



# ***New Strategy: "Road to 15"***

***21-25 June 2010***

***VTB Group Roadshow***



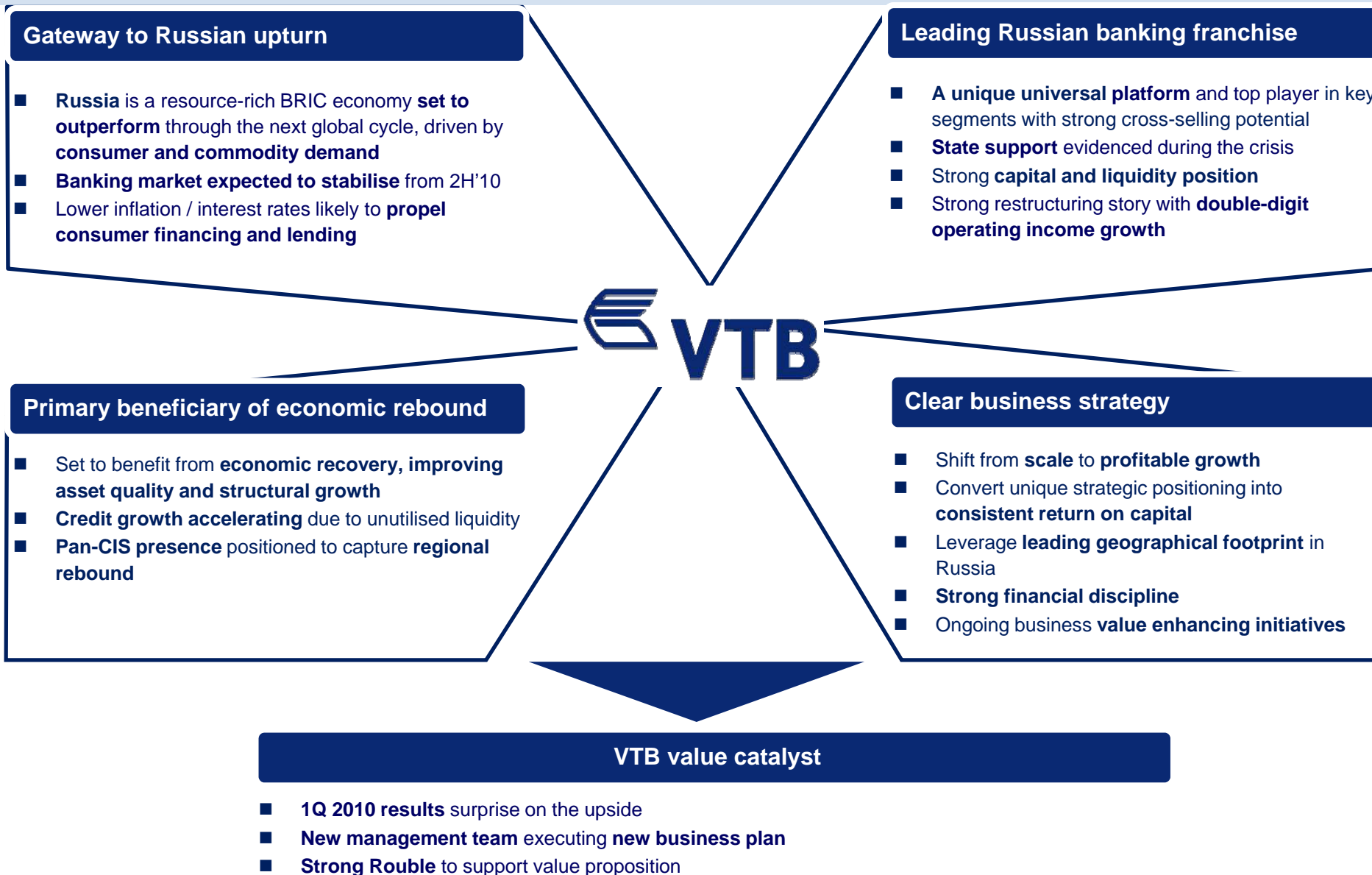
Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of JSC VTB ("VTB") and its subsidiaries (together with VTB, the "Group"). Such forward-looking statements are based on numerous assumptions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

**1. Attractive Universal Banking Franchise**

**2. Clear Business Strategy**

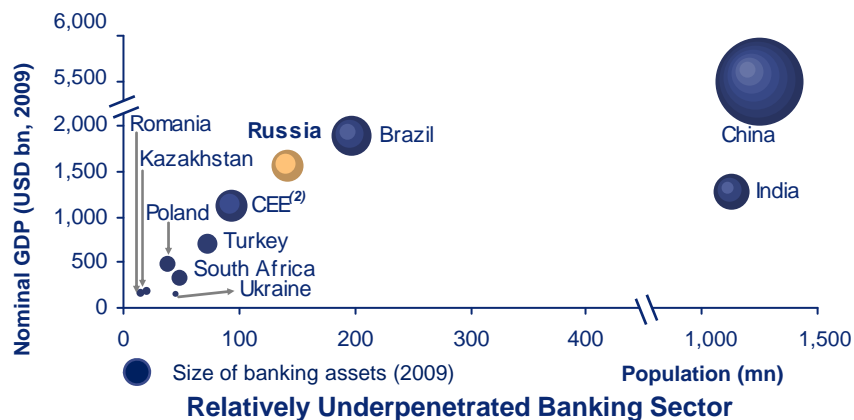
**3. Strong Financial Results in 1Q'10**

## Key investment highlights



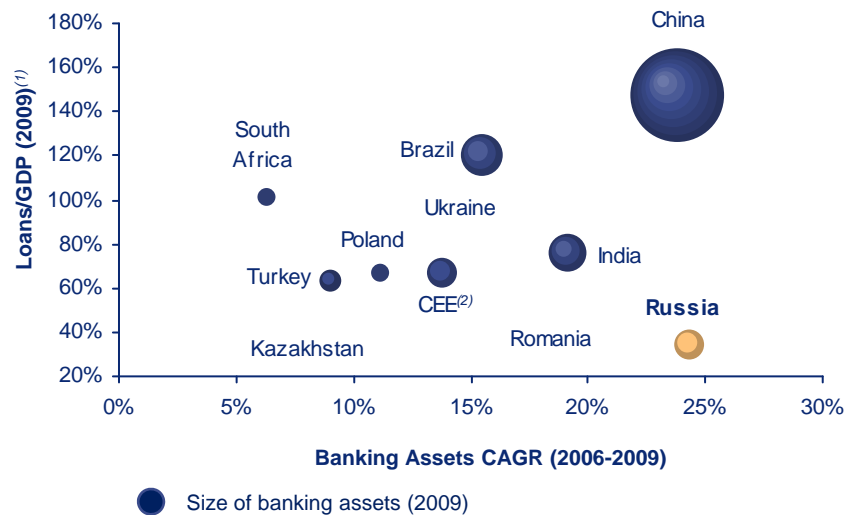
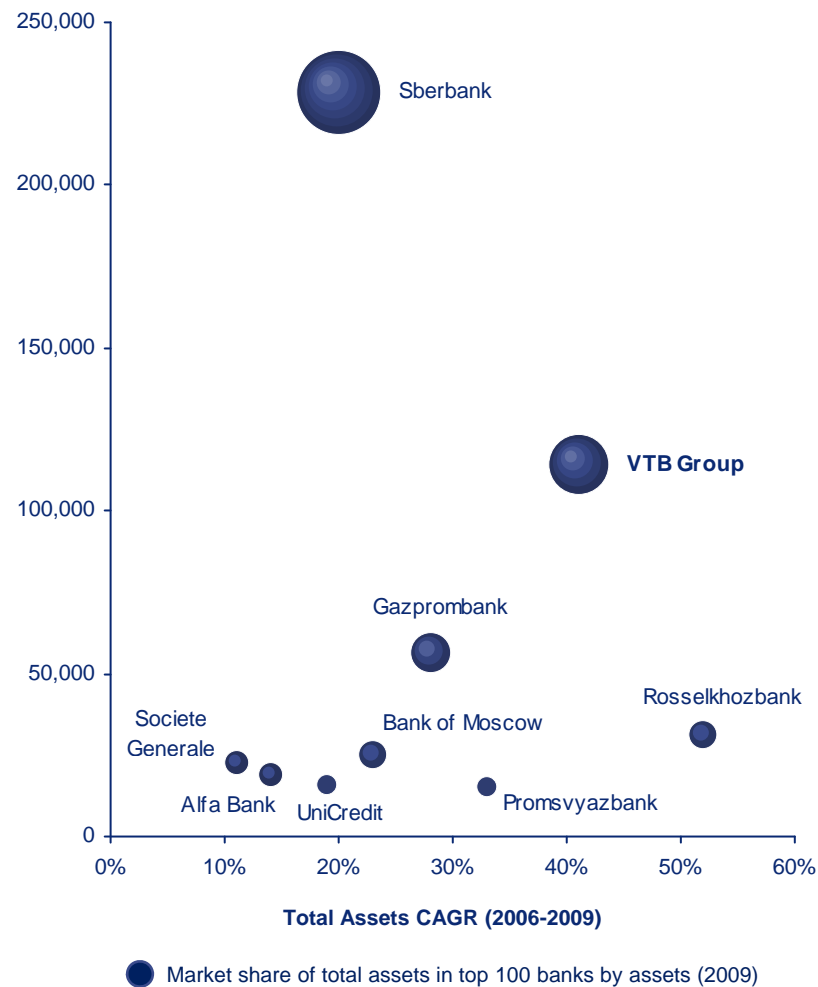
# A proxy for attractive Russian market

## A Must have in a Regional Portfolio



## Second Largest Banking Group and a Growth Leader<sup>(3)</sup>

### Total Assets (USD mn, 2009)



Source: Central Bank of Russia, EIU

(1) Bank lending to public and private sectors, plus bank lending in domestic currency overseas to nominal GDP

(2) CEE: Bulgaria, Czech Republic, Hungary, Poland, Romania and Slovakia. Average loans / GDP and banking assets CAGR, size of banking assets aggregated

(3) RAS

# A fully-fledged platform with widespread footprint

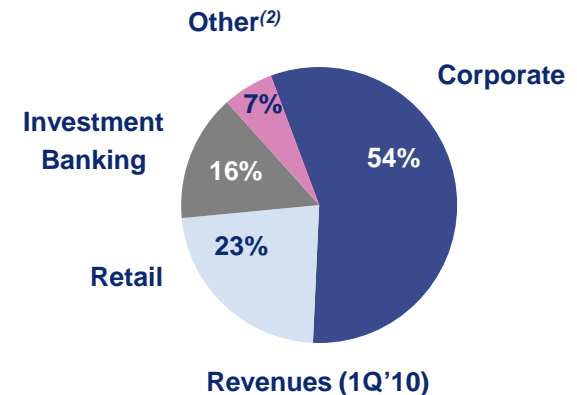
## Niche Corporate Bank (2002)

- Niche Russian corporate bank with assets of USD 7.3 bn
- Basic product range
- Non public, 100% state owned

## Leading Player in Russia

- **Second Largest Universal Bank** with RUB 3,362 bn / USD 114.5 bn in assets and presence across Russia, CIS and Europe
- **Fully fledged player** with competitive and innovative product range
- Only Russian bank with **LSE, MICEX and RTS listing with** market capitalization of USD **25.4 bn<sup>(1)</sup>**

## Diversified Revenue Base



## Resilient International Growth

- Strong past **growth expected to continue** (>10% of Group net income by 2013)

## Strong Distribution Footprint

- 941 branches across **Russia, CIS<sup>(3)</sup> and Europe**
- **Large client base:** over 5 million clients
- **652 branches** in 73 out of 83 Russian regions

Source: Company, Cbonds, Extel Reuters, Dealogic

(1) Bloomberg. Data as of June 1, 2010

(2) Incl. Ukraine operations

(3) CIS - Commonwealth of Independent States

Note: Financial and network data of March 31, 2010

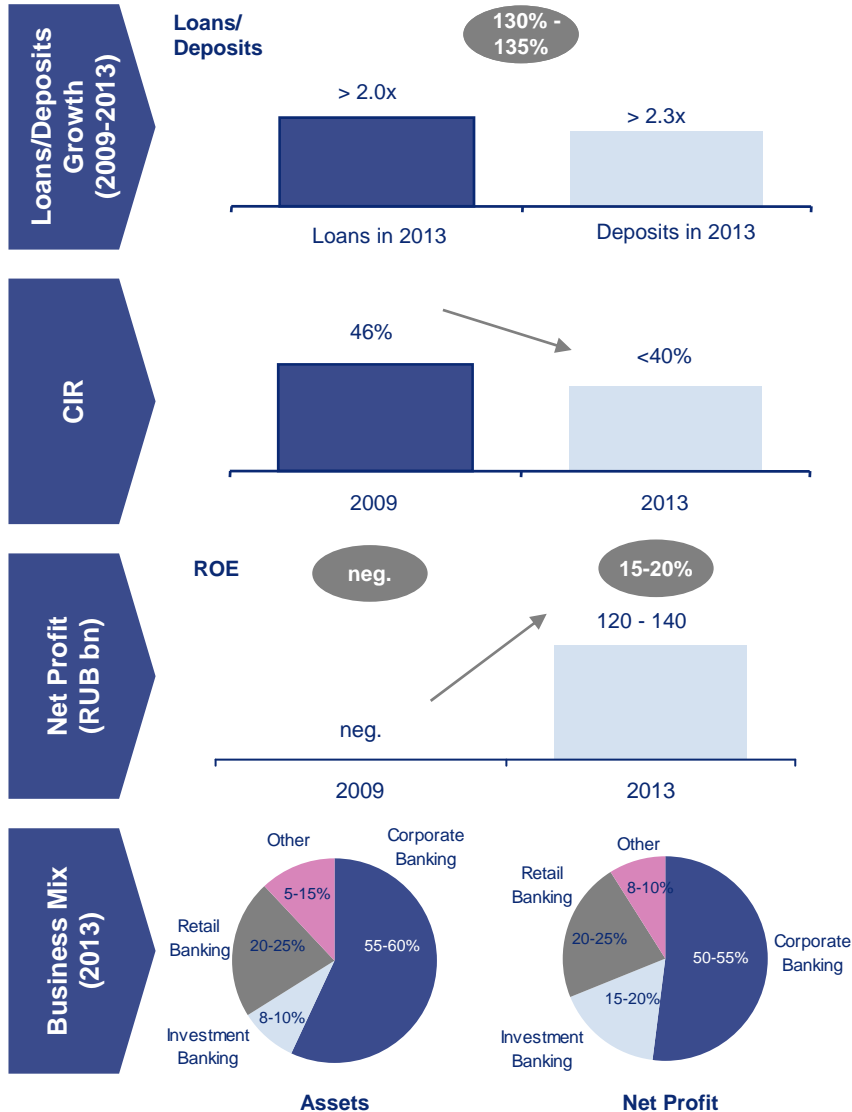
**1. Attractive Universal Banking Franchise**

**2. Clear Business Strategy**

**3. Strong Financial Results in 1Q'10**

# Clear strategic plan to enhance efficiency and recurring returns

## Key Financial Targets



## Key Strategic Actions

- Scale now achieved allowing VTB to **focus on profitable growth**
- Convert **unique strategic positioning** into **consistent return on capital**
- Further diversify business while maintaining **focus on key strategic segments** which contribute the most to the Group's profit
- **Maximise synergies** across business lines
- **Leverage broad international presence** to serve clients globally
- Build best in class **financial management** across the Group
- Further **enhance risk management, optimise business processes, IT and infrastructure**

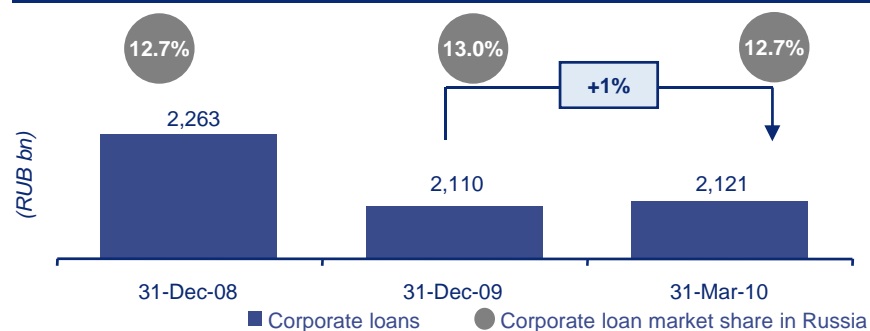


# Corporate banking – a leading force with a renewed business approach

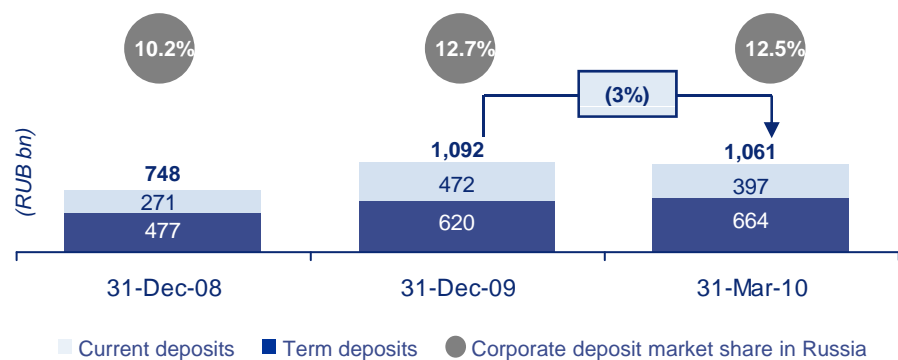
## Financial Highlights <sup>(1)</sup>

(RUB bn)	2008	2009	y-o-y	1Q'09	1Q'10	y-o-y
Net interest income	74.6	102.2	37%	24.0	27.1	13%
Operating income before provisions	89.3	95.3	7%	21.7	29.6	36%
Profit / (loss) before tax	12.5	(66.5)	n/a	(18.2)	9.1	n/a

## Corporate Loans (Gross)



## Corporate Deposits



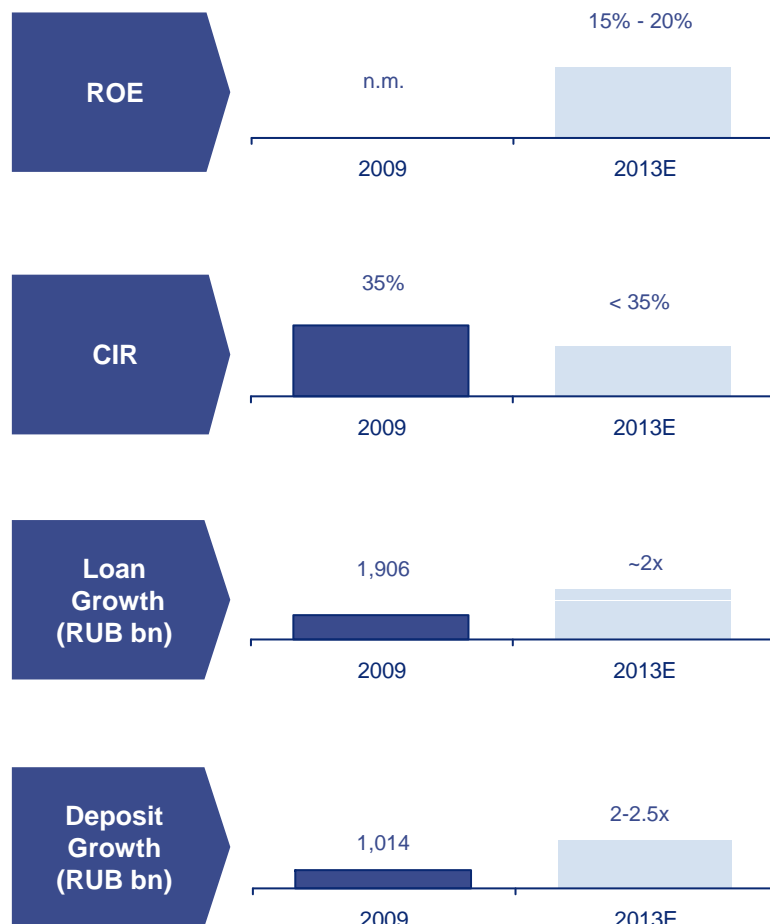
## Key Characteristics

- Leader in Russian corporate market (# 2 / c. 13.0% market share)
- Starting to enhance returns thanks to relationship with **top clients, cross-selling** of investment banking products and increased **penetration of regional corporate segment and the mid market**
- New risk management approach in place:
  - Old portfolio: **restructuring largely completed in 2009** with a successful and comprehensive approach to dealing with problem loans (e.g. VTB Debt Centre)
  - New portfolio: more **selective approach to customers and risk monitoring**
- New client segmentation and new CIB concept implementation underway

(1) Data presented as reported in VTB FY'09 and 3M'10 consolidated financial statements, Analysis by segment note #36 and note #25, respectively

# Corporate banking - key strategic priorities

## Key Financial Targets (2013) <sup>(1)</sup>



## Strategic Initiatives

### Establish Corporate-Investment Banking Business

- Shift focus of **top-clients coverage** to provide comprehensive service and cross-sales of IB products
- Separate **client coverage and product offering** – differentiated product model
- **Increase share of wallet** from top clients
- Organisational changes underway to align with VTB's **new client coverage model**

### Strong Transactional Banking

- Actively develop and market **cash management products**
- Develop the **product managers force**
- Improve the **product line and quality of services** for payment and account management products, strengthen focus on **cross-sales**

### Increase Penetration in Lower Segments

- Introduce a **new client coverage model** based on granular client segmentation
- Optimise the **sales and service model** to lower segment clients

### Optimise Key Business Processes

- Provide **transparent reports** on clients and business lines - income, expenses and capital allocation
- **Optimise** credit procedure
- Increase regional **network efficiency** by allocating certain regional powers to branches

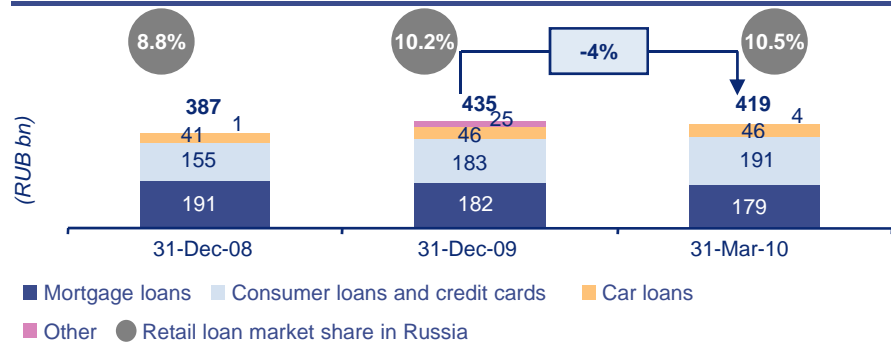
(1) Data presented as reported in VTB FY'2009 consolidated financial statements, note #36 Analysis by segment.

# Retail banking – a growing franchise outperforming the market

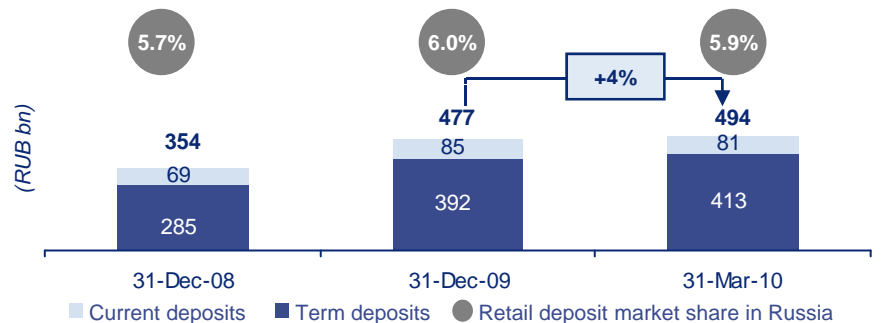
## Financial Highlights <sup>(1)</sup>

(RUB bn)	2008	2009	y-o-y	1Q'09	1Q'10	y-o-y
Net Interest income	30.5	43.6	43%	9.5	12.8	35%
Net fee and commission income	3.7	6.8	84%	0.9	2.1	133%
Operating income before provisions	36.6	51.5	41%	11.1	15.6	41%
Profit / (loss) before tax	5.5	7.2	31%	(4.3)	6.7	n/a

## Loans to Individuals (Gross)



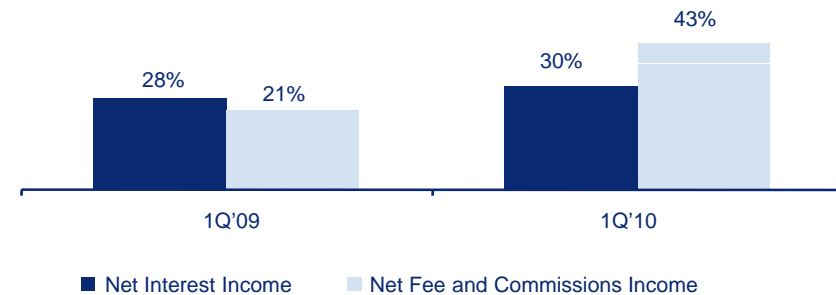
## Retail Deposits



## Key Characteristics

- VTB24 – well recognised and trusted brand
- **Leader (#2)** in retail loans and deposits
- One of Russia's largest retail client bases **c. 5 million individual accounts**
- Strong focus on **shorter-term and higher margin products**, expansion into **high-net-worth client segment**
- VTB24 branch network expansion program resumed - additional 48 branches to be opened in 2010

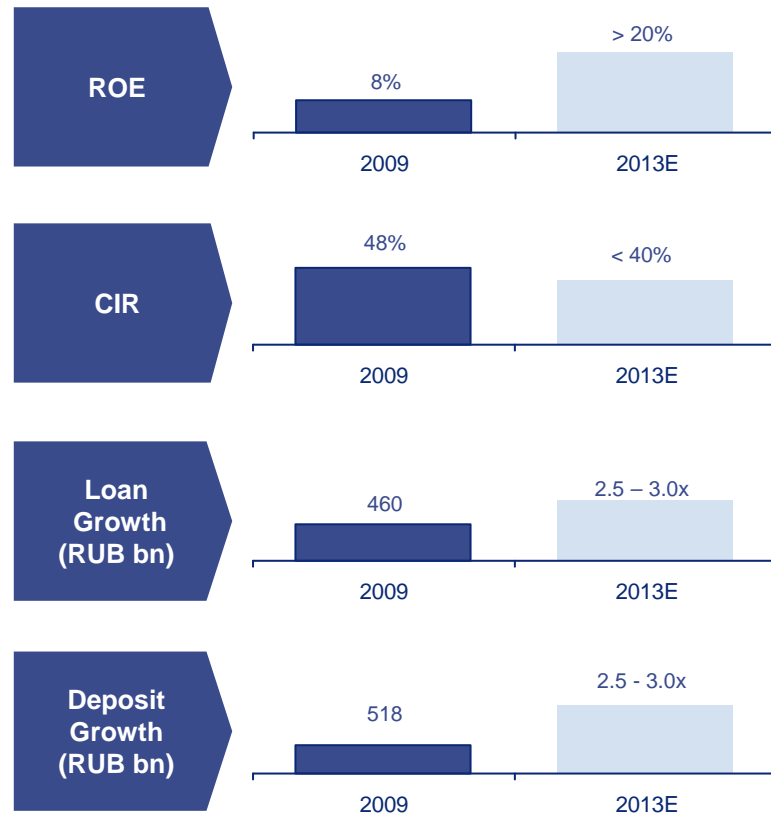
## Strong Contribution to the Group's Performance



(1) Data presented as reported in VTB FY'09 and 3M'10 consolidated financial statements, Analysis by segment note #36 and note #25, respectively

# Retail banking – key strategic priorities

## Key Financial Targets (2013) <sup>(1)</sup>



## Strategic Initiatives

### Segment-oriented Approach in Servicing Customers

- **Become a primary bank for its customers** in terms of client relationship quality and cross-sales
- **Drive returns** in each client segment
- **#1 leadership for service quality**

### Distribution

- Enhance distribution approach via:
  - **network expansion** to 630 – 715 branches, and
  - developing **alternative channels**

### New Products

- Launch '**Innovation Factory**' to improve efficiency and generation of new income sources
- **Distribute IB products** to retail clients

### Regional Initiatives

- Use VTB24's expertise and technologies to **develop retail business in CIS**

### Infrastructure

- Enhance **IT platform and technologies**

(1) Data presented as reported in VTB FY'2009 consolidated financial statements, note #36 Analysis by segment.

# Investment banking – a dominant franchise in Russia and CIS

## Financial Highlights<sup>(2)</sup>

(RUB bn)	2008	2009	y-o-y	1Q'09	1Q'10	y-o-y
Operating income before provisions	(19.8)	30.7	n/a	7.5	12.3	64%
Profit before tax	(30.6)	16.4	n/a	3.0	6.1	103%

## 1Q'2010 Key Trends -Global Banking (1)

### Local DCM (Russia)

#	Underwriter	Amount, RUB mn	# of issues	Share, %
1	VTB Capital	41,500	9	30.3
2	MosFinAgency	30,000	2	21.9
3	Troika Dialog	17,000	5	12.4
4	Gazprombank	8,000	2	5.8
5	Raiffeisen Bank	7,500	2	5.5
	Citigroup	7,500	2	5.5

### Bloomberg

### Russian ECM

#	Bookrunner	Amount, USD mn	# of issues	Share, %
1	VTB Capital	438	3	16.0
2	Renaissance Capital	307	2	11.2
3	Sberbank	280	1	10.2
	Nomura	280	1	10.2
	Credit Suisse	280	1	10.2
	Bank of China Ltd	280	1	10.2



### International DCM (CIS, Eurobonds)

#	Arranger	Amount, USD mn	# of issues	Share, %
1	JP Morgan	1,483	5	18.6
2	VTB Capital	1,184	5	14.8
3	Citigroup	889	3	11.1
4	Credit Suisse	837	5	10.5
5	Barclays Capital	833	3	10.5

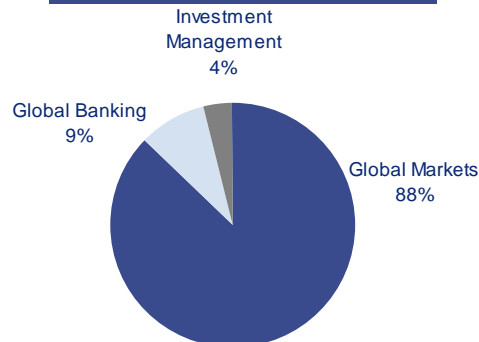


### Eastern Europe ECM

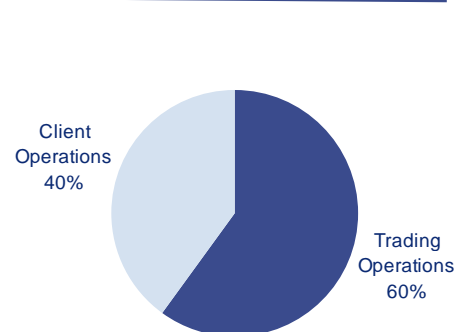
#	Underwriter	Amount, EUR mn	# of issues	Share, %
1	VTB Capital	313	3	8.8
2	Credit Suisse	291	2	8.1
3	Citigroup	243	3	6.8
4	ING Group NV	222	3	6.2
5	Allied Irish Banks	222	3	6.2



## Revenues by Line of Business (2009)



## Revenues by Type of Operations (2009)



## Key Characteristics

### Global-scale investment business under VTB Capital brand established in April 2008:

- Occupies a unique position in the Russian investment market, and benefits from all the advantages of VTB, one of the largest banks in Eastern Europe
- Built a team of professionals with vast experience on global financial markets
- Within the first year ranked in top spots of market league tables by number of deals and amount issued according to CBonds and Dealogic

## Global Markets

### Fixed Income

- Strong P&L due to solid RUB bonds performance
- 12% MS of the Russian currency market
- #1 Domestic Fixed Income Sales Team; Best Securitization House in CIS, Best Risk Management in Russia & CIS in 2009

### Equities

- #1 Research Team in Industrials & Utilities

## Investment Management, PE, VC and PPP Financing

- Strong performance among Russian **mutual funds**, AM increase by 45% in 2009
- Closing of VTBC-DB **Real Estate Partners L.L.P. Fund**
- DFJ-VTB Aurora, an **International Nanotechnology and Innovation Venture Capital Fund Family** launched by RUSNANO and VTB Group in partnership with DFJ
- Arranged **financing package** for a public-private partnership project to rebuild St. Petersburg's Pulkovo airport

(1) Source: Dealogic

(2) Data presented as reported in VTB FY'09 and 3M'10 consolidated financial statements, Analysis by segment note #36 and note #25, respectively

# Investment banking – key strategic priorities

## Key Financial Targets (2013) <sup>(1)</sup>



## Strategic Initiatives

### Fully Integrated Platform

- **Expand** business with existing clients **beyond Russia**, particularly in CIS
- Develop **higher margin business lines** (asset management, private equity)
- Develop **retail investment products**

### Enhance Business Profitability and Revenue Structure

- Increase level of **fee and commission income**
- **Broader product offering** to drive revenue from clients and profitability
- Increase **volumes and revenues** from client operations

### Top 3 Investment Bank in Russia

- Product line and service quality aligned to **global best practices**
- Strong **analytical support** to clients
- **Best-practice infrastructure and business processes** (straight-through processing, operating efficiency and productivity)

(1) Data presented as reported in VTB FY'2009 consolidated financial statements, note #36 Analysis by segment.

## *Build best in class financial management*

- Create **in-house expertise** to analyse financial markets and VTB Group positioning
- **New approach to budgeting and planning** based on dynamic proprietary model of the market profit pools and targeting of the most profitable segments
- Implementation of the **new product matrix** to drive financial accountability
- Development of **economic capital allocation** model
- Comprehensive **cost allocation model**, new strategy to manage costs in the Group
- **New funding strategy** – diversification of funding sources across products, geographies and investor base, increased focus on secondary market, grow the share of customer deposits
- **New dividend policy** focused on predictable stream of dividends - balance between fixed payout and participation of shareholders in the growth of Group profits
- Effective **tax planning** on a Group level
- Proactive management of **capital resources**

# A New Management Approach





**1. Attractive Universal Banking Franchise**

**2. Clear Business Strategy**

**3. Strong Financial Results in 1Q'10**

# First quarter 2010 financial highlights

## Financial Highlights

(RUB bn)	1Q'10	1Q'09	y-o-y
Net interest income before provisions	42.0	34.3	22.4%
Net fee and commission income	5.1	4.3	18.6%
Net result from financial instruments	8.4	(11.3)	n/a
<b>Operating income before provisions</b>	<b>58.1</b>	<b>43.2</b>	<b>34.5%</b>
Provision charge for loan impairment	(15.5)	(49.2)	(68.5%)
Staff costs and administrative expenses	(22.2)	(17.1)	29.8%
<b>Net profit / (loss)</b>	<b>15.3</b>	<b>(20.5)</b>	<b>n/a</b>
Net interest margin	5.2%	4.1%	110 bps
Provision charge for loan impairment /			
Average gross loan portfolio	2.5%	7.1%	(460) bps
Cost / Income ratio <sup>(1)</sup>	38.2%	39.6%	(140) bps
ROE	11.9%	(21.2%)	n/a
(RUB bn)	31-Mar-10	31-Dec-09	q-o-q
Customer loans (gross)	2,540.0	2,544.8	(0.2%)
Total assets	3,362.0	3,610.8	(6.9%)
Customer deposits	1,554.5	1,568.8	(0.9%)
Total equity	520.5	504.9	3.1%
Allowance for loan impairment /			
Total gross loans	9.8%	9.2%	60 bps
NPL ratio	10.2%	9.8%	40 bps
Total BIS ratio	22.2%	20.7%	150 bps

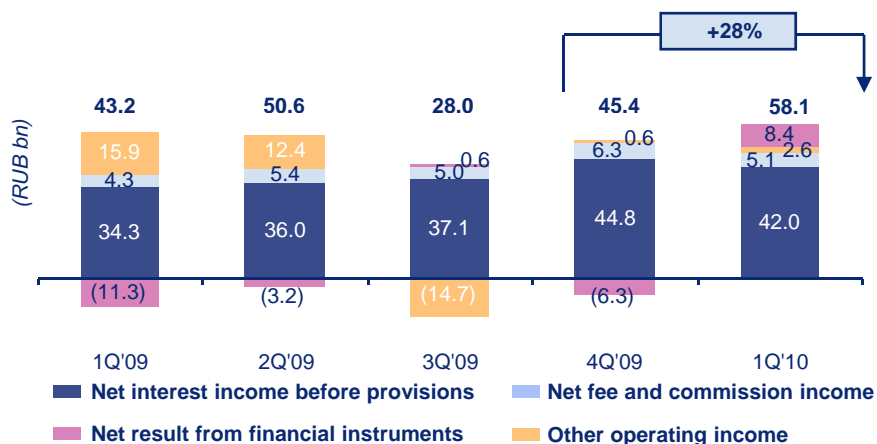
(1) Calculated before provisions for loan impairment

## 1Q'2010 - Key Developments

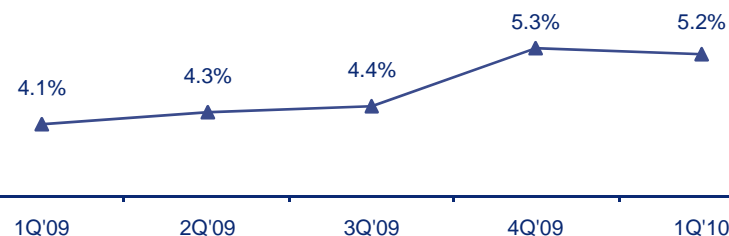
- **Record** quarterly net profit in VTB Group's history – RUB 15.3 bn
- **Corporate Banking** benefited from lower cost of risk and enhanced focus on margins – **pre-tax profit up to RUB 9.1 bn** from a loss of RUB 18.2 bn in 1Q'09
- **Retail and Investment Banking** continuing to report a steady growth in earnings – **pre-tax profit of RUB 6.7 bn and RUB 6.1 bn**, respectively
- Double digit growth of operating income before provisions: +34% y-o-y to **RUB 58.1 bn**
- **Strong margin improvement: 5.2%** y-o-y in 1Q'10 compared to 4.1% in 1Q'09
- **Credit risk under control** – NPLs formation slowed down: +40 bps in 1Q'10 versus +200 bps in 4Q'09; provision charge at 2.5%, allowance for loan impairment at 9.8%
- Strengthened capital position with **BIS ratio at 22.2%** compared to 20.7% at the end of 2009

# Double digit operating income growth and continuing delivery on cost control

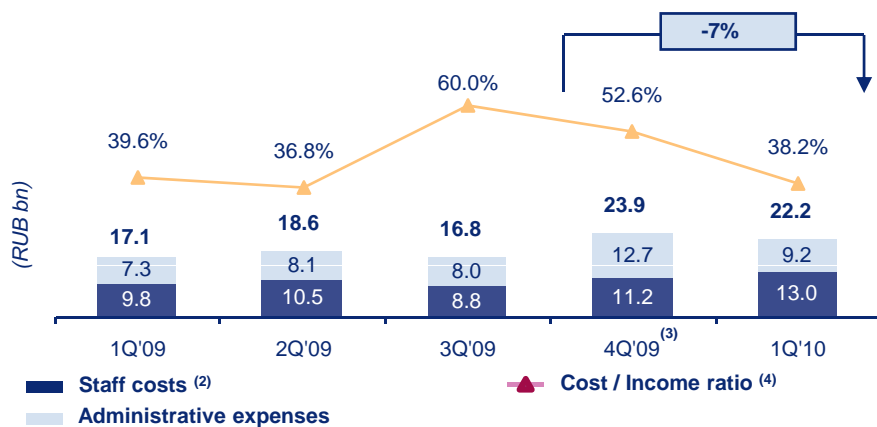
### Operating Income before Provisions



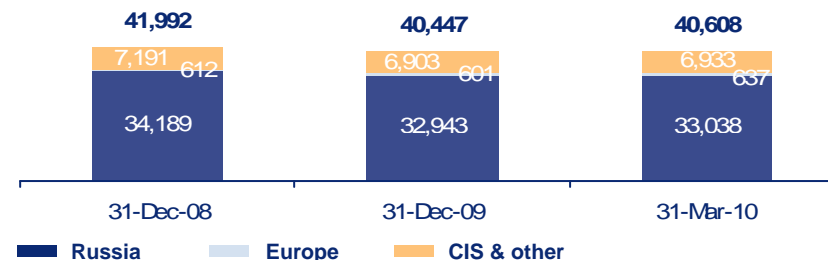
### Quarterly NIM <sup>(1)</sup>



### Staff and Administrative Expenses

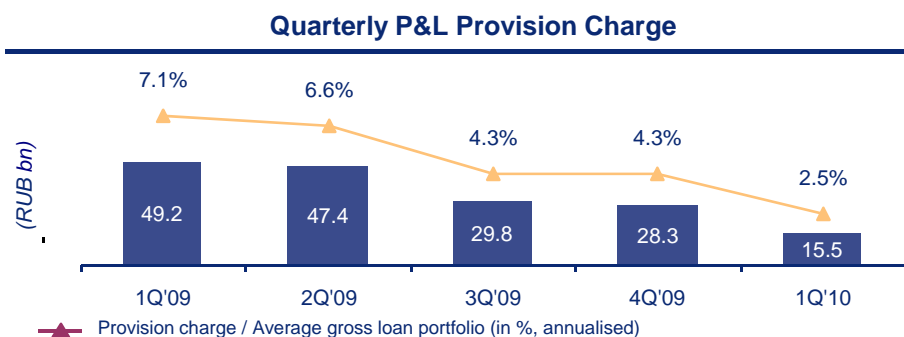


### Number of Employees (Period End)



(1) Net interest income divided by average interest earning assets, which include gross loans and advances to customers, due from other banks (gross), debt securities and correspondent accounts with other banks  
 (2) Including pensions  
 (3) Including effect of negative revaluation of premises of RUB 1.9 bn  
 (4) Operating income calculated before provisions. Operating income per employee is annualised

# Asset quality deterioration slowing down, now moving towards pre-crisis cost of risk



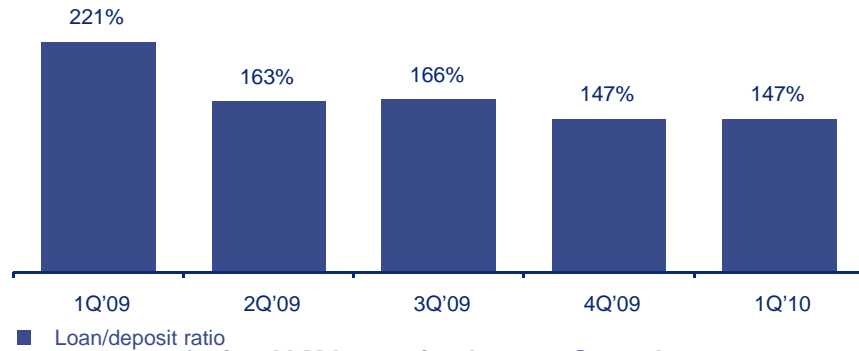
Asset Quality	31-Mar-10	31-Dec-09	Change	31-Dec-08
<b>NPL ratio (90+ days) <sup>(1)</sup></b>	<b>10.2%</b>	<b>9.8%</b>	<b>+40 bps</b>	<b>1.9%</b>
– corporate	10.5%	10.3%	+20 bps	1.6%
– individuals	8.6%	7.4%	+120 bps	3.7%
<b>Allowance for loan impairment ratio</b>	<b>9.8%</b>	<b>9.2%</b>	<b>+60 bps</b>	<b>3.6%</b>
– corporate	10.2%	9.7%	+50 bps	3.6%
– individuals	7.7%	6.8%	+90 bps	3.7%
<b>Allowance for loan impairment / NPLs</b>	<b>96.1%</b>	<b>94.5%</b>	-	<b>183.9%</b>
– corporate	97.2%	94.8%	-	215.7%
– individuals	89.0%	92.5%	-	100.6%

Renegotiated Loans (in RUB bn)	31-Mar-10	31-Dec-09	Change	31-Dec-08
<b>Renegotiated loans</b>	<b>327.1</b>	<b>300.5</b>	<b>+26.6</b>	<b>16.3</b>
– corporate	309.0	283.7	+25.3	14.8
– individuals	18.1	16.8	+1.3	1.5
<b>Renegotiated loans / Total gross loans</b>	<b>12.9%</b>	<b>11.8%</b>	<b>+110 bps</b>	<b>0.6%</b>
– corporate	14.6%	13.4%	+120 bps	0.7%
– individuals	4.3%	3.9%	+40 bps	0.4%

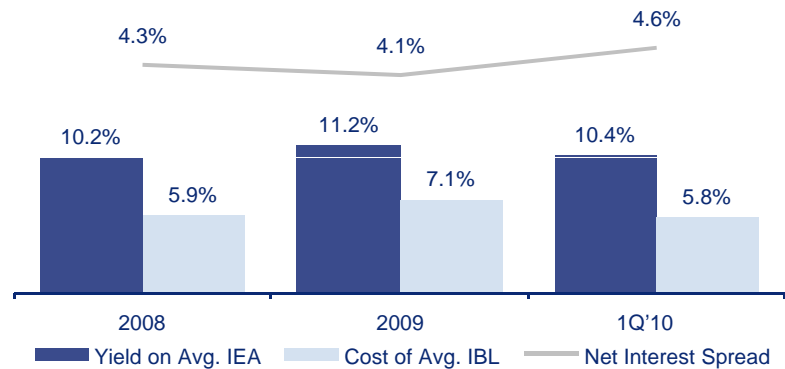
(1) Non-performing loans (NPLs) represent impaired loans with repayments overdue by over 90 days. NPLs are calculated including the entire principal and interest payments. Ratio is calculated to total gross loans

# Sound funding, liquidity and capital position

## Improving Leverage Structure

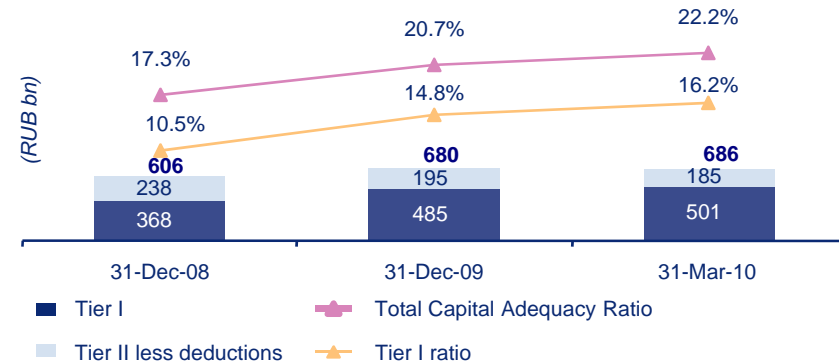


## Active ALM Improving Interest Spreads

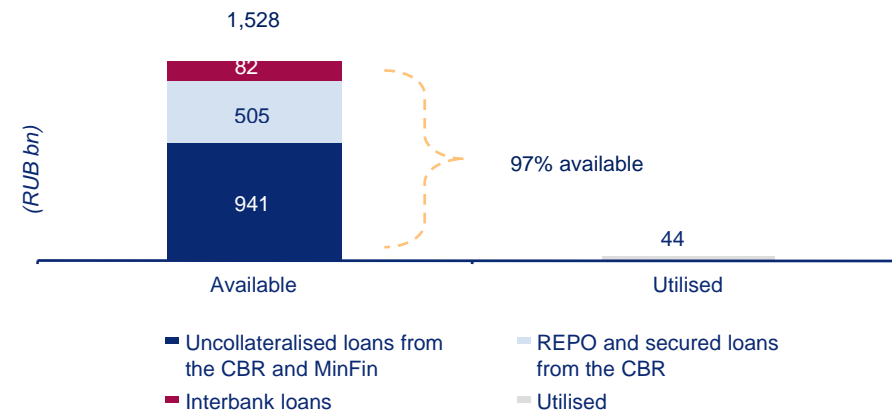


- **Funding costs** continue to be an important **focus of management** attention
- **Liability structure improved** via significant reduction of state funding and progressive re-opening of wholesale markets
- **Active management of balance sheet** with further reduction of low yield assets

## BIS Group Capital



## Abundant Unutilised Liquidity as of 31-Mar-10



- Uncollateralised loans from the CBR and MinFin
- Interbank loans
- REPO and secured loans from the CBR
- Utilised

## Concluding remarks

- ✓ **Gateway to Russia**
- ✓ Well placed to **capture upturn in Russia** and **emerging markets**
- ✓ **Leading universal bank** in Russia/CIS
- ✓ Clear business strategy focused on **improving returns and profitability** alongside **prudent risk management**
- ✓ **Sound financial performance** in 1Q'10
- ✓ Strong **capital, funding and liquidity positions**



**A unique value proposition**

# Appendix

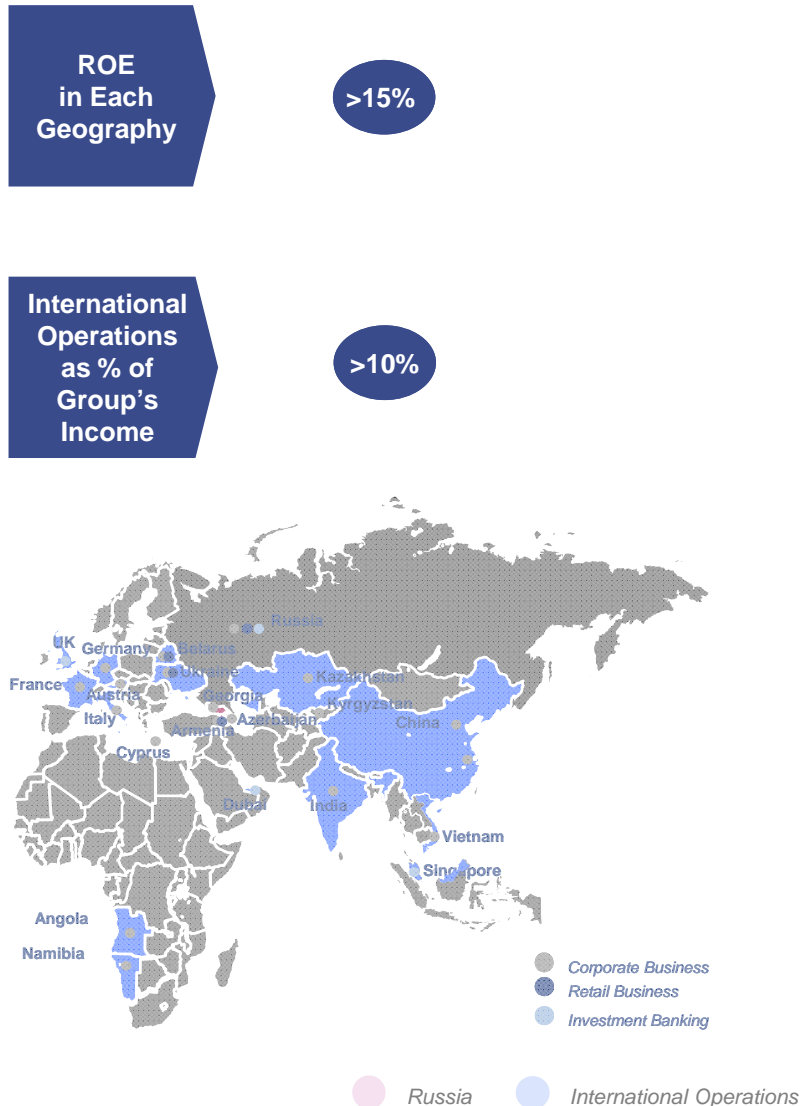
## FY'2009 financial highlights

(RUB bn)	FY'09	FY'08	y-o-y
Net interest income before provisions	152.2	113.6	34.0%
Net fee and commission income	21.0	16.3	28.8%
Net result from financial instruments	(20.2)	2.4	n/a
<b>Operating income before provisions</b>	<b>167.2</b>	<b>150.5</b>	<b>11.1%</b>
Provision charge for loan impairment	(154.7)	(63.2)	144.8%
Staff costs and administrative expenses	(76.4)	(67.5)	13.2%
<b>Net profit / (loss)</b>	<b>(59.6)</b>	<b>4.6</b>	n/a
Customer loans (gross)	2,544.8	2,650.3	(4.0%)
Total assets	3,610.8	3,697.4	(2.3%)
Customer deposits	1,568.8	1,101.9	42.4%
Total equity	504.9	392.1	28.8%
Net interest margin	4.6%	4.8%	(20) bps
Provision charge for loan impairment / Average gross loan portfolio	5.7%	3.2%	250 bps
Cost / Income ratio	45.7%	44.9%	80 bps
ROE	(13.7%)	1.3%	n/a
Allowance for loan Impairment / Total gross Loans	9.2%	3.6%	560 bps
NPL ratio	9.8%	1.9%	790 bps
Total BIS ratio	20.7%	17.3%	340 bps



# International operations - contributing to greater efficiency of the Group

## Key Targets (2013)



## Strategic Objectives and Initiatives

- **Strengthen the Group's position** in each of the markets where it operates
- **Capitalise on unique advantages** of being the only Russian Banking Group with a broad international network
- Expand operations in **dynamic and high-margin markets**
- Enhance **corporate governance and streamline co-ordination** between business and product divisions

### CIS

- #1 priority region abroad
- **Adopt universal banking model**
- Aggressively develop **retail banking**
- **Leadership** in servicing Russian and local customers

### Europe, Asia and Africa

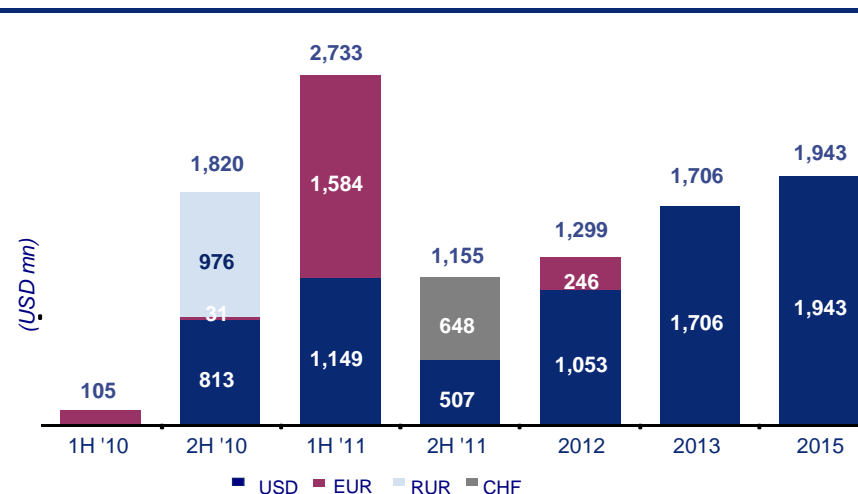
- Further **transform the Europe-based banks** to increase their efficiency
- Become a **#1 reference bank** for Russian and CIS companies as well as local customers interested in doing business in CIS

# VTB Group public debt instruments<sup>(1)</sup>

## VTB Group Public Debt Instruments Outstanding

Borrower	Amount (USD, mn) <sup>(1)</sup>	Instrument	Maturity Date/Put or Call Option	Coupon
<b>2010</b>				
VTB N-W	400	Subordinated Debt (call option)	September 2010	6.2%
VTB	976	Series 3 RUB EMTN 2 (put option)	November 2010	8.75%
Members of VTB Group	549	Loans repayment / amortisation	During 2010	
<b>Subtotal</b>	<b>1,925</b>			
<b>2011</b>				
VTB	477	Series 9 EUR EMTN 1 (put option)	February 2011	4.25%
VTB	1,107	Series 5 EUR EMTN 2	June 2011	8.25%
VTB	648	Series 6 CHF EMTN 2	August 2011	7.5%
VTB	450	Series 4 EMTN 1	October 2011	7.5%
Members of VTB Group	1,206	Loans repayment / amortisation	During 2011	
<b>Subtotal</b>	<b>3,888</b>			
<b>2012</b>				
VTB	1,053	Series 1 EMTN 2	October 2012	6.609%
Members of VTB Group	246	Loans repayment / amortisation	During 2012	
<b>Subtotal</b>	<b>1,299</b>			
<b>2013</b>				
VTB	<b>1,706</b>	Series 4 EMTN 2 (put option)	May 2013	6.875%
<b>2015</b>				
VTB	1,250	Series 7 EMTN 2	March 2015	6.465%
VTB	693	Series 6 EMTN 1 (put option)	June 2015	6.25%
<b>Subtotal</b>	<b>1,943</b>			
<b>Total</b>	<b>10,761</b>			

## VTB Group Debt Maturity Profile



## Public Debt Repaid in 2010

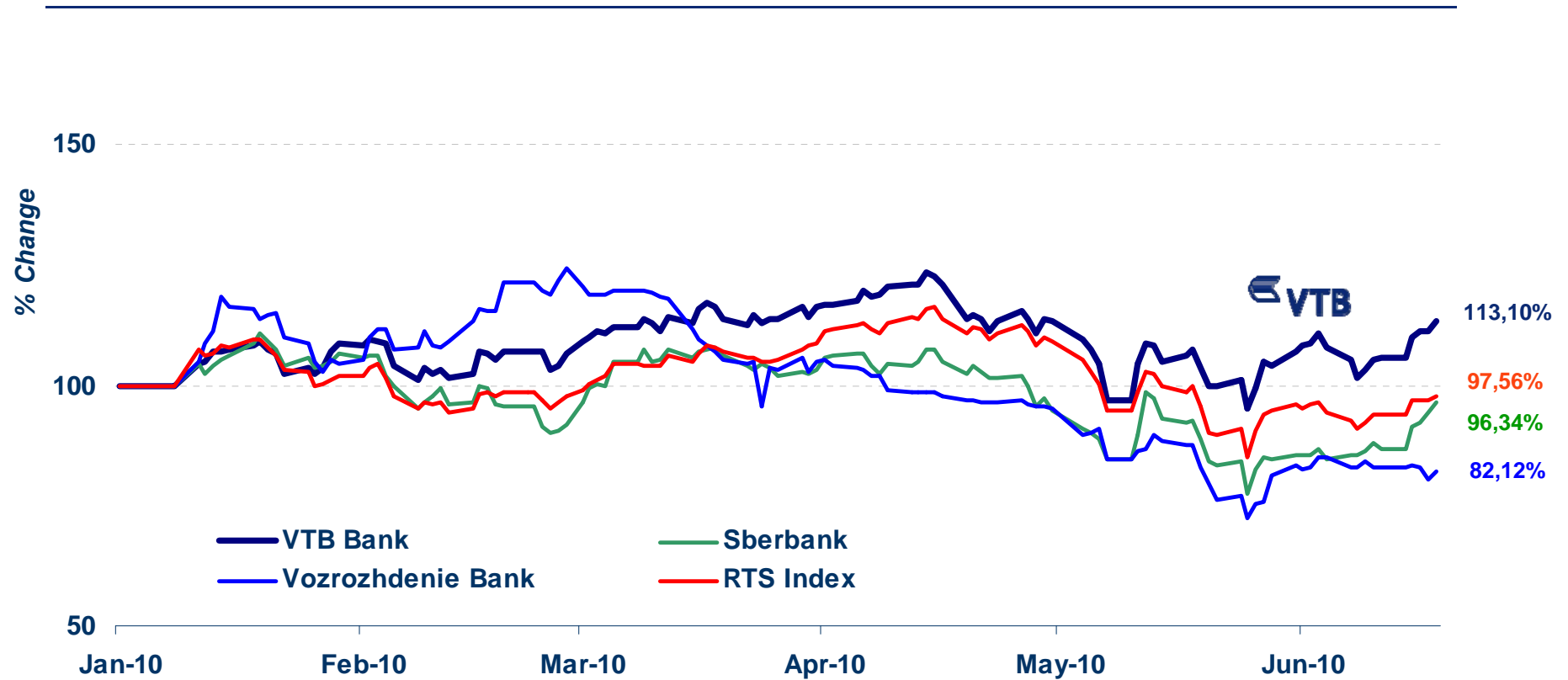
Borrower	Amount (mn) <sup>(1)</sup>	Instrument	Repayment Date	Coupon
VTB	USD 750	Subordinated debt instruments	February 2010 (call option)	6.315%
VTB	GBP 234	Series 12 under EMTN programme No.1	March 2010	6.332%
Members of VTB Group	USD 98	Loans repayment / amortisation	January - February 2010	
<b>Subtotal</b>	<b>USD 1,188</b>			

(1) Exchange rates are as of June 1, 2010, CBR data

Note: In addition to international debt, VTB Group has RUB 128 bn outstanding domestic long-term bonds with put options

# Outperforming the market and key Russian peers

VTB share price performance





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