BANK FOR FOREIGN TRADE

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

31 March 2006

CONTENTS

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

To the Board of Directors and Shareholders of the Bank for Foreign Trade:

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of the Bank for Foreign Trade ("the Bank") and its subsidiaries (together "the Group") as at 31 March 2006, 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 No. 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

20 June 2006

(expressed in millions of US dollars)

	Note	31 March 2006 (unaudited)	31 December 2005
Assets			
Cash and short-term funds	4	2,117	2,692
Mandatory cash balances with local central banks		456	404
Financial assets at fair value through profit or loss	5	6,052	5,267
Securities pledged under repurchase agreements	6	2,114	1,352
Due from other banks	7	6,025	4,141
Loans and advances to customers	8	20,963	19,925
Assets of disposal group held for sale	22	365	337
Financial assets available for sale	9	509	665
Investments in associates	10	127	118
Investment securities held-to-maturity		6	7
Other assets		461	252
Premises and equipment		850	832
Investment property		203	198
Intangible assets		476	451
Deferred tax asset		84	82
Total assets		**40,808**	**36,723**
Liabilities			
Due to other banks	11	6,880	6,629
Customer accounts	12	14,914	12,767
Liabilities of disposal group held for sale	22	230	199
Other borrowed funds	13	3,432	2,937
Debt securities issued	14	7,558	7,241
Other liabilities		943	358
Deferred tax liability		107	162
Total liabilities before subordinated debt		**34,064**	**30,293**
Subordinated debt	15	1,159	1,161
Total liabilities		**35,223**	**31,454**
Equity			
Share capital		2,500	2,500
Share premium		1,513	1,513
Unrealized gain on financial assets available-for-sale		2	89
Currency translation difference		140	86
Fixed assets revaluation reserve		72	72
Retained earnings		986	660
Equity attributable to shareholders of the parent		**5,213**	**4,920**
Minority interest		372	349
Total equity		**5,585**	**5,269**
Total liabilities and equity		**40,808**	**36,723**

Approved for issue by the Management Board and signed on its behalf on 20 June 2006.

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 months ended 31 March (unaudited) 2006	2005
Interest income	16	709	371
Interest expense	16	(379)	(171)
Net interest income		**330**	**200**
Provision for loan impairment	19	(94)	(32)
Net interest income after provision for loan impairment		**236**	**168**
Gains less losses arising from financial assets at fair value through profit or loss		90	25
Gain less losses from available-for-sale financial assets		111	–
Gains less losses arising from dealing in foreign currencies		(24)	(18)
Foreign exchange translation gains less losses		119	23
Fee and commission income	17	91	37
Fee and commission expense	17	(10)	(3)
Share in income of associates		4	1
Other operating income		42	33
Net non-interest income		**423**	**98**
Operating income		**659**	**266**
Operating expenses	18	(281)	(165)
Provision for other assets impairment and provisions	19	(3)	(2)
Profit before taxation		**375**	**99**
Income tax expense	21	(41)	(32)
Net profit		**334**	**67**
Net profit attributable to:			
Shareholders of the parent		**326**	**66**
Minority interest		**8**	**1**
Basic and diluted earnings per share (expressed in USD per share)	20	6.3	1.6
Basic and diluted earnings per share – continuing operations (expressed in USD per share)		6.3	1.6
Basic and diluted earnings per share – discontinued operations (expressed in USD per share)		–	–

(expressed in millions of US dollars)

	Note	For the three months ended 31 March (unaudited) 2006	2005
Cash flows from operating activities			
Interest received		705	350
Interest paid		(371)	(128)
Income received on operations with securities		7	13
Income received (losses incurred) on dealing in foreign currency		(25)	1
Fees and commissions received		91	37
Fees and commissions paid		(10)	(3)
Other operating income received		40	26
Operating expenses paid		(258)	(138)
Income tax paid		(60)	(37)
Cash flows from operating activities before changes in operating assets and liabilities		**119**	**121**
Net decrease (increase) in operating assets			
Net (increase) decrease in mandatory cash balances with local central banks		(38)	5
Net increase in restricted cash		(12)	(14)
Net (increase) decrease in trading securities		(1,131)	13
Net increase in due from other banks		(1,814)	(830)
Net increase in loans and advances to customers		(467)	(905)
Net increase in other assets		(194)	(27)
Net (decrease) increase in operating liabilities			
Net increase (decrease) in due to other banks		142	(108)
Net increase in customer accounts		1,551	986
Net decrease in promissory notes and certificates of deposits issued		(473)	(231)
Net increase in other liabilities		546	8
Net cash used in operating activities		**(1,771)**	**(982)**
Cash flows from investing activities			
Dividends received		2	–
Proceeds from sales or redemption of investment securities available for sale		174	15
Purchase of investment securities available for sale		(18)	–
Purchase of subsidiaries, net of cash acquired		(14)	6
Purchase of associates		–	(97)
Purchase of premises and equipment		(39)	(4)
Proceeds from sales of premises and equipment		33	–
Purchase of intangible assets		(2)	–
Net cash from (used in) investing activities		**136**	**(80)**

(expressed in millions of US dollars)

	Note	For the three months ended 31 March (unaudited) 2006	2005
Cash flows from financing activities			
Cash paid in redemption of bonds denominated in RUR		(72)	–
Repayment of deposit in CBR		(75)	–
Proceeds from issuance of Eurobonds		600	750
Proceeds from issuance of debentures (Schuldscheindarlehen)		242	157
Proceeds from redemption of debentures (Schuldscheindarlehen)		(157)	–
Proceeds from other borrowed funds		21	–
Proceeds from syndicated loans		1,029	–
Repayment of syndicated loans		(591)	(300)
Net cash provided by financing activities		**997**	**607**
Effect of exchange rate changes on cash and cash equivalents		**51**	**13**
Net decrease in cash and cash equivalents		**(587)**	**(442)**
Cash and cash equivalents at beginning of the year	4	2,541	1,383
Cash and cash equivalents at the end of the period	4	**1,954**	**941**

(expressed in millions of US dollars)

	Attributable to shareholders of the parent								
	Share capital	**Share premium**	**Unrealized gain on financial assets available for sale**	**Fixed Assets revaluation reserve**	**Currency translation difference**	**Retained earnings (Accumulated deficit)**	**Total**	**Minority interest**	**Total equity**
Balance at 31 December 2004	**2,153**	**34**	**58**	**–**	**184**	**199**	**2,628**	**81**	**2,709**
Effect of translation	–	–	–	–	(12)	–	**(12)**	2	**(10)**
Total income and expense recognized directly in equity	–	–	–	–	(12)	–	**(12)**	2	**(10)**
Net profit	–	–	–	–	–	66	**66**	1	**67**
Total income and expense for the period	–	–	–	–	(12)	66	**54**	3	**57**
Balance at 31 March 2005 (unaudited)	**2,153**	**34**	**58**	**–**	**172**	**265**	**2,682**	**84**	**2,766**
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	**2,500**	**1,513**	**2**	**72**	**140**	**986**	**5,213**	**372**	**5,585**

1. Principal Activities

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

The Bank for Foreign Trade, more commonly known as Vneshtorgbank (the "Bank", "Vneshtorgbank", or "VTB"), was formed as Russia's foreign trade bank under the laws of the Russian Federation on 17 October 1990. In 1998, following several reorganizations, VTB was reorganized into an open joint stock company.

On 2 January 1991, VTB received a general banking license (number 1000) from the Central Bank of Russia (the "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 is also a member of the obligatory deposit insurance system since 22 February 2005. Acquired at the end of 2005 subsidiary Industry & Construction Bank is also a member of the obligatory deposit insurance system since 11 January 2005. The State deposit insurance scheme implies that the State Corporation "Agency for Deposits Insurance" guarantees repayment of individual deposits up to 100 thousand Russian Roubles (RUR) (approximately US Dollars 3 thousand) per individual in case of the withdrawal of a license of a bank or a CBR imposed moratorium on payments.

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 consolidated financial statements is provided in Note 27.

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 1 associated and 4 subsidiary banks with its network of 151 branches, including 55 branches of VTB, 42 branches of CJSC "VTB Retail Services" and 54 branches of OJSC "Industry & Construction Bank", located in major Russian regions. The Group operates outside Russia through 11 bank subsidiaries of VTB, located in the Commonwealth of Independent States ("CIS") (Armenia, Georgia, Ukraine (2 banks)), Western Europe (Austria, Cyprus, Switzerland, Germany, Luxembourg, France and the United Kingdom of Great Britain and Northern Ireland) and through 5 representative offices located in India, Italy, China, Byelorussia and Ukraine.

The Group's majority shareholder is the State of Russian Federation, acting through the Federal Property Agency, which holds 99.9% of VTB's issued and outstanding shares.

The number of employees of the Group at 31 March 2006 was 25,721 (31 December 2005: 23,145).

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. The Russian economy while deemed to be of market status continues to display certain characteristics consistent with that of a market in transition. These characteristics include, but are not limited to, relatively high inflation and the existence of currency controls which cause the national currency to be illiquid outside of Russia. The stability of the Russian economy will be significantly impacted by the government's policies and actions with regard to supervisory, legal, and economic reforms.

3. Basis of Preparation

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 2006 are not necessarily indicative of the results that may be expected for the year ending 31 December 2006. 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".

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 mainly denominated in United States dollars ("US dollars" or "USD"). 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. The Bank's accounting records provide sufficient accounting information regarding the original US dollar equivalent of transactions executed in other currencies.

These interim condensed consolidated financial statements should be read in conjunction with the complete consolidated financial statements as of 31 December 2005, considering the effect of revision of existing International Accounting Standards ("IAS"), which is described below.

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 followed in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements at 31 December 2005 and for the year then ended, except for the adoption of the following amendments in IAS 39 (revised) "Financial Instruments: Recognition and Measurement" on annual periods beginning on or after 1 January 2006.

IAS 39 - Amendment for financial guarantee contracts accounting - amended the scope of IAS 39 to include financial guarantee contracts issued. The amendment addresses the treatment of financial guarantee contracts by the issuer. Under revised IAS 39 financial guarantee contracts are recognized initially at fair value and remeasured at the higher of the amount determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18 "Revenue".

IAS 39 - Amendment for the fair value option - which restricted the use of the option to designate any financial asset or any financial liability as at fair value through profit or loss.

According to the revised IAS 39, an entity may designate financial assets and liabilities as at fair value through profit or loss only upon initial recognition when doing so results in more relevant information, because either:

(i) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or

(ii) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel (as defined in IAS 24 Related Party Disclosures (as revised in 2003)), for example the entity's board of directors and chief executive officer.

(expressed in millions of US dollars)

3. Basis of Preparation (continued)

Changes in Accounting Policies (continued)

Also, according to the revised IAS 39, if a contract contains one or more embedded derivatives an entity may designate the entire hybrid (combined) contract as a financial asset or liability at fair value through profit or loss unless:

a) The embedded derivative(s) does not significantly modify the cash flows that otherwise would be required by the contract; or

b) It is clear with little or no analysis when a similar hybrid (combined) instrument is first considered that separation of the embedded derivative(s) is prohibited, such as a prepayment option embedded in a loan that parties the holder to prepay the loan for approximately its amortized cost.

The adoption of these amendments did not affect the Group results of operations or financial position.

Foreign Currency Translation

At 31 March 2006, the principal rate of exchange used for translating balances in Russian Roubles to USD was USD 1 to RUR 27.7626 (at 31 December 2005: USD 1 to RUR 28.7825) and the principal rate of exchange used for translating balances in Euro was USD 1 to EURO 0.8294 (at 31 December 2005: USD 1 to EURO 0.8420).

4. Cash and Short-Term Funds

	31 March 2006 (unaudited)	**31 December 2005**
Cash on hand	505	568
Cash balances with local central banks (other than mandatory reserve deposits)	705	995
Correspondent accounts with other banks		
- Russian Federation	487	576
- Other countries	420	553
Total cash and short-term funds	**2,117**	**2,692**
Less: restricted cash	(163)	(151)
Total cash and cash equivalents	**1,954**	**2,541**

Restricted cash balances were placed in foreign banks and represent the balances on escrow accounts in the amount of USD 53 million (31 December 2005: USD 52 million) of which USD 49 million is in freely convertible currencies and USD 4 million in non-freely convertible currencies (31 December 2005: USD 48 million and USD 4 million, respectively), and other balances in non-freely convertible currencies in the amount of USD 110 million (31 December 2005: USD 99 million). Restricted cash balances were collateralized by deposits of USD 157 million (31 December 2005: USD 143 million). For the purposes of the consolidated statement of cash flows, restricted cash is not considered to be cash and cash equivalents.

5. Financial Assets at Fair Value through Profit or Loss

	31 March 2006 (unaudited)	**31 December 2005**
Financial assets held for trading	4,812	3,558
Financial assets designated as at fair value through profit or loss	1,240	1,709
Total financial assets at fair value through profit or loss	**6,052**	**5,267**

(expressed in millions of US dollars)

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

Management of the Bank and its subsidiaries which were acquired prior to 2005 decided to designate as "financial assets at fair value through profit or loss" on 1 January 2005 all debt and equity securities, except for investments in equity instruments that do not have a quoted market price in an active market, loans and receivables and held-to-maturity instruments. Such designation is performed at the initial recognition of the respective assets. The same approach was applied to securities purchased during 2005, except for the securities held by subsidiaries acquired by the Bank in 2005. The financial assets designated as at fair value through profit or loss are managed on a fair value basis, in accordance with the risk management or investment strategies adopted by each group member and the information on these instruments provided to key management personnel is prepared on a fair value basis.

Financial Assets Held for Trading

	31 March 2006 (unaudited)	31 December 2005
USD denominated securities		
Russian corporate Eurobonds	405	290
Bonds issued by foreign companies and banks	271	234
Equity securities	64	60
Bonds issued by foreign governments	13	65
Eurobonds of the Russian Federation	1	59
Russian MinFin bonds (OVGVZ)	51	34
RR denominated securities		
Promissory notes and debentures	1,761	1,460
Equity securities	1,200	530
Russian Federal loan bonds (OFZ)	634	606
Bonds of the Central Bank of the Russian Federation	–	7
Securities denominated in other currencies		
Foreign corporate bonds	146	103
Russian corporate Eurobonds	–	13
Equity securities	56	74
Balances arising from derivative financial instruments	**210**	**23**
Total financial assets held for trading	**4,812**	**3,558**

Russian corporate Eurobonds are US dollar denominated interest bearing securities issued by major Russian corporations and banks, which are freely tradable internationally. The bonds have maturities ranging from September 2006 to September 2015 (31 December 2005: from September 2006 to January 2012) and interest coupons ranging from 7% to 13% (31 December 2005: 7% to 11%).

Bonds issued by foreign companies and banks include bonds issued by foreign banks linked to VTB Eurobonds, bonds issued by a major Russian gas company and to Russian MinFin bonds. These securities have maturities ranging from January 2007 to September 2049 (31 December 2005: from March 2007 to October 2015) and have interest coupon rates ranging from 4% to 17% (31 December 2005: from 6% to 17%). Though some notes are linked to VTB Eurobonds, there is no legal right to offset these instruments.

USD denominated equity securities are securities issued by foreign companies.

Bonds issued by foreign governments represent securities issued by the Government of the USA with maturities in February 2036 (31 December 2005: in August 2015 and February 2031) and interest coupons of 4.5% (31 December 2005: of 4% and 5%) and a minor amount of securities issued by other governments.

Russian MinFin bonds (OVGVZ) are interest bearing securities denominated in USD, which carry the guarantee of the Ministry of Finance of the Russian Federation. The bonds are purchased at a discount to nominal value and carry an annual interest coupon of 3%. The bonds have maturity dates ranging from May 2006 to May 2011 (31 December 2005: from May 2006 to May 2011) and yields to maturity ranging from 5% to 6% (31 December 2005: 5% to 6%).

(expressed in millions of US dollars)

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

Financial Assets Held for Trading (continued)

Promissory notes and debentures represent securities denominated in RUR and are issued primarily by Russian banks, large manufacturing, telecom and oil and gas companies, and local authorities. The promissory notes and debentures have maturities ranging from May 2006 to June 2015 (31 December 2005: from January 2006 to August 2014) and interest coupons ranging from 4% to 16% (31 December 2005: from 4% to 17%).

At 31 March 2006, included in Equity securities of RUR denominated securities are corporate shares of Russian "blue chip" companies involved in banking, telecommunication and energy sectors with a fair value of USD 160 million, USD 112 million, USD 698 million, respectively (at 31 December 2005: USD 43 million, USD 101 million, USD 310 million, respectively).

Russian Federal loan bonds (OFZ) are Russian Rouble denominated government securities issued by the Ministry of Finance of the Russian Federation. These OFZ bonds are issued at a discount to their nominal value, have maturity dates ranging from August 2006 to February 2036 (31 December 2005: February 2006 to August 2018) and coupon interest rates ranging from 7% to 10% (31 December 2005: from 6% to 10%).

Foreign corporate bonds are issued in EURO and GBP (31 December 2005: in EURO), have maturities from October 2007 to December 2030 (31 December 2005: from July 2006 to December 2030) and interest rates ranging from 2.7% to 5.5% (31 December 2005: from 1.6% to 3.9%).

Equity securities denominated in other currencies are issued by major European companies and banks.

Financial Assets Designated as at Fair Value Through Profit or Loss

	31 March 2006 (unaudited)	31 December 2005
Bonds of Russian companies and banks	529	618
Eurobonds of the Russian Federation	254	451
Bonds issued by foreign companies and banks	167	123
Bonds issued by foreign governments	173	252
Russian MinFin bonds (OVGVZ)	69	109
Promissory notes of Russian companies and banks	25	16
Municipal bonds	11	22
Promissory notes of foreign companies and banks	3	100
Other	9	18
Total financial assets designated as at fair value through profit or loss	**1,240**	**1,709**

Bonds of Russian companies and banks included in financial assets designated as at fair value through profit or loss are mainly Eurobonds of large Russian companies and banks, which are freely tradable internationally. These bonds have maturity dates ranging from June 2006 to December 2015 (31 December 2005: March 2006 to December 2015) and have both floating and fixed interest rates.

Eurobonds of the Russian Federation are US dollar denominated securities issued by the Ministry of Finance of the Russian Federation, which are freely tradable internationally. The Group's portfolio of Eurobonds as of 31 March 2006 consists of 5 tranches of securities with maturities ranging from June 2007 to March 2030 (31 December 2005: 5 tranches with maturity dates from June 2007 to March 2030). The annual coupon interest rates on these bonds vary from 5% to 12.75% p.a. (31 December 2005: from 5% to 12.75% p.a.) and interest is payable semi-annually.

Bonds issued by foreign companies and banks included in financial assets designated as at fair value through profit or loss are held by foreign subsidiaries of the Group and represent bonds of local issuers involved predominantly in banking and other industries and have maturities from June 2006 to June 2035 (31 December 2005: from January 2006 to March 2025) and have coupon interest rates from 1.25% to 18% (31 December 2005: from 1.25% to 18%).

(expressed in millions of US dollars)

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

Financial Assets Designated as at Fair Value Through Profit or Loss (continued)

At 31 March 2006, bonds issued by foreign government in financial assets designated as at fair value through profit or loss represent mostly USD and Euro denominated securities with maturity dates ranging from July 2006 till December 2038 (31 December 2005: from January 2006 till December 2038) and coupon interest rates ranging from 1% to 9% (31 December 2005: from 2% to 9%).

Russian MinFin bonds (OVGVZ) are interest bearing securities denominated in USD, which carry the guarantee of the Ministry of Finance of the Russian Federation. The bonds are purchased at a discount to nominal value and carry an annual coupon interest rate of 3%. The bonds have maturity dates ranging from May 2006 to May 2011 (31 December 2005: from May 2006 to May 2011) and yields to maturity ranging from 5% to 6% (31 December 2005: 5% to 6%).

At 31 December 2005, promissory notes of foreign companies and banks include corporate promissory notes issued in USD with maturity in June 2006.

6. Securities Pledged under Repurchase Agreements

	31 March 2006 (unaudited)	31 December 2005
Russian Eurobonds and MinFin Bonds	663	303
Bonds issued by foreign companies and banks	363	375
Equity securities	335	118
Foreign government bonds	324	281
Russian Federal loan bonds (OFZ)	250	38
Municipal bonds	80	170
Russian corporate Eurobonds	75	67
Russian corporate bonds	24	–
Total securities pledged under repurchase agreements	**2,114**	**1,352**

Russian Eurobonds and MinFin Bonds are described in Note 5.

Bonds issued by foreign companies and banks represent securities denominated in GBP, Euro and USD and have maturities ranging from October 2006 to October 2014 (31 December 2005: from January 2006 to November 2010) and coupon interest rates ranging from 2.3% to 9.6% (31 December 2005: from 2.3% to 4.8%).

Equity securities represent securities issued by Russian and foreign corporations and banks.

Foreign government bonds represent bonds issued by the government of the United Kingdom and the USA (31 December 2005: the United Kingdom) with maturities from March 2007 to February 2031 (31 December 2005: March 2007) and coupon interest rates from 0% to 4.5% (31 December 2005: 4.5%).

Russian Federal loan bonds (OFZ) are Russian Rouble denominated government securities issued by the Ministry of Finance of the Russian Federation. These OFZ bonds are issued at a discount to their nominal value, have maturity dates ranging from August 2008 to February 2036 (31 December 2005: April 2008 to January 2019) and coupon interest rates ranging from 7% to 10% (31 December 2005: from 6% to 10%).

Municipal bonds represent securities denominated in Russian Roubles and issued by regional authorities of the Russian Federation. They have maturities ranging from June 2008 to April 2015 (31 December 2005: from June 2008 to August 2014) and coupon interest rates ranging from 10% to 11% (31 December 2005: from 9% to 14%).

(expressed in millions of US dollars)

7. Due from Other Banks

	31 March 2006 (unaudited)	31 December 2005
Current term placements with other banks	5,305	3,558
Reverse sale and repurchase agreements with other banks	726	590
Overdue placements with other banks	3	–
	6,034	**4,148**
Less: Allowance for loan impairment	(9)	(7)
Total due from other banks	**6,025**	**4,141**

8. Loans and Advances to Customers

	31 March 2006 (unaudited)	31 December 2005
Current loans and advances	20,143	19,078
Reverse sale and repurchase agreements with customers	965	1,168
Rescheduled loans and advances	194	60
Overdue loans and advances	361	227
	21,663	**20,533**
Less: Allowance for loan impairment	(700)	(608)
Total loans and advances to customers	**20,963**	**19,925**

At 31 March 2006, included in current loans is USD 104 million of net investment in finance lease receivables (31 December 2005: USD 94 million).

The finance lease receivables may be analyzed as follows:

	31 March 2006 (unaudited)	31 December 2005
Gross investment in leases	134	118
Less: Unearned finance lease income	(30)	(24)
Net investment in leases before allowance	**104**	**94**
Less: allowance for uncollectible finance lease receivables	(1)	(1)
Net investment in leases	**103**	**93**

Future minimum lease payments to be received by the Group:

	31 March 2006 (unaudited)	31 December 2005
Within 1 year	47	40
From 1 to 5 years	82	78
More than 5 years	5	–
Minimum lease payments receivable	**134**	**118**

(expressed in millions of US dollars)

8. Loans and Advances to Customers (continued)

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

	31 March 2006 (unaudited)		31 December 2005	
	Amount	%	Amount	%
Finance	4,161	19	3,970	19
Manufacturing	3,821	18	4,231	20
Trade and commerce	3,530	16	3,000	15
Building and construction	1,697	8	1,605	8
Government bodies	1,284	6	959	5
Individuals	1,210	6	851	4
Oil and Gaz	1,116	5	888	4
Mining	928	4	1,041	5
Food and agriculture	728	3	523	3
Energy	726	3	706	3
Chemical	707	3	652	3
Transport	428	2	382	2
Telecommunications and media	381	2	360	2
Others	946	5	1,365	7
Total loans and advances to customers	**21,663**	**100**	**20,533**	**100**

At 31 March 2006, the total amount of outstanding loans issued to 10 largest groups of interrelated borrowers by the Group comprised USD 4,285 million or 20% of the gross loan portfolio (31 December 2005: USD 4,049 million or 20%).

At 31 March 2006, the total amount of outstanding loans issued under reverse sale and repurchase agreements with 3 major customers represented USD 553 million, or 3% of gross loan portfolio (31 December 2005: 4 customers with balance of USD 595 million - 3% of gross loan portfolio).

At 31 March 2006 and at 31 December 2005, included in loans and advances was a loan to a large corporate customer totaling USD 1,000 million (5% of gross loan portfolio) with maturity in 2009 and at an interest rate of 9.6% per annum. The Group has cash collateral of USD 250 million (31 December 2005: USD 550 million) in respect of this loan, therefore its net exposure is USD 750 million (31 December 2005: USD 450 million), which is also collateralized by the shares of a large Russian metal company.

The Group has transferred USD 450 million of this USD 750 million participation in the loan to an unrelated third party. Additionally the Group has written a put option on the transferred asset executable in 3 years. As a result of this transaction, the Group has retained the credit risk but transferred certain other risks of the USD 450 million participation and has retained control over this asset. Accordingly, the Group has continued to recognize the above participation in the amount of USD 450 million and recognized the associated liability in the amount of USD 463 million within customer accounts. An additional receivable of the put option premium of USD 13 million is included in Other assets.

9. Financial Assets Available for Sale

	31 March 2006 (unaudited)	31 December 2005
International Moscow Bank (Russia) shares	150	146
Bonds issued by foreign companies and banks	126	168
Other equity investments	81	81
Russian corporate Eurobonds	50	45
Promissory notes	39	39
Bonds issued by foreign governments	27	26
Russian MinFin bonds (OVGVZ)	19	12
Eurobonds of the Russian Federation	13	13
Russian corporate bonds	4	3
JSC “KAMAZ” shares	–	132
Total financial assets available for sale	**509**	**665**

(expressed in millions of US dollars)

9. Financial Assets Available for Sale (continued)

At 31 December 2005, included in the financial assets available for sale were corporate shares of an automobile production company JSC "KAMAZ" with a fair value of USD 132 million which were sold in February 2006 for USD 132 million.

As a result of the acquisition of BCEN-Eurobank in 2005, the Group acquired 19.8% of the total shares of JSC "International Moscow Bank" ("IMB") domiciled in Russia. At 31 March 2006, the fair value of these shares was USD 150 million (31 December 2005: USD 146 million). At 31 March 2006 and 31 December 2005, the Group's percentage of voting ordinary shares in IMB amounted to 15.9%.

At 31 March 2006, bonds issued by foreign companies and banks include securities with maturities ranging from April 2006 to August 2045 (31 December 2005: from December 2006 to August 2045) and coupon rates from 4% to 9% (31 December 2005: from 3% to 10%).

10. Investments in Associates

			31 March 2006 (unaudited)		31 December 2005	
	Country of registration	Industry	Amount	Ownership percentage	Amount	Ownership percentage
"Eurofinance Mosnarbank", OJSC	Russia	Bank	101	32.65%	92	32.65%
"Halladale PLC"	Great Britain	Property	23	23.00%	23	23.00%
"Management Company ICB", limited	Russia	Finance	3	30.91%	3	30.91%
Total investments in associates			**127**		**118**	

The following table illustrates aggregated financial information of the associates:

	31 March 2006 (unaudited)	31 December 2005
Assets	1,667	1,836
Liabilities	1,290	1,485
Net assets	377	351
Revenue	55	222
Profit	16	40

11. Due to Other Banks

	31 March 2006 (unaudited)	31 December 2005
Term loans and deposits	3,587	3,787
Correspondent accounts and overnight deposits of other banks	1,772	1,554
Sale and repurchase agreements with other banks	1,521	1,288
Total due to other banks	**6,880**	**6,629**

Securities pledged against sale and repurchase agreements are financial assets at fair value through profit or loss with a total fair value of USD 1,579 million (31 December 2005: USD 1,349 million) (see Note 6).

(expressed in millions of US dollars)

12. Customer Accounts

	31 March 2006 (unaudited)	31 December 2005
State and public organizations		
Current/settlement accounts	728	574
Term deposits	513	79
Other legal entities		
Current/settlement accounts	4,611	3,863
Term deposits	3,109	3,069
Individuals		
Current/settlement accounts	1,162	1,010
Term deposits	4,273	4,170
Sale and repurchase agreements	518	2
Total customer accounts	**14,914**	**12,767**

Included in customer accounts are:

- Restricted deposits amounting to USD 157 million (31 December 2005: USD 143 million), where matching deposits were placed by the Group in escrow accounts (see Note 4).
- Deposits of USD 54 million (31 December 2005: USD 55 million) were held as collateral against irrevocable commitments under import letters of credit and guarantees.
- At 31 March 2006 sale and repurchase agreements of USD 518 million (31 December 2005: USD 3 million) represent the amounts payable to legal entities in connection with sale and repurchase agreements. Securities pledged against sale and repurchase agreements are financial assets at fair value through profit or loss with a fair value of USD 535 million (31 December 2005: USD 3 million) (see Note 6).

13. Other Borrowed Funds

	31 March 2006 (unaudited)	31 December 2005
CBR deposits	1,027	982
Syndicated loans	1,855	1,426
Revolving credit lines	8	8
Other credit lines	542	521
Total other borrowed funds	**3,432**	**2,937**

(expressed in millions of US dollars)

13. Other Borrowed Funds (continued)

Syndicated loans at 31 March 2006 comprised the following:

	Interest rate	Maturity	Carrying amount	Total amount of loan facility available
Syndicated unsecured loan arranged by ABN AMRO Bank NV, Citibank NA London, ING Bank NV	LIBOR + 1.2%	April 2008	452	450
Syndicated unsecured loan arranged by SKB Banka, Bank Austria Creditanstalt, Slovenska Izvozna Druzba	LIBOR + 1.2%	March 2016	31	33
Syndicated unsecured loan arranged by ABN AMRO Bank NV, Citibank NA London, ING Bank NV and JP Morgan plc	LIBOR + 1.6%	November 2007	150	300
JPY-denominated syndicated unsecured loan arranged by Japan Bank for International Cooperation jointly with three Japanese banks	From 2.54% to 2.64%	February 2007	3	9
Syndicated unsecured loan arranged by JP Morgan plc, Deutsche Bank AG, Barclays Bank plc	LIBOR + 0.4%	November 2006	854	850
Syndicated loan arranged by Raiffeisen Zentralbank Österreich Aktiengesellschaft and ZAO Raiffeisenbank Austria	7.59%	From April 2005 to October 2006	46	45
Syndicated loan arranged by the Bank of Tokyo-Mitsubishi, Ltd and Raiffeisen Zentralbank Österreich Aktiengesellschaft	LIBOR + 0.575%	March 2008	176	174
Syndicated loan arranged by Natexis Banques Populaires	LIBOR + 1%	From April 2005 to July 2007	143	140
Total syndicated loans			**1,855**	**2,001**

(expressed in millions of US dollars)

13. Other Borrowed Funds (continued)

Syndicated loans at 31 December 2005 comprised the following:

	Interest rate	Maturity	Carrying amount	Total amount of loan facility available
Syndicated unsecured loan arranged by BTM (EUROPE) Limited and Sumitomo Mitsui Finance (Dublin) Ltd	LIBOR + 0.15%	February 2006	501	500
Syndicated unsecured loan arranged by ABN AMRO Bank NV, Citibank NA London, ING Bank NV	LIBOR + 1.2%	April 2008	452	450
Syndicated unsecured loan arranged by Societe Generale (Marches de Capitaux)	LIBOR+3.2%	August 2012	14	27
Syndicated unsecured loan arranged by SKB Banka, Bank Austria Creditanstalt, Slovenska Izvozna Druzba	LIBOR + 1.2%	March 2016	26	33
Syndicated unsecured loan arranged by ABN AMRO Bank NV, Citibank NA London, ING Bank NV and JP Morgan plc	LIBOR + 1.6%	November 2007	151	300
JPY-denominated syndicated unsecured loan arranged by Japan Bank for International Cooperation jointly with three Japanese banks	From 2.54% to 2.64%	From February 2006 to February 2007	4	10
Syndicated loan arranged by Raiffeisen ZentralBank Österreich Aktiengesellschaft and ZAO RaiffeisenBank Austria	LIBOR + 3.25%	From April 2005 to October 2006	46	45
Syndicated loan arranged by the Bank of Tokyo-Mitsubishi, Ltd., Commerzbank Aktiengesellschaft и Standard Bank London Limited	LIBOR + 2.95%	From February 2005 to February 2006	92	90
Syndicated loan arranged by Natexis Banques Populaires	LIBOR + 1%	From April 2005 to July 2007	140	140
Total syndicated loans			**1,426**	**1,595**

Revolving credit lines at 31 March 2006 and 31 December 2005 consisted of small credit lines taken by VTB from a number of foreign banks for trade financing of VTB's customers.

(expressed in millions of US dollars)

13. Other Borrowed Funds (continued)

Other credit lines at 31 March 2006 included the following:

	Interest rate	**Maturity**	**Carrying amount**	**Total amount of loan facility available**
BANCO BILBAO VIZCAYA ARGENTARIA S.A.	LIBOR + 0.6 % to 3.46%	from August 2006 till May 2008	4	8
BNP- PARIBAS SA (FORMERLY BANQUE NATIONALE DE PARIS)	from EURIBOR + 0.65 % till EURIBOR + 2.0 %	from November 2007 till December 2011	19	19
Calyon Corporate and Investment Bank	from EURIBOR + 2.1% to 3.74%	from July 2010 till May 2014	27	51
HSBC BANK PLC, LONDON, UNITED KINGDOM	LIBOR + 0.095%	from May 2009 till November 2009	13	13
Industrial and Commercial Bank of China	LIBOR + 0.9%	from October 2009 to April 2011	27	32
Mediobanca	from 4.8% to 5.8%	from June 2008 till March 2012	55	78
NORDEA BANK FINLAND PLC.	from EURIBOR + 0.5% to EURIBOR + 2.25%	from August 2007 till February 2010	7	9
RAIFFEISEN ZENTRALBANK ÖSTERREICH AG	from EURIBOR + 0.75% to EURIBOR + 0.9%	from August 2009 till April 2011	8	10
UBS AG (FORMER UBS)	from 2.237% to EUR LIBOR + 0.4%	from April 2006 to March 2011	42	59
AKA Ausfuhrkredit Gmbh	from EURIBOR + 0.5% to EURIBOR + 0.875%, LIBOR+0.875%	from December 2006 till September 2011	88	100
Nordic Investment Bank	EURIBOR (LIBOR) + 3.25%	February 2014	12	12
BAWAG (former Interbanka), Prague	EURIBOR + 1.85%	July 2008	5	6
“Emporic” Bank	LIBOR+2 %	September 2008	6	12
Other special financing for Group's client trading operations (mainly denominated in EUR and USD)	from 3.0% to 8.8% p.a.	from April 2006 to August 2010	229	210
Total other credit lines			**542**	**619**

(expressed in millions of US dollars)

13. Other Borrowed Funds (continued)

Other credit lines at 31 December 2005 included the following:

	Interest rate	Maturity	Carrying amount	Total amount of loan facility available
BANCO BILBAO VIZCAYA ARGENTARIA S.A.	from LIBOR + 0.6 % to 3.46%	from August 2008 till May 2008	4	4
BNP- PARIBAS SA (FORMERLY BANQUE NATIONALE DE PARIS)	from EURIBOR + 0.65 % till EURIBOR + 2.5 %	from November 2007 till December 2011	30	30
Calyon Corporate and Investment Bank	from EURIBOR + 2.1% to 3.74%	from July 2010 till May 2014	26	26
HSBC BANK PLC, LONDON, UNITED KINGDOM	LIBOR + 0.095%	from May 2009 till November 2009	17	17
Industrial and Commercial Bank of China	5.84%	from October 2009 to April 2011	26	26
Mediobanca	from 4.8% to 5.8%	from June 2008 till March 2012	55	55
NORDEA BANK FINLAND PLC.	from EURIBOR + 0.5% to EURIBOR + 2.25%	from August 2007 till February 2010	8	8
RAIFFEISEN ZENTRALBANK ÖSTERREICH AG	from EURIBOR + 0.75% to EURIBOR + 0.9%	from August 2009 till April 2011	8	8
UBS AG (FORMER UBS)	from 2.237% to EUR LIBOR + 0.4%	from April 2006 to October 2010	34	34
AKA Ausfuhrkredit Gmbh	from EURIBOR + 0.5% to EURIBOR + 0.875%	from December 2006 till March 2011	82	82
AKA Ausfuhrkredit Gmbh	LIBOR + 0.875%	July 2009	6	6
Nordic Investment Bank	EURIBOR (LIBOR) + 3.25%	February 2014	12	12
BAWAG (former Interbanka), Prague	EURIBOR + 1.85%	July 2008	6	6
International Finance Corporation	LIBOR + 4%	July 2007	6	6
“Emporic” Bank	LIBOR+2 %	September 2008	12	12
Other special financing for Group's client trading operations (mainly denominated in EUR and USD)	from 3.0% to 8.8% p.a.	from January 2006 to August 2010	189	189
Total other credit lines			**521**	**521**

(expressed in millions of US dollars)

13. Other Borrowed Funds (continued)

In connection with the acquisition of Guta Bank (now named CJSC "VTB Retail Services") by the Group in July 2004, the CBR placed a USD 700 million special purpose deposit with VTB at one-year LIBOR, maturing in July 2005, with carrying value of USD 700 million. The deposit is available to maintain Guta Bank's liquidity and for the use in its operations. In July 2005, the term of the deposit has been prolonged to 20 July 2006 at a fixed rate of 4.07%. The Group has initially recognized the CBR deposit at its fair value, calculated based on market rates for similar deposits. The gain on initial recognition is reflected in the goodwill arising from the Guta Bank acquisition.

In 2006 the CBR placed gold deposits of 560,000 troy ounces in equivalent to USD 327 million (31 December 2005: equivalent of USD 207 million) with "Moscow Narodny Bank Limited" located in London in several tranches with maturities from six months to one year and bearing interest from 0.3123% to 0.5771%.

In December 2005 "Moscow Narodny Bank Limited" received a USD 75 million deposit from the CBR maturing in January 2006 bearing interest of 4.495%. In January 2006 the deposit was repaid to the CBR.

14. Debt Securities Issued

	31 March 2006 (unaudited)	31 December 2005
Promissory notes	1,367	1,736
Bonds	5,674	5,060
Deposit certificates	275	288
Debentures	242	157
Total debt securities issued	**7,558**	**7,241**

Promissory notes issued include both discount and interest bearing promissory notes denominated mainly in US Dollars with maturities ranging from demand to January 2016 (31 December 2005: to December 2012). Effective interest rates range between 0% and 14.5% (31 December 2005: 0% and 10%).

At 31 March 2006, debentures issued include EUR 200 million (31 December 2005: EUR 130 million) of bonds issued in January 2006 under the rules of the German regulator ("Schuldscheindarlehen") with maturity in January 2007 bearing an interest rate of one month EURIBOR + 0.3% p.a. payable semi-annually (31 December 2005: maturity in January 2006, bearing an interest rate of six month EURIBOR + 1.15% p.a.).

(expressed in millions of US dollars)

14. Debt Securities Issued (continued)

As of 31 March 2006 bonds comprised the following:

	Interest rate	Maturity	Face value	Carrying value	Market price, % of face value
USD denominated Eurobonds issued by VTB under Medium Term Note borrowings program of USD 10,000 million:					
Series 1 issued in December 2003 and March 2004	6.875% payable semi-annually	December 2008	550	550	102.1%
Series 3 issued in July 2004	3 month LIBOR plus 2.9% payable quarterly	July 2007	300	306	102.8%
Series 4 issued in October 2004	7.5% payable semi-annually	October 2011	430	431	105.6%
Series 5 issued in December 2004	3 month LIBOR plus 1.35% payable quarterly	June 2006	350	350	101.1%
Series 6 issued in June 2005	6.25% payable semi-annually	June 2035	1,000	1,006	99.8%
Series 8 issued in December 2005	3 month LIBOR plus 0.75% payable quarterly	September 2007	1,000	1,000	100.1%
USD denominated Eurobonds issued by "Industry & Construction Bank", OJSC:					
Series 1 issued in July 2005	6.875% payable semi-annually	July 2008	274	275	100.9%
USD denominated Eurobonds issued by "Moscow Narodny Bank Limited":					
Series 1 issued in June 2003	4.3% payable semi-annually	June 2008	144	146	96.5%
Series 2 issued in December 2003	5.9% payable semi-annually	December 2006	20	21	100.0%
Series 3 issued in October 2004	5.1% payable annually	October 2007	200	203	101.6%
Subtotal USD denominated Eurobonds			**4,268**	**4,288**	
EURO denominated Eurobonds issued by VTB:					
Series 9 issued in February 2006	4.25% payable annually	February 2016	600	600	98.1%
EURO denominated Eurobonds issued by "Moscow Narodny Bank Limited":					
Series 4 issued in January 2005	3.4% payable semi-annually	January 2008	59	60	100.7%
Subtotal EURO denominated Eurobonds			**659**	**660**	
RUR denominated bonds issued by VTB:					
4th tranche of Russian Rouble denominated debentures issued in March 2004	From 5.43% to 5.6% payable semi-annually	March 2009	180	180	99.95%
5th tranche of Russian Rouble denominated debentures issued in October 2005	6.2% payable quarterly	October 2013	540	546	99.7%
Subtotal RUR denominated bonds			**720**	**726**	
Total Bonds			**5,647**	**5,674**	

(expressed in millions of US dollars)

14. Debt Securities Issued (continued)

As of 31 December 2005 bonds comprised the following:

	Interest rate	Maturity	Face value	Carrying value	Market price, % of face value
USD denominated Eurobonds issued by VTB under Medium Term Note borrowings program of USD 10,000 million:					
Series 1 issued in December 2003 and March 2004	6.875% payable semi-annually	December 2008	539	539	102.9%
Series 3 issued in July 2004	3 month LIBOR plus 2.9% payable quarterly	July 2007	300	304	103.2%
Series 4 issued in October 2004	7.5% payable semi-annually	October 2011	420	420	107.3%
Series 5 issued in December 2004	3 month LIBOR plus 1.35% payable quarterly	June 2006	350	350	100.2%
Series 6 issued in June 2005	6.25% payable semi-annually	June 2035	1,000	1,000	102.4%
Series 8 issued in December 2005	3 month LIBOR plus 0.75% payable quarterly	September 2007	1,000	1,000	100.2%
USD denominated Eurobonds issued by "Industry & Construction Bank", OJSC:					
Series 1 issued in July 2005	6.875% payable semi-annually	July 2008	286	287	101.3%
USD denominated Eurobonds issued by "Moscow Narodny Bank Limited":					
Series 1 issued in June 2003	4.3% payable semi-annually	June 2008	144	144	96.9%
Series 2 issued in December 2003	5.9% payable semi-annually	December 2006	20	20	100.0%
Series 3 issued in October 2004	5.1% payable annually	October 2007	200	203	101.9%
Subtotal USD denominated Eurobonds			**4,259**	**4,267**	
EURO denominated Eurobonds issued by "Moscow Narodny Bank Limited":					
Series 4 issued in January 2005	3.4% payable semi-annually	January 2008	59	60	100.0%
Subtotal EURO denominated Eurobonds			**59**	**60**	
RUR denominated bonds issued by VTB:					
3rd tranche of Russian Rouble denominated debentures issued in February 2003	From 14% to 15.5% payable annually	February 2006	72	72	101.1%
4th tranche of Russian Rouble denominated debentures issued in March 2004	From 5.43% to 5.6% payable semi-annually	March 2009	140	140	99.6%
5th tranche of Russian Rouble denominated debentures issued in October 2005	6.2% payable quarterly	October 2013	521	521	99.5%
Subtotal RUR denominated bonds			**733**	**733**	
Total Bonds			**5,051**	**5,060**	

14. Debt Securities Issued (continued)

In December 2005, VTB increased its Program for the issuance of loan participation notes (Eurobonds) (the “Program”) from USD 3 billion to USD 10 billion.

In April 2005, VTB redeemed Series 2 USD-denominated floating rate Eurobonds with face value of USD 325 million.

On 30 June 2005, VTB issued USD 1 billion of 6.25 per cent Series 6 Loan Participation Notes due 2035 under the Program. On 30 June 2005, an unlisted Series 7 of Notes, with principal amount of USD 200 million, a floating rate of interest and a term of three months, were issued under the same Program. In September 2005, VTB redeemed Series 7 of Notes.

In February 2006, VTB issued EURO 500 million Series 9 Eurobonds under EMTN Program with a fixed rate of 4.25% p.a. The issue has 10-year maturity (February 2016) and may be redeemed in February 2011 at the option of noteholders (5-year put option).

In February 2006, VTB redeemed Series 3 RUR denominated bonds with face value of USD 72 million.

In January 2006, VTB redeemed EURO denominated Schuldscheindarlehen with face value of USD 154 million.

Deposit certificates are denominated in RUR with maturity ranging from demand to December 2007 (31 December 2005: from demand to December 2006). Interest rates on deposit certificates range between 0% and 9% (31 December 2005: between 0% and 10%).

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 2006 the carrying amount of this subordinated debt was USD 754 million (31 December 2005: USD 766 million). The Bank’s management expects to settle the debt in 2010 before the interest rate step-up.

On 27 December 2000, OJSC “Industry & Construction Bank” received RUR 220 million subordinated loan due December 2016 with interest at 10.0% per annum payable semi-annually. As of 31 March 2006 the carrying amount of this subordinated debt was USD 8 million (31 December 2005: USD 8 million).

On 29 September 2005, OJSC “Industry & Construction Bank” issued USD 400 million subordinated Eurobonds due September 2015 with early redemption option (1 October 2010; price 100; type call). The Eurobonds bear interest at 6.3% 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. (Luxemburg) for the purpose of financing a subordinated loan to the Bank. As of 31 March 2006, the carrying amount of this subordinated debt was USD 396 million (31 December 2005: USD 387 million).

On 26 September 2000, JSCB “Mriya” received USD 605 thousand subordinated loan due 26 September 2006 with interest at 10.0% per annum payable monthly. As of 31 March 2006, the carrying amount of this subordinated debt was USD 1 million (31 December 2005: nil).

(expressed in millions of US dollars)

16. Interest Income and Expense

	For the three month periods ended 31 March (unaudited) 2006	2005
Interest income		
Loans and advances to customers	551	290
Securities	95	51
Due from other banks	63	30
Total interest income	**709**	**371**
Interest expense		
Customer accounts	(130)	(69)
Debt securities issued	(121)	(54)
Due to banks and other borrowed funds	(128)	(48)
Total interest expense	**(379)**	**(171)**
Net interest income	**330**	**200**

17. Fee and Commission Income and Expense

	For the three month periods ended 31 March (unaudited) 2006	2005
Commission on settlement transactions	36	13
Commission on cash transactions	13	6
Commission on guarantees issued	17	7
Commission on operations with securities	6	1
Other	19	10
Total fee and commission income	**91**	**37**
Commission on settlement transactions	(4)	(1)
Commission on cash transactions	(2)	(1)
Other	(4)	(1)
Total fee and commission expense	**(10)**	**(3)**
Net fee and commission income	**81**	**34**

(expressed in millions of US dollars)

18. Operating Expenses

	For the three month periods ended 31 March (unaudited) 2006	2005
Staff costs	115	65
Defined pension contribution expense	12	8
Administrative expenses, depreciation and other expenses related to premises and equipment	37	27
Leasing and rent expenses	17	10
Taxes other than on income	12	8
Advertising expenses	10	5
Professional services	4	4
Charity	2	4
Security expenses	7	3
Insurance	12	–
Post and telecommunication expenses	5	1
Amortization of core deposit intangible	8	–
Transport expenses	3	2
Expenses arising from non-banking activities	17	10
Other	20	18
Total operating expenses	**281**	**165**

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
31 December 2004	**111**	**553**	**664**
Provision for loan impairment during the period	–	32	**32**
31 March 2005 (unaudited)	**111**	**585**	**696**
31 December 2005	**7**	**608**	**615**
Provision for loan impairment during the period	2	92	**94**
31 March 2006 (unaudited)	**9**	**700**	**709**

The movements in allowances for other assets and provisions were as follows:

	Other assets	Credit related commitments	Total
31 December 2004	**–**	**18**	**18**
Provision during the period	–	2	**2**
31 March 2005 (unaudited)	**–**	**20**	**20**
31 December 2005	**–**	**–**	**–**
Provision during the period	2	1	**3**
31 March 2006 (unaudited)	**2**	**1**	**3**

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 the Russian legislation, loans may only be written off with the approval of the Board of Directors and, in certain cases, with the respective decision of the Court.

20. Basic and Diluted Earnings per Share

Basic earning 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 year, 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 earning per share.

	For the three month periods ended 31 March (unaudited)	
	2006	**2005**
Net profit attributable to shareholders of the parent _(in millions of US dollars)_	326	66
Weighted average number of ordinary shares in issue	52,111,124	42,137,236
Basic and diluted earnings per share (expressed in USD per share)	**6.3**	**1.6**

21. Income Tax

In the first quarter of 2006, VTB earned non-taxable profits from operating activities and non-taxable foreign exchange gains 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 from 32% to 11%.

22. Disposal Group Held for Sale

At the end of June 2005, a subsidiary of CJSC “VTB Retail Services” purchased a 100% interest in CJSC “Sales”, a holding company for a number of Russian companies involved in aircraft engine manufacturing. The current management intention is to sell this investment within twelve months, therefore the Bank applied IFRS 5 for its accounting. The Bank has calculated provisional fair values of the CJSC “Sales” consolidated assets and liabilities at the acquisition date amounting to USD 334 million and USD 201 million, respectively. Provisional accounting was used, as explicit fair values are being calculated. No negative goodwill has arisen from this acquisition. CJSC “Sales” holding was classified as a disposal group held for sale under provisions of IFRS 5 and included into the geographical segment “Russia and CIS”.

As of 31 March 2006, consolidated assets and liabilities of CJSC "Sales" were USD 365 million and USD 230 million, respectively (31 December 2005: USD 337 million and USD 199 million, respectively).

23. 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 no material unaccrued losses will be incurred and accordingly no provision has been made in these 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 borrowings.

Starting January 2005 the Bank is a member of the obligatory deposit insurance system. The system operates under the Federal laws and regulations and is governed by the State Corporation “Agency for Deposits Insurance”. Insurance covers Bank’s liabilities to individual depositors for the amount up to RUR 100 thousand (USD 3,602) for each individual in case of business failure and revocation of the CBR banking license.

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)

23. 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 2006 (unaudited)	31 December 2005
Guarantees issued	2,111	2,040
Undrawn credit lines	2,626	2,828
Import letters of credit	702	559
Commitments to extend credit	878	1,023
Other credit related commitments	19	10
Less: provision for losses on credit related commitments	(1)	–
Total credit related commitments	**6,335**	**6,460**

The Bank has also received export letters of credit on behalf of its customers. Total amount outstanding as of 31 March 2006 was USD 1,820 million (31 December 2005: USD 1,829 million). Commitments under import letters of credit and guarantees are collateralized by customer deposits of USD 54 million (31 December 2005: USD 55 million).

At 31 March 2006, included in guarantees issued is a guarantee issued for one Russian company of USD 426 million (20% of the guarantees issued) (31 December 2005: USD 445 million, 23% of the guarantees issued). The guarantee was secured by promissory notes issued by VTB and by customers' accounts with a total nominal amount of USD 93 million (31 December 2005: USD 93 million). Movements in the allowance for losses on credit related commitments are disclosed in Note 19.

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 favorable (assets) or unfavorable (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 favorable or unfavorable 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 2006. These contracts were mainly entered into in March 2006 and settled early in April 2006.

(expressed in millions of US dollars)

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

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

	Domestic			Foreign		
	Notional amount	**Negative fair value**	**Positive fair value**	**Notional amount**	**Negative fair value**	**Positive fair value**
Term						
- sale of foreign currency	885	(1)	17	218	(1)	4
- purchase of foreign currency	1,982	(43)	–	1,282	(22)	1
- exchange of foreign currency	–	–	–	282	–	–
- sale of precious metals	–	–	–	295	–	39
- purchase of precious metals	–	–	–	–	–	–
- sale of securities	57	–	–	2,068	(125)	–
- purchase of securities	26	–	–	4,291	(3)	134
Swap						
- sale of foreign currency	208	–	–	237	(1)	–
- purchase of foreign currency	799	(1)	1	304	(2)	5
- exchange of foreign currency	15	–	–	1,449	(3)	5
- sale of securities	–	–	–	16	–	–
- purchase of securities	–	–	–	227	(5)	–
Options						
- call sell of precious metals	–	–	–	10	–	1
- call buy of precious metals	–	–	–	6	(1)	–
Options						
- put sell of foreign currency	–	–	–	450	–	–
- call buy of foreign currency	–	–	–	6	–	–
Options						
- put buy of securities	45	–	–	66	–	3
- call sell of securities	–	–	–	60	–	–
- call buy of securities	–	–	–	15	–	–
Total	**4,017**	**(45)**	**18**	**11,282**	**(163)**	**192**

(expressed in millions of US dollars)

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

The table below includes contracts outstanding at 31 December 2005:

	Domestic			**Foreign**		
	Notional amount	**Negative fair value**	**Positive fair value**	**Notional amount**	**Negative fair value**	**Positive fair value**
Term						
- sale of foreign currency	671	(3)	1	10	–	–
- purchase of foreign currency	1,881	(4)	7	370	(11)	–
- exchange of foreign currency	–	–	–	22	–	–
- sale of precious metals	–	–	–	203	–	9
- sale of securities	48	–	–	–	–	–
- purchase of securities	8	–	–	61	(1)	–
Swap						
- sale of foreign currency	77	–	–	70	–	1
- purchase of foreign currency	40	–	–	314	(8)	–
- exchange of foreign currency	64	–	1	644	(4)	2
- purchase of securities	–	–	–	17	(5)	–
- sale of Credit Default Swap	–	–	–	185	–	2
Options						
- call buy of precious metals	–	–	–	5	–	–
Options						
- put sell of foreign currency	–	–	–	474	–	–
- put buy of foreign currency	–	–	–	65	–	–
- call buy of foreign currency	–	–	–	18	–	–
Options						
- put sell of securities	–	–	–	83	–	–
- put buy of securities	5	–	–	–	–	–
- call sell of securities	–	–	–	59	–	–
- call buy of securities	–	–	–	84	–	–
Total	**2,794**	**(7)**	**9**	**2,684**	**(29)**	**14**

Purchase commitments. As of 31 March 2006 the Group had USD 281 million outstanding commitments for purchase of precious metals (31 December 2005: USD 249 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 recognized on these contracts.

(expressed in millions of US dollars)

24. Analysis by Segment

In accordance with IAS 14, "Segment Reporting", the Group's primary format for reporting segment information is geographical segments and the secondary format is business segments. Geographical segment information is based on geographical location of assets and liabilities and related revenues of entities within the Group. Segment information for the two main reportable geographical segments of the Group, Russia and CIS and Europe, is set out below for the period ended 31 March 2006:

	Russia and CIS	Europe	Intercompany eliminations	Total
Revenues from:				
External customers	837	182	–	**1,019**
Other segments	24	–	(24)	**–**
Total revenues	861	182	(24)	**1,019**
Segment results	348	27	–	**375**
Taxation	(38)	(3)		**(41)**
Profit after taxation from continuing operations	310	24		**334**
Share in profit of associated companies	4	–		4
Segment assets as of 31 March 2006	30,111	10,697		**40,808**
Segment liabilities as of 31 March 2006	27,701	7,522		**35,223**
Other segment items				
Capital expenditure	58	1		**59**
Depreciation	22	2		**24**
Other non-cash income (expenses)				
- Provision for loans	(90)	(4)		**(94)**
- Provision for other items	(1)	(2)		**(3)**

Segment information for the two main reportable geographical segments of the Group, Russia and CIS and Europe, at 31 December 2005 and results for the three months ended 31 March 2005 is set out below:

	Russia and CIS	Europe	Intercompany eliminations	Total
Revenues from:				
External customers	390	58	–	**448**
Other segments	22	1	(23)	**–**
Total revenues	412	59	(23)	**448**
Segment results	87	12	–	**99**
Taxation	(29)	(3)		**(32)**
Profit after taxation from continuing operations	58	9		**67**
Share in profit of associated companies	–	1		**1**
Segment assets as of 31 December 2005	27,381	9,342		**36,723**
Segment liabilities as of 31 December 2005	24,204	7,250		**31,454**
Other segment items				
Capital expenditure	50	1		**51**
Depreciation	8	–		**8**
Other non-cash income (expenses)				
- Provision for loans	(32)	–		**(32)**
- Provision for other items	(2)	–		**(2)**

VTB has predominantly one business segment, commercial banking, therefore no business segment disclosure is presented.

(expressed in millions of US dollars)

25. Fair Values of Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price. The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation has shown signs of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. While Management has used available market information in estimating the fair value of financial instruments, the market information may not be fully reflective of the value that could be realized in the current circumstances.

Financial instruments carried at fair value. Cash and short-term funds, financial assets at fair value through profit or loss, securities pledged under repurchase agreements and financial assets available for sale are carried on the balance sheet at their fair value. The fair value of these assets was determined by Management on the basis of market quotations.

The estimated fair value of investment into International Moscow Bank (IMB) was determined by using the market approach, namely the comparable companies method and the comparable transactions method. Calculations within the comparable transactions method were adjusted for a minority interest discount of 40%, whilst a lack of marketability discount (of 15%) was applied to the market approach valuation results for IMB. The Group's management believes that changes in the above assumptions to reflect possible alternatives would not result in a significantly different fair value.

Due from other banks. Management has estimated that at 31 March 2006 and 31 December 2005 the fair value of due from other banks was not materially different from their respective carrying value. This is primarily due to the fact that it is practice to renegotiate interest rates to reflect current market conditions and, therefore, a majority of balances carry interest at rates approximating market interest rates.

Loans and advances to customers. Management has estimated that at 31 March 2006 and 31 December 2005 the fair value of loans and advances to customers was not materially different from the carrying value. This is primarily due to the fact that it is practice to renegotiate interest rates to reflect current market conditions and, therefore, a majority of balances carry interest at rates approximating market interest rates.

Investment securities held-to-maturity. Market values have been used to determine the fair value of investment securities held-to-maturity traded on an active market. For securities that are not traded on an active market, the fair value was estimated as the present value of estimated future cash flows discounted at the period-end market rates.

Borrowings. Management has estimated that at 31 March 2006 and 31 December 2005 the fair values of borrowings which include amounts due to other banks, customer accounts, and other borrowed funds were not materially different from their respective carrying values. This is primarily due to the fact that it is practice to renegotiate interest rates to reflect current market conditions and, therefore, a majority of balances bear interest at rates approximating market interest rates.

Debt securities issued. The fair value of debt securities which include debt securities issued and subordinated debt was determined by Management on the basis of market quotations.

	31 March 2006 (unaudited)		31 December 2005	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and short-term funds	2,117	2,117	2,692	2,692
Financial assets at fair value through profit or loss	6,052	6,052	5,267	5,267
Securities pledged under repurchase agreements	2,114	2,114	1,352	1,352
Due from other banks	6,025	6,025	4,141	4,141
Loans and advances to customers	20,963	20,963	19,925	19,925
Financial assets available for sale	509	509	665	665
Investment securities held-to-maturity	6	6	7	7
Financial liabilities				
Due to other banks	6,880	6,880	6,629	6,629
Customer accounts	14,914	14,914	12,767	12,767
Other borrowed funds	3,432	3,432	2,937	2,937
Debt securities issued	7,558	7,566	7,241	7,315
Subordinated debt	1,159	1,154	1,161	1,173

(expressed in millions of US dollars)

26. 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.

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 details of guarantees given or received whether directly or indirectly.

Transactions with related parties entered by the Bank during the period ended 31 March 2006 were made in the normal course of business and mostly on an arm-length basis.

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

Balance sheet and credit related commitments:

	31 March 2006 (unaudited)		31 December 2005	
	State-owned companies	Associates	State-owned companies	Associates
Assets				
Cash and short-term funds	901	–	1,231	–
Mandatory cash balances with local central banks	393	–	329	–
Due from other banks	286	–	354	–
Financial assets through profit and loss	3,478	11	3,012	–
Securities pledged under repurchase agreements	317	–	454	–
Financial assets available for sale	277	1	162	–
Loans to customers	4,808	–	4,429	–
Allowance for loan impairment	(105)	–	(99)	–
Liabilities				
Due to other banks	817	–	1,242	–
Customer accounts	2,624	–	1,973	2
Other borrowed funds	1,027	–	982	–
Credit Related Commitments				
Guarantees issued	1,077	–	1,044	–
Undrawn credit lines	409	–	501	–
Import letters of credit	120	–	79	–
Commitments to extend credit	384	–	183	–
Other credit related commitments	13	–	–	–
Less allowance for losses on credit related commitments	–	–	–	–

Income Statement

	For the three months ended (unaudited)	
	31 March 2006	31 March 2005
Interest income		
Loans and advances to customers	126	61
Securities	45	19
Due from other banks	3	6
Interest expense		
Customer accounts	(23)	(16)
Due to banks	(15)	(16)
(Provision) reversal of allowance for impairment	(6)	14

For the three months period ended 31 March 2006, the total remuneration of the directors and key management personnel, including pension contributions and discretionary compensation amounted to USD 13.9 million (31 March 2005: USD 4.2 million).

(expressed in millions of US dollars)

27. 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 2006 (unaudited)	Percentage of ownership: 31 December 2005
Subsidiaries				
"Donau-bank Aktiengesellschaft, Wien"	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", JSCB	Banking	Ukraine	98.00%	–
"Armsavingsbank", CJSC	Banking	Armenia	70.00%	70.00%
"United Georgian Bank" Corporation	Banking	Georgia	50.00%	50.00%
"Vneshtorgbank Retail Services", CJSC	Banking	Russia	92.19%	92.19%
Bank "Zabaikalsky" , OJSC	Banking	Russia	99.80%	99.80%
"Novosibirskvneshtorgbank", CJSC	Banking	Russia	97.60%	97.60%
"East-West United Bank", S.A.	Banking	Luxembourg	50.74%	50.74%
"Ost -West Handelsbank", AG	Banking	Germany	83.54%	83.54%
"Industry & Construction Bank", OJSC	Banking	Russia	75.00%	75.00%
"BCEN-Eurobank"	Banking	France	87.04%	87.04%
"Moscow Narodny Bank Limited"	Banking	Great Britain	89.10%	89.10%
"Multicarta", Ltd	Plastic cards	Russia	100.00%	100.00%
"Euroleasing", GMBH	Leasing	Germany	63.00%	63.00%
"Rafinco Co.", Inc.	Trading	USA	100.00%	100.00%
"I.T.C. Consultants (Cyprus)", Ltd	Finance	Cyprus	100.00%	100.00%
"VB-Service", Ltd	Commerce	Russia	100.00%	100.00%
"Trading House VTB", Ltd	Commerce	Russia	100.00%	100.00%
"Non-state Pension Fund of Vneshtorgbank"	Insurance	Russia	100.00%	100.00%
"Konobeevo", OJSC	Recreation	Russia	89.99%	89.99%
"Insurance Capital", Ltd	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", LLC	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	45.00%	45.00%
"VTB Trading", Ltd	Finance	Cyprus	99.99%	99.99%
"MNB Strategic Investments Limited"	Investment	England	89.10%	89.10%
"Moscow Narodny Finance", B.V.	Finance	Netherlands	89.10%	89.10%
"Business-Finance", Ltd	Finance	Russia	92.19%	92.19%
"Baltiyskaya Trade Industrial Company", CJSC	Commerce	Russia	75.00%	75.00%
"ICB Finance B.V."	Finance	Netherlands	75.00%	75.00%
"ICB Finance", limited	Finance	Russia	75.00%	75.00%
"Uralpromstroyleasing", limited	Leasing	Russia	75.00%	75.00%
"ICB-Invest Group", OJSC	Finance	Russia	74.25%	74.25%
"Korsar", limited	Commerce	Russia	75.00%	75.00%
"Adamas", limited	Real estate	Russia	75.00%	75.00%
"Derzhava", limited	Real estate	Russia	75.00%	75.00%
"Korpus 104", limited	Real estate	Russia	75.00%	75.00%
"Prestizh", limited	Real estate	Russia	63.75%	63.75%
Subsidiaries within disposal group:				
"Sistema Plus", CJSC	Finance	Russia	92.19%	92.19%
"Sales", CJSC	Finance	Russia	92.19%	92.19%
"Tekhnoinvest", CJSC	Trading	Russia	92.19%	92.19%
"PM-Nedvigimost", CJSC	Trading	Russia	92.19%	92.19%
"Remos-PM", CJSC	Manufacturing	Russia	92.19%	92.19%
"Instrumentalniy zavod - Permskie Motory", CJSC	Manufacturing	Russia	92.19%	92.19%

(expressed in millions of US dollars)

27. Consolidated Subsidiaries and Associates (continued)

Name	Activity	Country of registration	Percentage of ownership 31 March 2006 (unaudited)	31 December 2005
"Energetic-PM", OJSC	Energy	Russia	90.90%	90.90%
"Reduktor-PM", OJSC	Manufacturing	Russia	74.96%	74.96%
"Kaskad-PM", CJSC	Manufacturing	Russia	80.48%	80.48%
"Gheleznodoroghnik-PM", CJSC	Transport	Russia	92.19%	92.19%
"Nedvighimost-PM", Ltd	Leasing	Russia	91.27%	91.27%
"Permskiy Motorniy zavod", OJSC	Manufacturing	Russia	66.04%	66.04%
"Metallist-PM", CJSC	Manufacturing	Russia	78.86%	78.86%
"Perm-Energy", CJSC	Engineering	Russia	78.36%	78.36%
"PM-Upravlenie", CJSC	Leasing	Russia	68.26%	68.26%
"Obscheghitie-PM", OJSC	Service	Russia	42.26%	42.26%
"Usluga-PM", Ltd	Service	Russia	61.15%	61.15%
Associates				
"Eurofinance Mosnarbank", OJSC	Bank	Russia	32.65%	32.65%
"Halladale PLC"	Property	Great Britain	23.00%	23.00%
"Management Company ICB", limited	Finance	Russia	30.91%	30.91%
Associates within disposal group:				
"UK PMK"	Finance	Russia	32.52%	32.52%
"Permskie Motory", OJSC	Manufacturing	Russia	24.61%	24.61%

In 2005, CJSC Armsavingsbank increased its equity by issuing additional shares of USD 10 million. VTB purchased 70% of the additional shares in the amount of USD 7 million, and consequently VTB's share in the capital of CJSC Armsavingsbank remained unchanged.

In January 2005, VTB acquired a 50% plus one share interest in United Georgian Bank ("UGB") in Tbilisi, Georgia, for approximately USD 7 million.

On 21 January 2005, the National Bank of Ukraine registered CJSC "Vneshtorgbank (Ukraine)", a wholly-owned subsidiary of VTB. CJSC "Vneshtorgbank (Ukraine)" began operations on 18 March 2005 providing international settlement services, loans and trade financing. Its initial share capital, contributed by VTB, is 80 million hryvnas (approximately USD 15 million). On the 10 June 2005, an extraordinary meeting of shareholders approved an increase of share capital by 195 million hryvnas (USD 38 million).

In March 2005, VTB acquired a 25% plus one share of initial interest in OJSC "Industry & Construction Bank" (ICB), a major corporate and retail bank of the Russian North West located in St. Petersburg, in exchange for a cash payment of approximately USD 97 million.

On December 28, 2005 VTB purchased 630,488,500 ordinary shares of ICB with par value of 1 RUR per share for USD 480 million. As a result of this transaction, VTB's ownership percentage increased from 25% plus one share to 75% plus three shares of the share capital of ICB. VTB hired an independent appraiser to determine the fair value of identifiable assets, liabilities and contingent liabilities of ICB as of the acquisition date and to allocate the cost of business combination at each acquisition date. The amount of profit and loss of ICB from the acquisition date to 31 December 2005 is immaterial.

As a result of the first acquisition of 25% plus one share in ICB, there was an excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost in the amount of USD 30 million. This excess was recognized in the consolidated income statement. As a result of the additional acquisition of 50% in ICB, goodwill in the amount of USD 182 million arose. This goodwill was recognized as an intangible asset at 31 December 2005.

27. Consolidated Subsidiaries and Associates (continued)

On 6 June 2005, Guta Bank's shareholders changed its name to VTB Retail Services. The Group plans to restructure its retail operations, combining the retail and small business banking operations of VTB and VTB Retail Services. Starting in autumn of 2005, VTB began to gradually transfer to VTB Retail Services its retail and small business operations, along with the related assets and liabilities. The Group expects that the restructuring will be completed by August 2007. In August 2005, VTB Retail Services began offering retail and small business banking services in Moscow and Russian regions under the "Vneshtorgbank 24" brand.

In November 2005, CJSC "Vneshtorgbank Retail Services" (VTB Retail) issued 2,740,500 shares at par value RUR 1,000. On 30 November 2005, VTB purchased all shares issued by VTB Retail at RUR 3,284 per share. As a result, the share capital of VTB Retail increased by RUR 8,999,999 thousand. As a result of this transaction, VTB's ownership percentage in VTB Retail increased from 85.8% to 92.2%.

Towards the end of December 2005, VTB purchased from the Central Bank of Russia (the "CBR") 89% of Moscow Narodny Bank (London), 87% of BCEN-Eurobank (Paris), 15% in Donau-bank, 15% in East-West United Bank (effectively increasing its stake to 51%, since 2% is held by BCEN-Eurobank) and 52% in Ost-West Handelsbank (Frankfurt; thus increasing its stake to 84%). The approvals from the relevant European regulators were received in September 2005 and the acquisitions were completed by the end of December 2005. VTB has hired independent appraisers to determine the fair value of identifiable assets, liabilities and contingent liabilities of Moscow Narodny Bank, BCEN-Eurobank, East-West United Bank and Ost-West Handelsbank as of the acquisition date. The amount of profit and loss of the acquired banks from the acquisition dates to 31 December 2005 is immaterial. Management of VTB believes that that the above transaction represents, in substance, contribution in kind of shares and deposits in certain banks by the controlling shareholder. Therefore, VTB has recorded the contribution in kind as an increase in equity at the Group's share in the fair value of the banks contributed, which comprised as an increase in equity at the Group's share in the fair value of the banks contributed, which comprised USD 1,763 million. Additionally, the difference between the cash contributed by the Government and the cash paid to the CBR in the amount of USD 63 million was recorded as a contribution from the controlling shareholder. For other details of this acquisition refer to Note 39 of the Bank's consolidated financial statements as of 31 December 2005.

At the end of 2005, VTB approved an increase in the share capital of Trading House VTB. The new issue of shares was purchased in January 2006 by a third party, thus decreasing the share of the Group in Trading House VTB to 50%. This transaction has not yet been finalized, however, the Group will retain control over Trading House VTB.

In March and April 2006 the Bank purchased additional issue of shares of the "United Georgian Bank". The total increase of the share capital is planned to be Georgian lari 20 million (20 million shares, or USD 11 million at period end exchange rate), of which VTB purchased 11,281,848 shares. Some other shareholders have not as yet made their contributions and accordingly, VTB's ownership share in the "United Georgian bank" will vary until all other shareholders subscribe for their entitlements. The share of VTB in the "United Georgian bank" is expected to be 53.13% after the shares are fully subscribed.

The Group consolidated VTB-Capital, 45%-owned company based on the existence of option contract for additional 10% shares, which can be executed by the Group at any time.

At the end of March 2006 VTB purchased 1,312,802,167 ordinary shares (98% of the share capital) of the Bank "Mriya" located in Ukraine with 26 affiliates and 154 outlets for USD 67 million. The amount of profit and loss of Mriya from the acquisition date to 31 March 2006 is immaterial. VTB has hired independent appraiser to determine the fair value of identifiable assets, liabilities and contingent liabilities of the Bank "Mriya" as of the acquisition date. As of 31 March 2006 the Group used provisional accounting, as explicit fair values are being calculated. Goodwill recognized at the purchase date using provisional accounting was USD 18 million.

If the acquisition of the Bank "Mriya" had taken place at the beginning of the year, the net profit of the Group and operating income would not have been materially different. The provisional fair values of identifiable assets and liabilities of the Bank "Mriya" at the date of acquisition were not materially different from carrying values of these assets and liabilities immediately before the acquisition.

(expressed in millions of US dollars)

27. Consolidated Subsidiaries and Associates (continued)

The provisional fair values of identifiable assets and liabilities of the Bank "Mriya" at the acquisition date were:

	31 March 2006 (unaudited)
Assets	
Cash and short-term funds	52
Financial assets at fair value through profit or loss	6
Due from other banks	7
Loans and advances to customers	329
Other assets	3
Fixed assets, net	18
Total assets	**415**
Liabilities	
Due to other banks	33
Customer accounts	290
Other borrowed funds	26
Debt securities issued	1
Other liabilities	16
Total liabilities before subordinated debt	**366**
Subordinated debt	1
Total liabilities	**367**

28. Subsequent Events

In April 2006 VTB issued through a special purpose entity RUB 10,000,000 thousand (or USD 360 million at period end exchange rate) 3 years Secured Fixed Rate Notes at a fixed rate of 7% p.a. payable semi-annually with maturity in April 2009. The proceeds from Notes are made in USD, which are converted into Roubles and thus, obligation on notes is denominated in Roubles. On maturity, VTB would repay it's obligations in Roubles, which would be converted into USD on exchange rate prevailing at maturity date, thus foreign exchange risks remain on note-holders.

In June 2006, CJSC "Vneshtorgbank Retail Services" (VTB Retail) issued 4,242,425 shares at a price of RUR 1,650 per share (par value RUR 1,000) for the total amount of RUR 7,000,000 thousand. VTB purchased all shares issued by VTB Retail. As a result of this transaction VTB's ownership percentage in VTB Retail increased to 95.93%. The share issue was registered by the Central Bank of Russia on 5 June 2006.

In April 2006 "Moscow Narodny Bank Limited", VTB's UK-based subsidiary, raised a syndicated loan facility amounting to USD 200 million. Bankgesellschaft Berlin, Bayerische Hypo-und Vereinsbank AG, HSH Nordbank AG and Natexis Banques Populaires were the arrangers of the syndication. The loan bears a floating interest rate of LIBOR+0.35 % p.a. and has maturity of 12 months with an extension option for further 12 months exercisable at the discretion of each lender.

In May 2006 VTB raised a syndicated loan facility amounting to USD 600 million for the purpose of refinancing of two syndicated loans for the same amount. The loan bears a floating interest rate of LIBOR+0.375 % p.a. and has maturity of 3 years.