

**VTB Capital S.A.**  
*société anonyme*

**Annual Accounts  
and  
Independent auditor's report  
as of  
30 June 2012**

*Registered Office:  
2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053*

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

---

| <b><u>Index</u></b>                             | <b><u>Page</u></b> |
|---|--------------------|
| Directors and other information                 | 1                  |
| Statement of Board of Directors' responsibility | 2                  |
| Directors' Report                               | 3 - 7              |
| Independent auditor's report                    | 8 - 9              |
| Balance Sheet                                   | 10                 |
| Profit and Loss Account                         | 11                 |
| Notes to the Annual Accounts                    | 12 - 21            |

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

---

**Directors and other information**

**Directors**

Heike Kubica  
Anja Lakoudi  
Daniel Bley

**Corporate Administrator, Principal Banker and Listing Agent**

Deutsche Bank Luxembourg S.A.  
2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
Grand Duchy of Luxembourg

**Arranger**

VTB Capital Plc  
14 Cornhill  
London EC3V 3ND  
United Kingdom

**Trustee for Programme 1**

Citicorp Trustee Company Limited  
Citigroup centre  
Winchester House  
Canada Square  
United Kingdom

**Trustee for Programme 2 and Principal Paying Agent**

Citibank, N.A. London  
Citigroup centre  
Winchester House  
Canada Square  
United Kingdom

**Independent auditor**

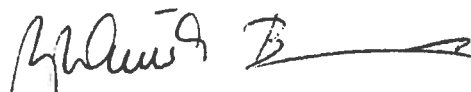
Ernst & Young S.A.  
7, rue Gabriel Lippman  
Parc d'Activité Syrdall 2  
L-5365 Munsbach  
Grand Duchy of Luxembourg

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

---

**Statement of the Board of Directors' responsibility  
For the year ended 30 June 2012**

The Board of Directors of the Company reaffirm their responsibility to ensure the maintenance of proper accounting records disclosing the financial position of the Company with reasonable accuracy at any time, and ensuring that an appropriate system of internal controls is in place to ensure the Company's business operations are carried on efficiently and transparently. In accordance with Article 3 of the law of 11 January 2008 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, we declare that, to the best of our knowledge, the annual accounts for the year ended 30 June 2012, prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, give a true and fair view of the assets, liabilities, financial position and result for the year then ended. In addition, the Directors' Report includes a fair review of the development and performance of the Company's operations during the year and of the business risks, where appropriate, faced by the Company.

  
The Board of Directors,

Luxembourg, 25 September 2012

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

---

**Directors' Report**  
**For the year ended 30 June 2012**

The Directors present their Report and the Annual Accounts for the year ended 30 June 2012.

**1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS**

VTB Capital S.A. (the "Company") was incorporated on 12 November 2003, for an unlimited duration, as a public limited liability company "société anonyme" and subject to the law of 10 August 1915, as subsequently amended.

The principal activity of the Company is the issue of notes and other debt securities under a programme for the issuance of loan participation notes for the purpose of financing loans to Open Joint Stock Company Vneshtorgbank (the "JSC VTB Bank").

During the year under review, the following series were issued under Programme 2 in order to fund additional loans to JSC VTB Bank:

On 17 November 2011, the Company issued loan participation notes for an amount of CHF 300,000,000 (Series 14).

On 12 April 2012, the Company issued loan participation notes for an amount of USD 1,500,000,000 (Series 15).

On 14 June 2012, the Company issued loan participation notes for an amount of USD 30,000,000 (Series 16).

During the year under review, the following series matured:

On 10 August 2011, the loan to JSC VTB Bank (under Programme 2, Series 6) matured; the proceeds were used to redeem the corresponding Series 6 Notes.

On 12 October 2011, the loan to JSC VTB Bank (under Programme 1, Series 4) matured; the proceeds were used to redeem the corresponding Series 4 Notes.

**2. BUSINESS REVIEW**

During the year:

- The Company made no profit or loss (2011: EUR NIL).

As at 30 June 2012:

- The Company's total outstanding Non convertible notes amount to EUR 8,463,787,106 (2011: EUR 7,260,424,410);
- The Company had the following Notes in issue:

USD 693,400,000 - 6.250% Loan Participation Notes due 2035  
EUR 192,801,000 - 4.250% Loan Participation Notes due 2016  
USD 1,053,520,000 - 6.609% Loan Participation Notes due 2012  
RUB 30,000,000,000 - 6.850% Loan Participation Notes due 2012  
USD 1,705,800,000 - 6.875% Loan Participation Notes due 2018  
USD 1,250,000,000 - 6.465% Loan Participation Notes due 2015  
SGD 400,000,000 - 4.200% Loan Participation Notes due 2012  
CHF 400,000,000 - 4.000% Loan Participation Notes due 2013  
USD 1,000,000,000 - 6.551% Loan Participation Notes due 2020  
CNY 1,000,000,000 - 2.950% Loan Participation Notes due 2013  
USD 750,000,000 - 6.315% Loan Participation Notes due 2018  
SGD 300,000,000 - 3.400% Loan Participation Notes due 2014

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

---

**Directors' Report**  
**For the year ended 30 June 2012**  
*(continued)*

**2. BUSINESS REVIEW *(continued)***

- The Company had the following Notes in issue: *(continued)*

CHF 300,000,000 - 5.000% Loan Participation Notes due 2015  
USD 1,500,000,000 - 6.000% Loan Participation Notes due 2017  
USD 30,000,000 - 1.500% Loan Participation Notes due 2012

**3. PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties faced by the Company relate to the loans granted to JSC VTB Bank by the Company.

The Company has exposure to the following risks from its use of financial instruments and does not have any externally imposed capital requirements, other than those of the Luxembourg Law:

(i) Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's credit linked assets.

The Company is only obliged to make payments under a series of notes to the noteholders in an amount equal to the sum of principal, interest and additional amounts (if any) actually received by or for the account of the Company from JSC VTB Bank pursuant to the relevant loan agreement less any amounts in respect of the issuer reserved rights. Consequently, if JSC VTB Bank fails to meet its payment obligations under the relevant loan agreement, this will result in the noteholders of a series of notes receiving less than the scheduled amount of principal, interest and additional amounts (if any) on the relevant due date.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations arising from its financial liabilities as they fall due. The Company is not exposed to liquidity risk as the obligation to the noteholders is limited to the net proceeds from the loans to affiliated undertakings.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The noteholders are exposed to the market risk of the assets portfolio. Market risk embodies the potential for both gains and losses and includes currency risk, interest rate risk and price risk.

(a) *Currency risk*

Currency risk is the risk which arises due to the assets and liabilities of the Company held in foreign currencies, which will be affected by fluctuations in foreign exchange rates. The Company limits its exposure to currency risk by operating bank accounts in other currencies than its functional currency for receipts and payments in other currencies than its functional currency. The Company is exposed to movement in exchange rates between Euro ("EUR"), its functional currency, and foreign currencies namely US Dollars ("USD"), Swiss Franc ("CHF"), Russian Rouble ("RUB"), Singapore Dollar ("SGD"), Chinese Yuan Renminbi ("CNY") and Great Britain Pound ("GBP").

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

---

**Directors' Report**  
**For the year ended 30 June 2012**  
(continued)

**3. PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

*(a) Currency risk (continued)*

The Company does not face major currency risk since the notes issued by the Company and the loans given to JSC VTB Bank are in the same currency.

*(b) Interest rate risk*

Interest rate risk is the risk that the Company does not receive adequate interest from the loans to secure interest payments on the notes.

The Company does not face interest rate risk since both the notes issued by the Company and the loans to JSC VTB Bank bear interest at the same interest rate and the same terms and conditions.

*(c) Price risk*

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Directors do not consider price risk to be a significant risk to the Company as any fluctuation in the value of loans held by the Company will be borne by the noteholders.

**4. DIRECTORS' INTERESTS**

The Directors who held office on 30 June 2012 did not hold any shares in the Company or in any group company at that date, or during the year. There were no contracts of any significance in relation to the business of the Company in which the Directors had any interest at any time during the year.

**5. CORPORATE GOVERNANCE STATEMENT**

The Company is subject to and complies with the law of 10 August 1915 on commercial companies, as subsequently amended. The Company does not apply additional requirements in addition to those required by the above. All the service providers engaged by the Company are subject to their own corporate governance requirements.

*Financial Reporting Process*

The Board of Directors ("the Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

---

**Directors' Report**  
**For the year ended 30 June 2012**  
(continued)

**5. CORPORATE GOVERNANCE STATEMENT (continued)**

*Financial Reporting Process (continued)*

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the Administrator, Deutsche Bank Luxembourg S.A., to maintain the accounting records of the Company independently of the Arranger. The Administrator is contractually obliged to maintain proper books and records as required by the Corporate Administration agreement. To that end the Administrator performs reconciliations of its records to those of the Arranger. The Administrator is also contractually obliged to prepare, for review and approval by the Board, Annual Accounts which give a true and fair view.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board also examines and evaluates the external auditors' performance, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process and the Administrator's report to the Board.

*Risk Assessment*

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's Annual Accounts.

*Control Activities*

The Administrator is contractually obliged to design and maintain control structures to manage the risks which are significant for internal control over financial reporting. These control structures include appropriate segregation of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the Annual Accounts and the related notes in the Company's Annual Accounts.

*Monitoring*

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors. Given the contractual obligations on the Administrator, the Board has concluded that there is currently no need for the Company to have a separate internal audit function in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process.

*Capital Structure*

No person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital.



VTB Capital S.A.  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

---

**Directors' Report**  
**For the year ended 30 June 2012**  
*(continued)*

**5. CORPORATE GOVERNANCE STATEMENT *(continued)***

*Capital Structure (continued)*

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the law of 10 August 1915 on commercial companies, as subsequently amended. The Articles of Association themselves may be amended by special resolution of the shareholders.

*Powers of Directors*

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Directors may delegate certain functions to other parties, subject to the supervision and direction by the Directors.

**6. SUBSEQUENT EVENTS**

On 18 July 2012, the Company issued loan participation notes for an amount of SGD 400,000,000 (Series 17) under Programme 2, in order to fund additional loans to JSC VTB Bank.

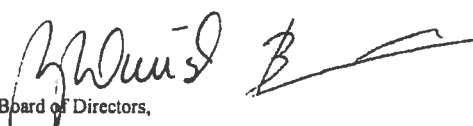
On 11 August 2012, the loan to JSC VTB Bank (under Programme 2, Series 8) matured; the proceeds were used to redeem the corresponding Series 8 Notes.

On 28 August 2012, the Company issued loan participation notes for an amount of USD 45,000,000 (Series 18) under Programme 2, in order to fund additional loans to JSC VTB Bank.

On 21 September 2012, the Company entered into an agreement to issue loan participation notes on 26 September 2012, for an amount of CHF 600,000,000 (Series 19) under Programme 2, in order to fund additional loans to JSC VTB Bank.

**7. AUDIT COMMITTEE**

The Company has not established an audit committee.

  
The Board of Directors,

Luxembourg, 25 September 2012

## Independent auditor's report

To the Shareholders of  
VTB Capital S.A.  
2, boulevard Konrad Adenauer  
L-1115 Luxembourg

### Report on the annual accounts

We have audited the accompanying annual accounts of VTB Capital S.A., which comprise the balance sheet as at 30 June 2012 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility for the annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of annual accounts that are free from material misstatement, whether due to fraud or error.

#### *Responsibility of the "réviseur d'entreprises agréé"*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of VTB Capital S.A. as of 30 June 2012, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

**Report on other legal and regulatory requirements**

The Directors' report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

ERNST & YOUNG  
Société Anonyme  
Cabinet de révision agréé

A handwritten signature in black ink, appearing to be 'René ENSCH', written over a horizontal line.

René ENSCH

Luxembourg, 25 September 2012

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

**Balance Sheet**  
**as at 30 June 2012**  
*(expressed in EUR)*

| <u>ASSETS</u>  | Note(s) | <u>30-Jun-2012</u><br>EUR   | <u>30-Jun-2011</u><br>EUR   |
|--|---------|-----------------------------|-----------------------------|
| <b>Fixed assets</b>  |         |                             |                             |
| Financial assets   |         |                             |                             |
| Loans to affiliated undertakings   | (3)     | 8,354,842,849               | 7,136,904,818               |
| <b>Current assets</b>  |         |                             |                             |
| Debtors  |         |                             |                             |
| Amounts owed by affiliated undertakings<br>becoming due and payable after less than one year | (4)     | 109,236,642                 | 123,651,296                 |
| Other debtors<br>becoming due and payable after less than one year                           | (5)     | 330,870                     | -                           |
| Cash at bank and in hand   | (6)     | 77,407                      | 101,882                     |
| Prepayments and accrued income   |         | 30,229                      | 29,846                      |
| <b>TOTAL ASSETS</b>  |         | <b><u>8,464,517,997</u></b> | <b><u>7,260,687,842</u></b> |
| <u>LIABILITIES</u>   |         |                             |                             |
| <b>Capital and reserves</b>  |         |                             |                             |
| Subscribed capital   | (7)     | 31,000                      | 31,000                      |
| <b>Provisions</b>  |         |                             |                             |
| Provisions for taxation  | (8)     | 644,694                     | 177,909                     |
| Other provisions   | (9)     | 20,291                      | 17,825                      |
| <b>Non subordinated debts</b>  |         |                             |                             |
| Debenture loans  |         |                             |                             |
| Non convertible loans  | (10)    |                             |                             |
| becoming due and payable after more than one year  |         | 6,523,221,646               | 6,212,205,983               |
| becoming due and payable after less than one year  |         | 1,940,565,460               | 1,048,218,427               |
|  |         | <u>8,463,787,106</u>        | <u>7,260,424,410</u>        |
| Other creditors<br>becoming due and payable after less than one year                         | (11)    | 34,906                      | 36,698                      |
| <b>TOTAL LIABILITIES</b>   |         | <b><u>8,464,517,997</u></b> | <b><u>7,260,687,842</u></b> |

The accompanying notes form an integral part of these Annual Accounts.

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

**Profit and Loss Account**  
**For the year ended 30 June 2012**  
*(expressed in EUR)*

|   | Note(s) | <u>Year ended<br/>30-Jun-2012</u><br>EUR | <u>Year ended<br/>30-Jun-2011</u><br>EUR |
|---|---------|--|--|
| <b><u>CHARGES</u></b>   |         |  |  |
| Other external charges  | (12)    | 3,144,199                                | 7,393,989                                |
| Interest payable and similar charges<br>other interests payable and similar charges | (13)    | 462,419,362                              | 495,376,849                              |
| Tax on profit or loss   | (18)    | 566,798                                  | 199,670                                  |
| Other taxes not included in the previous caption                                    |         | 1,237                                    | -  |
| <b>TOTAL CHARGES</b>  |         | <b><u>466,131,596</u></b>                | <b><u>502,970,508</u></b>                |
| <b><u>INCOME</u></b>  |         |  |  |
| Other operating income  | (14)    | 3,712,234                                | 7,593,659                                |
| Income from financial fixed assets<br>derived from affiliated undertakings          | (15)    | 462,419,362                              | 495,376,849                              |
| <b>TOTAL INCOME</b>   |         | <b><u>466,131,596</u></b>                | <b><u>502,970,508</u></b>                |

The accompanying notes form an integral part of these Annual Accounts.

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

---

**Notes to the Annual Accounts**  
**30 June 2012**

**Note 1 - General**

**VTB Capital S.A.** (the "Company") was incorporated on 12 November 2003, for an unlimited duration, as a public limited liability company "société anonyme" and subject to the law of 10 August 1915, as subsequently amended.

The Company has its registered address at 2, boulevard Konrad Adenauer, L-1115 Luxembourg. The Company is registered at the Trade Register in Luxembourg under the number B 97.053.

The Company's accounting year begins on the first day of July and ends on the last day of June of the next year.

The corporate object of the Company is:

- (i) the issue of notes and or other debt securities under a programme for the issuance of loan participation notes for the purpose of financing loans to Open Joint Stock Company Vneshtorgbank (the "JSC VTB Bank"), a company incorporated under the laws of Russia;
- (ii) the making of fiduciary deposits with a fiduciary institution for the purpose of such fiduciary institution making loans to JSC VTB Bank;
- (iii) the granting of loans to JSC VTB Bank;
- (iv) the granting of security interest over its assets to a trustee in relation to the issuance of the loan participation notes; and
- (v) the making of deposits at banks or with other depositaries.

The Company may carry out any transactions, whether commercial or financial, which are directly or indirectly connected with its corporate object at the exclusion of any banking activity.

In general, the Company may carry out any operation which it may deem useful or necessary in the accomplishment and the development of its corporate purpose.

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

---

**Notes to the Annual Accounts**  
**30 June 2012**  
(continued)

**Note 2 - Summary of significant accounting policies**

**Note 2.1 - Basis of preparation**

The Annual Accounts of the Company are prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts. The Company maintains its books and records in Euro ("EUR").

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, as subsequently amended, determined and applied by the Board of Directors.

The preparation of annual accounts requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. It also requires the use of certain critical accounting estimates. The Board of Directors makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The standard chart of accounts defined by the Grand Ducal Regulation of 10 June 2009 was adopted for the current year presentation. In accordance with the Luxembourg commercial law, the comparative figures for the year ended 30 June 2011 have been reclassified in order to ensure the comparability between the two exercises. These reclassifications impact neither the result for the year ended 30 June 2011, nor the net equity as at that date.

**Note 2.2 - Significant accounting policies**

The main accounting policies and valuation rules applied by the Company are the following:

**Note 2.2.1 - Loans**

Loans are stated at their nominal value less any write-down. Write-downs are recorded if, in the opinion of the Board of Directors, there is a permanent impairment in value which has occurred.

**Note 2.2.2 - Debtors**

Debtors are recorded at their nominal value. They are subject to value adjustments where their recoverability is either uncertain or compromised at the end of the financial year.

**Note 2.2.3 - Notes**

The notes payable is composed of long-term loan participation notes issued by the Company on the Luxembourg Stock Exchange, the Irish Stock Exchange, the Swiss Stock Exchange and the Singapore Stock Exchange. Notes are recorded at their amount repayable.

Any issue discount or premium is amortised over the life-length of the long-term loan participation notes.

The net proceeds for the long-term loan participation notes issued up to date are equal to the repayable amount.

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

---

**Notes to the Annual Accounts**  
**30 June 2012**  
(continued)

**Note 2 - Summary of significant accounting policies (continued)**

**Note 2.2 - Significant accounting policies (continued)**

**Note 2.2.4 - Provisions**

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

**Note 2.2.5 - Other external charges and other operating income**

Arrangement fees and ongoing fees and expenses incurred in the context of the issue of the long-term loan participation notes are recorded in the caption "Other external charges". In accordance with the loan agreements with JSC VTB Bank, the Company recharges these costs to JSC VTB Bank. The recharge of these costs is recorded in the caption "Other operating income".

**Note 2.2.6 - Interest income and expenses**

Interest income and expenses are recorded on an accrual basis.

**Note 2.2.7 - Foreign currencies**

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction.

All assets and liabilities expressed in currencies other than EUR are valued at the exchange rates prevailing at the balance sheet date. This operation is performed as the assets and liabilities are economically linked.

The following exchanges rates were used at the year end:

EUR 1 = USD 1.2690  
EUR 1 = GBP 0.8092  
EUR 1 = RUB 41.1613  
EUR 1 = CHF 1.2011  
EUR 1 = CNY 8.0641  
EUR 1 = SGD 1.6070



**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

**Notes to the Annual Accounts**  
**30 June 2012**  
*(continued)*

**Note 3 - Loans to affiliated undertakings**

Loans to affiliated undertakings are composed of:

|  | <u>30-Jun-2012</u>   | <u>30-Jun-2011</u>   |
|--|----------------------|----------------------|
|  | EUR                  | EUR                  |
| Becoming due and payable after more than one year          | 6,523,221,646        | 6,212,205,983        |
| Becoming due and payable after less than one year (Note 4) | 1,831,621,203        | 924,698,835          |
|  | <b>8,354,842,849</b> | <b>7,136,904,818</b> |

In accordance with its corporate object, the Company issues loan participation notes under a USD 10,000,000,000 programme (Programme 1) to finance fiduciary deposits with Deutsche Bank Luxembourg S.A., for the purpose of financing loans to JSC VTB Bank.

On 4 September 2007, the Directors approved the set up of a new USD 20,000,000,000 programme (Programme 2) for the issuance of loan participation notes for the purpose of financing loans to JSC VTB Bank.

The Company is only obliged to make payments under a series of notes to the noteholders in an amount equal to the sum of principal, interest and additional amounts (if any) actually received by or for the account of the Company from JSC VTB Bank pursuant to the relevant loan agreement less any amounts in respect of the issuer reserved rights. Consequently, if JSC VTB Bank fails to meet its payment obligations under the relevant loan agreement, this will result in the noteholders of a series of notes receiving less than the scheduled amount of principal, interest and additional amounts (if any) on the relevant due date.

During the year ended 30 June 2012, the Company issued loan participation notes under Programme 2 in the amounts of CHF 300,000,000 (Series 14), USD 1,500,000,000 (Series 15), and USD 30,000,000 (Series 16) respectively, in order to fund additional loans to JSC VTB Bank.

During the year ended 30 June 2012, Series 4 loan to JSC VTB Bank (under Programme 1) and Series 6 loan to JSC VTB Bank (under Programme 2) were repaid at maturity date; the proceeds were used to redeem the corresponding notes.

The loan participation notes and long-term loans are repayable in full at maturity.

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

**Notes to the Annual Accounts**  
**30 June 2012**  
*(continued)*

**Note 3 - Loans to affiliated undertakings (continued)**

The loan participation notes issued and long-term loans granted as of 30 June 2012 are detailed as follows:

|                                | Date of issue | Original currency | Maturity date | Annual rate of interest | Principal amount in original CCY | Principal amount in EUR<br>30-Jun-2012 | Principal amount in EUR<br>30-Jun-2011 |
|--------------------------------|---------------|-------------------|---------------|-------------------------|----------------------------------|--|--|
| <b><u>Programme No. 1:</u></b> |               |                   |               |                         |                                  |  |  |
| Series 4                       | 12-Oct-2004   | USD               | 12-Oct-2011   | 7.500%                  | 449,900,000                      | -                                      | 310,297,262                            |
| Series 6                       | 30-Jun-2005   | USD               | 30-Jun-2035   | 6.250%                  | 693,400,000                      | 546,435,599                            | 478,239,879                            |
| Series 9                       | 15-Feb-2006   | EUR               | 15-Feb-2016   | 4.250%                  | 192,801,000                      | 192,801,000                            | 192,801,000                            |
| <b><u>Programme No. 2:</u></b> |               |                   |               |                         |                                  |  |  |
| Series 1                       | 31-Oct-2007   | USD               | 31-Oct-2012   | 6.609%                  | 1,053,520,000                    | 830,229,063                            | 726,615,629                            |
| Series 3                       | 6-Dec-2007    | RUB               | 28-Nov-2012   | 6.850%                  | 30,000,000,000                   | 728,839,706                            | 741,280,741                            |
| Series 4                       | 28-May-2008   | USD               | 29-May-2018   | 6.875%                  | 1,705,800,000                    | 1,344,259,944                          | 1,176,494,931                          |
| Series 6                       | 10-Aug-2009   | CHF               | 10-Aug-2011   | 7.500%                  | 750,000,000                      | -                                      | 614,401,573                            |
| Series 7                       | 4-Mar-2010    | USD               | 4-Mar-2015    | 6.465%                  | 1,250,000,000                    | 985,065,617                            | 862,128,423                            |
| Series 8                       | 11-Aug-2010   | SGD               | 11-Aug-2012   | 4.200%                  | 400,000,000                      | 248,910,859                            | 224,731,727                            |
| Series 9                       | 16-Aug-2010   | CHF               | 16-Aug-2013   | 4.000%                  | 400,000,000                      | 333,027,780                            | 327,680,839                            |
| Series 10                      | 13-Oct-2010   | USD               | 13-Oct-2020   | 6.551%                  | 1,000,000,000                    | 788,052,494                            | 689,702,738                            |
| Series 11                      | 23-Dec-2010   | CNY               | 23-Dec-2013   | 2.950%                  | 1,000,000,000                    | 124,007,121                            | 106,704,227                            |
| Series 12                      | 22-Feb-2011   | USD               | 22-Feb-2018   | 6.315%                  | 750,000,000                      | 591,039,370                            | 517,277,054                            |
| Series 13                      | 6-Jun-2011    | SGD               | 6-Jun-2014    | 3.400%                  | 300,000,000                      | 186,683,145                            | 168,548,795                            |
| Series 14                      | 17-Nov-2011   | CHF               | 17-Nov-2015   | 5.000%                  | 300,000,000                      | 249,770,835                            | -                                      |
| Series 15                      | 12-Apr-2012   | USD               | 12-Apr-2017   | 6.000%                  | 1,500,000,000                    | 1,182,078,741                          | -                                      |
| Series 16                      | 14-Jun-2012   | USD               | 6-Dec-2012    | 1.500%                  | 30,000,000                       | 23,641,575                             | -                                      |
|                                |               |                   |               |                         |                                  | <b>8,354,842,849</b>                   | <b>7,136,904,818</b>                   |

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

**Notes to the Annual Accounts**  
**30 June 2012**  
*(continued)*

**Note 3 - Loans to affiliated undertakings (continued)**

The total interest income/charges incurred for the year ended 30 June 2012 amount to EUR 462,419,362 (2011: EUR 495,376,849) and are recorded in the profit and loss account, respectively in Income from financial fixed assets (Note 15) and Interest payable and similar charges (Note 13).

Under the Programme 1, the Series 6 loan participation notes are subject to a put option such that the notes might be redeemed earlier at par after 10 years; namely on 30 June 2015.

**Note 4 - Amounts owed by affiliated undertakings**

|  | <b>30-Jun-2012</b> | <b>30-Jun-2011</b> |
|--|--------------------|--------------------|
|  | EUR                | EUR                |
| Amounts owed by affiliated undertakings, in the amount of EUR 109,236,642, are comprised as follows: |                    |                    |
| <i>Becoming due and payable after less than one year:</i>  |                    |                    |
| Interest receivable on the loans to JSC VTB Bank   | 108,944,257        | 123,519,592        |
| Receivable related to the recharge of ongoing fees and expenses                                      | 292,385            | 131,704            |
|  | <b>109,236,642</b> | <b>123,651,296</b> |

**Note 5 - Other debtors**

Other debtors, in the amount of EUR 330,870, are comprised as follows:

|              |                |   |
|--------------|----------------|---|
| Tax advances | <b>330,870</b> | - |
|--------------|----------------|---|

**Note 6 - Cash at bank and in hand**

Cash at bank and in hand, in the amount of EUR 77,407, is comprised as follows:

|   |               |                |
|---|---------------|----------------|
| Deutsche Bank Luxembourg S.A. - USD account | 75,730        | 100,321        |
| Deutsche Bank Luxembourg S.A. - EUR account | 43            | 121            |
| Deutsche Bank Luxembourg S.A. - CHF account | 42            | -              |
| Deutsche Bank Luxembourg S.A. - SGD account | 2             | 2              |
| Deutsche Bank Luxembourg S.A. - GBP account | -             | 47             |
| Citibank N.A., London - USD account         | 1,590         | 1,391          |
|   | <b>77,407</b> | <b>101,882</b> |

**Note 7 - Capital and reserves**

As at 30 June 2012, the subscribed and fully paid up capital amounts to EUR 31,000 and is represented by 310 shares with a par value of EUR 100 each.

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

**Notes to the Annual Accounts**  
**30 June 2012**  
*(continued)*

**Note 7 - Capital and reserves (continued)**

**Legal reserve**

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

As at 30 June 2011, the Company realised a Nil result. Consequently, there was no allocation to the legal reserve account.

**Note 8 - Provisions for taxation**

|   | <b>30-Jun-2012</b> | <b>30-Jun-2011</b> |
|---|--------------------|--------------------|
|   | <b>EUR</b>         | <b>EUR</b>         |
| Provisions for taxation, in the amount of <b>EUR 644,694</b> , are comprised as follows : |                    |                    |
| Corporate tax - 2009  | -                  | 3,370              |
| Corporate tax - 2010  | -                  | 96,642             |
| Corporate tax - 2011  | 77,897             | 77,897             |
| Corporate tax - 2012  | 566,797            | -                  |
|   | <b>644,694</b>     | <b>177,909</b>     |

**Note 9 - Other provisions**

Other provisions, in the amount of **EUR 20,291**, are comprised as follows:

|              |               |               |
|--------------|---------------|---------------|
| Audit fees   | 18,715        | 17,825        |
| Listing fees | 1,576         | -             |
|              | <b>20,291</b> | <b>17,825</b> |

**Note 10 - Debenture loans - Non convertible loans**

The Company issued non convertible notes for the purpose of providing loans to JSC VTB Bank.

Non convertible notes, in the amount of **EUR 8,463,787,106**, are comprised as follows:

|  | <b>30-Jun-2012</b>   | <b>30-Jun-2011</b>   |
|--|----------------------|----------------------|
|  | <b>EUR</b>           | <b>EUR</b>           |
| <i>becoming due and payable after less than one year</i> |                      |                      |
| Principal amount outstanding on notes issued             | 1,831,621,203        | 924,698,835          |
| Interest payable on notes issued                         | 108,944,257          | 123,519,592          |
|  | 1,940,565,460        | 1,048,218,427        |
| <i>becoming due and payable after more than one year</i> |                      |                      |
| Principal amount outstanding on notes issued             | 6,523,221,646        | 6,212,205,983        |
|  | <b>8,463,787,106</b> | <b>7,260,424,410</b> |

The non convertible notes are linked to the loan participation notes issued (Note 3). The non convertible notes bear the same interest rate as the loan participation notes and their maturity is also linked to it.

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

**Notes to the Annual Accounts**  
**30 June 2012**  
*(continued)*

| <b><u>Note 11 - Other creditors</u></b>                                 | <b><u>30-Jun-2012</u></b> | <b><u>30-Jun-2011</u></b> |
|---|---------------------------|---------------------------|
|   | EUR                       | EUR                       |
| Other creditors, in the amount of EUR 34,906, are comprised as follows: |                           |                           |
| Administration and management fees                                      | 19,349                    | 19,337                    |
| Listing fees  | 15,557                    | 14,046                    |
| Other fees  | -                         | 3,315                     |
|   | <b><u>34,906</u></b>      | <b><u>36,698</u></b>      |

| <b><u>Note 12 - Other external charges</u></b>                                    | <b><u>Year ended</u></b>  | <b><u>Year ended</u></b>  |
|---|---------------------------|---------------------------|
|   | <b><u>30-Jun-2012</u></b> | <b><u>30-Jun-2011</u></b> |
|   | EUR                       | EUR                       |
| Other external charges, in the amount of EUR 3,144,199, are comprised as follows: |                           |                           |
| Arrangement fees  | 3,036,843                 | 7,085,114                 |
| Administration and management fees  | 27,363                    | 15,353                    |
| Audit fees  | 18,894                    | 34,822                    |
| Accountancy fees  | 18,400                    | 18,400                    |
| Trustee fees  | 13,121                    | 7,379                     |
| Professional fees   | 7,041                     | 119,530                   |
| Annual filing fees  | 4,670                     | 1,316                     |
| Listing fees  | 7,071                     | 31,487                    |
| Agents fees   | 3,534                     | 4,967                     |
| Penalty on late tax payment   | 1,983                     | 426                       |
| Legal fees  | -                         | 32,867                    |
| Exchange loss   | -                         | 32,082                    |
| Other fees  | 5,279                     | 10,246                    |
|   | <b><u>3,144,199</u></b>   | <b><u>7,393,989</u></b>   |

Arrangement fees relate to expenses incurred in relation to the issuance of the new notes and the related loan agreements. These expenses were recharged to JSC VTB Bank (refer to Note 14).

| <b><u>Note 13 - Other interests payable and similar charges</u></b>                                      | <b><u>Year ended</u></b>  | <b><u>Year ended</u></b>  |
|--|---------------------------|---------------------------|
|  | <b><u>30-Jun-2012</u></b> | <b><u>30-Jun-2011</u></b> |
|  | EUR                       | EUR                       |
| Other interests payable and similar charges, in the amount of EUR 462,419,362, are comprised as follows: |                           |                           |
| Interest expenses on notes   | <b><u>462,419,362</u></b> | <b><u>495,376,849</u></b> |

**Note 14 - Other operating income**

Other operating income, in the amount of EUR 3,712,234, is comprised as follows:

|  |                         |                         |
|--|-------------------------|-------------------------|
| Recharge of arrangement fees and ongoing fees and expenses (Note 12) | 3,680,720               | 7,593,659               |
| Exchange gain  | 31,514                  | -                       |
|  | <b><u>3,712,234</u></b> | <b><u>7,593,659</u></b> |

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

**Notes to the Annual Accounts**  
**30 June 2012**  
*(continued)*

| <b><u>Note 15 - Income from financial fixed assets</u></b>   | <b>Year ended<br/>30-Jun-2012</b> | <b>Year ended<br/>30-Jun-2011</b> |
|--|-----------------------------------|-----------------------------------|
|  | <b>EUR</b>                        | <b>EUR</b>                        |
| Income from financial fixed assets, derived from affiliated undertakings, in the amount of <b>EUR 462,419,362</b> , is comprised as follows: |                                   |                                   |
| Interest on loans to JSC VTB Bank (Note 3)   | <b><u>462,419,362</u></b>         | <b><u>495,376,849</u></b>         |

**Note 16 - Personnel**

During the year under review, the Company did not employ any personnel and, consequently, no payments for wages, salaries or social securities were made.

**Note 17 - Taxation**

The Company is subject to the general tax regulations applicable to commercial companies in Luxembourg.

**Note 18 - Commitments**

**Programme 1**

The Company, with full title guarantee and as continuing security for the payment of all sums due in relation with the loan participation notes (Note 3), charges in favor of Citicorp Trustee Company Limited, by way of first fixed charge:

- all principal, interest and other amounts now or hereafter payable by Deutsche Bank to the Company under the Fiduciary Deposit Agreement;
- all sums which may be or become payable by Deutsche Bank under any claim, award or judgment relating to the Fiduciary Deposit Agreement; and
- all rights, title and interest in and to all sums of money now or in the future deposited in an account established for the relevant series of notes, owned by the Company, including interests from time to time earned on this bank account.

The Company, with full title guarantee, assigns to Citicorp Trustee Company Limited, for the benefit of itself and the holders of the loan participation notes, most of the rights, title, interests and benefits, both present and future, which have accrued or may accrue to the Company as depositor under or pursuant to the Fiduciary Deposit Agreement and the rights, interests and benefits which may accrue in the future in respect of the long-term loans receivable (Note 3).

**Programme 2**

The Company, with full title guarantee and as continuing security for the payment of all sums due in relation with the loan participation notes (Note 3), charges in favour of Citibank, N.A., by way of first fixed charge:

- all principal, interest and other amounts now or hereafter payable by JSC VTB Bank to the Company under the respective loan agreement;

**VTB Capital S.A.**  
*société anonyme*  
Registered Office: 2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
R.C.S. Luxembourg B 97.053  
(the "Company")

---

**Notes to the Annual Accounts**  
**30 June 2012**  
(continued)

**Note 18 - Commitments (continued)**

**Programme 2 (continued)**

- the right to receive all sums which may be or become payable by JSC VTB Bank under any claim, award or judgment relating to the respective loan agreement; and
- all rights, title and interest in and to all sums of money now or in the future deposited in an account established for the relevant series of notes, owned by the Company, including interests from time to time earned on this bank account.

The Company, with full title guarantee, assigns to Citibank, N.A., for the benefit of itself and the holders of the loan participation notes, all the rights, title, interests and benefits, both present and future, which have accrued or may accrue to the Company as lender under or pursuant to the respective loan agreement.

The loans that are given to JSC VTB Bank and the corresponding fixed deposit act as collaterals against the loan participation notes issued by the Company.

**Note 19 - Subsequent events**

On 18 July 2012, the Company issued loan participation notes for an amount of SGD 400,000,000 (Series 17) under Programme 2, in order to fund additional loans to JSC VTB Bank.

On 11 August 2012, the loan to JSC VTB Bank (under Programme 2, Series 8) matured; the proceeds were used to redeem the corresponding Series 8 Notes.

**Note 20 - Advances and loans granted to members of the administrative, managerial and supervisory bodies**

No loans, advances and emoluments were granted to the Board of Directors during the year ended 30 June 2012.