the regular exchange of corporate governance experience.

Adherence to the Corporate Governance Code

VTB Bank adheres to the basic provisions of the Corporate Governance Code recommended by the Federal Securities and Exchange Commission of Russia:

- the Bank provides its shareholders with the opportunity to exercise their rights including the right to participate in the decision-making process by voting at the AGM, the right to receive dividends and the right of access to information;
- the Bank operates a principle of equal treatment of its shareholders holding an equal number of a certain class of shares, as well as guaranteeing the effective protection of their rights in case of violation;
- the Bank's Supervisory Council ensures strategic governance and control of the activity of executive bodies – of the Chairman and CEO and the Management Board. In April 2007 independent directors were introduced to the Supervisory Council. The Supervisory Council is accountable to shareholders;
- the Chairman and CEO and the Management Board direct the Bank's current activity. The executive bodies of the Bank are accountable to the Supervisory Council and to shareholders;
- the Bank ensures a timely disclosure of full and reliable information including its financial position, economic figures and the structure of its property and governance in order to provide shareholders and investors with the opportunity to take well-informed decisions;
- the Bank acts in respect with the rights of interested parties including workers, as required by law, encourages the active collaboration of the Bank and interested parties in order to increase its assets, the value of its shares and the creation of new jobs;
- the Bank has built an effective system of control for its financial and economic activity in order to protect the rights and interests of its shareholders. The Bank has created an Audit Commission accountable to the General Shareholders Meeting. The Audit Committee, which reports to the Bank's Supervisory Council, helps increase the effectiveness of the system of internal control of the Bank.

- In 2008 a Code of Corporate Conduct will be approved by the Supervisory Council.

The Code of Corporate Conduct fulfills the requirements of Russian legislation and regulatory bodies, as well as principles recognized in global practice, in particular the Principles of Corporate Governance of the OECD.

In addition, in 2008 as part of measures undertaken to develop VTB Bank's corporate management system, the Supervisory Council will also approve the Code of Ethics.

The main goal of the Code of Ethics is to define for the Bank, its employees and the members of its Supervisory Council, the principles and rules of business conduct and ethics aimed at increasing VTB's capitalization, financial stability, and efficiency.

VTB's Code of Ethics reflects its fundamental corporate values and principles; questions concerning the resolution of conflicts of interest; questions concerning relationships with clients, business partners, government bodies, competitors and employees; questions of corporate style and other aspects.

VTB Bank's Information Policy

VTB Bank strives for the prompt, objective and complete reporting of its activity, using all available means of communication. With over 120,000 new shareholders the Bank is obliged to communicate fully on all its activities.

The Bank has to balance the requirements for the disclosure of information and the interests of shareholders, investors and other stakeholders by avoiding unauthorized disclosure of confidential and commercially sensitive information concerning the Bank's activity.

VTB's information policies meet the requirements of Russian legislation. At the same time, adherence to VTB Group's development strategy, along with the

formation, under the VTB brand of an international financial group that is unique in the Russian banking sector dictate the necessity of building a flexible system that would ensure the possibility of prompt fine-tuning to meet the needs of our customers. In addition, international experience also indicates that, at a certain stage, the development of one's own solutions in the sphere of information policy is simply indispensable. Here, as in all of its work, VTB Bank strives to adhere to the highest international standards.

In 2007 VTB Bank came second (from sixth the year earlier) in the annual Standard & Poor's transparency survey of Russian banks.

Having received such a high recognition of its efforts, the Bank does not intend to stand still, and plans to work tirelessly and purposefully to improve its transparency keeping an eye on the experience of its peers.

VTB Bank has already developed a series of documents governing the handling of inside information:

- Instructions regarding internal control of the Bank's own trading activities;
- A list of measures aimed at preventing the illegal use of sensitive information in the Bank's activity own trading ;
- A list of measures aimed at preventing conflicts of interest ;
- Regulations on insider information.

The documents named above define the circle of insiders, their rights and obligations, the list of documents falling under the category of insider information and measures for protecting insider information from illegal use.

Based on a self-assessment conducted in 2007 of the level of VTB's corporate governance and in the framework of the adopted "Plan of Measures for Improving the Corporate Governance System of JSC VTB Bank, the decision was taken to

develop Regulations on the Information Policy of VTB, which is planned to be submitted for approval in 2008 at a meeting of the Supervisory Council. The given Regulations will become the foundation of interrelations between the Bank and its shareholders, investors, customers and other stakeholders and will also promote a further increase of the Bank's level of transparency and the level of trust towards the VTB brand.

The information policy of VTB Bank now under development will be based on the following principles:

- the periodic and prompt provision of information;
- the promptness, completeness, reliability and consistency of the information presented;
- equality of rights of all interested parties to receiving information, taking into account the standards and requirements established by current legislation and regulatory bodies;
- maintaining a reasonable balance between the transparency of VTB Bank and its commercial interests;
- maintaining confidentiality of information that comprises an official or commercial secret, and carrying out control over the use of insider information.

With regard to the disclosure of information and the provision of information, VTB Bank uses various forms: the Bank's quarterly and annual reports, the Bank's bookkeeping and financial accounting, announcements of material information, and others; also, the following channels: print and electronic mass media, the Internet and Intranet, and supply of information and documentation to shareholders on request.

One of the least expensive and most accessible means for disclosing information to shareholders and other interested parties is the Bank's corporate website, where it periodically publishes reporting according to Russian and international standards, the Charter and regulations concerning the Bank's governing bodies and information on

material events in the activity of the Bank and VTB Group.

6.2. The Supervisory Council of VTB Bank

The Supervisory Council of VTB Bank acts on the basis of Russian law, the Bank's Charter, the Regulations on the Supervisory Council and other internal documents of VTB Bank.

The Supervisory Council's responsibilities include setting general policies and broad principles for the Bank with the exception of those issues defined by Russian law and the Bank's Charter as being under responsibility of the Annual General Meeting.

Main Duties

The Supervisory Council of VTB Bank performs the following functions:

- determining priority areas of the Bank's activity;
- convening Annual and Extraordinary General Meetings of shareholders except for the cases specified in Item 8, Article 55 of the Federal Law On Joint-Stock Companies;
- endorsing the agenda of an AGM;
- increasing the Bank's charter capital through the issue by the Bank of additional shares within the quantity and classes (types) of authorized shares in those cases provided for by Russian law and by the Bank's Charter;
- the placement by the Bank of convertible securities and other equity securities convertible into Bank shares, in cases provided for by Russian law and the Bank's Charter;
- determination of the market value of assets (monetary valuation), price of issue and repurchase of the securities specified in Russian law;
- acquiring shares and other securities issued by the Bank in the cases specified by Russian law;
- appointing the President and CEO and members of the Bank's Management Board; fixing the size

of the Management Board and terminating their authority ahead of schedule, fixing remuneration and compensation paid to the Chairman and CEO and the members of the Bank's Management Board;

- recommending the amount of remuneration and compensation to be paid to the members of the Audit Commission and determining the fee to be paid for the services of the external auditor;
- issuing dividend recommendations;
- using the reserve fund and formation, as well as using other funds of the Bank;
- endorsing VTB internal documents except for the internal documents, which must be endorsed by the General Meeting of shareholders and also other internal regulations of the Bank, which under the Bank's charter must be endorsed by its executive bodies;
- opening of branches and representation offices of the Bank as well as transition of branches to the status of the Bank's departments;
- approval of interested-party transactions, conclusion of major transactions connected with the acquisition and alienation of property by the Bank in cases provided for by Russian law and the Bank's Charter;
- preliminary consideration of the annual report of the Bank;
- appointing the head of the Bank's Internal Control Department and relieving him of duty;
- endorsing the registrar of the Bank and the terms of contract with the registrar and as well as cancellation of the contract;
- writing off bad debts on loans exceeding USD one million per debtor from the Bank's balance sheet, charging the loss to loan-loss provisions;
- the issue by the Bank of bonds and other securities (with expectation of securities convertible into shares of the Bank).

Issues assigned to the Supervisory Council may not be delegated to the Bank's Management and Chairman and CEO.

In 2008 it is planned to undertake a set of measures aimed at increasing the efficiency of the

Supervisory Council's activity, in particular:

- formalizing criteria for the selection of directors and procedures for their appointment (including for independent directors), introducing training for directors before they assume their duties, conducting yearly assessments of the effectiveness of their work, etc.;
- creating a Nomination and Remuneration Committee.

Results of the Supervisory Council Work in 2007

In 2007 12 meetings of the Supervisory Council and five absentee votes were held.

Membership of the Supervisory Council

The number of members on the Bank's Supervisory Council is determined by decision of the General Shareholders Meeting, in accordance with the requirements of the Federal Law On Joint-Stock Companies and the Bank's Charter. Members of the Supervisory Council are elected from a number of candidates nominated by shareholders, as set in the Bank's Charter.

Members of the Bank's Supervisory Council are elected for a term lasting until the following annual General Shareholders Meeting.

Members of the Bank's Supervisory Council should meet the qualification requirements and the requirements regarding business reputation established by Federal laws and those regulatory acts adopted in accordance therewith by the Central Bank of Russia.

Persons elected to the Supervisory Council of the Bank may be re-elected an unlimited number of times.

As of January 1, 2008 the Supervisory Council of VTB Bank consisted of the following members:

Aleksey L. Kudrin

Chairman of the Supervisory Council of VTB Bank (since 2002)

Date of birth: 1960

Education: graduated in 1983 from Leningrad State University (now St. Petersburg State University), Economics Faculty. Ph.D in Economics.

Holds the following positions in other organizations: Deputy Chairman of the Government of the Russian Federation – Finance Minister of the Russian Federation (since September 2007), Chairman of the Supervisory Council of ALROSA Company, Chairman of the Board of Directors of the Agency for Deposit Insurance state corporation, and member of the Supervisory Council of JSC Sberbank.

Previously held positions: Finance Minister of the Russian Federation (beginning 2004), Deputy Chairman of the Government of the Russian Federation – Finance Minister of the Russian Federation (2000-2004), First Deputy Minister of Finance of the Russian Federation (1997 - January 1999, June 1999 – May 2000), First Deputy to the CEO of RAO UES (January – June 1999), Deputy Director of the Administration of the President of the Russian Federation, Head of the Government Accountability Office of the President of the Russian Federation (1996–1997).

Acting State Counselor of the Russian Federation, First Class. Awarded a Certificate of Merit of the Government of the Russian Federation in 2002, and the order “For Service to the Fatherland, Fourth Level” in 2005.

Holds no shares in VTB Bank.

Kirill G. Androsov

Member of the Supervisory Council of VTB Bank (since April 2007)

Date of birth: 1972

Education: graduated in 1994 from the St. Petersburg State Naval Technical University (the engineering and economics faculty) and in 2005 from the Business School of the University of Chicago (USA), with an Executive MBA degree. Ph.D in Economics.

Holds the following positions in other organizations: Deputy Minister of Economic Development and Trade of the Russian Federation (since 2005).

Previously held the following positions: Director of the Department of State Regulation of Tariffs and Infrastructure Reforms of the Ministry of Economic Development and Trade of the Russian Federation (2004-2005). First Deputy General Director of JSC Lenenergo (2000-2004), Deputy General Director of Development of JSC Lenenergo (1999-2000). Director of the Department of Economics of Municipal Property of the Committee for the Management of Municipal Property of St. Petersburg (1998-1999), Head of the Directorate of Investment Projects at the Committee for the Management of Municipal Property of St. Petersburg (1997-1998), economic advisor to the Deputy Chairman of the Committee for the Management of Municipal Property of St. Petersburg (1996-1997), investment manager of the representative office of the Finnish banking and investment company “Hansa Investment” (1995-1996), director of the closed JSC project “Agency Don Plus” (1994–1995).

In 2005 awarded a Certificate of Merit of the Government of the Russian Federation for service in the implementation of government social and economic policies.

Holds no shares in VTB Bank.

Arkady V. Dvorkovich

Member of the Supervisory Council of VTB Bank (since 2002)

Date of Birth: 1972

Education: graduated in 1984 from Moscow State

University, and Duke University in North Carolina, USA. Economist and mathematician. Master of Economics.

Holds the following positions in other organizations: Head of the Board of Experts of the Administration of the President of the Russian Federation (since April 2004), member of the National Banking Board of the Bank of Russia (representative of the President of the Russian Federation) (since June 2004), Chairman of the Supervisory Council of JSC Agency for Mortgage Lending and of JSC Sberbank, member of the Board of Directors of JSC Transneft Shareholder's Company for Oil Transport and of the Agency for the Insurance of Deposits, a state company; President of the Guild of Investment and Financial Analysts, member of the Board of Directors and Board of Trustees of the Russian Economic School.

Previously held the following positions: Advisor to the Minister, Deputy Minister of Economic Development and Trade of the Russian Federation (2001–2004), consultant, senior expert, General Director and scientific leader of CJSC Economic Expert Group at the Ministry of Finance of the Russian Federation (1994–2000).

Acting Counselor of State of the Russian Federation, First Class.

Holds no shares in VTB Bank.

Anton V. Drozdov

Member of the Supervisory Council of VTB Bank (since 2002)

Date of Birth: 1964

Education: graduated in 1986 from the Moscow Financial Institute, specializing in Economics.

Holds the following positions in other organizations: Director of the Economics and Finance Department of the Government Apparatus of the Russian Federation (since April 2004).

Previously held the following positions: Deputy Director of the Government Apparatus of the Russian Federation (2003–2004), Head of the Financial Department of the Government Apparatus of the Russian Federation (1999–2003), Deputy Head of the Central Board of the Federal Treasury of the Ministry of Finance of the Russian Federation (1994–1999).

In 2002 awarded a Certificate of Merit of the Government of the Russian Federation; in 2004 granted the title of merit "Honored Economist of the Russian Federation." Acting Counselor of State of the Russian Federation, First Class.

Holds no shares in VTB Bank.

Andrey L. Kostin

Member of the Supervisory Council of VTB Bank (since 2002)

Chairman and CEO of VTB Bank (since 2002)

Date of birth: 1956

Education: graduated in 1979 with honors from the Faculty of Political Economy at Moscow State University, specializing in international economics. Ph.D in Economics.

Holds the following positions in other organizations: Chairman of the Supervisory Council of VTB Bank North-West and VTB24, Chairman of the Consultative Committee of VTB Bank (Europe), member of the Board of Directors of JSC Contemporary Commercial Fleet, member of the Board of Directors of JSC NK Rosneft, member of the Board of Directors of JSC Russian Railways, member of the Board of Directors of JSC United Aircraft Corporation, President of the Russian Federation of Athletic Gymnastics, an All-Russian Social Organization, member of the Managing Bureau of the Russian Union of Industrialists and Entrepreneurs (Employers), member of the Board of the Association of Russian Banks, member of the Bureau of the Russian Union of Automobile Manufacturers (since 2006).

Previously held the following positions: Chairman of Vneshekonombank (1996-2002), First Deputy CEO of KB National Reserve Bank (1995-1996).

In 1999 he was awarded the Order of Merit for his outstanding contribution to the development of the Russian financial and banking system,; in 2006 he was awarded the Order “For Service to the Fatherland, Level IV” for his outstanding contribution to the development of the financial and banking system of the Russian Federation.

Holds shares equivalent to 0.0028% of the charter capital of VTB Bank.

Yuri M. Medvedev

Member of the Supervisory Council of VTB Bank (since April 2007)

Date of birth: 1948

Education: graduated in 1971 from the Tambov Institute of Chemical Machinery Construction, specializing in chemical mechanical engineering and apparatus construction. Ph.D in Philosophy.

Holds the following positions in other organizations: Deputy Director of the Federal Agency for the Management of Federal Property (since 2004)

Previously held the following positions: First Deputy Ministry of Property Relations of the Russian Federation (2000-2004), First Deputy Minister of State Property of the Russian Federation (1998–2000), Authorized Representative of the President of the Russian Federation in the Volgograd Region (1997–1998), Deputy Head of the Administration of the Volgograd Region and Chairman of the Local Committee for the Management of State Property (1992–1997)

Acting Counselor of State of the Russian Federation, First Class.

Holds no shares in VTB Bank.

Aleksey L. Savatyugin

Member of the Supervisory Council of VTB Bank (since 2006)

Date of birth: 1970

Education: Graduated in 1992 from St. Petersburg State University, specializing in Economics.

Holds the following positions in other organizations: Director of the Department of Financial Policy of the Ministry of Finance of the Russian Federation (since 2004), Chairman of the Board of Directors of JSC Rosgosstrakh, member of the Supervisory Council of JSC Agency for Mortgage Lending, JSC Rosselkhozbank, and JSC Sberbank, member of the Board of Directors of GK Agency for Deposit Insurance.

Previously held the following positions: assistant to the Senior Instructor of the Department of Economic Theory and Economic Policy of St. Petersburg State University (1992-2004).

In 2007 awarded a Certificate of Merit of the Government of the Russian Federation.

Holds no shares in VTB Bank.

Yves-Thibault de Silguy

Independent Member of the Supervisory Council of VTB Bank (since April 2007)

Date of birth: 1948

Education: graduated in 1971 from Rennes University, with a law degree, in 1972 from University Paris 1 specializing in public law. He also graduated from the Paris Institute of Political Studies, public service section.

Holds the following positions in other organizations: President of the Board of Vinci Group (since 2006), President of the Board of the Paris-Grignon National Agronomic Institute (since 2005).

Previously held the following positions: Vice President for International Development of Suez Environment and President of the Association of Friends of the French University of Egypt (2004–2006), President of the Commission for Reform of the École Nationale d'Administration, Ministry of Civil Service (2003–2006), Director for International Affairs and European Affairs and Corporate Relations at Suez (2001–2006), Member of the Executive Committee of Suez-Lyonnaise des Eaux. (2000–2006), European Commissioner responsible for economic, monetary and financial affairs (1995–1999), Secretary-General of the Interdepartmental Committee for Questions of Economic Cooperation in Europe and, simultaneously, Advisor on European Affairs and Vice-Sherpa (preparation of the Summits of industrialized nations) of the Cabinet of the Prime Minister of France (1993–1995), Head of the Directorate of the Usinor Sacilor Group for International Affairs (1988–1993), Technical Advisor on European Affairs and International Economic and Financial Affairs under the Cabinet of the Prime Minister of France (1986–1988), Counselor on Economic Affairs at the French Embassy to the USA (1985–1986).

Holds no shares in VTB Bank.

Sergey A. Storchak

Member of the Supervisory Council of VTB Bank (since 2004)

Date of birth: 1954

Education: graduated in 1981 from the Moscow State University of International Relations, specializing in international economic relations. Ph.D in Economics.

Holds the following positions in other organizations: Deputy Minister of Finance of the Russian Federation (since 2005).

Previously held the following positions: Director of the Department of International Financial Relations, Government Debt and State Financial

Assets of the Ministry of Finance of the Russian Federation (2004–2005), Deputy Chairman of Vneshekonombank (1998–2004), Deputy Director of the Department of Foreign Loans and Foreign Debt of the Ministry of Finance of the Russian Federation (1994–1998), Second Secretary of the Permanent Representation of the USSR, later of Russia, at the Department of the UN and other international organizations (1988–1994).

Awarded a medal of the order “For Service to the Fatherland, Level II,” and in 2007, awarded the Order of Friendship.

Holds shares equivalent to 0.0009% of the charter capital of VTB Bank.

Aleksey V. Ulyukaev

Member of the Supervisory Council of VTB Bank (since 2002)

Date of birth: 1956

Education: graduated in 1979 from the Economics Faculty of Moscow State University. Doctor of Economics.

Holds the following positions in other organizations: First Deputy Chairman of the Central Bank of the Russian Federation (since 2004), member of the Consultative Committee of VTB Bank (Europe) and member of the Supervisory Council of VTB Bank (France), member of the Supervisory Council of JSC Russian Bank of Development, Deputy Chairman of the Supervisory Council of JSC Sberbank.

Previously held the following positions: First Deputy Minister of Finance of the Russian Federation (2000–2004), Deputy Director of the Institute of Economics of the Transition Period Fund (1999–2000), Delegate of the Moscow City Duma (1996–1998).

Acting Counselor of State of the Russian Federation, First Class. In 2001 awarded a Certificate of Merit of the Government of the Russian Federation; in 2004

granted the title of merit “Honored Economist of the Russian Federation”; in 2006 awarded the Order of Merit.

Holds no shares in VTB Bank.

Matthias Warnig

Independent Member of the Supervisory Council of VTB Bank (since April 2007)

Date of Birth: 1955

Education: in 1981, graduated from the Higher School of Economics (Berlin).

Holds the following positions in other organizations: Managing Director of Nord Stream AG, Switzerland (previously Northern European Gas Pipeline) (since 2006).

Previously held the following positions: Chairman of the Board of Directors of CJSC Dresdner Bank (2005–2006), Chairman of the Managing Committee of Dresdner Kleinwort for Russia and the CIS (2004–2005), President of CJSC Dresdner Bank (2002–2004), Head Coordinator of the Dresdner Bank Group in Russia (2000–2002), General Director of the St. Petersburg office of BNP-Dresdner Bank (later renamed ZAO Dresdner Bank) (1999–2000), Deputy Director of the Moscow Branch of BNP-Dresdner Bank (1997–1999), service in the Ministry of Foreign Trade and later in the Cabinet of Ministers of the German Democratic Republic, employee of the Main Intelligence Directorate (1981–1990).

Holds no shares in VTB Bank.

Changes in the Supervisory Council of VTB Bank in 2007

In April 2007, based on the decision of a special General Shareholders Meeting, the number of members of the Supervisory Council of VTB Bank was increased to 11. The following persons resigned their authorities as members of the Supervisory Council of VTB Bank:

- Dmitry B. Aratsky;
- Andrey V. Sharonov.

Dmitry B. Aratsky

Member of the Supervisory Council of VTB Bank (from 2004 through April 2007)

Date of birth: 1964

Education: graduated in 1986 from Lobachevsky Gorkovsky State University (now the Lobachevsky Nizhny Novgorod State University), and in 1997 from the Volgo-Vyatskaya Academy of State Service. Ph.D in Technical Sciences and Doctor of Economics.

Holds the following positions in other organizations: Deputy Minister of Regional Development of the Russian Federation (since 2007), member of the Supervisory Council of JSC Agency for Mortgage Lending, JSC Rosselkhozbank and JSC Russian Bank of Development, member of the Boards of Directors of JSC Sokol and JSC Sheremetyevo International Airport.

Previously held the following positions: Deputy Director of the Federal Agency for the Management of Federal Property (2004–2007), First Deputy Minister of Property Relations of the Russian Federation (2000–2004), Chairman of the Committee for Land Resources and Land Development of the Nizhny Novgorod Region (1997–2000).

Holds no shares in VTB Bank.

Andrey V. Sharonov

Member of the Supervisory Council of VTB Bank (from 2004 through April 2007)

Date of birth: 1964

Education: graduated in 1986 from the Aviation Institute (city of Ufa), and in 1996 from the Russian Academy of State Service. Ph.D in Sociology.

Holds the following positions in other organizations:

member of the boards of directors of JSC AK Transneft, JSC Russian Railways and JSC Aeroflot Russian Airlines, Managing Director of the Troika Dialog Group of Companies (since July 2007).

Previously held the following positions: Secretary of State and Deputy Minister of Economic Development and Trade of the Russian Federation (1997–2007), Director of the Department of the Ministry of Economics of Russia (1996–1997), Chairman of the Committee of the Russian Federation on Youth Affairs (1992–1996).

Holds no shares in VTB Bank.

The following persons were elected to the Supervisory Council of VTB Bank in 2007:

- Kirill G. Androsov;
- Yuri M. Medvedev;
- Matthias Warnig (independent director);
- Yves-Thibault de Silguy (independent director)

The acting membership of the Supervisory Council was elected by the decision of the annual General Shareholders Gathering of VTB Bank, which took place on June 20 2007. There were no changes in its composition.

The Audit Committee

In April 2007 the Supervisory Council created the Audit Committee for the analysis and support of an effective and adequate system of internal control in the Bank.

The Audit Committee is comprised of members of the Supervisory Council with professional experience and expertise in internal control, audit, finance, accounting and the management of financial institutions.

As of January 1, 2008 the Audit Committee was acting with the following membership:

- Matthias Warnig – Committee Chairman

(independent member of the Supervisory Council of VTB Bank);

- Aleksey L. Savatyugin – Committee Member (member of the Supervisory Council of VTB Bank);
- Aleksey V. Ulyukaev – Committee Member (member of the Supervisory Council of VTB Bank).

The exclusive functions of the Audit Committee are:

- evaluating the candidates to become the Bank's External Auditor;
- assessing the conclusions of the Bank's auditor;
- assessing the effectiveness of the Bank's internal control procedures and, where necessary, advise on preparing proposals for their improvement.

In 2007 one meeting of the Audit Committee in praesentia and six meetings by absentee vote were held.

Over the course of 2007 the Audit Committee examined the following issues:

- the approval of the draft consolidated financial reporting of VTB Bank according to IFRS for nine months of 2007;
- adoption of the Work Plan for the Audit Committee for the period from July 1, 2007 through June 30, 2008;
- the approval of the report of the controller's report on the professional activity of VTB Bank on the securities market for the second and third quarters of 2007;
- examining the reports of the Bank's Internal Control Department;
- approval of the plan for organizing the work of VTB Group's internal control/audit units, in Russia and abroad;
- the approval and submission to the Bank's Supervisory Council for confirmation of a Work Plan for the Bank's Internal Control Department for 2008.

The Audit Committee submits a yearly report to the Supervisory Council on its performance.

The Management Board

The Bank's Management Board is the collegial executive body of the Bank, carrying out, along with the one-man executive body, the Chairman and CEO of the Bank's Management Board, the leadership of the current activity of the Bank with the exception of questions referable to the competency of the General Shareholders Meeting or the Supervisory Council of the Bank. The Bank's executive bodies organize the execution of the decisions of the General Shareholders Meeting and the Supervisory Council of the Bank.

The executive bodies are accountable to the General Shareholders Meeting and the Supervisory Council of the Bank.

The activity of the Chairman and CEO of the Bank's Management Board and the members of the Bank's Management Board is regulated by the Russian Federation legislation, the Bank's Charter, the Regulations on the Management Board, other internal documents of the Bank and agreements concluded by each of these with VTB Bank.

Main Functions

The Management Board of VTB Bank performs the following main functions:

- enforcement of the decisions of the AGM and the Supervisory Council of the Bank;
- creating conditions necessary for the functioning of the AGM, the Supervisory Council and the Statutory Audit Commission of the Bank;
- reviewing financial reporting of VTB Bank;
- deciding on publication of the financial statements in accordance with the international accounting standards;
- deciding on the Bank's participation in legal entities (with the exception of participation in holding companies, financial and industrial groups, and associations of other united commercial organizations), if the amount of the Bank's participation (the sum of its proprietary investment)

exceeds 5 percent of the charter or joint-stock capital (property) of the legal entity;

- taking decisions on the opening of additional offices and cash transaction service desks of VTB Bank;
- determining the information to be treated as a commercial secret, and determining the procedures within VTB Bank for working with information that represents a commercial secret;
- approval of regulations on branches and representation offices of the Bank as well regulations on the working collegial bodies of the Bank and internal departments of the Bank;
- appointing the candidates for the positions of managing directors and chief accountants of the branches;
- approval of a branch standard organizational structure and a branch's employees remuneration system;
- confirming the results of VTB Bank's activity for the reporting period, and taking decisions on rewarding bonuses to the Bank's employees;
- examining reports on the work of the structural units of VTB Bank;
- confirming VTB Bank's budget;
- writing off bad debts on loans not exceeding USD one million per debtor from the balance sheet of the Bank, charging the loss to loan-loss provisions.

Management Board Membership

The formation of the Bank's executive bodies and the preterm cessation of their authorities is carried out by decision of the Bank's Supervisory Council. The size and composition of the Management Board are determined by the Supervisory Council.

The term of authority of the Chairman and CEO and other members of the Management Board is also determined by decision of the Bank's Supervisory Council concerning the formation of the Bank's executive bodies, but may not exceed five years.

As of January 1, 2008 VTB Bank's Management Board is represented by the following members:

Andrey L. Kostin

Chairman and CEO of VTB Bank (since 2002)

Member of the Supervisory Council of VTB Bank (since 2002)

A more detailed biography of Mr. Kostin is presented in the section “The Supervisory Council,” on pages 73.

Yulia G. Chupina

Deputy Chairman and CEO of the VTB Bank Management Board (since June 2007)

Member of the VTB Bank Management Board (since September 2005)

Date of birth: 1970

Education: graduated in 1993 with honors from the Moscow State University of the Order of the Friendship of Peoples, specializing in foreign languages and in 1997 received an MBA in the Higher School of Administration and Company Management in Barcelona (Spain) with an MBA at Leonard Stern Business School, New York University, USA.

Holds the following positions in other organizations: member of the Supervisory Councils of VTB24, VTB Bank North-West, VTB Bank (Austria), VTB Bank (Ukraine), member of the Board of Directors of VTB Insurance, member of the Consultative Committee of VTB Bank (Europe), member of the Supervisory Council of VTB Bank (France).

Previously held the following positions: Junior Consultant, Senior Consultant, Project Manager at Moscow Representative Office of MacKenzie and Company Inc. FSU (1998–2004).

Joined VTB Bank in 2004. Since then held the positions of Vice President, Vice President - Head of Corporate Development Department, Senior Vice President – Head of Corporate Development Department.

Holds shares equivalent to 0.0008 % of the charter capital of VTB Bank.

Olga K. Dergunova

Member of the VTB Bank Management Board (since June 2007)

Date of birth: 1965

Education: graduated in 1987 from the G. V. Plekhanov Institute of National Economy in Moscow, specializing in economic cybernetics; economist and mathematician.

Holds the following positions in other organizations: member of the Supervisory Council of VTB24, member of the Board of directors of VTB Insurance.

Previously held the following positions: Head of the Moscow representative office of Microsoft Airland Operations Ltd. (1999-2004), General Director of OJSC Microsoft Rus, President of Microsoft Russia and CIS in the Department of Strategic Development of OJSC Microsoft Rus (December 2004-June 2007).

Joined VTB Bank in 2007.

Holds no shares in VTB Bank.

Vadim O. Levin

First Deputy Chairman and CEO of VTB Bank (since 2002)

Date of birth: 1963

Education: graduated in 1985 from the Leningrad Financial and Economic Institute, specializing in economic cybernetics. Ph.D in Economics.

Holds the following positions in other organizations: Chairman of the Supervisory Council of JSC AKB Evrofinans Mosnarbank, member of the Supervisory Council of VTB24, Bank VTB Bank North-West and VTB Bank (Georgia), member of the Board of Directors of the Russian Commercial Bank (Cyprus).

Previously held the following positions: Deputy Chairman of Vneshekonombank (1997-2002), head of the liabilities operations division, Deputy Branch Director, Branch Director (1994-1997) of the St. Petersburg branch of Imperial Bank.

Joined VTB Bank in 2002.

Holds shares equivalent to 0.0011% of the charter capital of VTB Bank.

Evgeny V. Novikov

Member of the VTB Bank Management Board (since June 2007)

Date of birth: 1966

Education: graduated in 1989 from the M. I. Kalinin Polytechnical Institute in Leningrad, specializing in robotic technical systems and in 2002, from the Northwestern Academy of State Service, specializing in finance and credit. Economist.

Holds the following positions in other organizations: member of the Exchange Board (Board of Directors) of CJSC St. Petersburg Currency Exchange (since May 2007).

Previously held the following positions: Leading Expert of the Expert Group of the Lending Committee, Consultant, Leading Consultant of the Division of Asset and Liability Management, Deputy Head of the Division of Financial Planning, Deputy Head of the Board of Financial Planning and Control, Head of the Board of Banking Risks, and Head of the Directorate of Bank Asset and Liability Operations Management at JSC Industrial and Construction Bank (1998–2003), Deputy CEO of JSC Industrial and Construction Bank/Bank VTB Bank North-West (November 2003 – June 2007).

Joined VTB Bank in 2007.

Holds no shares in VTB Bank.

Andrey S. Puchkov

Member of the VTB Bank Management Board (since June 2007)

Date of birth: 1977

Education: graduated in 1998 from the Law Faculty of the M. V. Lomonosov Moscow State University. Lawyer.

Holds the following positions in other organizations: Chairman of the Board of Directors of the Russian Commercial Bank (Cyprus), Chairman of the Supervisory Council of VTB Capital, member of the Supervisory Council of VTB Bank (Ukraine), VTB Bank (France), VTB24 and VTB Bank North-West, member of the Consultative Committee of VTB Bank (Europe).

Previously held the following positions: member of the Moscow Bar Association (1999–2002), economist and legal consultant in the central economics department of the Central Bank of the Russian Federation (1996–1997).

Joined VTB Bank in 2002. Since then held the following positions at VTB Bank Legal Department: Deputy Head of the Department, Head of the Department, Vice President – Head of the Department, Senior Vice President – Head of the Department, Senior Vice President.

Holds shares equivalent to 0.0006% of the charter capital of VTB Bank.

Gennady V. Soldatenkov

Deputy Chairman and CEO of the VTB Bank Management Board (since 2001)

Date of birth: 1952

Education: graduated in 1975 with honors from the Moscow Financial Institute, specializing in finance and credit.

Holds the following positions in other organizations: Deputy Chairman of the Supervisory Council of VTB Bank (Deutschland) AG, member of the Exchange Board of the Moscow Stock Exchange Non-Commercial Partnership, member of the Presidium of the Moscow Chamber of Trade and Industry.

Previously held the following positions: Deputy Chairman of the Management Board of JSC Sberbank (1996-2001), Chairman of the Moscow Bank of Sberbank of the Russian Federation (1991-2001).

Joined VTB Bank in 2001.

Holds shares equivalent to 0.0023% of the charter capital of VTB Bank.

Vasily N. Titov

Deputy Chairman and CEO of the VTB Bank Management Board (since 2007)

Member of the VTB Bank Management Board (since 2004)

Date of birth: 1960

Education: graduated in 1983 from the A. A. Zhdanov Leningrad State University, and in 2002 from the Financial Academy of the Government of the Russian Federation. Economist.

Holds the following positions in other organizations: member of the Supervisory Councils of VTB Bank (France) and VTB Bank (Ukraine), member of the Board of Directors of CJSC Almaz-Press, member of the boards of directors of CJSC Interfax-China, OJSC Interfax-AKI and JSC All-Russian Automotive Alliance, member of the Supervisory Council of JSC AVTOVAZ and CJSC AKB Automotive Bankers House.

Previously held the following positions: Deputy Director of the Administrative Department, Director of Foreign and Public Relations, Head of the Department of Information and Foreign Relations of Vneshekonombank, member of the Board of Directors

of Vneshekonombank USSR (1998–2002), Deputy General Director of AOOT All-Russian Automotive Alliance (1996–1998).

Joined VTB Bank in 2002.

Holds shares equivalent to 0.0008% of the charter capital of VTB Bank.

Nikolai V. Tsekhomsky

Member of the VTB Bank Management Board (since June 2007)

Date of birth: 1974

Education: graduated in 1996 from the St. Petersburg State Academy for Engineering and Economics. Ph.D in Economics since 1999.

Holds the following positions in other organizations: member of the Supervisory Councils of VTB24, VTB Bank North-West and VTB Bank (Ukraine), member of the Consultative Committee of VTB Bank (Europe), member of the Supervisory Councils of INTERPIPE Limited, CJSC VTB-Invest.

Previously held the following positions: Financial Director, Vice President of Finance and Vice President of Finance and Investments in JSC Mobile Telesystems (2002–2005), Financial Director of the Renaissance Capital Investment Group (1999–2002), Financial Comptroller at Brunswick UBS Warburg Investment Bank (Moscow) (1998–1999), senior auditor at Ernst and Young (1996–1998).

Joined VTB Bank in 2005 as Senior Vice President and CFO.

Holds shares equivalent to 0.0001% of the charter capital of VTB Bank.

Changes in the VTB Bank Management Board in 2007

In June 2007 the following members left the Management Board:

- Aleksey I. Akinshin;
- Igor N. Zavyalov;
- Vasily V. Kirpichev;
- Konstantin G. Kozhevnikov;
- Erkin R. Norov.

Aleksey I. Akinshin

Deputy Chairman of the Management Board of VTB Bank (from December 2004 through 2007)

Member of the VTB Bank Management Board (from July 2003 through 2007)

Date of birth: 1959

Education: graduated in 1982 from the Moscow Financial Institute, specializing in international economic relations.

In 2007 he occupied the following positions in other organizations: member of the Supervisory Council of VTB Bank North-West, member of the Board of Directors of CJSC MICEX and CJSC MICEX Stock Exchange, member of the Board of CRO National Securities Market Association.

Previously held the following positions: Vice President, later Senior Vice President of VTB (2002–2003), held various positions in Vneshekonombank (1996–2002), Deputy Chairman of the Management Board – Head of the Credit and Economic Division of the Russian-German Trade Bank (1994–1996).

Holds no shares in VTB Bank.

Igor N. Zavyalov

Deputy Chairman and CEO of VTB Bank (from July 2002 through 2007)

Member of the VTB Bank Management Board (from July 2002 through 2007)

Date of birth: 1960

Education: graduated in 1986 from the S. Ordzhonikidze Moscow Aviation Institute, specializing in economics and the organization of production.

In 2007 held the following positions in other organizations: Chairman of JSC Bank Broker, Chairman of the Supervisory Councils of CJSC Vneshtorgbank (Ukraine) and VTB Bank (Ukraine), VTB Bank (France), VTB Bank (Austria), and Euroleasing GmbH; Chairman of the Board of Directors of CJSC Rosspetsstal, VTB-Leasing and VTB Insurance, member of the Board of Directors of VTB24 and JSC KAMAZ.

Previously held the following positions: Deputy Chairman of Vneshekonombank (1999-2000), Deputy CEO of KB National Reserve Bank (1998-1999), Head of the Board of Development of Relations with Mechanical Engineering Businesses at AB Inkombank (1998).

Holds shares equivalent to 0.0028 % of the charter capital of VTB Bank.

Vasily V. Kirpichev

Senior Vice President of VTB Bank (2005-2007)

Member of the VTB Bank Management Board (from November 2005 through 2007)

Date of birth: 1972

Education: graduated in 1995 from the St. Petersburg University of Economics and Finance, specializing in finance and credit.

In 2007, held the following positions in other organizations: member of the Supervisory Council of JSC Bank Broker, member of the Consultative Committee of VTB Bank (Europe), Board Member of CRO National Securities Market Association.

Previously held the following positions: held various positions at Vneshekonombank including

the position of Deputy CEO of Vneshekonombank (1998–2005)

Holds no shares in VTB Bank.

Konstantin G. Kozhevnikov

Member of the VTB Bank Management Board (from July 2005 through 2007)

Date of birth: 1967

Education: graduated in 1990 from the State Central Institute of Physical Culture of the Order of Lenin, and in 2000 from the Russian Academy of State Service of the President of the Russian Federation. Candidate of Economics.

In 2007 held the following positions in other organizations: Chairman of the Board of Directors of CJSC Almaz-Press and VTB-Invest, member of the Board of Directors of East-West United Bank S.A., JSC Aviadvigatel, OJSC Interbank Trading House, President of the “Russian Golf Association Russia-Wide Social Organization.

Previously held the following positions: Vice President of the Banking Board and Deputy CEO of AB Cooperation with Social Initiatives (2001–2004), President of the Energoresursoberezhnie Non-Commercial Partnership (1999–2001), Vice President of the Economic Politics Fund (1998–1999), held various positions in the Administration of the President of the Russian Federation (1997–1998).

Holds no shares in VTB Bank.

Erkin R. Norov

Member of the VTB Bank Management Board (from July 2002 through 2007)

Date of birth: 1954

Education: graduated in 1976 from the M. V. Lomonosov Moscow State University, and in 2001

from the Academy of National Economy of the Government of the Russian Federation. Ph.D in Economics.

In 2007, held the following positions in other organizations: Senior Vice President, Director of the Department of Control of Lending Operations and Risks at VTB Bank.

Previously held the following positions: Director of Development and Strategic Planning, member of the Board of Directors at Vneshekonombank (1999-2002), Department Director at the Ministry of the Russian Federation of Taxes and Collections (1999); held various positions at JSC AVTOVAZ (1992-1999).

Holds no shares in VTB Bank.

The following persons were elected to the Management Board of VTB Bank:

- Olga K. Dergunova;
- Evgeny V. Novikov;
- Andrey S. Puchkov;
- Nikolai V. Tsekhomsky.

Results of the Work of the Management Board of VTB Bank in 2007

In 2007, 69 meetings of the Bank’s Management Board took place, dedicated to various issues that fall within its competency.

The President — CEO

The Bank’s Chairman and CEO is a sole executive body, carrying out, in conjunction with the Management Board, the management of the Bank’s current operations with the exception of questions assigned to the competency of the General Shareholders Meeting or the Supervisory Council of the Bank.

The term of office of the Chairman and CEO is determined by the decision of the Supervisory Council of the Bank on the formation of the Bank's executive bodies and may not exceed five years.

Since June 2002 the duties of the Chairman and CEO have been performed by Andrey L. Kostin. In April 2007 he was once again reelected for this position for the period ending June 2012.

Mr. Kostin's biography can be found in the sections "The Supervisory Council" and "The Collegial Executive Body – The Management Board" on pages 73 and 78.

Remuneration

By decision of the AGM remuneration may be paid out to members of the Supervisory Council of VTB Bank during the period of the performance of their duties and/or compensation may be made for expenses of members of the Supervisory Council connected with the performance of their functions. The amounts of such remunerations and compensation are fixed by the AGM.

In 2007 members of the Supervisory Council of VTB Bank weren't paid any remuneration.

Criteria for the determination of the amount of remunerations and compensations of the members of the VTB Bank Management Board fall under the competency of the Supervisory Council. The salary levels and amounts of bonus remunerations are reflected in the employment contracts of the members of the Management Board. Payment of salary, including bonuses, is carried out in accordance with the Russian Federation legislation.

In 2007 remuneration of RUB 480.9 million was paid out to members of the Management Board.

The Group Management Committee (GMC)

The development of VTB Group is an extremely complex process that demands the concentrated efforts of many specialists and the competent organization of cooperation among all Group participants. As a result of the need for an interbank consulting and coordinating body, in 2006, on the basis of an informal agreement of the financial establishments that make up VTB Group, the Group Management Committee (GMC) was created.

The GMC is headed by the Chairman and CEO of the Bank, Andrey Kostin. The GMC is made up of a number of members of the Management Board and top managers of VTB Bank, as well as the directors of other financial establishments that make up the Group.

As of January 1, 2008 the Management Committee of VTB Group consisted of:

- [Andrey L. Kostin](#) (Chairman of the GMC, Chairman and CEO of VTB Bank, member of the Supervisory Council of VTB Bank);
- [Yulia G. Chupina](#) (Deputy Chairman and CEO of VTB Bank, member of the Management Board of VTB Bank);
- [Olga K. Dergunova](#) (member of the Management Board of VTB Bank);
- [Evgeny V. Novikov](#) (member of the Management Board of VTB Bank);
- [Andrey S. Puchkov](#) (member of the Management Board of VTB Bank);
- [Nikolay V. Tsekhomsky](#) (member of the Management Board of VTB Bank);
- [Nikolay A. Kuznetsov](#) (Senior Vice President of VTB Bank);

- Valery V. Lukyanenko (Senior Vice President of VTB Bank);
- Mikhail M. Zadornov (Chairman and CEO of VTB24);
- Vadim V. Pushkarev [CEO of VTB Bank (Ukraine)].

In 2007 the authority of the following persons as members of the GMC ceased:

- Aleksey I. Akinshin;
- Igor N. Zavyalov;
- Vasily V. Kirpichev;
- Erkin R. Norov;
- Igor G. Suvorov;
- Evgeny M. Grevtsev.

The following joined the GMC:

- Olga K. Dergunova;
- Evgeny V. Novikov;
- Valery V. Lukyanenko;
- Vadim V. Pushkarev.

The GMC's responsibilities are:

- the efficient development of the Group;
- an increase in the efficiency of cooperation among the credit organizations that make up the Group, and the maximum use of its competitive advantages, including the attraction of new clients and the expansion of the product line offered;
- an acceleration of the Group's growth and an increase of its market value, through the maximum use of the potential of each of its members and the improvement of the Group's customer service;
- the optimization of internal processes, with the aim of finding and using the best practices applied by the financial establishments, which make up the Group.

Decisions taken by the Committee are of a recommendatory nature.

In the framework of the GMC, coordinating commissions, were created for work on the following functional areas:

- support of the development of corporate business;
- planning, budgeting and formation of management reporting;
- internal control and audit;
- personnel management;
- management of the system of brands and marketing communications;
- internal control with the aim of preventing the legalization of criminal income and the financing of terrorism;
- developing business with financial establishments;
- asset and liability management;
- risk management.

The areas will be expanded and supplemented as necessary. As a rule, the commissions are made up of experts and specialists from each of the banks that make up the Group.

In 2007 two meetings of the Group's Management Committee were held.

The results of the past year have demonstrated the effectiveness of the GMC's work as an instrument and unified platform for the consideration of the most important issues of the activity of VTB Bank, its affiliated companies and VTB Group as a whole. In connection with this, in 2008 it is planned to hold meetings of the GMC on a regular basis (no less often than twice a month).

The Bank is currently reviewing the functioning of the GMC to see how it can be made more effective as a forum for debating key management issues and improving decision-making.

7. Sustainable development

7.1. Charity and sponsorship

The objective of every successful company is consistent and effective business development, on the one hand, and on the other hand, the support of social values, the country's cultural and scientific heritage, and socially disadvantaged population groups.

As a leader on the Russian banking market, VTB understands the need to provide far-reaching support in the areas of culture and the arts, sport and physical fitness, education and healthcare.

In 2007 VTB considered over 2,000 requests for sponsorship and charitable assistance. The Bank decided to participate in 90 sponsorship packages and to provide financial assistance to 147 cultural, healthcare, educational and sporting institutions, religious organizations and veterans committees.

Decisions on the provision of charitable assistance are taken collectively. The Charity Committee oversees this area of activity at VTB.

The guiding principles used by Committee members when considering the requests of legal entities for financial assistance are:

- atargeted nature;
- social significance;
- possibility for long-term cooperation.

VTB sponsors events of national and international importance. Sponsorship can be split into two categories – projects aimed at improving the Bank's image and campaigns to win clients.

VTB seeks to participate in projects that promote the image of the Bank as a powerful, innovative, successful and transparent organization

VTB also sponsors exhibitions and conferences, often at the request of client divisions.

Culture and the arts

Following its tradition of supporting projects in the area of culture and the arts to support the preservation and development of Russian culture and, as part of its long-standing partnership with the State Tretyakov Gallery, VTB Bank sponsored the "Europe – Russia – Europe" exhibition organized in honor of the 50th anniversary of the creation of the European Union. The main idea behind the exhibition was to show the distinctiveness and mutual interaction of European cultures.

Assistance was also provided for the Gallery's exhibition and publishing activity, acquisition of collections and for work to implement modern technology in all areas of its activity.

The Bank also helped the Pushkin Museum of Fine Arts to hold an exhibition of the works of one of the most famous Italian artists of the late 19th and early 20th centuries, the Expressionist Amedeo Modigliani.

Furthermore, in 2007 VTB assisted the Russian Museum in purchasing exhibition equipment for the public fund 20th century sculptures, allocated funds to the State Hermitage museum in St Petersburg for restoration of the General Staff Building and supported the restoration of the unique Koktebel environmental, historical and cultural reserve "M.A. Voloshin's Kimmeria".

From achievements to success
achieving the goals set + ability to see the new ones





Cinema and television

To assist in promoting the development of Russian cinematography and television, VTB continued to work actively with the fund Academy of Russian Television (ART), acting as the official Partner of the Russian national television competitions TEFI and TEFI-Region organized by ART.

The Bank also provided financial support to the project of the Kultura television channel for the creation of a 10-part documentary film to mark the 200th anniversary of the birth of Nikolai Gogol.

Being one of the leaders of the Russian banking market, VTB bank is committed to the large-scale support of society.

In 2007 VTB acted as a partner to the “Russian Evening in Milan”, devoted to showing Russian national cinematography in Italy.

The premiere showings of the major Russian historical cinema project “1612”, of which VTB was the official sponsor, were held in November 2007. The film’s director, Vladimir Khotinenko, turned his attention to the events of the Time of Troubles, a period during which Russia was first established as sovereign entity.

Theater

Continuing its partnership with the Mariinsky Theater, VTB acted as the general sponsor of the VII International Mariinsky Ballet Festival in St. Petersburg. In addition, the Bank helped stage the opera *Tosca* by Giacomo Puccini.

VTB Bank is a trustee of the Bolshoi Theater, and assisted in the performance of a number of the theater’s projects in 2007.

Last year VTB supported the international festival “Vladimir Spivakov presents...”, which was held

in the Great Hall of the Moscow Conservatory and the Moscow International Performing Arts Center, allocated funds for the 13th World Cup of Latin Dance among Professionals and assisted the St. Petersburg State Academic Ballet Theater, directed by Boris Eifman, the Russian Fund of Early Music and a number of other organizations.

The Bank also supported the International Cultural Enlightenment Union “Russian Club” (Georgia) in 2007, allocating donations for the publication of the monthly magazine of the same name, staging of a performance of “Dreams of Georgia” based on the works of Russian poets, and holding of meetings between Georgian and Russian poets and the publication of an art book “Russian Architects in Georgia”.

Education and Science

Last year assistance was given to the Ivanovo E.D. Stasovoi Boarding School “Interdom”, the Finance Academy under the Government of the Russian Federation, the Rostov Cadet Boarding School Danila Efremov Aksaisky Cossack Cadet Corps, the State Academy of Slavic Culture and other organizations.

VTB also supported the State University – Higher School of Economics and financed the holding of the VIII International Scientific Conference “Modernization of the Economy and Social Development”.

VTB Bank grants were allocated for the 2007–2008 academic year to the brightest students and graduate students at Moscow State Institute for International Relations (MGIMO), Lomonosov Moscow State University, the Finance Academy under the Government of the Russian Federation, the State University – Higher School of Economics, Baltic State Technical University, St. Petersburg State University of Economics and Finance and a number of other higher education institutions.

In 2007 VTB acted for the third time as the General Sponsor of the International Competition of

Full name	VTB Bank (open joint-stock company)
Abbreviated name	JSC VTB Bank
Legal address	ul. Bolshaya Morskaya 29, St. Petersburg 190000
Postal address	ul. Plyushchikha 37, Moscow 119121
Date of registration	17 October 1990
Integrated directory service	8-800-200-77-99, (495) 739-77-99
Fax	(495) 258-47-81
E-mail	info@vtb.ru
Website	www.vtb.ru, www.vtb.com
Public Relations Department	(495) 783-17-17, pr1@vtb.ru
Investor Relations Department	(495) 775-71-39, investorrelations@vtb.ru
SWIFT	VTBRRUMM VTBRRUMM SEC VTBRRUMM CSD (depository)
TELEX	412362 BFTR RU
Teletype:	114624 KRINUM
SPRINTMAIL:	PROTOCOL/MOSVTB0/CEA
Reuters Dealing Code – securities operations	VTBP
Reuters Dealing Code – deposit and financial operations in a foreign currency, interbank loans and deposits in roubles	VTBR
Reuters Dealing Code – conversion operations on the internal and external foreign exchange market	VTBX
BIK	044525187
TIN	7702070139

Scientific and Educational Projects “Energy for the Future – 2007”, aimed at finding gifted youth who are interested in a professional career in the atomic energy industry.

The Bank provided support to the Institute of World History of the Russian Academy of Sciences for the organization and holding of the Russian-French summer school “Civil Society in Russia and Europe: Formation, Development, Prospects”, to the Russian State Humanitarian University for the development of new educational programs, implementation of the “Russian Studies” scientific and educational program and to the Support Fund of Baltic State Technical University for repair of auditoriums.

Sport

VTB has traditionally held an active social position, providing support to Russian sportsmen who represent our country on the world stage. Over the past few years the Bank has been working successfully with the Russian Olympic Committee, the Figure Skating Federation of Russia, and is the sponsor of several clubs, including the professional football club CSKA and the professional hockey club of the Ministry of Internal Affairs.

The Russian Football Union is a long-time partner of VTB. In 2007 the Bank supported the holding of the international tournament “Champions Cup of the Commonwealth of Independent States and the Baltic States – 2007”.

Volleyball is the second most popular and widespread sport (behind football) with professional leagues in Europe. Our longstanding partnership with the Volleyball Federation of Russia continued in the reporting year. VTB Bank allocated funds for training of the Russian men’s national volleyball team and for participation in the competitions held as part of the 2007 season. The Bank also provided support to the Russian Golf Association.

Last year VTB became the General Sponsor of the ice skating show “Tatiana Tarasova and her Students”,

which was dedicated to the 60th birthday of the legendary trainer, who has trained 11 Olympic figure skating champions.

The Bank traditionally supports the KAMAZ-Master rally team, having been its official partner for many years now. The sponsorship assistance to the Russian crew, which has repeatedly taken top honors in the legendary Paris-Dakar rally, is a logical extension of the partnership between the Bank and JSC KAMAZ – the leading Russian truck manufacturer.

In 2007 VTB supported the International Association of Athletics Federations (IAAF), having allocated funds for international track and field meetings, in particular the 11th IAAF World Championship in Osaka (Japan) and the 5th World Track Finals in Stuttgart (Germany).

The Bank allocated funds for the Sports and Basketball Club “Sport All Around” for the organization and holding of a Youth Festival in Moscow.

VTB is financing a number of projects, including the financing of construction of hotels, as part of the preparations for the Sochi Olympics in 2014.

Healthcare

For several years the Bank has been implementing the corporate charity program “World Without Tears”, which is a long-term, targeted project aimed at supporting children’s healthcare institutions. Under this program VTB has presented special equipment to the oncohematological ward of the Russian Children’s Clinical Hospital – an automated station for preparing cytological drugs for genetic research and a B.Braun Space infusion apparatus.

In December 2007 the Children’s Charity Fund “Give Life” received donations from VTB Bank for treatment of children with oncohematological diseases.

VTB presented St. Petersburg N.F. Filatov Children’s Infectious Diseases Hospital No. 5 with endoscopic

equipment, which makes it possible for the hospital's doctors to provide their small patients with timely and effective non-intrusive treatment.

Children's Municipal Clinical Hospital No. 9 (Moscow) also received a unique gift from VTB – a urodynamics system. In the hands of experienced doctors this equipment opens numerous opportunities for non-intrusive operations in the area of children's urology and surgery.

VTB Bank also provided assistance to the following medical institutions in 2007: The Prizvanie charity support fund for medical achievements (allocated funds for the organization and holding of the awards ceremony of the Prizvanie National Award for the best doctors in Russia), FGU Central Clinical Military Hospital of the FSS of Russia, the Moscow-based charity fund "Be Healthy" (donations for the implementation of charity programs to help handicapped children, ANO First Hospice for Children with Oncological Diseases and other organizations.

Support for veterans

An important area of VTB's charity activity is support of veterans of war, labor and the Armed Forces and disabled persons. In 2007 the Bank provided charitable assistance to:

- the Ramensky branch of the International Fund of Slavic Literature and Culture – for the needs of the 100th Guardian Svirskaya Order of the Red Banner Airborne Division;
- the Moscow Care Facility for Veterans (Pensioners) of War and the Armed Forces – assistance for veterans in honor of Defender of the Fatherland Day;
- the Russian National Public Organization of Veterans of War and the Armed Forces;
- the Regional public organization Council of Veterans of Military Intelligence;
- the Regional public charity support fund for graduates of Suvorov academies and cadet corps of the Suvorov Brotherhood;
- the Russian National Public Organization for the Blind, Handicapped Persons and Pensioners of the Southern Administrative District of Moscow;
- the Interregional Public Organization for Disabled Veterans of War and the Armed Forces of Russia;
- the Russian National Public Organization of Handicapped Persons Football Federation for Handicapped Persons of Russia.

Donations to religious organizations

VTB donated funds and provided financial support to many religious organizations in 2007, including:

- the local Russian Orthodox religious organization Parish of the Feodorovskaya Icon of the Madonna of the St. Petersburg Diocese of the Russian Orthodox Church – donations for performance of most urgent work for the restoration of the Cathedral;
- the Associazione Santa Caterina Protomartire – donations for the construction of a church to Holy Catherine the Martyr in Rome;
- the religious organization Smolensk Parish of the Church of Holy New Russian Martyrs of the Smolensk-Kaliningrad Diocese of the Russian Orthodox Church – donations to pay for construction work on the restoration of the Parish Church of Holy New Russian Martyrs;
- the Russian Orthodox religious organization Nikolo-Ugreshsky Stauropegion Monastery, Russian Orthodox Church in Moscow oblast – donations for painting of frescoes in the Transfiguration of the Savior Cathedral;
- the local religious organization Community of Old Believers of Orekhovo-Zuevo, Moscow oblast, of the Russian Orthodox Church of Old Believers – donations to help in the church's work;
- the local Russian Orthodox religious organization Parish of Kazansky Cathedral, Lebedyani, Lipetsk oblast, Lipetsk and Yelets Diocese of the Russian Orthodox Church (Moscow Patriarchy) – donations on the restoration of the roof of the church of the Prophet Elijah of the Trinity Cathedral.

7.2. Human resources policy

The efforts of the VTB Group are focused on using emerging opportunities to ensure long-term growth, to turn Russia into one of the most economically and industrially advanced powers. This strategic goal can only be achieved by a highly efficient and progressive team.

Today the VTB Group team is made up of successful managers who take a strategic approach to their work, have a broad outlook and have shown an availability to be stretched and challenged. It is this team of professional managers that made the consistent advancement of VTB Bank's business in all market sectors possible in 2007. Human resources management and development is one of the highest priority, critical and strategically important areas for such a young, widespread and rapidly developing banking group as VTB Group.

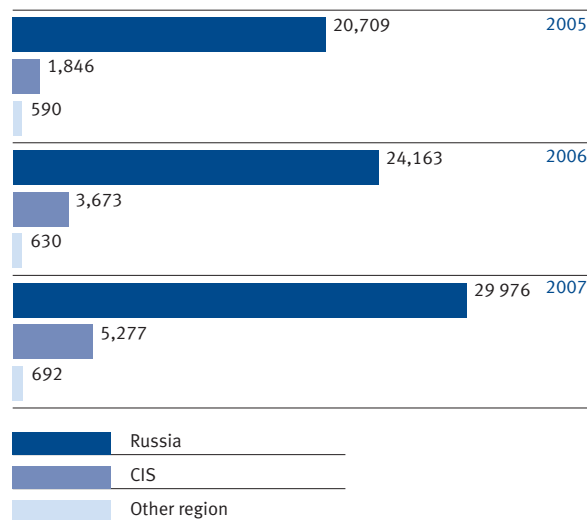
The recent planned increase in the number of staff of the VTB Group was mainly caused by the increase in the branch network and business expansion. Over the past year the number of staff of the VTB Group has increased by 7,479 people.

The highest staff growth rates in 2007 were seen in VTB24, VTB Bank (Ukraine), and VTB Leasing.

Of course, not only the increase in staff, but also an increase in their efficiency is an important element in VTB Group's competitive advantages. The main areas of the Bank's staff training are aimed at developing managerial skills, business efficiency and operational training.

VTB Bank currently has several corporate training programs in place: the Corporate University – a set of programs for the management reserve and the directors of the structural divisions of the Bank and the VTB Group; orientation for new employees; and "Effective sales" training for client managers.

Personnel breakdown of VTB Group by region, people

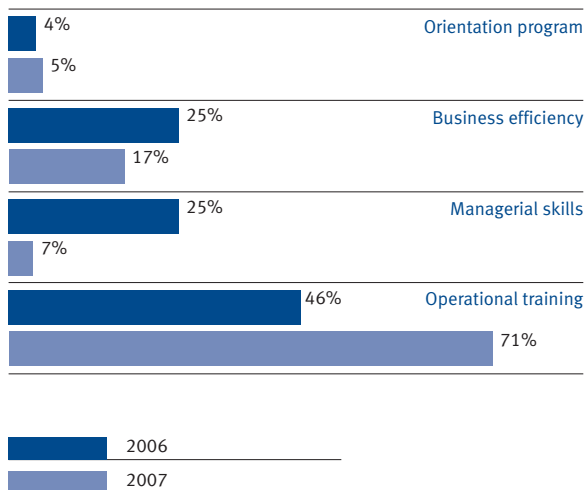


Three programs are in place within the framework of the VTB Corporate University: "Energy of Leadership" (a competition for the VTB management reserve), "Effective Management" (an open program for the directors of the structural divisions of VTB) and "Strategy of Success" (a bonus program for the top graduates of the Corporate University).

The faculty of the VTB Corporate University includes representatives of the management of VTB Group, leading economists, professors and teachers of Moscow universities, consultants and practitioners (representatives of big business). The rector of the Corporate University is Chairman and CEO of VTB Bank Andrey Kostin.

The third enrollment of students to the VTB Corporate University program "Energy of Leadership 2007-2008" took place last year. The training program covers: teambuilding, management, finance and budgeting, marketing, customer relations, project management and human resources management.

Diversification of staff training at VTB Bank



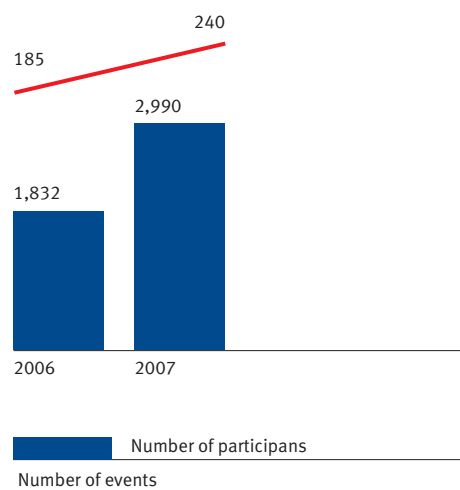
Classes at the University are held through webinars and training sessions with top managers of VTB and invited participants.

Most VTB employees, who have already completed training at the Corporate University, have taken up management positions at the Bank or in the Group.

The international program of the VTB Corporate University, which is offered in conjunction with the Finance Academy under the Government of the Russian Federation, was launched in October 2007 and included students from Angola, Namibia, Vietnam, India and China. The next step was the creation of nine regional training centers on the basis of the key branches of VTB Bank in the following cities: Belgorod, Vladimir, Ekaterinburg, Krasnodar, Krasnoyarsk, Nizhny Novgorod, Samara, St. Petersburg and Khabarovsk. In 2007, 84% of all regional employees who participated in the program received training in these centers. In 2006 this figure was 49%.

The number of corporate training events increased in 2007, which made it possible to increase the qualifications of a larger number of VTB Bank employees.

Corporate staff training at VTB Bank

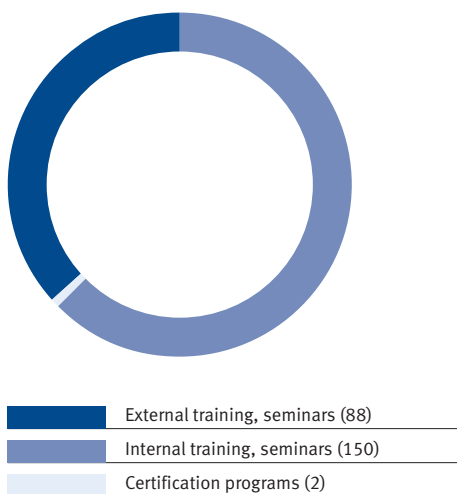


In this regard, most of the employees who, received training in 2007, took part in internal seminars and training sessions and took advantage of various types of distance learning – electronic courses and video seminars.

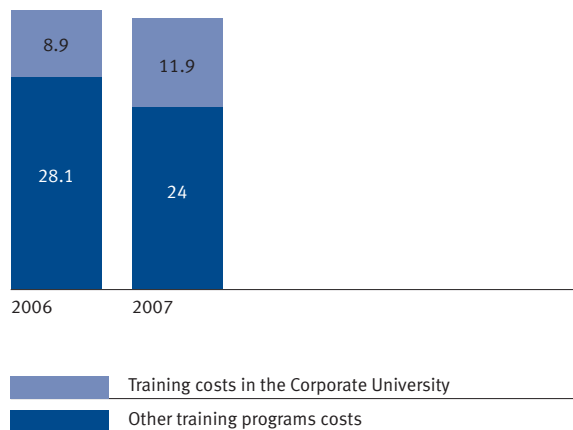
VTB managed to lower the cost of the training in 2007 despite the increase in prices for educational services (training costs per employee and the cost of one day of training were reduced).

The staff assessment system used to form the human resources reserve of the VTB Group, select students for the Corporate University and in other large-scale projects was improved in 2007. The methodological framework of the assessment system includes all assessment techniques on the market (assessment center, “360 degree” reviews, competence interviews, professional testing). The choice of assessment method is determined by business need. A standard assessment system is to be introduced at the VTB Group in 2008. VTB Bank will not incur direct costs, since HR specialists certified to international standards will perform the work without hiring outside providers.

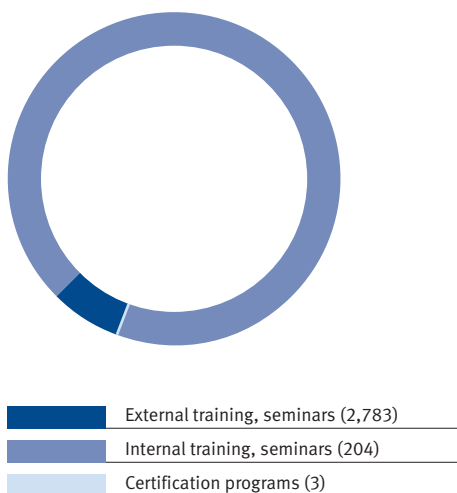
Number of events held by area of corporate staff training at VTB Bank in 2007



Staff training costs at VTB Bank, RUB million



Number of VTB Bank employees that received training in 2007 (by area of corporate training)



To improve and support the system of staff incentives and to optimize and improve its effectiveness, the System of Incentives and Wage Payments (SIWP) designed with the assistance of McKinsey&Co and introduced in 2005 and further improved in 2007. The wage structure of employees and the criteria for quarterly performance-related bonuses are on the SIWP.

New targeted bonus programs, aimed at the achievement of specific goals and objectives and improving business efficiency, were developed and introduced. One of the key development objectives in 2008 will be upgrading the Bank's system of incentives and wage payments and setting up uniform principles for the compensation system in the VTB Group.

The development of the SIWP and formation of a competitive compensation package and social policy at VTB Bank are designed to reduce the dependence of staff turnover on outside factors caused by competition on the job market. The turnover of rank-and-file staff at VTB Bank did not exceed 17% in 2007, in line with current trends in the financial sector.

The compensation package of VTB Bank includes:

- monetary remuneration (salary, supplements and additional payments, premiums and bonuses);
- fringe Benefits and incentives (benefits, flexible social benefit package, moral incentives).

The basic social benefit programs in the VTB Group fall into three categories:

- standard social benefits available to all employees, regardless of length of service, status, salary or work performance;
- variable social benefits according to seniority and performance of the individual employee, his division and the Bank;
- material and non-material incentives for high performing employees.

The standard package includes:

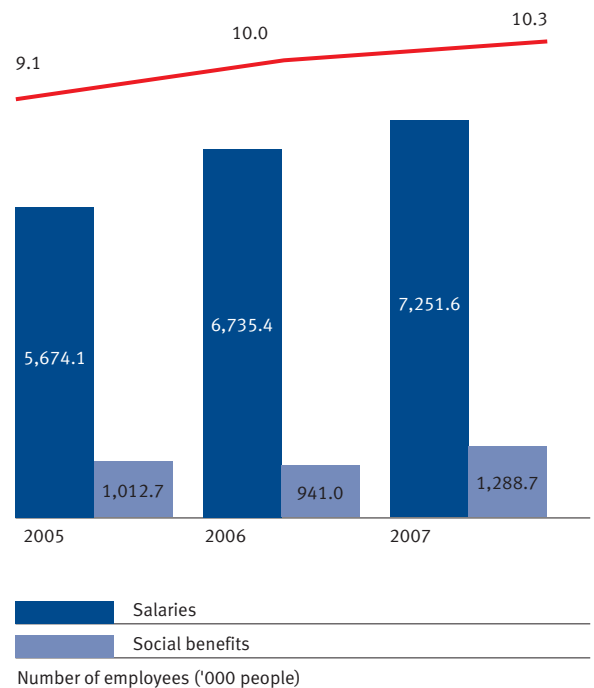
- additional paid vacation;
- financial assistance to employees' families (e.g. birth of a child, wedding);
- financial assistance in case of an accident;
- jubilee and retirement benefits;
- additional payments for special working conditions.

Occupational health and safety measures are also included in the standard package. All employees of VTB Bank receive discretionary medical insurance, and high-risk employees are also given accident insurance.

Occupational health and safety costs accounted for more than 30% of the Bank's average monthly wage bill.

VTB Bank undertook a number of measures to improve occupational health and safety in 2007: regular medical checkups of employees aimed at reducing the frequency of illness; inspections of the working conditions at work stations; group training and testing of directors knowledge of occupational health and safety rules; occupational health and safety training in Bank branches. VTB Bank pays for the prenatal care of its female employees.

Salaries and social benefits of VTB Bank employees, RAS, RUB million



Development of one of the key programs of VTB (the flexible targeted social benefit package "VTB Bank employee social card") continued in 2007. This program will allow an employee to receive a tailor-made set of insurance, healthcare and tourism services, and is a unique social benefit package offered by no other employer in Russia. The ability for any Group company to adapt the program to comply with regional specifics makes it possible to begin project implementation throughout the Group.

An important element of the staff motivation system is the incentive program. The Bank has series of awards. The highest award for an employee's work and professional achievement is the "VTB Achiever" lapel badge. These are given to highly qualified employees for their significant contribution to the Bank's development on the completion of several years of successful work.

Informational meetings are held between employees and Bank management in order to improve intergroup relations and communications and increase employees' awareness of changes taking place at the Bank.

The bank undertakes regular surveys of employee opinion on issues such as current management initiatives. This feedback is taken very seriously by senior management. It enables the Bank to react quickly to shift in employee opinion and maintain good staff relations.

VTB Bank pays special attention to the promotion of amateur sports among its employees: volleyball, basketball, hockey, paintball, tennis, skiing.

The holding of the 5th Corporate Summer Olympics 2007, arts festivals and New Year's parties with the participation of VTB Group employees from various regions of Russia, the CIS and Europe foster a single corporate culture and the cohesion of the corporate team spirit.

VTB believes in taking care of its employees even after their retirement.

There are currently two corporate systems of non-state pension coverage in place at VTB Bank:

- defined benefit scheme.

As of 1 January 2008 nearly 400 pensioners of VTB Bank were covered by this program:

- a cumulative scheme using personal pension accounts (funds are accumulated through equity participation of VTB Bank and the employee). This system was launched in December 2007, and is the most efficient type of pension program, giving employees incentive to take care of their own pension provision.

Forty-four employees of VTB Bank joined this program in 2007.

VTB Bank also has a special program for employees nearing retirement age.

Moreover, VTB pensioners are provided with medical insurance under special programs, giving them the same right to material assistance as any other employee, and regular excursions, holiday and jubilee celebrations are held for them.

VTB Bank has an active trade union. Trade unions are also in place of number of foreign banks included in the VTB Group.

As part of the implementation of a single system of human resources management and coordination, the Group has a Human Resources Commission under the Group Management Committee, which is responsible for drafting decisions on key human resources management issues at the Group.

The following key development goals were set for the human resources policy of VTB Bank and the Group in 2008:

- to make the VTB Group the employer of choice in the countries where it has a presence;
- to form a common human resources recruitment program;
- to develop and approve the Human Resources Management Policy of the VTB Group;
- to introduce uniform principles of planning and control over staff costs;
- to create a common information space for recruitment of personnel;
- to develop and adopt Regulations for corporate staff training;
- to develop and adopt Regulations for incentives for the Bank employees;
- to promote VTB as an employer of choice by developing relationship with universities and offering internships.

The Bank's experience in all areas of human resources management policy began to be extended to the entire VTB Group in 2007.

*8. Summarized Consolidated Financial
Statements Derived from the Audited
Consolidated Financial Statements
and Auditors' Report*

Independent auditors' report

To the Board of Directors and Shareholders of the VTB Bank:

We have audited the consolidated financial statements of VTB Bank (“the Bank”) and its subsidiaries (together “the Group”) as of and for the years ended December 31, 2007 and 2006, from which the accompanying summarized consolidated financial statements (which comprise the summarized consolidated balance sheets as at 31 December 2007 and 2006, the summarized consolidated statements of income, summarized consolidated statements of changes in shareholders' equity and summarized consolidated statements of cash flows for the years then ended) were derived, in accordance with International Standards on Auditing. In our report dated 21 April 2008 we expressed an unqualified opinion on the consolidated financial statements from which the summarized consolidated financial statements were derived.

In our opinion, the accompanying summarized consolidated financial statements are consistent, in all material respects, with the consolidated financial statements from which they were derived.

For a better understanding of the Group's financial position as at 31 December 2007 and 2006 and the results of its financial performance and cash flows for the years then ended and of the scope of our audit, the summarized consolidated financial statements should be read in conjunction with the consolidated financial statements from which the summarized consolidated financial statements were derived and our audit report thereon.



21 April 2008

Summarized Consolidated Balance Sheets

as of 31 December

(expressed in millions of US dollars)

	2007	2006
Assets		
Cash and short-term funds	5,160	3,581
Mandatory cash balances with central banks	825	648
Financial assets at fair value through profit or loss	10,436	5,120
Financial assets pledged under repurchase agreements and loaned financial assets	2,212	2,938
Due from other banks	9,733	6,813
Loans and advances to customers	58,549	29,262
Financial assets available-for-sale	858	888
Investments in associates	167	200
Investment securities held-to-maturity	5	11
Premises and equipment	1,997	1,422
Investment property	168	178
Intangible assets	480	455
Deferred tax asset	215	93
Other assets	1,804	794
Total assets	92,609	52,403
Liabilities		
Due to other banks	14,794	7,587
Customer deposits	37,098	19,988
Other borrowed funds	5,176	4,468
Debt securities issued	16,489	11,565
Deferred tax liability	149	125
Other liabilities	1,231	509
Total liabilities before subordinated debt	74,937	44,242
Subordinated debt	1,171	1,169
Total liabilities	76,108	45,411

*Summarized Consolidated
Balance Sheets as of 31 December (continued)
(expressed in millions of US dollars)*

	2007	2006
Equity		
Share capital	3,084	2,500
Share premium	8,792	1,513
Treasury shares	(21)	—
Unrealized gain on financial assets available-for-sale and cash flow hedge	109	154
Currency translation difference	663	352
Premises revaluation reserve	587	341
Retained earnings	2,993	1,744
Equity attributable to shareholders of the parent	16,207	6,604
Minority interest	294	388
Total equity	16,501	6,992
Total liabilities and equity	92,609	52,403

Approved for issue and signed on 21 April 2008.

President – Chairman of the Management Board



A.L. Kostin

Chief Financial Officer – Member of the Management Board



N.V. Tsekhomsky

For a better understanding of the Group's financial position and the results of its operations, and of the scope of our audit, these summarized consolidated financial statements should be read in conjunction with the consolidated financial statements, from which these summarized consolidated financial statements have been derived, and audit report thereon. Copies of audited consolidated financial statements can be obtained from VTB Bank.

Summarized Consolidated Statements of Income

for the Years Ended 31 December
(expressed in millions of US dollars,
except earnings per share data)

	2007	2006
Interest income	5,387	3,606
Interest expense	(2,831)	(1,892)
Net interest income	2,556	1,714
Provision charge for impairment	(526)	(442)
Net interest income after provision for impairment	2,030	1,272
Gains less losses arising from financial instruments at fair value through profit or loss	138	218
Gains less losses from available-for-sale financial assets	116	348
Gains less losses arising from dealing in foreign currencies	547	73
Foreign exchange translation gains less losses	108	265
Fee and commission income	637	401
Fee and commission expense	(80)	(50)
Share in income of associates	18	15
Income arising from non-banking activities	95	111
Other operating income	123	157
Net non-interest income	1,702	1,538
Operating income	3,732	2,810
Staff costs and administrative expenses	(1,948)	(1,370)
Expenses arising from non-banking activities	(63)	(90)
Profit from disposal of subsidiaries and associates	98	54
Profit before taxation	1,819	1,404
Income tax expense	(305)	(232)
Profit after taxation from continuing operations	1,514	1,172
Profit from discontinued operations	–	7
Net profit	1,514	1,179
Net profit attributable to:		
Shareholders of the parent	1,480	1,137
Minority interest	34	42
Basic and diluted earnings per share (expressed in USD per share)	0.000241	0.000218
Basic and diluted earnings per share – continuing operations (expressed in USD per share)	0.000241	0.000217
Basic and diluted earnings per share – discontinued operations (expressed in USD per share)	0.000000	0.000001

For a better understanding of the Group's financial position and the results of its operations, and of the scope of our audit, these summarized consolidated financial statements should be read in conjunction with the consolidated financial statements, from which these summarized consolidated financial statements have been derived, and audit report thereon. Copies of audited consolidated financial statements can be obtained from VTB Bank.

Summarized Consolidated Statements of Cash Flows

for the Years Ended 31 December
(expressed in millions of US dollars)

	2007	2006
Cash flows from operating activities		
Interest received	5,246	3,430
Interest paid	(2,622)	(1,889)
Income received on operations with financial instruments at fair value through profit or loss	286	131
Income received on dealing in foreign currency	474	76
Fees and commissions received	637	401
Fees and commissions paid	(96)	(50)
Income arising from non-banking activities and other operating income received	110	166
Staff costs, administrative expenses and expenses arising from non-banking activities paid	(1,790)	(1,313)
Income tax paid	(476)	(316)
Cash flows from operating activities before changes in operating assets and liabilities	1,769	636
Net decrease (increase) in operating assets		
Net increase in mandatory cash balances with central banks	(125)	(205)
Net decrease in restricted cash	38	50
Net (increase) decrease in financial assets at fair value through profit or loss	(5,521)	1,084
Net increase in due from other banks	(2,617)	(2,556)
Net increase in loans and advances to customers	(28,231)	(8,420)
Net increase in other assets	(914)	(485)
Net (decrease) increase in operating liabilities		
Net increase in due to other banks	6,805	859
Net increase in customer deposits	15,566	6,117
Net (decrease) increase in promissory notes and certificates of deposits issued	2	(203)
Net increase in other liabilities	266	72
Net cash used in operating activities	(12,962)	(3,051)

For a better understanding of the Group's financial position and the results of its operations, and of the scope of our audit, these summarized consolidated financial statements should be read in conjunction with the consolidated financial statements, from which these summarized consolidated financial statements have been derived, and audit report thereon. Copies of audited consolidated financial statements can be obtained from VTB Bank.

*Summarized Consolidated Statements of Cash Flows
for the Years Ended 31 December (continued)
(expressed in millions of US dollars)*

	2007	2006
Cash flows from (used in) investing activities		
Dividends received	38	44
Proceeds from sale or maturities of financial assets available-for-sale	2,409	1,136
Purchase of financial assets available-for-sale	(256)	(2,900)
Purchase of subsidiaries, net of cash acquired	(11)	(15)
Sale of disposal group held for sale	–	122
Purchase of minority interest in subsidiaries	(309)	–
Purchase of associates	(10)	(5)
Disposal of associates	45	–
Disposal of subsidiaries, net of cash disposed	109	(9)
Proceeds from maturities of investment securities held-to-maturity	8	2
Purchase of investment securities held-to-maturity	(2)	(6)
Purchase of premises and equipment	(343)	(282)
Proceeds from sale of premises and equipment	73	46
Purchase of intangible assets	(15)	(8)
Purchase of investment property	(19)	–
Proceeds from disposal of investment property	61	92
Net cash from (used in) investing activities	1,778	(1,783)
Cash flows from financing activities		
Dividends paid	(135)	(63)
Proceeds from other borrowings	1,547	681
Repayment of other borrowings	(660)	(595)
Proceeds from syndicated loans	453	2,698
Repayment of syndicated loans	(831)	(1,259)
Proceeds from issuance of RUR-denominated bonds	501	953
Repayment of RUR-denominated bonds	–	(72)
Proceeds from issuance of eurobonds	5,628	3,541
Repayment of eurobonds	(1,495)	(370)
Proceeds from issuance of SSD debentures (Shuldscheindarlehen)	–	241
Repayment of SSD debentures (Shuldscheindarlehen)	(227)	(157)
Proceeds from share issue, less transaction costs	7,842	–
Treasury shares purchase	(21)	–
Net cash provided by financing activities	12,602	5,598
Effect of exchange rate changes on cash and cash equivalents	199	174
Net increase in cash and cash equivalents	1,617	938
Cash and cash equivalents at beginning of the year	3,479	2,541
Cash and cash equivalents at the end of the year	5,096	3,479

For a better understanding of the Group's financial position and the results of its operations, and of the scope of our audit, these summarized consolidated financial statements should be read in conjunction with the consolidated financial statements, from which these summarized consolidated financial statements have been derived, and audit report thereon. Copies of audited consolidated financial statements can be obtained from VTB Bank.

Summarized Consolidated Statements of Changes in Shareholders' Equity

for the Years Ended 31 December

(expressed in millions of US dollars)

Attributable to shareholders of the parent										
	Share capital	Share premium	Treasury shares	Unrealized gain on financial assets available for-sale and cash flow hedge	Premises revaluation reserve	Currency translation difference	Retained earnings	Total	Minority interest	Total equity
Balance at 31 December 2005	2,500	1,513	–	89	72	86	660	4,920	349	5,269
Unrealized gain on financial assets available-for-sale, net of tax	–	–	–	403	–	–	–	403	2	405
Transferred to profit or loss on sale, net of tax	–	–	–	(338)	–	–	–	(338)	–	(338)
Premises revaluation, net of tax	–	–	–	–	271	–	–	271	11	282
Transfer of premises revaluation reserve upon disposal or depreciation	–	–	–	–	(2)	–	2	–	–	–
Effect of translation	–	–	–	–	–	266	–	266	33	299
Total income recognized directly in equity	–	–	–	65	269	266	2	602	46	648
Net profit	–	–	–	–	–	–	1,137	1,137	42	1,179
Total income and expense for the period	–	–	–	65	269	266	1,139	1,739	88	1,827
Dividends declared	–	–	–	–	–	–	(63)	(63)	(1)	(64)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	1	1
Increase in share capital of subsidiaries	–	–	–	–	–	–	(4)	(4)	9	5
Acquisition of minority interests	–	–	–	–	–	–	3	3	(7)	(4)
Changes in minority interests	–	–	–	–	–	–	9	9	(9)	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(42)	(42)
Balance at 31 December 2006	2,500	1,513	–	154	341	352	1,744	6,604	388	6,992

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For a better understanding of the Group's financial position and the results of its operations, and of the scope of our audit, these summarized consolidated financial statements should be read in conjunction with the consolidated financial statements, from which these summarized consolidated financial statements have been derived, and audit report thereon. Copies of audited consolidated financial statements can be obtained from VTB Bank.

*Summarized Consolidated Statements of Changes
in Shareholders' Equity for the Years Ended 31 December (continued)
(expressed in millions of US dollars)*

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Attributable to shareholders of the parent										
	Share capital	Share premium	Treasury shares	Unrealized gain on financial assets available for-sale and cash flow hedge	Premises revaluation reserve	Currency translation difference	Retained earnings	Total	Minority interest	Total equity
Balance at 31 December 2006	2,500	1,513	–	154	341	352	1,744	6,604	388	6,992
Unrealized gain on financial assets available-for-sale, net of tax	–	–	–	16	–	–	–	16	(1)	15
Transferred to profit or loss on sale or impairment, net of tax	–	–	–	(112)	–	–	–	(112)	–	(112)
Unrealized gains less losses on cash flow hedge, net of tax	–	–	–	51	–	–	–	51	–	51
Premises revaluation, net of tax	–	–	–	–	264	–	–	264	9	273
Transfer of premises revaluation reserve upon disposal or depreciation	–	–	–	–	(15)	–	15	–	–	–
Effect of translation	–	–	–	–	–	324	–	324	28	352
Total income recognized directly in equity	–	–	–	(45)	249	324	15	543	36	579
Net profit	–	–	–	–	–	–	1,480	1,480	34	1,514
Total income and expense for the period	–	–	–	(45)	249	324	1,495	2,023	70	2,093
Dividends declared	–	–	–	–	–	–	(133)	(133)	(2)	(135)
Share issue	584	7,279	–	–	–	–	–	7,863	–	7,863
Treasury shares	–	–	(21)	–	–	–	–	(21)	–	(21)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	25	25
Increase in share capital of subsidiaries	–	–	–	–	–	–	26	26	(26)	–
Acquisition of minority interests	–	–	–	–	–	–	(146)	(146)	(165)	(311)
Changes in associates' equity (not recognized in profit or loss)	–	–	–	–	–	–	4	4	–	4
Establishment of subsidiaries	–	–	–	–	–	–	–	–	6	6
Disposal of subsidiaries	–	–	–	–	(3)	(13)	3	(13)	(2)	(15)
Balance at 31 December 2007	3,084	8,792	(21)	109	587	663	2,993	16,207	294	16,501

For a better understanding of the Group's financial position and the results of its operations, and of the scope of our audit, these summarized consolidated financial statements should be read in conjunction with the consolidated financial statements, from which these summarized consolidated financial statements have been derived, and audit report thereon. Copies of audited consolidated financial statements can be obtained from VTB Bank.

*9. Summarized Financial Statements
in accordance with RAS*

Balance sheet

(published form)

as at 1 January 2008

Credit institution
VTB Bank (open joint-stock company)
Postal address
ulitsa Plyushchikha 37, Moscow 119121

Code of form 0409806
Annual
thousand RUB

No.	Line item	Data as at the reporting date	Data as at the reporting date of the previous year
I Assets			
1	Cash	7 920 359	10 403 279
2	Funds of credit institutions in the Central Bank of the Russian Federation	54 828 115	35 904 485
2.1	Mandatory reserves	12 347 946	10 214 305
3	Amounts due from credit institutions	56 172 802	53 638 908
4	Net investments in trading securities	122 055 010	75 126 760
5	Net loans and advances to customers	1 026 364 733	478 672 466
6	Net investments in securities held to maturity	8 356 476	4 567 489
7	Net investments in securities available for sale	178 096 632	88 584 871
8	Fixed assets, intangible assets, and inventory	21 176 899	16 267 294
9	Claims on receipt of interest	7 092 563	2 591 966
10	Other assets	25 308 166	15 462 209
11	Total assets	1 507 371 755	781 219 727
II Liabilities			
12	Loans of the Central Bank of the Russian Federation	15 420 000	13 165 550
13	Amounts due to credit institutions	430 947 307	243 369 719
14	Amounts due to customers (non-credit institutions)	612 435 315	314 156 265
14.1	Individual deposits	33 743 467	51 454 679
15	Debt obligations issued	76 650 985	64 194 536
16	Interest liabilities	8 323 899	5 855 692
17	Other liabilities	4 495 170	5 998 523
18	Provisions for credit-related contingent obligations, other possible losses and operations with residents of offshore zones	412 286	162 316
19	Total liabilities	1 148 684 967	646 902 601

*Balance sheet
(published form)
as at 1 January 2008*

No.	Line item	Data as at the reporting date	Data as at the reporting date of the previous year
III Sources of equity			
20	Share capital	67 241 385	52 111 124
20.1	Registered ordinary shares and interests	67 241 385	52 111 124
20.2	Registered preferred shares	0	0
20.3	Unregistered charter capital of non-stock credit institutions	0	0
21	Treasury stock	0	0
22	Share premium	219 170 513	27 731 088
23	Revaluation of fixed assets	11 133 115	7 480 834
24	Expenses of future periods and forthcoming payments affecting equity (capital)	5 392 967	6 043 987
25	Funds and retained earnings of previous years (outstanding losses of previous years)	48 556 750	35 862 343
26	Profit (loss) for the reporting period	17 977 992	17 175 724
27	Total sources of equity	358 686 788	134 317 126
28	Total liabilities	1 507 371 755	781 219 727
IV Off-balance sheet liabilities			
29	Irrevocable obligations of the credit institution	1 062 413 285	348 192 611
30	Guarantees issued by the credit institution	80 101 544	63 534 852

No operations were performed that were subject to disclosure in section V "Trust management accounts".

President and Chairman of Management Board

A. L. Kostin

Chief Accountant

O. A. Avdeeva



Income statement

(published form)

for 2007

Name of the credit institution:
VTB Bank (open joint-stock company)
Postal address
ulitsa Plyushchikha 37, Moscow 119121

Code of form 0409807
Annual
thousand RUB

No.	Line item	Data for the reporting period	Data for the same period of the previous year
Interest received and similar income from:			
1	Amounts due from credit institutions	11 384 603	5 846 704
2	Loans provided to clients (non-credit institutions)	51 982 434	34 492 991
3	Provision of financial leasing services	0	0
4	Fixed-income securities	9 237 692	6 464 866
5	Other sources	251 342	141 331
6	Total interest received and similar income	72 856 071	46 945 892
Interest paid and similar expenses on:			
7	Amounts due to credit institutions	18 695 117	10 704 977
8	Amounts due to customers (non-credit institutions)	21 727 118	13 003 336
9	Debt obligations issued	4 760 575	4 593 349
10	Total interest paid and similar expenses	45 182 810	28 301 662
11	Net interest and similar income	27 673 261	18 644 230
12	Gains less losses arising from dealing in securities	8 590 794	12 728 769
13	Gains less losses arising from dealing in foreign currencies	11 096 063	1 356 513
14	Gains less losses arising from dealing in precious metals and other financial instruments	(1 012 948)	189 394
15	Gains less losses from foreign exchange translation	(10 052 139)	110 957
16	Commission income	10 407 628	5 796 056
17	Commission expenses	622 754	429 456
18	Other income from one-off operations	485 169	29 537
19	Other net operating income	(1 132 438)	(2 212 202)
20	Administrative expenses	14 837 054	12 181 672
21	Other provisions	(2 185 039)	2 221 550
22	Profits before tax	28 410 543	26 253 676
23	Taxes accrued (including profits tax)	10 432 551	9 077 952
24	Profit (loss) for the reporting period	17 977 992	17 175 724

President and Chairman of Management Board

A. L. Kostin

Chief Accountant

O. A. Avdeeva



Statement of capital adequacy, size of loan-loss provisions, and other assets

as at 1 January 2008

Name of the credit institution:

VTB Bank (open joint-stock company)

Postal address

ulitsa Plyushchikha 37, Moscow 119121

Code of form 0409807

Annual

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No.	Indicator	Data as at the reporting date	Data as at the reporting date of the previous year
1	Equity (capital), thousand RUB	278 296 267	97 342 258
2	Actual equity (capital) adequacy ratio, percent	19.0	14.5
3	Statutory equity (capital) adequacy ratio, percent	10.0	10.0
4	Estimated provisions for potential losses on loans, loan debt and equivalent debt, thousand RUB	11 650 556	11 736 926
5	Actual provisions for potential losses on loans, loan debt and equivalent debt, thousand RUB	11 650 556	11 736 926
6	Estimated provisions for potential losses, thousand RUB	1 290 879	453 909
7	Actual provisions for potential losses, thousand RUB	1 290 879	453 909

President and Chairman of Management Board

A. L. Kostin

Chief Accountant

O. A. Avdeeva



10. Transactions of JSC Bank VTB

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10.1. Major transactions of JSC VTB Bank

In 2007 VTB did not perform any transactions that were major transactions as defined in accordance with article 79 of the Federal Law No. 208-FZ of 26 December 1995 On Joint-Stock Companies.

10.2. Interested-party transactions of JSC VTB Bank

Information on the interested-party transactions of VTB in 2004–2007, approved by the Supervisory Council or the general meeting of shareholders:

Year	Total number of transactions performed	Total amount of transactions in monetary terms (thousand RUB)
2004	208	406,774,471
2005	1,376	563,968,082
2006	4,756	1,437,468,855
2007	5,309	4,071,978,368

11. Glossary

IPO	Initial public offering
GDR	Global depository receipts
SPO	Secondary public offering
Share	An issuable security conferring on its owner (the shareholder) the right to receive a portion of the profits of a joint-stock company in the form of dividends, to participate in the management of the company and to a portion of the assets remaining after its liquidation. The share is a registered security
Bank VTB North-West	JSC Bank VTB North-West
VTB Bank, the Bank	JSC VTB Bank (the former JSC Vneshtorgbank), the foundation of the VTB Group
Brokerage activity	Activity to perform civil-law transactions with securities on behalf and at the expense of a client (including the issuer of issuable securities on their placement) or on its own behalf and at the expense of the client on the basis of contracts with the client for a consideration
VTB24	Bank VTB24 (closed joint-stock company)
VTB Group, the Group, VTB	A universal Russian banking group, including financial institutions in Russia, the CIS, Europe, Asia and Africa
Custodial services	Provision of services on the storage of securities certificates and/or the registration and transfer of rights to securities
Securities management services	Trust management by a legal entity on its own behalf for a fee over a specific period of the following items transferred to it but belonging to another party, in the interest of this party or third parties indicated thereby: <ul style="list-style-type: none"> • securities; • funds designated for investment in securities; • funds and securities obtained in the process of managing securities
Dealer activity	Activity on performing transactions in the sale and purchase of securities in its own name and at its own expense by public announcement of the price of sale and/or purchase of specific securities, with mandatory purchase and/or sale of these securities at the prices announced by the entity engaged in such activity
EBRD	European Bank of Reconstruction and Development
Securities listing	Inclusion of securities on a quotation list by an exchange
Novosibirskvneshtorgbank	Novosibirsk commercial regional joint-stock bank Vneshtorgbank (closed joint-stock company)
IFRS	International Financial Reporting Standards
PSB	JSC Promyshlennno-stroitelny bank (now Bank VTB North-West)
Public securities offering	Placement of securities by public offering, including placement of securities in trading on exchanges and/or other organizers of trading on the securities market
RAS	Russian Accounting Standards
CIS	The Commonwealth of Independent States and the countries. It comprises (not including Russia) as at the date of preparation of this report: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan
Stock exchange	An organizer of trading on the securities market that meets the requirements of Russian law

12. Organizational information

12.1. Main correspondent accounts

Currency	Bank	Acct. No.
AUD	Westpac Banking Corporation, Sydney (WPAC AU 2S)	RAR0001975
CAD	Royal Bank of Canada, Toronto (ROYC CA T2)	095912098408
CHF	Russian Commercial Bank Ltd., Zurich (RKBZ CH ZZ)	666000.0048
	UBS AG, Zurich (UBSW CH ZH)	0230-69082.05T
DKK	Danske Bank, Copenhagen (DABA DK KK)	3996019136
EUR	Deutsche Bank AG, Frankfurt/Main (DEUT DE FF)	10094980801000
	VTB Bank (Austria) AG, Vienna (DOBA AT WW)	08.00.0617203-023
GBP	HSBC Bank Plc, London (MIDL GB 22)	36505983
JPY	Bank of Tokyo-Mitsubishi UFJ Ltd, Tokyo (BOTK JP JT)	653-0408522
NOK	DNB NOR Bank ASA, Oslo (DNBA NO KK)	7002.02.05170
NZD	ASB Bank Ltd, Auckland (ASBB NZ 2A)	12-3121-0060126-00
SEK	Nordea Bank Sweden AB, Stockholm (NDEA SE SS)	39527908930 SEK
SGD	VTB Bank (Europe) Plc, Singapore (MNBL SG SG)	315150-7321
USD	Bank of New York, New York (IRVT US 3N)	890-0055-006
	JPMorgan Chase Bank, New York (CHAS US 33)	001-1-907557

12.2. Licenses

- General license to perform banking operations No. 1000, received 9 March 2007.
- License to place in deposits and dispose of precious metals and to perform other operations with precious metals No. 1000, received 9 March 2007.
- License of a professional participant on the securities market to perform depository activity No. 178-06497-000100, received 25 March 2003.
- License of a professional participant on the securities market to perform brokerage activity No. 177-06492-000100, received 25 March 2003.
- License of a professional participant on the securities market to perform dealer activity No. 177-06493-000100, received 25 March 2003.
- License of a professional participant on the securities market to manage securities No. 177-06499-000100, received 25 March 2003.
- License to perform activity as a specialized depository of investment funds, unit trust investment funds and non-state pension funds No. 22-000-0-00011, received 4 October 2000.
- General license to export unprocessed gold in forms that cannot be used to mint coins (fine gold in standard or measuring ingots) No. LG4270705505455, received 22 May 2007.
- General license to export unprocessed silver with a purity of at least 999 parts silver to 1,000 parts alloy (fine silver in standard or measuring ingots) No. LG4270705505456, received 22 May 2007.
- License to work with information constituting a state secret No. 2242, received 17 November 2005.
- License to take measures and/or provide services to protect a state secret No. 2243, received 17 November 2005.
- License to perform technical maintenance of cryptographic equipment No. 19 X, received 29 March 2006.
- License to distribute cryptographic equipment No. 20 R, received 29 March 2006.
- License to provide information encryption services No. 21 U, received 29 March 2006.

12.3. Membership of non-profit organizations

- Association of Russian Banks. Date of joining – 13 February 1996.
- Non-Profit Organization Association of Bill Market Participants. Date of joining – 15 October 1996.
- International Capital Market Association. Date of joining – 16 March 1995.
- Russian National SWIFT Association. Date of joining – 26 July 1995.
- Russian Union of Industrialists and Entrepreneurs (Employers). Date of joining – 9 October 2002.
- World Economic Forum. Date of joining – 10 August 2001.
- Association of Russian Banks – VISA members. Date of joining – 9 April 1997.
- Association of Russian Banks – Europay International members. Date of joining – 1 March 1999.
- National Foreign Exchange Association. Date of joining – the Bank does not have this information.
- Non-Profit Organization Russian Chemists Union. Date of joining – 10 December 2003.
- Moscow Chamber of Commerce and Industry. Date of joining – 27 April 2004.
- APEC Business Advisory Council. Date of joining – 29 March 2004.
- Non-Profit Organization Association of Regional Banks of Russia. Date of joining – 22 October 2004.
- IFA International Forfaiting Association. Date of joining – 8 March 2005.
- Council for Security Cooperation in the Asia Pacific. Date of joining – 3 November 2003.
- U.S.-Russia Business Council. Date of joining – 29 December 2005.
- International Accounting Standards Committee Foundation. Date of joining – 4 August 2005.
- Professional Association of Registrars, Transfer Agents and Depositories (PARTAD). Date of joining – 26 September 2007.
- Non-Profit Association of Legal Entities Russian-American Business Council. Date of joining – 20 December 2006.
- Diamond Chamber of Russia. Date of joining – 6 April 2000.
- Russo-British Chamber of Commerce. Date of joining – 16 January 2004.
- American Chamber of Commerce (American Chamber of Commerce in Moscow, Russia Inc.). Date of joining – 12 November 2003.
- Autonomous Independent Organization Russian-Arab Business Council. Date of joining – 17 December 2003.
- Non-Profit Partnership Russian-Chinese Business Council. Date of joining – 22 March 2005.

- Non-Profit Partnership Business Center for Economic Development of the CIS. Date of joining – 10 August 2006.
- Non-Profit Partnership Russian National Committee of the International Chamber of Commerce – World Business Organization. Date of joining – 6 May 2000.
- Non-Profit Partnership National Securities Market Association. Date of joining – 16 January 1996.
- Non-Profit Partnership St. Petersburg Stock Exchange. Date of joining – 15 August 2005.
- Non-Profit Partnership RTS Stock Exchange. Date of joining – 19 December 1997.
- Non-Profit Partnership National Council on Corporate Governance. Date of joining – 24 May 2006.
- Non-Profit Partnership Club of Directors of Banking Public Relations and Advertising Services. Date of joining – 2003.
- Non-Profit Partnership Corporate Media Assistance. Date of joining – 25 December 2006.
- Non-Profit Partnership to Promote Cooperation Between the CIS Member States CIS Financial and Banking Council. Date of joining – 1 December 2006.
- Society for Worldwide Interbank Financial Telecommunication SCRL. Date of joining – 20 November 1991.
- Association of Russian Banks – MasterCard International members. Date of joining – 1 March 1999.

13. Contact information

VTB Group Regional branch network of VTB Bank

Central Federal District

Branch of JSC VTB Bank in Belgorod

Location: Pr. Slavy 35A
Belgorod 308600
Telephone: (472-2) 58-02-00

Branch of JSC VTB Bank in Bryansk

Location: ul. Arsenalskaya 16
Bryansk 241000
Telephone: (483-2) 66-06-95

Branch of JSC VTB Bank in Vladimir

Location: ul. Razina 21
Vladimir 600001
Telephone: (492-2) 32-09-70

Branch of JSC VTB Bank in Voronezh

Location: Prosp. Revolyutsii 58
Voronezh 394000
Telephone: (473-2) 53-19-26

Branch of JSC VTB Bank in Kaluga

Location: ul. Dostoevskogo 20, Kaluga
Kaluga oblast 248653
Telephone: (484-2) 56-50-85

Branch of JSC VTB Bank in Kostroma

Location: ul. Sovetskaya 49, Kostroma
Kostroma oblast 156000
Telephone: (494-2) 31-76-46

Branch of JSC VTB Bank in Kursk

Location: ul. Radishcheva 24, Kursk
Kursk oblast 305000
Telephone: (471-2) 36-05-01

Branch of JSC VTB Bank in Lipetsk:

Location: ul. Pervomaiskaya 1, Lipetsk
Lipetsk oblast 398001
Telephone: (474-2) 22-70-07

Branch of JSC VTB Bank in Oryol

Location: ul. Maksima Gorkogo 47, Oryol
Oryol oblast 302040
Telephone: (486-2) 43-72-73

Branch of JSC VTB Bank in Ryazan

Location: sh. Moskovskoe 39, bldg. 5, Ryazan
Ryazan oblast 390044
Telephone: (491-2) 34-70-80

Branch of JSC VTB Bank in Smolensk

Location: prosp. Gagarina 5a, Smolensk
Smolensk oblast 214000
Telephone: (481-2) 49-96-04

Branch of JSC VTB Bank in Tambov

Location: ul. Internatsionalnaya 16a, Tambov
Tambov oblast 392000
Telephone: (475-2) 63-20-35

Branch of JSC VTB Bank in Tver

Location: per. Svobodny 9, Tver
Tver oblast 170100
Telephone: (482-2) 248-18-09

Branch of JSC VTB Bank in Tula

Location: ul. L. Tolstogo 134, Tula
Tula oblast 300034
Telephone: (487-2) 36-00-25

Branch of JSC VTB Bank in Yaroslavl

Location: ul. Rybinskaya 44a, Yaroslavl
Yaroslavl oblast 150014
Telephone: (485-2) 72-56-24

Northwest Federal District

Branch of JSC VTB Bank in Vologda

Location: ul. Chelyuskintsev 9
Vologda 160001
Telephone: (817-2) 57-16-01

Branch of JSC VTB Bank in Vyborg

Location: ul. Krepostnaya 16, Vyborg
Leningrad oblast 188800
Telephone: (813-78) 2-53-02

Branch of JSC VTB Bank in Kaliningrad

Location: ul. Bolnichnaya 5, Kaliningrad
Kaliningrad oblast 236040
Telephone: (401) 235-01-11

Branch of JSC VTB Bank in St. Petersburg

Location: ul. B. Morskaya 30, lit. A
St. Petersburg, 190000
Telephone: (812) 494-94-54

Branch of JSC VTB Bank in Syktyvkar

Location: ul. Pervomaiskaya 78, bldg. 1,
Syktyvkar
Komi Republic 167610
Telephone: (821-2) 21-51-80

Southern Federal District

Branch of JSC VTB Bank in Astrakhan

Location: ul. Kuibysheva 67
Astrakhan 414056
Telephone: (851-2) 54-24-24

Branch of JSC VTB Bank in Volgograd

Location: ul. Raboche-Krestyanskaya 30a
Volgograd 400074
Telephone: (844-2) 93-09-69

Branch of JSC VTB Bank in Krasnodar

Location: ul. Krasnoarmeiskaya 116, bldg. 2,
Krasnodar
Krasnodar krai 350000
Telephone: (861-2) 79-56-65

Branch of JSC VTB Bank in Nalchik

Location: prosp. Lenina 17, block 3, Nalchik
Republic of Kabardino-Balkaria 360000
Telephone: (866-2) 40-02-11

Branch of JSC VTB Bank in Rostov-na-Donu

Location: prosp. Voroshilovsky 62, bldg. 284,
Rostov-na-Donu
Rostov oblast 344010
Telephone: (863-2) 97-27-28

Branch of JSC VTB Bank in Stavropol

Location: ul. Marshala Zhukova 7, Stavropol
Stavropol krai 350000
Telephone: (865) 226-09-95

Volga Federal District

Branch of JSC VTB Bank in Izhevsk

Location: ul. Pushkinskaya 367, Izhevsk
Udmurt Republic 426011
Telephone: (341-2) 275-73-19

Branch of JSC VTB Bank in Ioshkar-Ola

Location: ul. Palantaya 112B, Ioshkar-Ola
Republic of Mari El 424000
Telephone: (836-2) 45-04-03

Tatar Branch of JSC VTB Bank in Kazan

Location: ul. Ostrovskogo 84, Kazan
Republic of Tatarstan 420107
Telephone: (843) 570-67-01

Branch of JSC VTB Bank in Nizhny Novgorod

Location: ul. Reshetnikovskaya 4
Nizhny Novgorod 603950
Telephone: (831-2) 18-04-34

Branch of JSC VTB Bank in Orenburg

Location: ul. Chkalova 15/1, Orenburg
Orenburg oblast 460058
Telephone: (353-2) 99-49-92

Branch of JSC VTB Bank in Penza

Location: ul. Moskovskaya 9, Penza
Penza oblast 440000
Telephone: (841-2) 52-03-53

Branch of JSC VTB Bank in Perm

Location: ul. Lunacharskogo 54, Perm
Perm oblast 614000
Telephone: (342) 237-77-11

Branch of JSC VTB Bank in Samara

Location: ul. Mayakovskogo 14, Samara 443100
Telephone: (846-2) 37-53-33

Branch of JSC VTB Bank in Saransk

Location: ul. Bogdana Khmel'nitskogo 42A, Saransk
Republic of Mordovia 430000
Telephone: (834-2) 47-35-84

Branch of JSC VTB Bank in Saratov

Location: ul. Im. M.Yu. Lermontova 28a
Saratov 410002
Telephone: (845-2) 27-04-58

Branch of JSC VTB Bank in Ulyanovsk

Location: ul. Kuznetsova 5a, Ulyanovsk
Ulyanovsk oblast 432062
Telephone: (842-2) 41-62-06

Branch of JSC VTB Bank in Ufa

Location: ul. Shafieva 52, Ufa
Republic of Bashkortostan 450096
Telephone: (347-2) 37-60-00

Branch of JSC VTB Bank in Cheboksary

Location: ul. K. Ivanova 80a, Cheboksary
Chuvash Republic 428018
Telephone: (835-2) 42-04-02

Urals Federal District**Branch of JSC VTB Bank in Ekaterinburg**

Location: ul. Stepana Razina 16
Ekaterinburg 620142
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Branch of JSC VTB Bank in Tyumen

Location: ul. Semakova 2, bldg. 1, Tyumen
Tyumen oblast 625003
Telephone: (345-2) 45-11-55

Branch of JSC VTB Bank in Chelyabinsk

Location: ul. Karla Liebknechta 2, Chelyabinsk
Chelyabinsk oblast 454092
Telephone: (351-2) 39-62-01

Siberian Federal District**Branch of JSC VTB Bank in Barnaul**

Location: Krasnoarmeisky prosp. 10
Barnaul, Altai krai 656049
Telephone: (385-2) 39-91-66

Branch of JSC VTB Bank in Irkutsk

Location: ul. Sverdlova 40
Irkutsk 664003
Telephone: (395-2) 24-39-40

Branch of JSC VTB Bank in Kemerovo

Location: ul. N. Ostrovskogo 12, Kemerovo
Kemerovo oblast 650099
Telephone: (384-2) 36-77-67

Branch of JSC VTB Bank in Krasnoyarsk

Location: Krasnaya pl. 3b, Krasnoyarsk
Krasnoyarsk krai 660021
Telephone: (391-2) 56-08-02

Branch of JSC VTB Bank in Novosibirsk

Location: ul. Kirova 44, Novosibirsk
Novosibirsk oblast 630102
Telephone: (383-2) 02-10-02

Branch of JSC VTB Bank in Omsk

Location: ul. Tarskaya 6, Omsk
Omsk oblast 644099
Telephone: (381-2) 25-53-95

Branch of JSC VTB Bank in Tomsk

Location: prosp. Lenina 39, Tomsk
Tomsk oblast 634034
Telephone: (382-2) 56-46-03

Branch of JSC VTB Bank in Ulan-Ude

Location: ul. Klyuchevskaya 55b, Ulan-Ude
Republic of Buryatia 670013
Telephone: (301-2) 41-54-15

Branch of JSC VTB Bank in Chita

Location: ul. Amurskaya 41, Chita
Chita oblast 672010
Telephone: (302-2) 36-90-03

Far Eastern Federal District

Branch of JSC VTB Bank in Blagoveshchensk

Location: per. Sovetsky 65/1, Blagoveshchensk
Amur oblast 675005
Telephone: (416-2) 22-31-01

Branch of JSC VTB Bank in Vladivostok

Location: ul. Mordovtseva 8a, Vladivostok
Primorsky krai 690091
Telephone: (423-2) 30-14-55

Branch of JSC VTB Bank in Magadan

Location: prosp. Lenina 30B, Magadan
Magadan oblast 685000
Telephone: (413-2) 60-73-34

Branch of JSC VTB Bank in Petropavlovsk-Kamchatsky

Location: ul. Lukashevskogo 11, Petropavlovsk-
Kamchatsky, Kamchatka oblast 683031
Telephone: (415-2) 26-89-00

Branch of JSC VTB Bank in Khabarovsk

Location: ul. Moskovskaya 7, Khabarovsk
Khabarovsk krai 680000
Telephone: (421-2) 41-36-01.

Branch of JSC VTB Bank in Yakutsk

Location: ul. Yaroslavskogo 20, Yakutsk
Republic of Sakha (Yakutia) 677018
Telephone: (411-2) 42-39-43

Banks and financial companies of the VTB Group in Russia

Banks

Bank VTB 24 (closed joint-stock company) VTB 24 (JSC)

Address: ulitsa Myasnitskaya 35, Moscow 101000
Telephone: (495) 777-24-24
Fax: (495) 980-46-66
Website: www.vtb24.ru
E-mail: info@vtb24.ru

Open joint-stock company

Bank VTB North-West

JSC VTB Bank North-West

Address: Nevsky prospekt 38, St. Petersburg 191011
Telephone: (812) 329-83-29
Fax: (812) 310-61-73
Website: www.vtb-sz.ru
E-mail: lider@vtb-sz.ru

Financial companies

Open Joint Stock Company VTB-Leasing

JSC VTB-Leasing

Address: pr. Akademika Sakharova 10, Moscow
107078
Telephone: (495) 514-16-51, 514-16-52, 514-16-53
Fax: (495) 514-16-50
Website: www.vtb-leasing.com
E-mail: ds@vtb-leasing.com

Closed joint-stock company VTB-Capital, CJSC VTB-Capital

Address: ulitsa Bolshaya Morskaya 29, St.
Petersburg, 190000
Telephone: (812) 326-07-70, fax: (812) 326-07-97
E-mail: info@vtbk.ru

Closed joint-stock company VTB-Invest

CJSC VTB-Invest

Address: Capital Plaza, 7th floor, 4-i Lesnoi per. 4,
Moscow 125047
Telephone: (495) 775-54-55, 783-70-35
Fax: (495) 775-54-49
Website: vtb-invest.ru
E-mail: info@vtb-invest.ru

Limited liability company VTB Strakhovanie

Insurance Company

OJSC SK VTB Strakhovanie

Address: Turgenevskaya pl. 2/4, bldg. 1, Moscow
101000
Telephone: (495) 580-73-33, (495) 644-44-40;
8-800-100-44-40 (within Russia)
Fax: (495) 589-24-08
Website: www.vtbins.ru
E-mail: info@vtbins.ru

Limited liability company MultiCarta**OJSC MultiCarta**

Address: ulitsa Vorontsovskaya 43, bldg. 1,
Moscow 109147

Telephone: (495) 784-60-55

Fax: (495) 785-12-24

Website: www.multicarta.ru

E-mail: info@multicarta.vtb.ru

**Closed joint-stock company Obyedinyonnaya
depozitarnaya kompaniya [United Depository
Company]**

CJSC ODK

Address: ulitsa Myasnitskaya 35, Moscow 101000

Telephone: (495) 956-30-70

Fax: (495) 956-30-70

E-mail: odk@odk.ru

Website: www.odk.ru

*Banks and financial companies
of the VTB Group abroad*

Banks and financial companies in Europe

VTB Bank (Europe) Plc**London (United Kingdom)**

Address: 81 King William Street,
London EC4N 7BG, United Kingdom

Telephone: (4420) 7263 2066

Fax: (4420) 7283 4840

Website: www.uk.vtb.com

VTB Bank (France) SA

Address: 79/81, Boulevard Haussmann – 75382
Paris Cedex 08, France

Telephone: (331) 4006 4321

Fax: (331) 4006 4848

Website: www.france.vtb.com

VTB Bank (Deutschland) AG

Address: Walter-Kolb-Strasse 13, D-60594
Frankfurt-am-Main, Germany

Telephone: (4969) 216 8216

Fax: (4969) 216 8389

Website: www.vtb.de

E-mail: service@vtb.de

VTB Bank (Austria) AG

Address: A-1011 Vienna, Parkring 6,

P.O. Box 1451, Austria

Telephone: (431) 515 35 226

Fax: (431) 515 35 316

E-mail: general@vtb-bank.at

Russian Commercial Bank (Cyprus) Ltd.

Address: 2, Amathuntos street,

P.O. Box 56868, 3310 Limassol, Cyprus

Telephone: (357) 25 83 73 00

Fax: (357) 25 34 23 50

E-mail: rcb@rcbcy.com

Russische Kommerzial Bank AG

Address: Hofackerstrasse 32,

Postfach 1274, CH-8032 Zurich, Switzerland

Telephone: (4144) 386 86 86

Fax: (4144) 386 86 87

Website: www.rkb.ch

E-mail: info@rkb.ch

**Euroleasing Gesellschaft mit beschränkter Haftung
Euroleasing GmbH**

Address: Friedrichstrasse 95, D-10117 Berlin,
Bundesrepublik Deutschland

Telephone: (030) 20-96-20-92

Fax: (030) 20-96-20-92

E-mail: BH.EuroLeasing.GmbH@Berlin-city.de

Banks in the CIS

Open Joint-Stock Company VTB Bank**JSC VTB Bank**

Address: ulitsa Gogolevskaya 22-24, Kiev,
01601 Ukraine

Telephone: (38 044) 391-54-09, 239-35-39

Fax: (38 044) 391-54-09

Website: www.vtb.com.ua

E-mail: info@vtb.com.ua

VTB Bank (Belarus) Closed joint-stock company**CJSC VTB Bank (Belarus)**

Address: ulitsa K. Tsetkin 51, Minsk 220004, Belarus

Telephone: +375 (17) 306-26-36

Fax: +375 (17) 306-26-37

E-mail: info@vtb-bank.by

Website: <http://vtb-bank.by>

VTB Bank (Armenia) Closed Joint-Stock Company
VTB Bank (Armenia) CJSC
 Address: ulitsa Nalbandyana 46, Yerevan, Republic of Armenia 375010
 Telephone: (37410) 58 04 51
 Fax: (37410) 56 55 78
 Website: www.vtb.am, www.asb.am
 E-mail: headoffice@vtb.am

Joint Stock Company VTB Bank (Georgia)
JSC VTB Bank (Georgia)
 Address: ulitsa G. Chanturiya 14, Tbilisi, 0102 Georgia
 Telephone: (995 32) 50 55 05
 Fax: (995 32) 99 91 39, 95 60 85
 Website: www.vtb.com.ge
 E-mail: admin@vtb.com.ge

Banks and financial companies in Asia and Africa

Banco VTB Africa S.A.
 Address: Rua da Missão, 22, Luanda, Angola
 Telephone: (244) 222 395 889
 Fax: (244) 222 395 297

VTB Capital (Namibia) (Proprietary) Limited
 Address: Windhoek, Namibia, CIH HOUSE, Ground Floor, P.O. Box 99290
 Telephone: (264) 61 304 588, Fax: (264) 61 304 282

Branches and representative offices abroad

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 Telephone: (+8610) 8526 2800
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 E-mail: chinavtb@public3.bta.net.cn

Branch of JSC VTB Bank in Shanghai (China)
 Address: Unit 01A, 02 and 03, Level 11, Plaza 66 Phase 1, 1266 Nanjing Road West in Shanghai, China
 Telephone: (8621) 6136 6236

Branch of JSC VTB Bank in New Delhi (India)
 Address: Mezzanine floor, Taj Mahal Hotel, Number one, Mansingh Road, New Delhi, 110011
 Telephone: (9111) 6622 1000

Representative office of JSC VTB Bank in the Republic of Kazakhstan
 Address: prospect Dostyk 188, Almaty, Kazakhstan 050051
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