VTB BANK

Interim Condensed Consolidated Financial Statements
with Independent Auditors' Report on Review of Interim
Condensed Consolidated Financial Statements

31 March 2007

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors and Shareholders of VTB Bank:

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of VTB Bank ("the Bank") and its subsidiaries (together "the Group") as at 31 March 2007, and the related interim condensed consolidated statements of income, cash flows and changes in equity for the three months then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of work

We conducted our review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young Vneshaudit

25 June 2007

(expressed in millions of US dollars)

	Note	31 March 2007 (unaudited)	31 December 2006
Assets			
Cash and short-term funds	4	3,523	3,581
Mandatory cash balances with central banks		641	648
Financial assets at fair value through profit or loss	5	7,291	5,120
Financial assets pledged under repurchase agreements and loaned financial assets	6	2,463	2,938
Due from other banks	7	6,193	6,813
Loans and advances to customers	8	31,697	29,262
Financial assets available-for-sale	9	970	888
Investments in associates	10	173	200
Investment securities held-to-maturity		5	11
Premises and equipment		1,427	1,422
Investment property		180	178
Intangible assets		452	455
Deferred tax asset		106	93
Other assets		1,032	794
Total assets		**56,153**	**52,403**
Liabilities			
Due to other banks	11	6,643	7,587
Customer deposits	12	23,381	19,988
Other borrowed funds	13	4,279	4,468
Debt securities issued	14	12,915	11,565
Deferred tax liability		114	125
Other liabilities		512	509
Total liabilities before subordinated debt		**47,844**	**44,242**
Subordinated debt	15	1,166	1,169
Total liabilities		**49,010**	**45,411**
Equity			
Share capital		2,500	2,500
Share premium		1,513	1,513
Unrealized gain on financial assets available-for-sale		49	154
Premises revaluation reserve		336	341
Currency translation difference		391	352
Retained earnings		1,994	1,744
Equity attributable to shareholders of the parent		**6,783**	**6,604**
Minority interest		360	388
Total equity		**7,143**	**6,992**
Total liabilities and equity		**56,153**	**52,403**

Approved for issue and signed on 25 June 2007.

A.L. Kostin
President - Chairman of the Management Board

N.V. Tsekhomsky
Chief Financial Officer

(expressed in millions of US dollars, except earnings per share data)

	Note	For the three-month period ended 31 March (unaudited) 2007	2006
Interest income	16	1,066	729
Interest expense	16	(580)	(384)
Net interest income		**486**	**345**
Provision for loan impairment	19	(62)	(94)
Net interest income after provision for loan impairment		**424**	**251**
Gains less losses arising from financial assets at fair value through profit or loss		20	71
Gains less losses from available-for-sale financial assets		–	111
Gains less losses arising from dealing in foreign currencies		78	(24)
Foreign exchange translation gains less losses		28	123
Fee and commission income	17	111	91
Fee and commission expense	17	(19)	(10)
Share in income of associates		(1)	4
Income arising from non-banking activities		22	22
Other operating income		11	17
Net non-interest income		**250**	**405**
Operating income		**674**	**656**
Staff costs and administrative expenses	18	(365)	(264)
Expenses arising from non-banking activities		(14)	(17)
Profit from disposal of associates	10	18	–
Profit before taxation		**313**	**375**
Income tax expense	21	(81)	(41)
Net profit		**232**	**334**
Net profit attributable to:			
Shareholders of the parent		**218**	**326**
Minority interest		**14**	**8**
Basic and diluted earnings per share (expressed in USD per share)	20	0.000042	0.000063
Basic and diluted earnings per share – continuing operations (expressed in USD per share)	20	0.000042	0.000063

(expressed in millions of US dollars)

	Note	For the three-month period ended 31 March (unaudited) 2007	2006
Cash flows from operating activities			
Interest received		1,057	725
Interest paid		(575)	(376)
Income received on operations with financial assets at fair value through profit or loss		(13)	(12)
Income received on dealing in foreign currency		79	(21)
Fees and commissions received		111	91
Fees and commissions paid		(20)	(10)
Income arising from non-banking subsidiaries and other operating income received		32	40
Staff costs, administrative expenses and expenses arising from non-banking activities paid		(357)	(258)
Income tax paid		(99)	(60)
Cash flows from operating activities before changes in operating assets and liabilities		**215**	**119**
Net decrease (increase) in operating assets			
Net decrease (increase) in mandatory cash balances with local central banks		13	(38)
Net decrease (increase) in restricted cash		13	(12)
Net increase in trading securities designated at fair value through profit or loss		(1,960)	(369)
Net decrease (increase) in financial assets pledged under repurchase agreement		338	(762)
Net decrease (increase) in due from banks		653	(1,814)
Net increase in loans and advances to customers		(2,309)	(467)
Net increase in other assets		(276)	(194)
Net (decrease) increase in operating liabilities			
Net (decrease) increase in due to banks		(972)	142
Net increase in customer accounts		3,148	1,551
Net decrease in promissory notes and certificates of deposits issued		(415)	(473)
Net increase in other liabilities		31	546
Net cash used in operating activities		**(1,521)**	**(1,771)**
Cash flows from investing activities			
Dividends received		3	2
Proceeds from sales or maturities of investment securities available-for-sale		28	174
Purchase of investment securities available-for-sale		(110)	(18)
Purchase of subsidiaries, net of cash acquired		–	(14)
Proceeds from redemption of investment securities held-to-maturity		6	–
Purchase of premises and equipment		(30)	(39)
Proceeds from sale of premises and equipment		24	33
Purchase of intangible assets		(2)	(2)
Net cash used in investing activities		**(81)**	**136**

(expressed in millions of US dollars)

		For the three-month period ended 31 March (unaudited)	
	Note	**2007**	**2006**
Cash flows from financing activities			
Increase in Central Bank of the Russian Federation funding		184	–
Decrease in Central Bank of the Russian Federation funding		(153)	(75)
Proceeds from other credit lines		321	21
Repayment of other credit lines		(13)	–
Redemption of bonds denominated in RUR		–	(72)
Proceeds from issuance of Eurobonds		1,923	600
Proceeds from issuance of SSD debentures (Schuldscheindarlehen)		–	242
Redemption of SSD debentures (Schuldscheindarlehen)		(241)	(157)
Proceeds from syndicated loan		113	1,029
Repayment of syndicated loan		(603)	(591)
Net cash provided by financing activities		**1,531**	**997**
Effect of exchange rate changes on cash and cash equivalents		**26**	**51**
Net increase in cash and cash equivalents		**(45)**	**(587)**
Cash and cash equivalents at beginning of the year	4	3,479	2,541
Cash and cash equivalents at the end of the period	4	**3,434**	**1,954**

(expressed in millions of US dollars)

	Attributable to shareholders of the parent								
	Share capital	Share premium	Unrealized gain on financial assets available-for-sale	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	–	–	2	–	–	–	**2**	2	**4**
Transferred to profit or loss on sale, net of tax			(89)				**(89)**		**(89)**
Effect of translation	–	–	–	–	54	–	**54**	10	**64**
Total income and expense recognized directly in equity	–	–	(87)	–	54	–	**(33)**	12	**(21)**
Net profit	–	–	–	–	–	326	**326**	8	**334**
Total income and expense for the period	–	–	(87)	–	54	326	**293**	20	**313**
Acquisition of subsidiaries	–	–	–	–	–	–	–	1	**1**
Increase in share capital of subsidiaries	–	–	–	–	–	–	–	2	**2**
Balance at 31 March 2006 (unaudited)	**2,500**	**1,513**	**2**	**72**	**140**	**986**	**5,213**	**372**	**5,585**
Balance at 31 December 2006	**2,500**	**1,513**	**154**	**341**	**352**	**1,744**	**6,604**	**388**	**6,992**
Unrealized loss on financial assets available-for-sale, net of tax	–	–	(105)	–	–	–	**(105)**	–	**(105)**
Effect of translation	–	–	–	–	39	–	**39**	5	**44**
Premises revaluation, net of tax	–	–	–	3	–	–	**3**	–	**3**
Transfer of premises revaluation reserve upon depreciation	–	–	–	(2)	–	2	–	–	–
Transfer of premises revaluation reserve due to disposal of premises	–	–	–	(6)	–	6	–	–	–
Total income and expense recognized directly in equity	–	–	(105)	(5)	39	8	**(63)**	5	**(58)**
Net profit	–	–	–	–	–	218	**218**	14	**232**
Total income and expense for the period	–	–	(105)	(5)	39	226	**155**	19	**174**
Increase in share capital of subsidiaries	–	–	–	–	–	25	**25**	(23)	**2**
Acquisition of minority interests	–	–	–	–	–	(1)	**(1)**	(24)	**(25)**
Balance at 31 March 2007 (unaudited)	**2,500**	**1,513**	**49**	**336**	**391**	**1,994**	**6,783**	**360**	**7,143**

1. Principal Activities

VTB Bank and its subsidiaries (the "Group") comprise Russian and foreign commercial banks, and other companies and entities controlled by the Group.

VTB Bank (the "Bank", or "VTB"), was founded as Russia's foreign trade bank under the laws of the Russian Federation on 17 October 1990. In 1998, following several re organizations, VTB was re organized into an open joint stock company. In October 2006 the Group started re-branding to change its name from Vneshtorgbank to VTB. Simultaneously, the names of some of VTB's subsidiaries were changed as presented in Note 25. In March 2007, the Bank for Foreign Trade was renamed into "VTB Bank" (Open Joint-Stock Company).

On 2 January 1991, VTB received a general banking license (number 1000) from the Central Bank of Russia (CBR). In addition, VTB holds licenses required for trading and holding securities and engaging in other securities-related activities, including acting as a broker, a dealer and a custodian, and providing asset management and special depositary services. VTB and other Russian Group banks are regulated and supervised by the CBR and the Federal Service for Financial Markets. Foreign Group banks operate under the bank regulatory regimes of their respective countries.

On 29 December 2004, the Bank became a member of the obligatory deposit insurance system provided by the State Corporation "Agency for Deposits Insurance". The main retail subsidiary "Bank VTB 24", CJSC is also a member of the obligatory deposit insurance system provided by the State Corporation "Agency for Deposits Insurance" since 22 February 2005. OJSC "Industry & Construction Bank", a subsidiary acquired at the end of 2005, is also a member of the obligatory deposit insurance system since 11 January 2005. The State deposit insurance scheme implied that the State Corporation "Agency for Deposits Insurance" will guarantee repayment of individual deposits up to 100 thousand Russian Roubles ("RUR") (approximately USD 4 thousand) per individual in case of the withdrawal of a license of a bank or a CBR imposed moratorium on payments in full amount and for individual deposits exceeding RUR 100 thousand a 90% payment is guaranteed. From 25 March 2007 the maximum total amount of guaranteed payment was increased up to RUR 400 thousand (approximately USD 15 thousand).

On 5 October 2005, VTB re-registered its legal address to 29 Bolshaya Morskaya Street, Saint-Petersburg 190000, Russian Federation. VTB's Head Office is located in Moscow.

A full list of subsidiaries and associates included in these interim condensed consolidated financial statements is provided in Note 25.

The Group operates predominantly in the commercial banking sector. This includes deposit taking and commercial lending in freely convertible currencies and in Russian Roubles, support of clients' export/import transactions, foreign exchange, securities trading, and trading in derivative financial instruments. The Group's operations are conducted in both Russian and international markets. The Group's operations are not subject to seasonal fluctuations. The Group conducts its banking business in Russia through 4 subsidiary banks with its network of 152 branches, including 58 branches of VTB, 40 branches of CJSC "Bank VTB 24" and 54 branches of OJSC "Industry & Construction Bank", located in major Russian regions. The Group operates outside Russia through 12 bank subsidiaries, located in the Commonwealth of Independent States ("CIS") (Armenia, Georgia, Ukraine (2 banks)), Europe (Austria, Cyprus, Switzerland, Germany, France and Great Britain), Africa (Angola and Namibia) and through 4 representative offices located in India, Italy, China and Belarus.

VTB's majority shareholder is the Russian Federation state, acting through the Federal Property Agency, which holds 99.9% of VTB's issued and outstanding shares at 31 December 2006 and 31 March 2007.

The number of employees of the Group at 31 March 2007 was 29,550 (31 December 2006: 28,466).

Unless otherwise noted herein, all amounts are expressed in millions of US dollars.

2. Operating Environment of the Group

The Group operates primarily within the Russian Federation. Whilst there have been improvements in the Russian economic situation, such as an increase in gross domestic product and a reduced rate of inflation, Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

3. Basis of Preparation

General

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting”. Accordingly, they do not include all of the information required by International Financial Reporting Standards (IFRS) for a complete set of financial statements. Operating results for the three-month period ended 31 March 2007 are not necessarily indicative of the results that may be expected for the year ending 31 December 2007. The Bank and its subsidiaries and associates maintain their accounting records in accordance with regulations applicable in their country of registration. These interim condensed consolidated financial statements are based on those accounting books and records, as adjusted and reclassified to comply with International Accounting Standard 34 “Interim Financial Reporting”.

These interim condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of premises and equipment, available-for-sale financial assets, and financial instruments categorised as at fair value through profit or loss.

The national currency of the Russian Federation, where the Bank is domiciled, is the Russian rouble (RUR). However, the Bank’s assets and liabilities are mostly concentrated in United States dollars (“US dollars” or “USD”) and RUR. The US dollar is used to a significant extent in, and has a significant impact on the operations of the Bank, and the Bank’s cash flows are primarily denominated in US dollars. Also, the US dollar is the currency in which Management of the Bank manages the business risks and exposures, and measures the performance of the Bank’s business. Based upon these and other factors, the functional currency of the Bank is considered to be the US dollar.

These interim condensed consolidated financial statements should be read in conjunction with the complete consolidated financial statements as of 31 December 2006.

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts. These estimates are based on information available as of the date of the financial statements. Actual results can differ significantly from such estimates.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year.

Foreign Currency Translation

At 31 March 2007, the principal rate of exchange used for translating balances in Russian Roubles to USD was USD 1 to RUR 26.0113 (at 31 December 2006: USD 1 to RUR 26.3311), and the principal rate of exchange used for translating balances in Euro was USD 1 to Euro 0.7499 (at 31 December 2006: USD 1 to Euro 0.7589).

(expressed in millions of US dollars)

3 Basis of Preparation (continued)

Reclassifications

The following reclassifications within the statement of income for the three months ended 31 March 2006 to conform to the 2007 presentation:

	As previously reported	Reclassification	As adjusted
Interest income	709	20	729
Interest expense	(379)	(5)	(384)
Foreign exchange translation gains less losses	119	4	123
Gains less losses arising from financial assets at fair value through profit or loss	90	(19)	71
Income arising from non-banking activities	–	22	22
Other operating income	42	(25)	17
Expenses arising from non-banking activities	–	(17)	(17)
Staff costs and administrative expenses	(281)	17	(264)
Provision for other assets impairment and provisions	(3)	3	–

The Group also made certain reclassifications within the statement of cash flows for the three months ended 31 March 2006 to conform to the 2007 presentation:

	As previously reported	Reclassification	As adjusted
Interest received	705	20	725
Interest paid	(371)	(5)	(376)
Income received on dealing in foreign currency	(25)	4	(21)
Income received on operations with financial assets at fair value through profit or loss	7	(19)	(12)

4. Cash and Short-Term Funds

	31 March 2007 (unaudited)	31 December 2006
Cash on hand	747	930
Cash balances with central banks (other than mandatory reserve deposits)	1,736	1,267
Correspondent accounts with other banks		
- Russian Federation	604	551
- Other countries	436	833
Total cash and short-term funds	**3,523**	**3,581**
Less: restricted cash	(89)	(102)
Total cash and cash equivalents	**3,434**	**3,479**

5. Financial Assets at Fair Value through Profit or Loss

	31 March 2007 (unaudited)	31 December 2006
Financial assets held for trading	6,991	4,786
Financial assets designated as at fair value through profit or loss	300	334
Total	**7,291**	**5,120**

(expressed in millions of US dollars)

5. Financial Assets at Fair Value through Profit or Loss (continued)

Financial Assets Held for Trading

	31 March 2007 (unaudited)	31 December 2006
Debt securities denominated in USD		
Russian corporate Eurobonds	637	583
Bonds of foreign companies and banks	287	369
Eurobonds of the Russian Federation	114	37
Russian MinFin bonds (OVGVZ)	79	74
Bonds of foreign governments	5	12
Promissory notes and debentures	–	8
Debt securities denominated in RUR		
Promissory notes and debentures	2,405	2,171
Russian Federal loan bonds (OFZ)	1,178	902
Debt securities denominated in other currencies		
Foreign corporate bonds	164	157
Bonds of foreign governments	51	75
Russian corporate Eurobonds	9	15
Equity securities	1,903	308
Balances arising from derivative financial instruments (Note 22)	159	75
Total	**6,991**	**4,786**

During the three months ended 31 March 2007 financial assets held for trading increased mainly due to purchase of equity securities issued by the leading Russian companies as well as due to purchase of debentures. Equity securities are mostly issued by Russian oil and gas companies, energy and manufacturing companies, banks, telecommunication.

Financial Assets Designated as at Fair Value through Profit or Loss

	31 March 2007 (unaudited)	31 December 2006
Bonds of Russian companies and banks	81	74
Eurobonds of the Russian Federation	5	107
Bonds of foreign companies and banks	134	123
Bonds of foreign governments	8	8
Municipal bonds	16	16
Other	56	6
Total	**300**	**334**

(expressed in millions of US dollars)

6. Financial Assets Pledged under Repurchase Agreements and Loaned Financial Assets

	31 March 2007 (unaudited)	31 December 2006
Financial assets at fair value through profit or loss		
Promissory notes	141	139
Bonds of foreign companies and banks	55	52
Russian Federal loan bonds (OFZ)	78	43
Russian corporate Eurobonds	42	43
Equity securities	90	27
Bonds of foreign governments	27	26
Russian Municipal bonds	23	7
Russian corporate bonds	27	3
Eurobonds of Russian Federation and MinFin Bonds	–	–
Total financial assets at fair value through profit or loss	***483***	***340***
Financial assets available-for-sale		
EADS shares	1,262	1,402
Bonds of foreign governments	325	645
Bonds of foreign companies and banks	393	551
Total financial assets available-for-sale	***1,980***	***2,598***
Total	**2,463**	**2,938**

In the third quarter of 2006 VTB purchased 41 million shares of European Aeronautic Defence and Space Company (EADS) (approximately 5% of the share capital). The Group had an unrealized loss on EADS shares of USD 103 million, net of tax, accounted within equity under caption "Unrealized gain or loss on available-for-sale financial assets" during three months ended 31 March 2007.

Decrease in financial assets pledged under Repurchase Agreements and Loaned Financial Assets occurred due to disposal of bonds issued by foreign governments, foreign companies and banks by one of the subsidiaries.

7. Due from Other Banks

	31 March 2007 (unaudited)	31 December 2006
Current term placements with other banks	5,305	6,013
Reverse sale and repurchase agreements with other banks	896	808
Total gross due from other banks	**6,201**	**6,821**
Less: Allowance for loan impairment (Note 19)	(8)	(8)
Total due from other banks	**6,193**	**6,813**

(expressed in millions of US dollars)

8. Loans and Advances to Customers

	31 March 2007 (unaudited)	31 December 2006
Current loans and advances	30,804	28,437
Reverse sale and repurchase agreements with customers	1,056	1,152
Rescheduled loans and advances	415	242
Overdue loans and advances	456	404
Total gross loans and advances to customers	**32,731**	**30,235**
Less: Allowance for loan impairment (Note 19)	(1,034)	(973)
Total loans and advances to customers	**31,697**	**29,262**

At 31 March 2007, included in current loans are lease receivables of USD 553 million (31 December 2006: USD 469 million), equal to the net investment in leases.

Economic sector risk concentrations within the customer loan portfolio are as follows:

	31 March 2007 (unaudited)		31 December 2006	
	Amount	%	Amount	%
Finance	5,701	17	5,049	17
Trade and commerce	5,138	16	4,790	16
Manufacturing	3,739	12	4,067	13
Individuals	3,027	9	2,533	8
Building construction	2,377	7	2,364	8
Government bodies	1,807	6	1,668	6
Metals	1,733	5	1,556	5
Oil and Gas	1,623	5	1,507	5
Food and agriculture	1,400	4	1,104	4
Transport	1,390	4	1,288	4
Energy	961	3	937	3
Chemical	823	3	789	3
Coal mining	734	2	705	2
Telecommunications and media	368	1	406	1
Aircraft	311	1	243	1
Other	1,599	5	1,229	4
Total gross loans and advances to customers	**32,731**	**100**	**30,235**	**100**

At 31 March 2007, the total amount of outstanding loans issued by the Group to 10 largest groups of interrelated borrowers comprise USD 5,809 million, or 18% of the gross loan portfolio (31 December 2006: USD 5,342 million, or 18%).

At 31 March 2007 accrued interest income on impaired loans was USD 102 million (31 December 2006: USD 105 million).

Finance includes loans made for acquisition finance, to insurance and leasing companies, to non-bank investment companies, and financial arms of Russian industrial groups. Trade and commerce includes businesses in the retail, wholesale goods and services industries. Manufacturing includes all manufacturing industries, including, among others, machine building, automotive and ship building.

(expressed in millions of US dollars)

9. Financial Assets Available-for-sale

	31 March 2007 (unaudited)	31 December 2006
CJSC "ALROSA" shares	333	333
Bonds issued by foreign companies and banks	218	162
Other equity investments	148	149
Russian corporate Eurobonds	88	85
Eurobonds of the Russian Federation	56	55
OJSC "Terminal" shares	39	–
Russian MinFin bonds (OVGVZ)	31	30
Bonds issued by foreign governments	25	15
Promissory notes	20	26
Municipal bonds	12	13
OJSC “International Moscow Bank” shares	–	20
Total	**970**	**888**

In March, 2007 VTB purchased 25%+1 share in OJSC “Terminal”. OJSC “Terminal” is established to finance the construction of “Sheremyetevo-3” airport terminal in Moscow region. Due to the specifics of the purchase agreement which significantly reduce the ability of VTB to influence the operations of OJSC “Terminal”, VTB classified this investment at initial recognition as an available-for-sale financial asset.

10. Investments in Associates

			31 March 2007 (unaudited)		31 December 2006	
	Country of registration	Industry	Carrying amount	Ownership percentage	Carrying amount	Ownership percentage
“Eurofinance Mosnarbank”, OJSC	Russia	Bank	115	34.27%	116	34.07%
“East-West United Bank”, S.A.	Luxembourg	Bank	41	48.60%	40	48.55%
“Insurance Company VTB-Rosno”, Ltd	Russia	Insurance	9	49.99%	9	49.99%
"Vietnam-Russia Joint Venture Bank"	Vietnam	Bank	5	49.00%	5	49.00%
“Management Company ICB”, limited	Russia	Finance	3	24.98%	4	24.98%
“Halladale PLC”	Great Britain	Property	–	–	26	23.00%
“Interbank Trading House”, Ltd	Russia	Commerce	–	50.00%	–	50.00%
Total investments in associates			**173**		**200**	

In March 2007 the equity investment in Halladale Group plc., held through the VTB Bank Europe wholly owned subsidiary VTB Europe Strategic Investments, was sold to an unrelated third party for USD 44 million. VTB Bank Europe recognised gains arising from the transaction in the amount of USD 18 million.

(expressed in millions of US dollars)

11. Due to Other Banks

	31 March 2007 (unaudited)	31 December 2006
Term loans and deposits	3,097	3,080
Correspondent accounts and overnight deposits of other banks	1,687	1,931
Sale and repurchase agreements with other banks	1,859	2,576
Total due to other banks	**6,643**	**7,587**

At 31 March 2007 the Group had a legal right to set-off and intends to settle deposits in the amount of Euro 416 million (31 December 2006: Euro 260 million) due from one European bank against the amount due to that bank under the sale and repurchase agreements, accordingly, that financial liability was presented net of the related asset.

12. Customer Deposits

	31 March 2007 (unaudited)	31 December 2006
State and public organizations		
Current/settlement deposits	810	774
Term deposits	3,285	1,398
Other legal entities		
Current/settlement deposits	6,767	5,598
Term deposits	4,331	4,883
Individuals		
Current/settlement deposits	1,804	1,777
Term deposits	6,114	5,549
Sale and repurchase agreements with customers	270	9
Total customer deposits	**23,381**	**19,988**

The increase in term deposits of state and public organizations during the period ended 31 March 2007 related to the attraction of RUR denominated short-term deposits from Russian local authorities.

13. Other Borrowed Funds

	31 March 2007 (unaudited)	31 December 2006
CBR deposits	684	653
Syndicated loans	2,374	2,864
Revolving credit lines	16	15
Other credit lines	1,205	936
Total other borrowed funds	**4,279**	**4,468**

In February 2007, VTB fully repaid a syndicated loan with a face value of USD 300 million. In January 2007 VTB Bank Europe fully repaid a syndicated loan with a face value of USD 140 million. In the first quarter of 2007, VTB Bank (France) fully repaid a syndicated loan with a face value of USD 150 million.

(expressed in millions of US dollars)

14. Debt Securities Issued

	31 March 2007 (unaudited)	31 December 2006
Bonds	11,328	9,341
Promissory notes	1,487	1,877
Deposit certificates	100	106
Debentures	–	241
Total debt securities issued	**12,915**	**11,565**

In January 2007, VTB redeemed EUR denominated Schuldscheindarlehen (debentures) with face value of EUR 200 million.

In March 2007, VTB issued EUR 1,000 million Eurobonds with a floating rate of EURIBOR+0.6% maturing in March 2009.

In March 2007, VTB issued GBP 300 million Eurobonds with a fixed rate of 6.332% maturing in March 2010.

The decrease in the amount of promissory notes during the period ended 31 March 2007 was primarily associated with the substitution of promissory notes issued by “VTB-Leasing”, OJSC by a long-term RUR denominated loan from an unrelated foreign bank.

15. Subordinated Debt

On 4 February 2005, VTB Capital S.A., a Luxembourg based special purpose entity of the Group used for issuance of Eurobonds, issued USD 750 million of Eurobonds (with a call option for early repayment on the fifth anniversary of such date) due February 2015, the proceeds of which financed a subordinated loan to VTB. The Eurobonds bear interest at 6.315% per annum payable semi-annually, with an interest rate step-up in 2010. As of 31 March 2007 the carrying amount of this subordinated debt was USD 755 million (31 December 2006: USD 766 million). The Bank’s management expects to settle the debt in 2010 before the interest rate step-up.

On 29 September 2005, “Industry & Construction Bank”, OJSC issued USD 400 million subordinated Eurobonds due September 2015 with an early redemption option (1 October 2010; price 100; type call). The Eurobonds bear interest at 6.2% per annum payable semi-annually, with an interest rate step-up in 2010. The transaction was structured as an issue of notes by Or-ICB S.A. (Luxembourg) for the purpose of financing a subordinated loan to the Bank. As of 31 March 2007, the carrying amount of this subordinated debt was USD 397 million (31 December 2005: USD 389 million). The Bank’s management expects to settle the debt in 2010 before the interest rate step-up.

(expressed in millions of US dollars)

16. Interest Income and Expense

	For the three-month period ended 31 March (unaudited)	
	2007	**2006**
Interest income		
Loans and advances to customers	854	566
Securities	115	95
Due from other banks	97	68
Total interest income	**1,066**	**729**
Interest expense		
Customer deposits	(236)	(135)
Debt securities issued	(179)	(103)
Subordinated debt	(19)	(18)
Due to banks and other borrowed funds	(146)	(128)
Total interest expense	**(580)**	**(384)**
Net interest income	**486**	**345**

17. Fee and Commission Income and Expense

	For the three-month period ended 31 March (unaudited)	
	2007	**2006**
Commission on settlement transactions	64	36
Commission on cash transactions	19	13
Commission on guarantees issued	10	17
Commission on operations with securities	10	6
Other	8	19
Total fee and commission income	**111**	**91**
Commission on settlement transactions	(9)	(4)
Commission on cash transactions	(3)	(2)
Other	(7)	(4)
Total fee and commission expense	**(19)**	**(10)**
Net fee and commission income	**92**	**81**

(expressed in millions of US dollars)

18. Staff Costs and Administrative Expenses

	For the three-month period ended 31 March (unaudited)	
	2007	2006
Staff costs	167	120
Defined contribution pension expenses	16	12
Depreciation and other expenses related to premises and equipment	41	32
Leasing and rent expenses	23	17
Taxes other than on income	19	12
Advertising expenses	17	10
Professional services	10	4
Charity	4	2
Security expenses	9	7
Insurance	8	7
Post and telecommunication expenses	7	5
Impairment and amortization of intangibles, except for core deposit intangible	2	5
Amortization of core deposit intangible	11	8
Other	31	23
Total staff costs and administrative expenses	**365**	**264**

19. Allowances for Impairment and Provisions

The movements in allowances for impairment of interest earning assets were as follows:

	Due from other banks	Loans and advances to customers	Total
Balance at 31 December 2005	**7**	**608**	**615**
Provision for loan impairment during the period	2	92	94
Balance at 31 March 2006 (unaudited)	**9**	**700**	**709**
Balance at 31 December 2006	**8**	**973**	**981**
Provision for loan impairment during the period	–	62	62
Currency translation difference	–	(1)	(1)
Balance at 31 March 2007 (unaudited)	**8**	**1,034**	**1,042**

Allowances for impairment of assets are deducted from the carrying amounts of the related assets. Provisions for claims, guarantees and commitments are recorded in liabilities. In accordance with Russian legislation, loans may only be written off upon the approval of the Board of Directors and, in certain cases, upon the respective decision of the Court.

20. Basic and Diluted Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the Group and held as treasury shares.

The Group has no diluted potential ordinary shares; therefore, the diluted earnings per share are equal to basic earnings per share.

	For the three-month period ended 31 March (unaudited)	
	2007	**2006**
Net profit attributable to shareholders of the parent *(in millions of US dollars)*	218	326
Weighted average number of ordinary shares (adjusted retrospectively for split of 1 share to 100,000 shares in 2006) in issue	5,211,112,400,000	5,211,112,400,000
Basic and diluted earnings per share (expressed in USD per share)	**0.000042**	**0.000063**
Basic and diluted earnings per share – continuing operations (expressed in USD per share)	0.000042	0.000063

21. Income Tax

In the first quarter of 2006, VTB earned non-taxable profits from operating activities and non-taxable gains from foreign exchange giving rise to tax benefits of USD 35 million and USD 25 million, respectively, which contributed to the reduction of the Group's effective tax rate for the first quarter of 2006 to 11%. In the first quarter of 2007, the effective tax rate was 26% as there were no such significant non-taxable gains.

22. Contingencies, Commitments and Derivative Financial Instruments

Legal proceedings. From time to time and in the normal course of business, claims against the Group are received. Management is of the opinion that there would be no material outflow of resources and accordingly no provision has been made in these interim condensed consolidated financial statements.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees that represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized by cash deposits and therefore carry less risk than direct lending.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees, or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(expressed in millions of US dollars)

22. Contingencies, Commitments and Derivative Financial Instruments (continued)

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

Outstanding credit related commitments are as follows:

	31 March 2007 (unaudited)	31 December 2006
Guarantees issued	3,095	3,164
Undrawn credit lines	4,063	3,944
Import letters of credit	1,043	999
Commitments to extend credit	2,259	1,814
Less: allowance for losses on credit related commitments	(4)	(3)
Total credit related commitments	**10,456**	**9,918**

The Bank has received export letters of credit for further advising to its customers. The total amount of received letters of credit as of 31 March 2007 was USD 1,809 million (31 December 2006: USD 2,120 million). Commitments under import letters of credit and guarantees are collateralized by customer deposits of USD 174 million (31 December 2006: USD 66 million).

At 31 March 2007, included in guarantees issued above are guarantees issued for one Russian company of USD 718 million (23% of the guarantees issued) (31 December 2006: USD 806 million, 25% of the guarantees issued).

Derivative financial instruments. Foreign exchange and other financial instruments are generally traded in an over-the-counter market with professional market counterparties on standardized contractual terms and conditions.

The principal amounts of certain types of financial instruments provide a basis for comparison with instruments recognized in the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or principal amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The principal or agreed amounts and fair values of derivative instruments held are set out in the following table. This table reflects gross position before the netting of any counterparty position by type of instrument and covers the contracts with a maturity date subsequent to 31 March 2007. These contracts were mainly entered into in March 2007 and settled early in April 2007.

(expressed in millions of US dollars)

22. Contingencies, Commitments, and Derivative Financial Instruments (continued)

The table below includes contracts outstanding at 31 March 2007:

	Russian counterparts			**Foreign counterparts**		
	Notional amount	**Negative fair value**	**Positive fair value**	**Notional amount**	**Negative fair value**	**Positive fair value**
Term						
- sale of foreign currency	97	–	2	2,094	(2)	34
- purchase of foreign currency	550	(5)	–	903	(4)	–
- exchange of foreign currency	5	(5)	4	2,189	(9)	11
- sale of precious metals	–	–	–	10	–	–
- sale of securities	297	(1)	–	1,077	(56)	40
- purchase of securities	4	–	–	809	(15)	55
Swaps						
- sale of foreign currency	19	–	–	214	–	4
- purchase of foreign currency	274	–	–	35	–	–
- exchange of foreign currency	–	–	–	101	(1)	–
- sale of Credit Default Swaps	–	–	–	842	(1)	–
- purchase of Credit Default Swaps	–	–	–	17	–	2
- Interest Rate Swaps	–	–	–	579	(13)	–
Options on precious metals						
- written put on precious metals	–	–	–	9	–	–
- purchased put on precious metals	–	–	–	10	–	–
- written call on precious metals	–	–	–	13	(1)	–
- purchased call on precious metals	–	–	–	13	–	1
Options on foreign currency						
- written put on foreign currency	–	–	–	43	–	–
- purchased put on foreign currency	–	–	–	30	–	–
- written call on foreign currency	–	–	–	67	(1)	–
- purchased call on foreign currency	–	–	–	21	–	1
Options on securities						
- written put on securities	2,086	–	–	–	–	–
- purchased put on securities	–	–	–	132	–	2
- written call on securities	–	–	–	47	(1)	–
- purchased call on securities	45	–	1	42	–	2
Total	**3,377**	**(11)**	**7**	**9,297**	**(104)**	**152**

(expressed in millions of US dollars)

22. Contingencies, Commitments, and Derivative Financial Instruments (continued)

Derivative financial instruments (continued). The table below includes contracts outstanding at 31 December 2006.

	Russian counterparts			Foreign counterparts		
	Notional amount	**Negative fair value**	**Positive fair value**	**Notional amount**	**Negative fair value**	**Positive fair value**
Term						
- sale of foreign currency	287	–	7	1,662	(2)	16
- purchase of foreign currency	303	(6)	–	631	(4)	4
- exchange of foreign currency	5	–	–	332	(15)	1
- sale of precious metals	–	–	–	166	–	2
- sale of securities	–	–	–	6	–	–
- purchase of securities	–	–	–	100	–	23
Swaps						
- sale of foreign currency	64	–	–	111	–	1
- purchase of foreign currency	1	–	–	233	–	5
- exchange of foreign currency	5	–	–	1,292	(12)	2
- sale of credit default swaps	–	–	–	612	–	–
- purchase of credit default swaps	–	–	–	29	–	–
- interest rate swaps	78	–	–	219	(4)	–
Options on precious metals						
- purchased put on precious metals	–	–	–	9	–	–
- purchased call on precious metals	–	–	–	10	–	–
Options on foreign currency						
- written put on foreign currency	–	–	–	42	–	–
- purchased put on foreign currency	–	–	–	30	–	–
- written call on foreign currency	–	–	–	87	–	–
- purchased call on foreign currency	–	–	–	7	–	–
Options on securities						
- written put on securities	2,060	–	–	79	–	4
- purchased put on securities	–	–	–	190	(8)	–
- written call on securities	57	–	–	–	–	–
- purchased call on securities	55	–	–	96	–	10
Total	**2,915**	**(6)**	**7**	**5,943**	**(45)**	**68**

Purchase commitments. As of March 31, 2007 the Group had USD 260 million outstanding commitments for purchase of precious metals (31 December 2006: USD 275 million). As the price of these contracts is linked to the fair value of precious metals at the date of delivery, no gain or loss is recognised on these contracts.

(expressed in millions of US dollars)

23. Analysis by Segment

In accordance with IAS 14, "Segment Reporting", the Group's primary format for reporting segment information is geographical segments. Geographical segment information is based on geographical location of assets and liabilities and related revenues of entities within the Group. VTB has predominantly one business segment, commercial banking, therefore no business segment disclosure is presented. Segment information for the three main reportable geographical segments of the Group: Russia, Other CIS and Europe and Other, is set out below for the period ended 31 March 2007 (unaudited).

Revenues disclosed in the note include the following: interest income, fee and commission income, other operating income, income arising from non-banking activities, gains less losses from financial assets available-for-sale, gains less losses from financial assets at fair value through profit or loss, gains less losses from dealing in foreign currencies and share in income of associates.

	Russia	Other CIS	Europe and Other	Total before intersegment eliminations	Intersegment eliminations	Total
Total revenues	1,094	47	234	1,375	(39)	**1,336**
External customers	1,062	47	227	1,336		**1,336**
Other segments	32	–	7	39	(39)	**–**
Segment results (profit before taxation)	255	9	49	313		**313**
Income tax expense						**(81)**
Net profit						**232**
Segment assets as of 31 March 2007	45,616	1,256	11,801	58,673	(2,667)	**56,006**
Income tax assets	58	4	85	147		**147**
Total assets as of 31 March 2007	45,674	1,260	11,886	58,820	(2,667)	**56,153**
Segment liabilities as of 31 March 2007	40,612	1,066	9,866	51,544	(2,667)	**48,877**
Income tax liabilities	111	3	19	133		**133**
Total liabilities as of 31 March 2007	40,723	1,069	9,885	51,677	(2,667)	**49,010**
Other segment items						
Profit from disposal of subsidiaries	–	–	18	18		**18**
Share in income of associates	(1)	–	–	(1)		**(1)**
Capital expenditure	14	3	15	32		**32**
Depreciation and amortization charge	22	2	2	26		**26**
Other non-cash income (expenses)						
Provision for loan impairment	(52)	(4)	(6)	(62)		**(62)**
Reversal (impairment charge) for other provisions						
Interest income	858	39	207	1,104	(38)	**1,066**
Interest expense	(455)	(16)	(147)	(618)	38	**(580)**
Net interest income	403	23	60	486		**486**

(expressed in millions of US dollars)

23. Analysis by Segment (continued)

Segment information for the three main reportable geographical segments of the Group: Russia, Other CIS and Europe and Other, at 31 December 2006 and results for the three months ended 31 March 2006 is set out below (unaudited):

	Russia	Other CIS	Europe and Other	Total before intersegment eliminations	Intersegment eliminations	Total
Total revenues	990	13	189	1,192	(24)	**1,168**
External customers	966	13	189	1,168		**1,168**
Other segments	24	–	–	24	(24)	**–**
Segment results (profit before taxation)	347	(3)	31	375		**375**
Income tax expense						**(41)**
Net profit						**334**
Segment assets as of 31 December 2006	41,161	1,233	12,367	54,761	(2,468)	**52,293**
Income tax assets	16	4	90	110		**110**
Total assets as of 31 December 2006	41,177	1,237	12,457	54,871	(2,468)	**52,403**
Segment liabilities as of 31 December 2006	36,218	1,049	10,455	47,722	(2,468)	**45,254**
Income tax liabilities	136	4	17	157		**157**
Total liabilities as of 31 December 2006	36,354	1,053	10,472	47,879	(2,468)	**45,411**
Other segment items						
Share in income of associates	1	–	3	4		**4**
Capital expenditure	31	4	1	36		**36**
Depreciation and amortization charge	21	1	2	24		**24**
Other non-cash income (expenses)						
Provision for loan impairment	(85)	(2)	(7)	(94)		**(94)**
Interest income	568	11	173	752	(23)	**729**
Interest expense	(283)	(10)	(114)	(407)	23	**(384)**
Net interest income	285	1	59	345		**345**

24. Related Party Transactions

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 “Related Party Disclosures”. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

(expressed in millions of US dollars)

24. Related Party Transactions (continued)

Commencing 1 January 2005, the revised IAS 24 removed the exemption for state-controlled entities from the requirement to disclose transactions with other state-controlled entities. Since the Bank is a state-owned entity, the Bank introduced a policy, in accordance with which it discloses transactions and outstanding balances with state-owned entities, as well as details of guarantees given or received, whether directly or indirectly.

During the first quarter of 2007, Bank VTB 24 repurchased its own shares from a minority shareholder, which is a related party to the Group, for USD 25 million, accordingly increasing the ownership of the Group in Bank VTB 24 to 100%.

In March 2007 VTB purchased 25%+1 share in OJSC "Terminal" from a related party (Note 9).

In the normal course of business the Group enters into a significant number of transactions with related parties, which include lending, deposit taking, settlements and other transactions. Such transactions entered by the Bank during the period ended 31 March 2007 were made on an arm's length basis.

Transactions and balances with related parties comprise transactions and balances with state-owned entities and associates and are stated in the tables below.

Balance sheet:

	31 March 2007 (unaudited)		31 December 2006	
	State-owned entities	**Associates**	**State-owned entities**	**Associates**
Assets				
Cash and short-term funds	2,064	–	1,236	–
Mandatory cash balances with central banks	577	–	571	–
Financial assets at fair value through profit or loss	3,595	–	2,456	–
Financial assets pledged under repurchase agreements and loaned financial assets	173	–	207	–
Due from other banks	176	84	731	72
Loans and advances to customers	5,242	68	5,435	65
Allowance for loan impairment	(62)	(28)	(80)	(31)
Financial assets available-for-sale	506	–	470	–
Liabilities				
Due to other banks	694	1	495	7
Customer deposits	7,506	7	4,221	6
Other borrowed funds	789	–	653	–
Credit Related Commitments				
Guarantees issued	1,725	–	1,758	–
Undrawn credit lines	1,175	–	1,079	–
Import letters of credit	165	–	100	–
Commitments to extend credit	713	–	333	34
Other credit related commitments	–	–	100	2

(expressed in millions of US dollars)

24. Related Party Transactions (continued)

Income Statement:

	For the three-month period ended 31 March (unaudited)	
	2007	**2006**
Interest income		
Loans and advances to customers	119	126
Securities	35	45
Due from other banks	7	3
Interest expense		
Customer deposits	(38)	(23)
Due to other banks	(11)	(15)
Provision for impairment	(21)	(6)

For the period ended 31 March 2007, the total remuneration of the directors and key management personnel, including pension contributions and discretionary compensation, amounted to USD 28.0 million (31 March 2006: USD 13.9 million). Pension contributions of the directors and key management personnel amounted to USD 8.6 million (31 March 2006: USD 4.3 million). Key management personnel include VTB Supervisory Council, VTB Management Board, VTB Statutory Audit Committee and key management of subsidiaries.

(expressed in millions of US dollars)

25. Consolidated Subsidiaries and Associates

The subsidiaries and associates included in these consolidated financial statements are presented in the table below:

Name	Activity	Country of registration	Percentage of ownership 31 March 2007 (unaudited)	Percentage of ownership 31 December 2006
Subsidiaries:				
“VTB Bank (Austria)” AG	Banking	Austria	100.00%	100.00%
“Russian Commercial Bank (Cyprus) Limited”	Banking	Cyprus	100.00%	100.00%
“Russian Commercial Bank Ltd”	Banking	Switzerland	100.00%	100.00%
“Vneshtorgbank (Ukraine)”, CJSC	Banking	Ukraine	100.00%	100.00%
“Mriya”, OJSC	Banking	Ukraine	98.47%	98.47%
“VTB Bank (Armenia)”, CJSC	Banking	Armenia	70.00%	70.00%
“VTB Bank (Georgia)”, JSC	Banking	Georgia	53.17%	53.17%
“Bank VTB 24”, CJSC	Banking	Russia	100.00%	96.68%
“VTB Broker” , OJSC	Banking	Russia	99.83%	99.83%
“Novosibirskvneshtorgbank”, CJSC	Banking	Russia	99.58%	99.58%
“VTB Bank (Deutschland)” AG	Banking	Germany	81.43%	78.82%
“Industry & Construction Bank”, OJSC	Banking	Russia	75.00%	75.00%
“VTB Bank (France)”	Banking	France	80.12%	77.55%
“VTB Bank Europe”, Plc.	Banking	Great Britain	92.05%	89.10%
"VTB Capital (Namibia) (Property) Limited"	Investment	Namibia	50.03%	50.03%
“Multicarta”, Ltd	Plastic cards	Russia	100.00%	100.00%
“Euroleasing”, GMBH	Leasing	Germany	63.00%	63.00%
“I.T.C. Consultants (Cyprus)”, Ltd	Finance	Cyprus	100.00%	100.00%
“VB-Service”, Ltd	Commerce	Russia	100.00%	100.00%
“Non-state Pension Fund of Vneshtorgbank”	Insurance	Russia	100.00%	100.00%
“Almaz-Press”, CJSC	Publishing	Russia	100.00%	100.00%
“Almaz-Print”, CJSC	Publishing	Russia	100.00%	100.00%
“Rassvet-Expo”, CJSC	Publishing	Russia	100.00%	100.00%
“Rasters”, CJSC	Publishing	Russia	100.00%	100.00%
“Dom Rybaka”, Ltd	Recreation	Russia	100.00%	100.00%
“VTB-Leasing”, OJSC	Leasing	Russia	100.00%	100.00%
“Embassy Development Limited”	Finance	Jersey	100.00%	100.00%
“VTB-Capital”, CJSC	Finance	Russia	100.00%	100.00%
“VTB Strategic Investments Limited”	Investment	England	92.05%	89.10%
“VTB Finance”, B.V.	Finance	Netherlands	92.05%	89.10%
“VTB Strategic Investments (Russia) Limited”	Investment	England	92.05%	89.10%
“Business-Finance”, Ltd	Finance	Russia	100.00%	96.68%
“ICB Finance B.V.”	Finance	Netherlands	75.00%	75.00%
“ICB Finance”, Ltd	Finance	Russia	75.00%	75.00%
“Uralpromstroyleasing” , Ltd	Leasing	Russia	75.00%	75.00%
“ICB-Invest Group”, OJSC	Finance	Russia	74.25%	74.25%
"MC ICB", Ltd	Real estate	Russia	74.25%	–
“Dolgovoi centre VTB RU”, CJSC	Finance	Russia	100.00%	96.68%
“Sistema Plus”, CJSC	Finance	Russia	100.00%	96.68%
“Tekhnoinvest”, CJSC	Trading	Russia	90.00%	87.01%
“Rafinco Co”, Inc	Trading	USA	100.00%	100.00%
“VTB Invest”, CJSC	Finance	Russia	90.00%	90.00%
“Angola Banco VTB Africa SA”	Banking	Angola	66.00%	–
"Megolin Holding", AG	Real estate	Switzerland	100.00%	100.00%
"Ost-West Vermögensanlagen, Gmbh"	Real estate	Germany	81.43%	78.82%
“VTB-Capital-Stolitsa”, CJSC	Trading	Russia	–	99.00%

(expressed in millions of US dollars)

25. Consolidated Subsidiaries and Associates (continued)

Name	Activity	Country of registration	Percentage of ownership 31 March 2007 (unaudited)	Percentage of ownership 31 December 2006
Associates:				
“Eurofinance Mosnarbank”, OJSC	Banking	Russia	34.27%	34.07%
“Halladale PLC”	Property	Great Britain	–	23.00%
“Vietnam – Russia Joint Bank (joint bank)”	Banking	Vietnam	49.00%	49.00%
“East-West United Bank”, S.A.	Banking	Luxembourg	48.55%	48.55%
“Insurance Company VTB-Rosno” , Ltd	Insurance	Russia	49.99%	49.99%
“Interbank Trading House”, Ltd	Commerce	Russia	50.00%	50.00%
“Management Company ICB”, Ltd	Finance	Russia	24.98%	24.98%

In March 2007, VTB’s subsidiary bank in Angola, Banco VTB Africa SA (VTB Africa), with 66% shareholding of VTB was registered and started operations.

In March 2007, VTB Bank Europe issued additional 194,700,000 ordinary shares. VTB purchased all shares issued by VTB Bank Europe for GBP 52 million (USD 102 million). As a result of this transaction, VTB increased its ownership in VTB Bank Europe to 92.05%. Accordingly, the ownership of the Group in VTB Bank (France) and VTB Bank (Deutschland) increased to 80.12% and 81.43%, accordingly.

During first quarter of 2007, Bank VTB 24 repurchased its shares from minority shareholders for USD 25 million (Note 24).

On 30 March 2007, within the Group’s re-branding process the shareholders’ meeting of OJSC “Industry & Construction Bank” (ICB) approved the change of its name to OJSC “Bank VTB North-West”.

26. Capital Adequacy

The CBR requires banks to maintain a capital adequacy ratio of 10% of risk-weighted assets, computed based on Russian accounting legislation on a stand-alone basis. As of 31 March 2007 and December 2006 the Bank’s capital adequacy ratio on this basis exceeded the statutory minimum.

The Group’s international risk based capital adequacy ratio, computed in accordance with the Basle Accord guidelines issued in 1988, with subsequent amendments including the amendment to incorporate market risks, as of 31 March 2007 and 31 December 2006 was 12.9% and 14.0%, respectively. These ratios exceeded the minimum ratio of 8% recommended by the Basle Accord.

27. Subsequent Events

In April 2007, VTB Bank Europe purchased 100 shares of VTB Bank (Deutschland), AG, which constitutes 7.69% of share capital of the issuer, for RUR 234 million (USD 9 million).

In April 2007, the increase of share capital of “Vietnam – Russia Joint Bank (joint bank)” up to US 30 million was approved by participants. In May 2007, VTB transferred USD 9.8 million for the newly issued shares. Upon completion of the share issue, the share of VTB will remain at 49%.

In April 2007, VTB Europe issued $500 million Floating Rate Notes due 2009 at LIBOR+0.625% per annum.

In April 2007, VTB purchased 66,955 newly issued ordinary shares (50%+1 of the share capital) of the CJSC “Slavneftebank” located in Belarus with 6 branches for USD 25 million. VTB has hired an independent appraiser to determine the fair value of identifiable assets, liabilities and contingent liabilities of Slavneftebank as of the acquisition date.

(expressed in millions of US dollars)

27. Subsequent Events (continued)

The provisional fair values, which are not materially different from carrying values, of identifiable assets and liabilities of the Bank "Slavneftebank" at acquisition date are as follows:

Assets	**30 April 2007**
Cash and short-term funds	42
Financial assets at fair value through profit or loss	15
Due from other banks	11
Loans and advances to customers	86
Premises and equipment	10
Other assets	3
Total assets	**167**
Liabilities	
Due to other banks	3
Customer deposits	138
Other liabilities	1
Total liabilities	**142**

In May 2007, VTB completed the Initial Public Offering (IPO) of its shares among Russian and foreign investors. On 24 May 2007, the Central Bank of Russia registered the issuance of 1,513,026,109,019 additional ordinary shares by VTB (22.5% of VTB number of shares after the increase) with a nominal value of RUR 0.01. The offer price per share was RUR 0.136 (USD 0.00528). Issued shares are freely traded at Moscow Interbank Currency Exchange (MICEX) and Russian Trading System (RTS) in the form of shares and at London Stock Exchange (LSE) in the form of global depositary receipts (GDRs). Each GDR is worth 2,000 shares. The total amount of shares placed in the form of GDRs was 983,387,340,000. The total amount of IPO proceeds was approximately USD 8 billion.

In May 2007, VTB increased its ownership percentage in bank "Mriya", OJSC from 98.47% to 99.27% by purchasing 10 698 520 ordinary shares from minority holders for USD 570 thousand and 6 351 814 ordinary treasury shares held by "Mriya" for the nominal value of 635 thousand Ukrainian hryvnias. In May 2007, VTB increased its ownership percentage in bank "Mriya", OJSC from 99.27% to 99.67% by purchasing part of an additional issue of 2 345 950 827 ordinary shares of bank "Mriya", OJSC for the nominal value of 234 million Ukrainian hryvnias (USD 46 million). In May 2007, bank "Mriya", OJSC was renamed into VTB Bank, OJSC.

In June 2007, "Industry & Construction Bank", OJSC was renamed into OJSC "Bank VTB North-West".

On June 20, 2007 VTB's annual shareholders' meeting declared dividends of RUR 3.4 billion (USD 133 million at the exchange rate of RUR 25.9268 per USD 1.00) for 2006 (RUR 0.00066 per share or USD 0.000026 per share).