VTB Bank (France) SA

2010
Annual report

Contents

Key figures as of 31 December 2010

Unconsolidated (in millions of euros)

	2010	2009
Total gross assets	1,568	1,244
Stock of provisions	190	189
Capital + reserves + FRBG	266	266
Subordinated loan	630	568
Retained earnings	-81	-120
Net income	0	39
Permanent funds	815	753
Russian risk coverage ratio	50,37%	23,78%

Administration, Control and Management Authorities

Shareholder structure for VTB Bank (France) SA

VTB Bank (Austria), Vienne	87.01%
CENTROSOYUZ, Moscou	9.21%
GPVO NOVOEXPORT, Moscou	3.69%
Olga DERGUNOVA	0.015%
Igor STREHL	0.015%
Alexandre TITOV	0.015%
Alexandre YASHNIK	0.015%
Andreï MOVTCHAN	0.015%
Yves-Thibault de SILGUY	0.015%

Supervisory Board

Olga DERGUNOVA, Chairman (from 09.12.10)
Igor STREHL, Vice-Chairman (from 29.04.10)
Nikolay KUZNETSOV, Chairman (till 29.04.10)
Richard VORNBERG, Vice-Chairman (till 29.04.10)
Richard VORNBERG, Chairman (from 29.04.10 till 09.12.10)
Alexandre TITOV, Member of the Supervisory Board (from 09.12.10)
Alexandre YASHNIK, Member of the Supervisory Board (from 09.12.10)
Andreï MOVTCHAN, Member of the Supervisory Board
Yves-Thibault de SILGUY, Member of the Supervisory Board
Vasily TITOV, Member of the Supervisory Board (till 09.12.10)
Andreï PUCHKOV, Member of the Supervisory Board (till 09.12.10)

Executive Board

Richard VORNBERG, Chairman of the Board (from 22.04.11)
Liubov MOKHNACHEVA, Chairman of the Board (till 22.04.11)
Liubov MOKHNACHEVA, Member of the Board (from 22.04.11)
Christophe BOUTRY, Member of the Board (from 29.04.10)
Patrick DELOZIERE, Member of the Board (till 29.04.10)

Managers
Sergueï GUERASSIMOV, Financial Department
Georges KOBAKHIDZE, Operations Department
Bastien MARTIN, Risque & permanent Control Department
Oleg PITCHOUGUINE, Commercial Department & Markets (from 01.09.10)
Richard CLEMENT (till 04.09.10)

Deputy Manager
Olivier PARIS, Finnacial Department

Company Secretary
Patrick MOREAU (till 31.12.10)

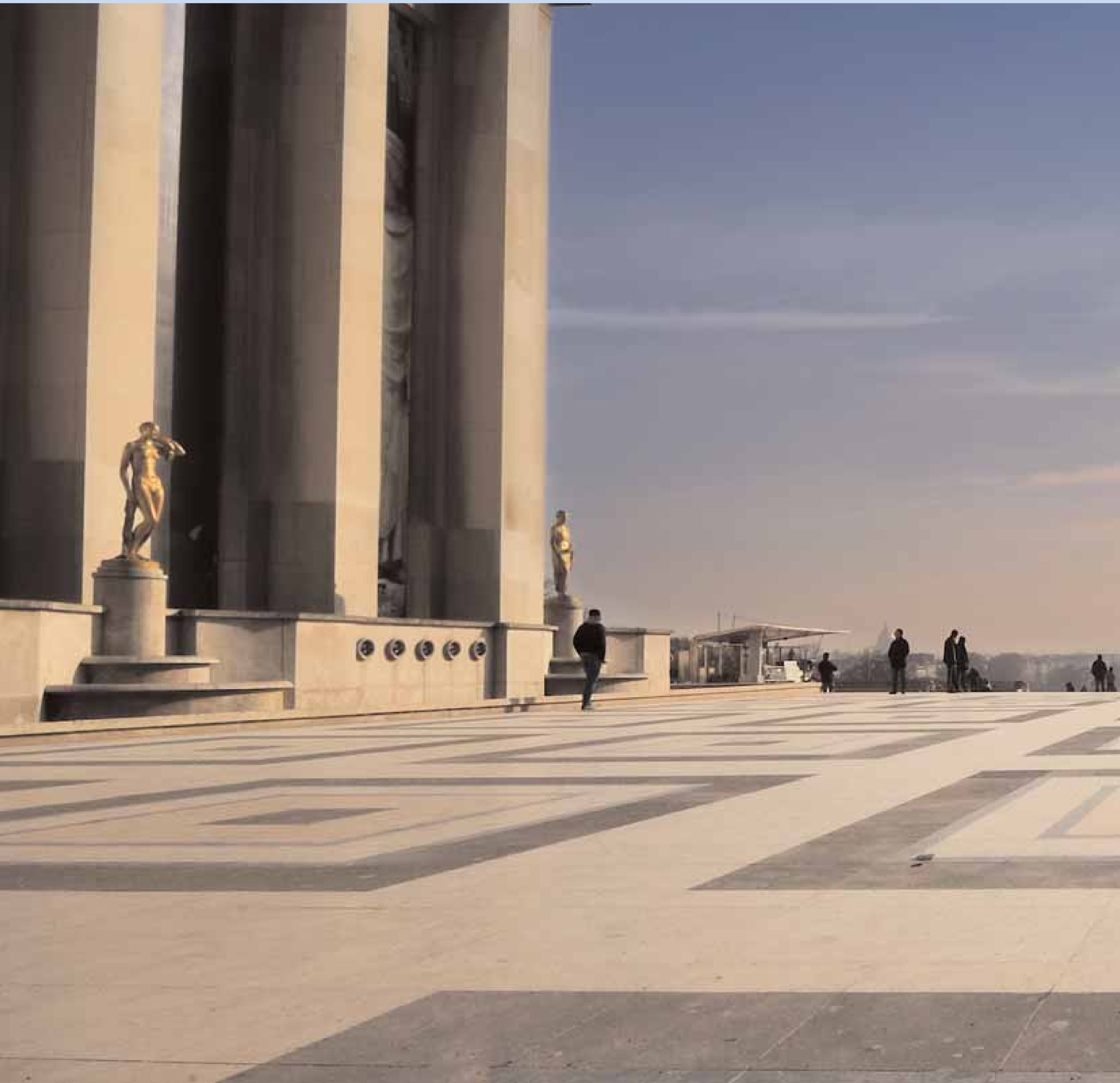
IT Department
Michel LAILY

Compliance & Legal Counsel
Martine LAJOIE

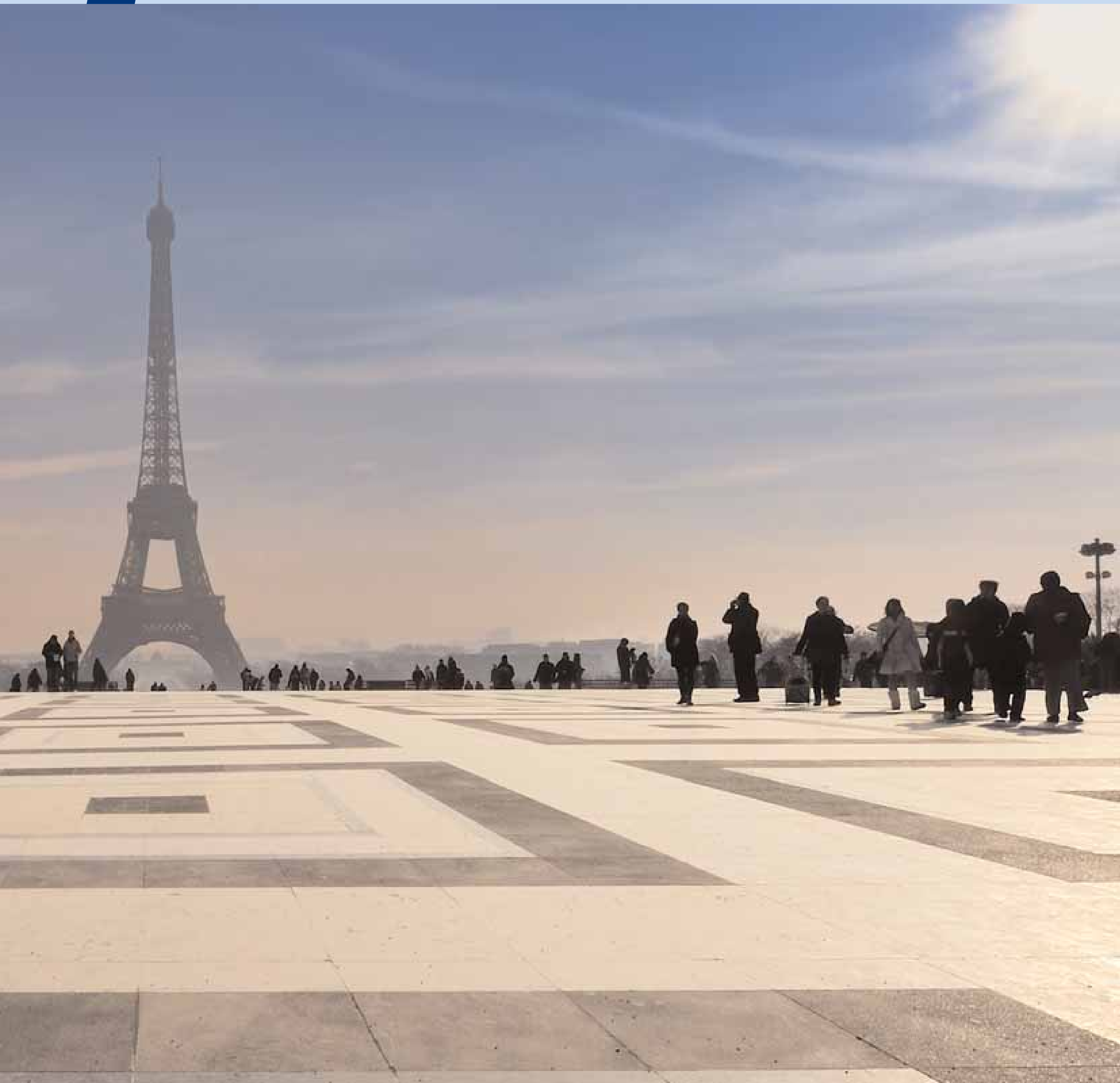
Human Resources
Sandrine GOUT (from21.02.11)

Statutory Auditors

Ernst & Young,
represented by Vincent ROTY, Partner
Deloitte & Associés,
represented by Brigitte DREME, Partner



1 Report of the executive board



Report of the executive board

The Economic Environment

While the economic crisis is now a part of the past, the financial crisis has not yet been completely resolved. Initial progress to financial stability has been slowed by disturbances which have unsettled the sovereign debt markets. The financial and microeconomic climate will probably remain unstable for as long as the necessary reforms have not been completed. In countries characterized by high level of trade deficit, such as the United States, growth remains linked to internal demand. In countries with a high level of trade surplus, such as Germany or China, growth depends on exports.

Growth rate differences between countries have made economic recovery more difficult. Fuel prices have increased sharply under the influence of the rapid economic growth of emerging countries. Food prices too have risen considerably, which has had a negative influence on developing countries. The combination of these two factors have led to increased inflation, amplified the volatility of capital flows, impacted microeconomic management and can, in some cases, influence financial stability.

According to the OECD, global growth stood at 4.8% in 2010, and is expected to come in at 4.4% for 2011, which is in line with previous forecasts. The IMF expects developed economies to grow by 2.5% in 2011, to a background of high unemployment and weak demand owing to high levels of household debt. In emerging and developing economies, the IMF is expecting the higher figure of 6.5%, or even 8.5% in Asia, with the exception of Japan.

The financial sector remains fragile, with banks needing to meet significant financing requirements in risk-adverse markets. The financing problems of some establishments can have major microeconomic consequences, as recent events have shown.

New cases of insufficient equity entailing additional state support to the financial sector have led to increased pressure on public finances.

European countries decided to set up a macro-supervision organization, the European Systemic Risk Board (ESRB) as well as new supervision authorities responsible for regulating the banking, stock market and insurance sectors. Moreover, they intend to set up a mechanism to manage banking crises.

For the year 2011, the IMF and the OECD are expecting growth of 1.6% for France. This is less than the forecast given by the French government which have estimated that, following a slight slowdown in activity at the end of 2010, the real GDP will grow slowly to reach an annual rate of 2% by 2012, driven by corporate investments and exports. However, in 2010, the trade deficit got worse due to the increase in fuel prices. Personal consumption has been weakened by increased unemployment and the discontinuance of economic stimulus measures. The pressure on prices will remain moderate, with inflation trending at about 1% per year.

Keeping public spending under control is expected to be the main preoccupation in France for the period 2011/2012. Measures to curb public spending already taken by the government during 2010, and the necessarily restrictive budgetary orientations of 2011, are expected to bear their fruits to reduce public debt to 95% of GDP by 2013 and, subsequently, to the reference value of 60% of GDP.

In the Commonwealth of Independent States (CIS), recovery was supported by the high prices of basic products, a normalization of capital flows and exchanges, accommodating policies, and positive regional spin-offs. The region is benefiting from the progressive improvements of the situation in Russia. The customs union recently created between

Byelorussia, Kazakhstan and Russia could Kazakhstan could reinforce exchanges, and further stimulate the growth of member countries. A negative factor however remains the extreme levels of sensitivity of CIS countries to external shocks: a drop in the cost of basic products or a loss of investor confidence would have a negative impact on their development.

The IMF expects GDP to grow by 4.3% in 2010 and 4.6% in 2011 in CIS countries, a clear improvement on 2009 where growth came in negative at 6.5%. The exposure to the prices of basic products, the degree of integration with global financial markets, the scale of economic stimulus measures, and the nature of ties with Russia are all factors which vary considerably between CIS countries. Banks have undertaken the necessary adjustments to their balance sheets, and it would seem that they are now ready for a cautious extension of their credit lines. The progressive increase in real pay and a reduction in the level of unemployment are expected to lead to increased consumption.

GDP growth for Russia for 2010 stood at 4% compared with a decline of 8.7% in 2009. This growth rate however is somewhat sluggish, and previous forecasts had set it at 4.9%. Moreover, GDP growth remains relatively dependent upon exterior demand and upon developments in global prices for raw materials.

At 8.8%, inflation for 2010 remains at the same level as for 2009. Official forecasts are expecting an inflation rate of 6% to 7% for 2011, which could however be compromised given the January 2011 official figure of 2.4%. Prices are being driven by increased food prices and inflationary tensions will be sustained by massive flows of capital expected in the country, leading not only to inflation, but also rendering the financial system relatively vulnerable. The euro zone crisis of May 2010 had negative repercussions, leading to instability on the stock market and exercising a downward pressure on the rouble.

The current account surplus increased during 2010 due to an improvement in the exchange rate (4.8% of GDP in 2010 compared with 4.0% of GDP in 2009), but it will decline in 2011 when the fast-growing trend in imports returns, whose initial effects were already being felt at the end of 2010. The net flow of private capital is expected to grow, thus leading to the reconstitution of reserves, increasing from $439.5 billion to $479.4 billion between 2009 and 2010.

Major economy stimulus packages rolled out during 2009 and 2010 have impacted the state budget, with a deficit of 5.9% and 5.5% of GDP during these two years respectively. In 2011, Russia will need to reduce the deficit to 3.6% of GDP, by scaling down these financial support plans, most of which were granted as anticrisis measures. The continuous increase in oil prices since the end of 2010, going beyond the bar of $100 a barrel in January 2011, should make this objective feasible.

Bank activities during 2010

The year 2010 was a highly singular year for VTB Bank (France) SA. Specifically, the Bank found itself faced with a double challenge:

- ensure a substantial development of business as part of the new VTB group strategy;
- roll out a plan for the structural adjustment of its resources.

Results for the year show that the Bank managed to reach its development objectives. The balance sheet total increased by 31% to reach €1378 billion, compared with €1055 billion in 2009. The change in the main balance sheet items illustrate the increase in the Bank's commercial activity, with customer lending coming in at €705 million, a year-on-year increase of 33%. Securities transactions, downscaled during 2009, were brought back up to speed through coordination with VTB Capital and VTB Bank (Austria), and is now an important balance sheet item (€202 million in 2010).
The gradual build-up in the raw materials markets led to growth in Trade Finance and Export Pre-Financing Loans.
The Bank also launched a number of new structured credit facilities to the benefit of French counterparties.
The lively development in balance sheet asset transactions necessitated the optimisation of

resources management under difficult market conditions. This saw the Bank become a direct participant in the TARGET2 payment system as from June 2010, which give access to refinancing operations proposed by the European Central Bank. Closer organic relations at the level of the European subgroup formed by VTB Bank (Austria), VTB Bank (Germany) and VTB Bank (France) not only lead to enhanced integration and coordination of liability-side operations, but also of asset-side operations. The number of limits granted to VTB Bank (France) by other banks increased, leading to a higher level of flexibility as regards managing cash at more competitive prices.

VTB-Direct

In December 2010, for the first time in its history, the Bank set up savings products for the general public. Specifically, this consisted in term deposit accounts for French residents. Concretely, the Bank launched a range of online investment products by means of a specific website vtb-direct.com, and also ran its first marketing campaign.
The offering consists in a Term Deposit Account and in a Savings Account, with the former credited by debiting the latter. On expiry of the contractual term, the accrued interest and the capital amount are credited to the Savings Account.
The Accounts are managed exclusively remotely by means of the Internet.
The initial offer consists in a selection of 7 types of Term Accounts, with terms running from 3 to 36 months, remunerated according to duration, but always amongst the best products on the market.
The introduction of this new product for the Bank, in preparation since 2009, is the result of close cooperation with VTB 24, the retail banking arm of the VTB Group.
The market conditions for this new product are favourable. France is in third position in Europe in terms of level of personal saving, after Germany and Italy. The product is not competing directly with other savings products, already present on this very competitive market; rather, it complements traditional products. The distribution channel - Internet only - reflects the desire of customers signing up to this product to play an active role in the management of their savings fund, choosing the product best matching their requirements, and doing so at reduced cost.
This new product enables the Bank to increase the share of long-term resources on the liability side and expand its commercial activity, whilst developing awareness of the VTB brand on the French market.

Subsidiaries and equity holdings

The Bank's strategy does not involve developing its activity by means of its subsidiaries and equity holdings. Specifically, cooperation in the course of 2010 with the EVROFINANCE MOSNARBANK (EVF MNB) bank, where the VTB Group is the main shareholder, consisted only in documentation operations concerning beneficiaries based in France.

Organization of the internal controls and compliance

Internal control and compliance environment

The main text applicable to VTB Bank (France) SA in terms of internal controls is the ruling 97-02 dated 21 February 1997 amended, as issued by the CRBF (the French Banking and Finance Regulatory Committee) defining the conditions governing the execution and supervision of internal controls in credit establishments.

In particular, this ruling specifies the principles relative to the following: control systems for internal procedures and operations; bookkeeping organization and information processing; result and risk assessment systems; risk control and supervision systems; role of the Bank's executive and the decision-making bodies.

Managing the internal control system

Inside VTB Bank (France) SA, management of the internal control system is done as follows:
- The Management Board defines and implements the structures and resources required to ensure, in an optimised and exhaustive manner, that risk is correctly assessed and managed, and to have a level of control suited to the Bank's strategy and financial situation. The Management Board is responsible for daily risk management, and reports to the Supervisory Board in this regard;
- The Supervisory Board which, acting in line with the regulatory framework, makes sure that the main risks to which the Bank is exposed are kept under control, and also assesses the internal control system. For tasks having to do with supervising internal control systems, compliance and risk management, the Supervisory Board calls on the assistance of the Audit Committee;
- The Audit Committee provides assistance to the Supervisory Board and, in this regard, assesses the quality of the information furnished and, more generally, executes those tasks provided for by the aforementioned 97-02 ruling, in particular:
  - checking the quality of information furnished and assessing the relevance of the accounting methods used to prepare the account;
  - assessing the quality of the internal control, and in particular the consistency of risk control, supervision and measurement systems;
  - making sure that the conclusions reached by regulators and regular control missions are implemented.

Internal Control System - Organization and Participants

The scope of the VTB Bank (France) SA internal control system includes risks of all nature and all organizational units. In addition, it includes essential or important operational tasks and services which have been outsourced, in keeping with the applicable legislation.

As required by banking regulations and best management practices, the internal control system involves 3 main levels of control: namely, 2 permanent levels and one periodic level.

Permanent controls done by the operational services (level 1)

The level 1 permanent control, which is the first step in the internal control system, is done by the operational or functional services, under the supervision of their hierarchy.
Specifically, the services are responsible for the following: making sure that risk thresholds are respected; verifying the procedures used to process operations and their compliance; justifying accounting book balances resulting from movements of concerned accounts originating in transactions undertaken by the services; declaring any operating risks detected.

Permanent controls done by dedicated services (level 2)

The level 2 permanent control, as defined by article 6-a of the CRBF n° 97-02 regulation is done by units dedicated exclusively to these tasks within the Bank, as follows:

- the Compliance unit, in charge of implementing and supervising the system designed to prevent non-compliance, money laundering, and the financing of terrorist activities. In principle, this entity is involved in the following: new relationships; new operations; customer rating reflecting anti-money laundering measures and the Counter Financing of Terrorism (AML/CFT) or terrorist activities; checking incoming streams; intelligence gathering as regards new regulations;
- the IS Security unit, which defines the security rules pertaining to the various information systems, and makes sure these rules are respected;
- the Risks unit, whose task, in principle, consists in carrying out analyses on new operations, and in tracking the various thresholds applicable to the Bank. Specifically, this entails making sure that the market and lending risks are consistent with the lending policy of VTB Bank (France) SA, as well as with its objectives in terms of risk and return;
- the Permanent Control unit, which supervises the permanent control the system. This entity is responsible for handling transversal coordination with all operational services and dedicated services to ensure the consistency and efficacy of the

permanent controls deployed in VTB Bank (France) SA.

Periodic controls (level 3)

The periodic control, as defined by article 6-b of the CRBF n° 97-02 regulation, is the system by which controls are run, at an appropriate frequency, to ensure the following: regularity and compliance operations; respective procedures; efficacy of the permanent controls.

The Compliance, IT Security, Risks, Permanent Control and Periodic Control units report to the Board of Directors, Audit Committee and Supervisory Board as to the execution of their tasks.

Noteworthy Events 2010

The Bank undertook a reorganization by means of a Job Rescue Plan, in order to remain competitive and promote and consolidate its commercial development.
The year 2010 was also marked by an evolution of the Risks and Permanent Control Units, which were grouped together to create a single Risk & Permanent Control department.
Furthermore, 2010 marked the ongoing revision of the Bank's Permanent Control system, of which the first step consists in formalizing a mapping of permanent controls in place inside the Bank. On completion of this listing and formalization work, improvement axes will be defined by degree of priority, notably in the light of, first, the quality of systems in place, and second, the size/current structure of the Bank.

This process was started in 2009, notably by reinforcing the system used to counter money laundering and the financing of terrorism, as well as through a higher degree of involvement of the Compliance unit in preparing and processing credit dossiers prior to their acceptance.

As regards AML/CFT measures, a risk-based approach was implemented; consequential upon the implementation of the procedure and dedicated tools, an AML/CFT risk rating for was prepared for all customers.
Some new or particularly complex dossiers were studied by the Compliance unit in the course of the year 2010.

Moreover, VTB Bank (France) SA underwent a number of important evolutions during 2010, notably as regards its organizational structure, which led to a review of some operational processes, mainly within the Commercial Department and the Financial Department. The Permanent Control unit participated in this work.

Lastly, the final quarter of 2010 was marked by the launch of VTB Direct, a new Internet-based services offering. As part of this, a system to supervise activity risks was defined and implemented in order to guarantee compliance with regulations, best practices, and internal Bank rules. This system incorporates the role and tasks of each Department involved in VTB Direct's activity, the definition of control reports deployed, as well as the first level second-level controls to run.

Risk Management Systems

Lending risks

The analysis and tracking of lending risks comply with the requirements of the CRBF n° 97-02 ruling concerning internal controls to be respected by lending institutions and investment companies.

A system of limits was introduced to facilitate decision-making concerning the approval of new commitments and to monitor risks pertaining to outstanding loans. The limits are determined for each country, sector of activity and enterprise (third party). These limits are reviewed every 6 or 12 months.

The Bank has 30 country limits, 23 sector limits and about 100 limits for enterprises (third-party limits). Any movements outside of these delegations must be justified and authorized by a decision-making body.

For the purpose of creating a shared database of the

VTB group and subgroup, the Bank prepares a report on the current portfolio of loans and guarantees, and sends this to VTB Moscow.

The Bank's commitment consists in loan and surety portfolios, as well as inter-bank loans.

They also include all agreements given and not yet drawn down, including those whose realization is uncertain since subject to a certain number of conditions being met. Only guarantees given by OECD public insurers, such as Coface, and cash pledges domiciled with the Bank are taken into account, and deducted from the commitments which they cover. On this basis, the Bank's total commitments as of 31 December 2010 stood at €1337 million, compared with €915 million on 31 December 2009.

As percent of total, and even though remaining largely predominant, the Bank's commitments in Russia dropped during 2010, which has led to a greater degree of geographic diversification. The Bank's commitments in France rose by 6% during 2010, through a combination of typical and innovative market operations consisting in the granting of major loans to French companies.

The sectorial division became more pronounced during 2010, a sign of the increasing diversification. Commitments given as regards electricity and aluminium companies have positioned these 2 sectors amongst the leaders. The "Financial Services" sector is well represented in the above table, and includes both cash flow loans granted to companies as well as operations with financial institutions.

The internal system used by the Bank to assign a rating to third parties and operations consists not only in a financial analysis of the debtor and other parties with an indirect or direct risk, but also features an analysis of how the operation was put together from a financial packaging point of view, as well as guarantees and securities. The system is based on a Scoring approach, with scores going from 1 (worst score) to 9 (best score).

Every 3 months, the Lending Committee reviews every commitment in excess of $1 million, where necessary adjusting scores granted as regards operations and/or other third parties. Commitments in excess of $1 million and lasting in excess of 12 months are reassessed in depth at the end of each year.

Percentage weight of the 10 leading countries in the Bank's commitments

Country of residence	12.31.2010	12.31.2009
Russia	36.94%	52.29%
France	14.66%	8.60%
Cyprus	8.13%	5.25%
United Kingdom	6.82%	7.67%
Ireland	6.07%	5.55%
Luxembourg	5.40%	0.00%
Byelorussia	5.06%	4.63%
Netherlands	2.69%	0.63%
Switzerland	2.10%	4.98%
Belgium	1.97%	0.00%

Percentage weight of the 10 leading sectors of activity in the Bank's commitments

Sectors (merchandise)	31.12.2010	31.12.2009
Financial services	39.01%	27.28%
Electricity	5.87%	1.37%
Aluminium	5.75%	2.61%
Air transport equipment	4.89%	0.65%
Railroad transport equipment	4.45%	6.81%
Gas	4.43%	6.83%
Cast steel	4.26%	6.55%
Oil	3.31%	5.64%
Precious metals	3.21%	1.90%
Wood	3.04%	3.62%

The Bank has opted for the Standard credit risk approach in order to calculate the Bale II regulatory ratio. The calculation is done using a special application whose integration was terminated in 2008. Specifically, since 30 June 2008, regulatory ratios are tracked each month and the Bank's decision-making bodies are duly informed.
As of 31 December 2010, the Bank's solvency ratio was in excess of 13% in terms of core capital.

Operational risks

The approach taken by VTB Bank (France) is the so-called basic approach.

Mapping operational risks
The operational risks map is reviewed each year in the light of the following 4 considerations:
- review of the organizational table: organizational chart changes are taken into account;
- review of the allocation of risk to the various organizational units;
- review of the risk inventory in order to take activity changes into account;
- review of the levels of risk (impact and probability of occurrence).

Collecting information about incidents
A database to collect information on incidents was created several years ago for the purpose of tracking incidents corresponding to an operational risk, and regardless of whether or not these incidents actually led to a financial loss.
In the case of VTB Bank France, the few such incidents noted have been for insignificant amount.

Reports sent to JSC Bank VTB
Each month, a monthly report of operational risks prepared for JSC Bank VTB. In 2010, the transmission process has evolved considerably, and is now comparable to other risk-related reports.

Market Activity Risks

During the past 12 months, market operations were monitored by means of real-time controls and after-the-fact controls.

Each day, the Middle Office runs a daily tracking of the valuation of all operations, realized and latent results, the Stop-loss level and the acceptable Maximum Potential Loss.

Each month, the Middle Office analyses differences between management results and accounting results for the complete market activity.

Decision-making bodies in charge of this activity are duly informed each day.

Monitoring risks

- **Determining market limits**

In keeping with the established delegations and charters, limits are defined by the Management Board within a framework of overall limits, and by the Lending Committee within a framework of counter-party limits. All the limits and lines granted are reviewed on a regular basis (at most yearly).

- **Tracking counterparty limits**

As regards limits granted to counterparties, there was only 1 significant limit overshoot in the course of 2010 which was authorized by the concerned decision-making bodies.

Moreover, in the course of 2010, the Bank set up securities limits per counterparty.

- **Tracking the currency exchange risk**

Currency exchange positions and results by nature of operation and currency are:
- tracked in real-time using Kondor/Reuters, reconciled with the accounting data (all differences are analysed and justified);
- analysed monthly; the results of this analysis are sent to the ALM Committee whose job consists in proposing, to the Management board, the most appropriate hedging strategy.

In 2010, the Bank took out hedging of €3 million for an exchange risk in connection with the US dollar during the month of March 2010.

- **Stress scenario**

For each of the main risk factors, the Bank put together crisis scenarios in order to assess the consequences of significant variations in market parameters.

In the case of the Securities portfolio, the assumptions are based on historical data, notably, emerging market share price variations for the year 1998, and more recently for the financial crisis in autumn 2008; this corresponds to a stock price variation of 40% combined with an exchange rate variation of 20%.

For the currency exchange risk, based on the historical variations of the euro/dollar exchange rate, the scenario presents the impact of an appreciation/depreciation of 20%.

As regards the overall interest rate risk, the stress scenario incorporates the impact of a change of 2% to -0.25% of the dollar rate curve, and a change of 2% to -0.75% of the euro rate curve over an average gap of 1 year.

Measuring the overall interest rate risk

Each month, the Bank measures the exposure of the balance sheet to risk, doing so using the gap method.

The overall interest rate risk is analysed, and details of this analysis are sent to the ALM Committee whose job consists in proposing, to the Management board, the most appropriate hedging strategy.

Analysing the overall interest rate risk consists in the following 3 steps:

- defining the interest rate risk perimeter within the applicable accounting framework;
- adjustment of the balance sheet to group balance sheet items according to common criteria (nature of outstanding loan amounts; maturity dates; type of rate, etc.);
- analysis of the global gap per activity (commercial, financial and equity); measuring the sensitivity of the Net Banking Income to interest rate variations.

Quantitative information on market risk exposure - 2010

2010			01.31.10	02.28.10	03.31.10	04.30.10
(Euro/dollar rate for the month analysed)			1.3966	1.357	1.3479	1.3315

(in euros, rate as of 12.31.10)

1.3362	(coefficient)		1.0452	1.0156	1.0088	0.9965

Securities trading activity (in thousands of euros)

Annual Stop Loss	**TRADING**	Open position	5,140	5,261	6,290	5,343
-898		Unrealised result	60	35	111	41

The trading open position calculated is the difference between valuation and the unrealised result.

Annual Stop Loss	**PLACEMENT**	Open position	83,835	86,077	86,611	87,592
-8,981		Unrealised result	725	1,354	1,986	1,846

The investment portfolio is monitored at acquisition value

The unrealized result is determined in relation to the securities market price as of December 2010.

Foreign Exchange activity (in thousands of euros)

	FX	Open position	-393	-194	-288	-229
		Unrealised result	32	24	14	18
	Hedging	Open position	0	0	3,004	0
		Unrealised result	0	0	-5	0
Annual Stop Loss	**(GLOBAL)**	Open position	-393	-194	2,716	-229
-480		Unrealised result end of the period	32	24	9	18

Position and stop loss limits were not reached during 2010 either for securities or FX activity

05.31.10	06.30.10	07.31.10	08.31.10	09.30.10	10.31.10	11.30.10	12.31.10
1.2307	1.2271	1.3023	1.268	1.3648	1.3570	1.2998	1.3362
						Change in the dollar rate over the year:	-4.52%
0.9210	0.9184	0.9746	0.9490	1.0214	1.0156	0.9728	1.0000
5,699	5,713	5,439	5,561	5,237	3,043	3,179	3,119
-59	31	105	37	84	75	49	132
102,183	151,032	146,028	147,635	138,280	182,252	207,900	226,951
-3,034	-1,538	341	375	5,813	6,821	5,807	5,706
-197	-165	-286	-200	-319	-201	-200	-302
36	3	-1	15	-7	-3	13	6
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
-197	-165	-286	-200	-319	-201	-200	-302
36	3	-1	15	-7	-3	13	6

Drawing on these analyses as well as on expected interest rate gap evolutions, the Bank proceeded to a number of Swaps operations in order to reduce its overall interest rate risk; these hedging operations stood at €50 million as of the end of December 2010.

The overall 1-year interest rate gap stood, on average, at €238 million as of 31 December 2010. The P&L calculation caused by the refinancing of interest rate gaps stood at €2.22 million as of 31 December 2010.

Securities portfolio

The open interest in terms of the acquisition value of investment securities stood at €227 million at the end of 2010, compared with a €81.5 million at the end of 2009.

Trading portfolio open interests dropped to €3.1 million as of 31 December 2010, compared with €3.8 million as of 31 December 2009.

Comments on the financial statements

Balance sheet

As of 31 December 2010, the balance sheet total stood at 1378 M€, compared with 1055 M€ as of 31 December 2009, an increase of 323 M€ or 30.6%. The euro to dollar exchange rate went from 1.4406 to 1.3362, i.e., a dollar-side increase of 7.8%.

Assets
Asset line items which underwent a significant variation between 31 December 2009 and 31 December 2010 are as follows:

- Loans and advances to credit institutions: -17 M€, down by 4.6%;
- Operations with customers: 177 M€, up by 33.4%;
- Bonds and fixed-income marketable securities: 113 M€, up 126.7% due to the acquisition of securities by during the year;
- Shares and other variable-income marketable securities: 48 M€ represented by 2 carrying-equity operations and a stakeholding received as part of a restructuring operation.

Liabilities:
Liabilities line items which underwent a significant variation are as follows:

- Debts held by credit establishments: 241 M€, an increase of 88.6%;
- Customer accounts: 18 M€, an increase of 127%. Since the VTB Direct site went live only very recently (early December), deposits secured only account for 0.4 M€;
- Subordinated debt: 39 M€, an increase of 6.8%, caused solely by exchange rate variations;
- Losses carried forward: 39.5 M€, owing to the appropriation of the 2009 results.

Off-Balance-Sheet:

- Commitments to the benefit of customers: 67 M€, an increase of 222%;
- Commitments received from credit establishments: a 79 M€ decrease, ie 53%, due the discontinuance of the VTB 24 Stand-by line.

• Profit and loss account

The net income as of 31 December 2010, prior to application of the clowback clause, stood at **22,679 K€**, compared with **39,475 K€** on 31 December 2009, a reduction of **16,796 K€** (42.5%), owing to the cost of the Job Rescue Plan (14.5 M€) and the application of the CRC 2009-03 regulation (2.3 M€).

The Net Banking Income came in at **61,832 K€**, an increase of **6357 K€** (or 11.5%), owing mainly, firstly, to an increase in customer interest (9 M€) and in inter-bank interest (1 M€) and, secondly, to a decrease of 2.3 M€ in commissions consequential upon the application of the CRC 2009/03 regulation.

General operating costs (**30,349 K€**) and depreciation allocations (**1518 K€**) yielded a total of **31,867 K€** (this including the cost of the Job Rescue Plan of 14.5 M€).

The Basic Operating Income came in at **29,964 K€**.
The risk cost of (-) **7532 K€** consisted in the following:
- Provisions on doubtful loans: **-9722 K€**

- Provisions for Country risks: **-10,438 K€**
- Recovery of provisions on doubtful loans: **+15,849 K€**
- Recovery of provisions for Country risks: **+9885 K€**
- Unrecoverable debts abandoned: **-13,106 K€**

Net gains on investment portfolio operations stood at **3610 K€**, as follows:

- Net capital gains on disposals: **+3714 K€**
- Net provisions: **-102 K€**
- Foreign-exchange income (loss): **-2 M€**

Supplier payment terms

	2009		2010						
Maturity dates D = Closure date	Debts due on the closure date	Invoices not received	Debts due on the closure date	Invoices not received	Invoices received after the closure date				
					D≤15	15>D≤30	30>D≤45	45>D≤60	D>60
Goods and services	784,821	501,091	783,711	546,236	13,525	44,585	94,578	63,465	21,321,67
Fixed assets	177,536	175,437	102,135	76,155			25,980		
Total to pay	962,357	676,528	885,846	622,391	13,525	44,585	120,558	63,465	21,321,67

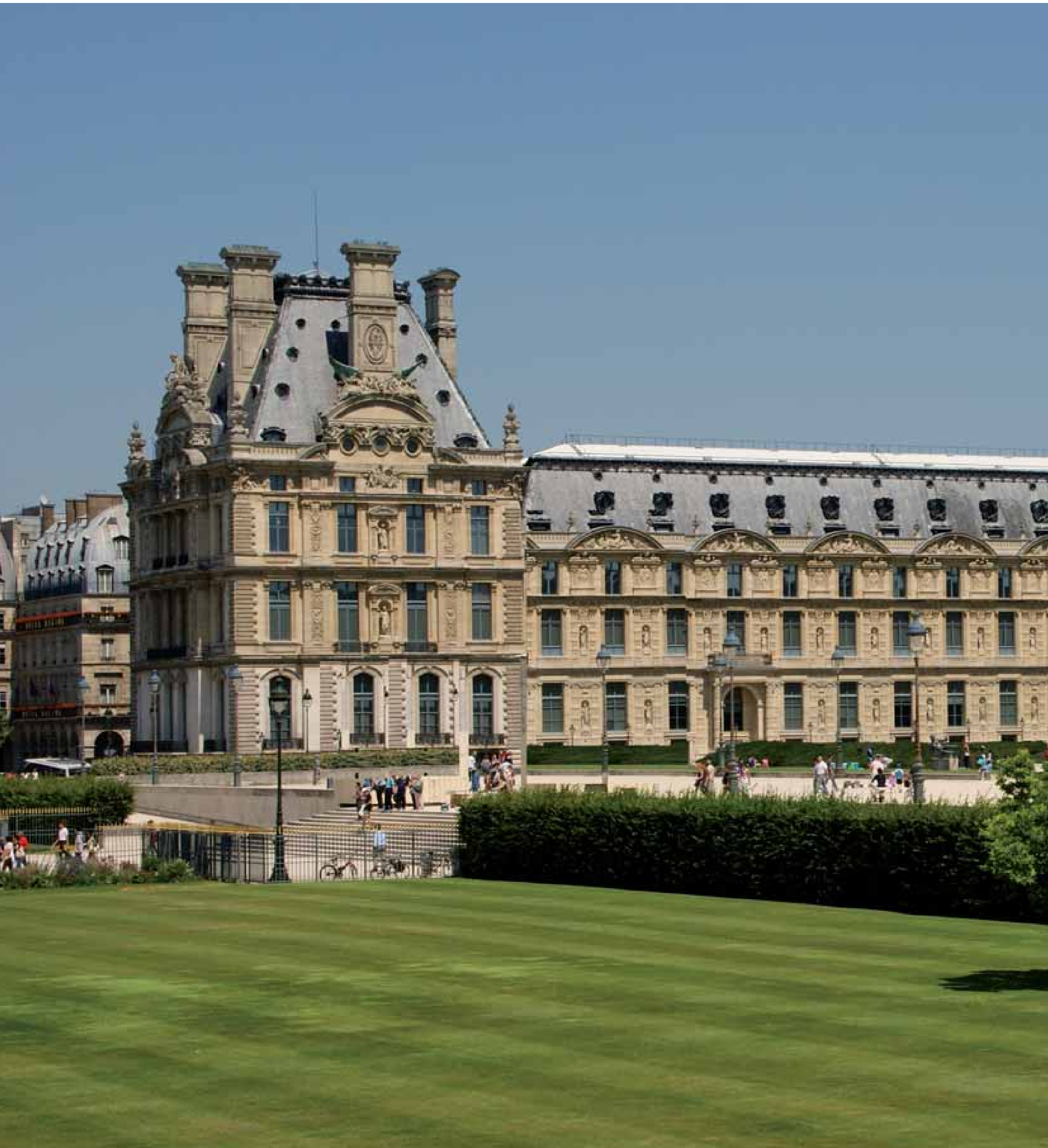
Perspectives 2011

Objectives set forth clearly illustrate the Bank's determination to pursue development as well as the diversification strategy launched in 2010.

This will see a focus on significantly increasing corporate lending, especially in Europe.
Favourable developments in the Securities portfolio observed in the course of 2010 are expected to continue, and to grow at a lively rate during 2011, leading to a doubling of the bonds portfolio.

The gradual improvement of the economic environment in the Euro zone and of the macro economic situation in Russia, combined with a number of favourable internal factors, such as the increasing pooling of the miscellaneous resources of the Group’s banks, are expected to facilitate meeting these objectives.

Moreover, VTB Bank France intends to expand its range of general public banking products by capitalizing on the successful launch of VTB-Direct.
As part of its diversification strategy, the Bank will be offering customers new services, prioritising Internet acquiring and E-banking channels.



Supervisory Board Report to the General Meeting of Shareholders

Ladies and Gentlemen,

Pursuant to legal and statutory provisions, you have been convened by the Company's Executive Board to attend the Ordinary General Meeting of Shareholders. A presentation will be made to you of the activities of VTB Bank (France) SA during the 2010 financial year, with the results and prospects. The financial statements for the year ended December 31, 2010 will also be submitted for your approval.

The Supervisory Board has assumed its mission of supervision of the management of the Bank during the past financial year. It was kept regularly informed by the Executive Board and was able to fully examine the situation of the main items of business and their evolution, monitor the progress of activity according to the objectives described in the Business Plan for the year and measure the progress and the impact of the Social Plan for Employment. It noted the work carried out for the purposes of internal control, assisted in this respect by the Audit Committee, and examined the Annual Report on the measurement and monitoring of risks, together with the Annual Report on internal control.

The Supervisory Board examined the balance sheet and income statement for the Bank as of December 31, 2010 together with the Executive Board.
No reservations were called for in respect of these documents and, as a result, it asks the Ordinary General Meeting to approve the financial statements for 2010 and the Report of the Executive Board.

The Supervisory Board

2 2010 Financial Statements

2010 financial Statements

Balance Sheet as of 31st December 2010

(in thousands of euros)

Assets	12.31.2010	12.31.2009
Cash and amounts due from central banks, postal accounts	4,753	1,735
Treasury and assimilated securities	0	0
Due from and advances to financial institutions	351,187	368,359
Due from and advances to customers	704,758	528,186
Debt securities and other fixed-income securities	201,659	88,963
Shares and other variable-yield securities	48,403	0
Holdings and other long-term securities	22,926	21,271
Equity holdings in associated companies	0	0
Lease financing and purchase-option rentals	0	0
Rentals	0	0
Intangible fixed assets	562	781
Tangible fixed assets	40,758	41,830
Subscribed capital, unpaid	0	0
Own shares	0	0
Other assets	250	476
Prepayments and accrued income	3,071	3,643
Total	1,378 327	1,055,244

Balance Sheet as of 31st December 2010

(in thousands of euros)

Liabilities	12.31.2010	12.31.2009
Due to central banks and postal accounts	0	0
Due to financial institutions	513,888	272,486
Customer transactions	31,282	13,766
Liabilities in the form of securities issued	0	12
Other liabilities	1,155	1,499
Accruals and deferred income	16,250	13,105
Provisions for general risks and expenses	1,148	1,296
Subordinated debt	629,666	568,142
Reserves for general banking risks (FRBG)	22,113	22,113
Equity (excl. FRBG)	162,825	162,825
• Subscribed capital	185,344	185,344
• Share premium account	0	0
• Reserves	35,981	35,981
• Revaluation difference	22,446	22,446
• Tax-regulated provisions and investment securities	2	2
• Retained earnings / losses	-80,948	-120,423
• Net income / loss for the financial year	0	39,475
Total	1,378,327	1,055,244

Off Balance Sheet as of 31st December 2010

(in thousands of euros)

Off balance sheet	12.31.2010	12.31.2009
Commitments given		
Funding commitments		
In favour of financial institutions	431	1,040
In favour of customers	122 ,328	55,096
Guarantee commitments		
In favour of financial institutions	56,901	80,176
In favour of customers	3,687	6,503
Securities commitments		
Securities acquired with repurchase or resell options	0	0
Securities to deliver	0	0
Other Commitments given	0	0
Commitments received		
Funding commitments		
Received from financial institutions	90,739	169,931
Guarantee commitments		
Received from financial institutions	12,919	20,514
Securities commitments		
Securities sold with repurchase or resell options	0	0
Securities to receive	3,902	0
Other Commitments received	0	0

Income Statement as of 31st December 2010

(in thousands of euros)

Liabilities	12.31.2010	12.31.2009
Interest and similar income	56,161	43,981
Interest and similar expenses	-8,196	-7,191
Income from lease financing and similar	0	0
Expenses from lease financing and similar	0	0
Rental income	0	0
Rental expenses	0	0
Income from variable-yield securities	0	0
Commissions and fee income	10,261	9,849
Commissions and fee expenses	-2,109	-1,931
Gains or losses on trading securities	1,947	4,066
Gains or losses on short term investments and similar	3,610	6,591
Other income from bnking transactions	157	110
Other expenses from banking transactions	0	0
Net banking revenue	61,831	55,475
General operating expenses	-30,349	-25,216
Depreciation expenses and allocations to provisions for intangible and tangible fixed assets	-1,518	-1,196
Gross operating income	29,964	29,063
Cost of risk	-7,532	-10,731
Operating income	22,432	18,332
Gains or losses on fixed assets	-0	-61
Pre-tax ordinary income	22,432	18,271
Extraordinary income / loss	-22,432	21,204
Income tax	0	0
Surplus of allocations / recoveries from reserves for general banking risks and tax regulated provisions	0	0
Net profit for the financial year	0	39,475

3 Notes to the Financial Statements

Notes to the Financial Statements

1. Presentation

VTB Bank (France) SA financial statements are presented in accordance with generally accepted French accounting principles and the provisions of Accounting Regulation Committee (CRC) Regulation 2000-03 dated July 4, 2000, modified by Regulations 2004-16 dated November 23, 2004 and 2005–04 dated November 3, 2005, applicable to financial institutions, which modify the Banking and Finance Regulatory Committee (CRBF) Regulation 91-01 dated January 16, 1991.

Unless otherwise indicated, amounts are expressed in thousands of euros.

2. Accounting principles and valuation methods

2.1. Fixed assets

Fixed assets are recorded on the asset side of the balance sheet at their acquisition price. The Bank revalued all its tangible and financial fixed assets as of December 31st, 2009. For fixed assets subject to depreciation, the net book value was revalued at current value by deducting cumulated depreciation from the cost of the fixed asset.

Depreciation is calculated according to the estimated life of the assets, using the straight-line or decreasing balance method. After revaluation, depreciation is calculated by applying the initial plan to the new book value.

Fixtures, installations and improvements	10 years
Furnishing and office equipment	10 years
Equipment, tools and vehicles	5 years
Software	5 years

2.2. Securities portfolio

Securities are classified according to type and economic purpose for which they are held.

Trading securities

Trading securities are recorded at their acquisition price, including expenses and accrued coupon interest. They are revalued monthly on the basis of their market value and the differential is recorded as a gain or loss.
Securities held within the framework of a fast-trade activity, that is to say those generally acquired or sold with the intention of selling or buying them in the short term, are posted to this item.

Short-term investment securities

Short term investment securities are considered to be those securities not included in trading, investment or portfolio activity securities, other long-term securities, investments in affiliates or subsidiaries and holdings in associated companies.
They are recorded at their acquisition price. Related fees are posted to expenses and the accrued coupon interest is recorded as related receivables.
At the end of the financial year, these securities are revalued according to the marked to market method based on official quotations.

Unrealised capital gains are not accounted for; allocation to provisions is established for unrealised capital losses under impairment in value of securities.
Accrued interest between the acquisition of securities and the financial year close-off date are posted to the holdings and other long-term securities account.

Investments in subsidiaries and affiliates and other long-term securities

Investments in affiliates and subsidiaries and other long-term securities are ones, the long-term possession of which is considered useful for the Bank's activity.
The category of other long-term securities includes investments in the form of securities, the aim of which is to foster development of long-term professional relations by creating a preferential link with the issuing company but without influence over its management.
These securities are posted at the acquisition price, in the currency of acquisition, costs excluded.

At the end of the financial year, these securities are valued individually at the lowest prices between the acquisition value and use value.
Capital gains or losses are posted to the Income Statement under « Gains or Losses on fixed assets». At the time of payment, dividends are recorded under « Income from variable-yield securities ».

2.3. Interest and Commissions

Interest is recognised pro rata temporis to the underlying related receivables/payables with the corresponding entry in the Income Statement.

For commissions taken on the discount of commercial paper, the differential between the net discounted and the face value of the note is considered as interest. Interest received in advance for discount transactions is spread out over time on the basis of a compound interest calculation.
Under the terms of provisions of CRC Regulation 2009-03 applicable to financial years opened from 1st January 2010 and relating to accounting of commissions received and marginal costs paid by financial institutions granting loans, commissions received and marginal costs have been spread systematically. Alternative method described by article 8 has been selected, say spread over lifetime of credit on a linear basis or pro rata remaining debt.

Reprocessing has been done on operations initiated in 2010 in accordance with provisions linked to change of accounting method specified by article 314-1 of CRC Regulation 99-03. For technical reasons, the bank opted for prospective reprocessing.

Commission types involved are the following:

- Business intermediaries
- File costs and management fees
- Guarantees
- Participations received and reassigned on syndicated loans
- Utilisation and drawdown of credit lines

Commissions spread have been reclassified in interest income. First method application has generated a 2.3 million euros loss.

2.4. Foreign currency transactions

Assets, liabilities and commitments in foreign currency are converted into euros at the prevailing rate at year-end.

Foreign exchange gains and losses from ordinary foreign currency transactions are recorded on the Income Statement.

2.5. Financial forward instruments

Hedged and market foreign exchange financial futures and interest rate swap transactions are recorded in accordance with CRBF 90-15, modified by Regulations 92-04 dated July 17, 1992, 95-04 dated July 21, 1995, 97-02 dated February 21, 1997, by CRC Regulation 2002-01 dated December 12, 2002 and the Order dated February 20, 2007.

These foreign exchange financial futures and interest rate swap transactions are made on an over the counter market and recorded at par value among the off-balance sheet items.

Foreign exchange future transactions on an over-the-counter market

Contracts are recorded among off-balance sheet items at their forward rate, with each commitment being recorded separately. Transactions are separated according to the destination of the transactions and results allocated on this basis.
For hedging transactions, unrealised gains and losses are directly recorded in the year's result. For market transactions, provisions are only set up for unrealised losses.

Hedged foreign exchange financial future premiums and discounts are recorded in the Income Statement over the lifetime of the contract until maturity, in accordance with the guidelines of Article 9 of Regulation 89-01 of the Banking and Finance Regulatory Committee (CRBF), modified by Regulations 90-01 dated
February 23, 1990, 95-04 dated July 21, 1995 and by CRC regulation 2000-02 dated July 4, 2000.

Interest rate swap transactions on an over-the-counter market

Commitments relating to these transactions are recorded at their par value among off-balance sheet items under three categories:

- Transaction portfolio of open position swaps (category A). Income and expenses are recorded pro rata temporis on the one hand and a provision is set up for risks and charges for unrealised losses on the other hand.

- Transaction portfolio of micro-hedging swaps (category B) which facilitate a reduction in the interest rate fluctuation risk on items classified under due from and advances to financial institutions and customers. Expenses and income from forward financial instruments used for hedging exposure which are related to one item or an identified category of related items, are recorded in the Income Statement in a symmetrical way as the income or expenses of items hedged. They are recorded under the same headings as income and expenses for hedged items, net of interest.

- Transaction portfolio of macro-hedging swaps (category C) which include contracts entered into in order to hedge the Bank's global asset, liability and off-balance sheet interest rate risk.

Income and expenses related to forward financial instruments used to hedge global rate exposure are recorded pro rata temporis in the Income Statement.

2.6. Credits

Credits are recorded on the balance sheet at par value, plus interest payable and not due.
In application of CRC Regulation 2002-03 dated December 12, 2002, modified by Regulation 2005-03 and National Credit Council (CNC) recommendation 2006-16, all doubtful debt is classified as compromised doubtful debt except for « Government restructuring » debt.

Doubtful debt

Commitments where payment of principal or interest is more than three months past due, credits to companies involved in joint legal action and credit to third-parties presenting a risk of total or partial non-recovery are recorded in doubtful credits.

This downgrading covers the full commitment of doubtful third parties.

A provision for depreciation is set up for compromised doubtful debt, on the basis of individual economic and financial analysis to cover the estimated risk of non-recovery. A 100% provision is set up for interest related to these credits. Depreciation is deducted from the corresponding assets (CRC Regulation 2000-03 dated July 4, 2000 modified by CRC Regulations 2004-16, 2005-04 and 2007-05).

Compromised doubtful debt is provisioned at a level of 85.7 % as of December 31st, 2010.

Country risk

Outstanding related to country risk are constituted by the debt and commitments relative to the public or private debtors of countries that have requested rescheduling of their debt and/or present a risk of continued deterioration in their economic and political situations.

Provision ratios are based on an economic study of the country and follow the evolution of geopolitical risks, particularly any changes as regards the restructuring facilities granted by creditors. Provision ratios are applied to the principal.

Provisions for country risk are deducted from the corresponding assets. They amounted to 36.217 million euros as of December 31st, 2010.

As, for conservative reasons, the Bank wishes to achieve a coverage ratio in excess of the provision ratio, part of the subordinated loan granted by the JSC VTB Bank was allocated as additional provision for country risk. Moreover, on December 5, 2007, the Bank received authorization from the General Secretariat of the Banking Commission to specifically allocate the available portion of the subordinated loan to cover certain major risks, irrespective of the nationality of the counterpart.

In terms of additional country risk coverage, the portion of the subordinated loan assigned to balance sheet and non-balance sheet outstanding as of December 31st, 2010 amounted to 339.05 million euros.

The following table shows a detailed analysis of the coverage ratios for Russia in 2009 and 2010.

	2009				
	Outstanding	A/C provisions & revaluation (1)	Ratio (%)	Subordinated loan allocation	Coverage (%)
Country risk (healthy debt)	284,948	7,124	2.50	55,760	22.07
Doubtful debt	22,517	22,517	100.00	0	100.00
Off-balance sheet commitments	40,250	988	2.45	3,954	12.28
Trading securities (losses) & short-term investment securities (provisions)	81,222	187	0.23	2,942	3.85
Unconsolidated equity investments	21,961	743	3.38	13,022	62.68
Total	450,898	31,559	7.00	75,678	23.78

(1) "Accounting provisions & revaluation " column includes country risk provisions and doubtful debt depreciation.

	2010				
	Outstanding	A/C provisions & revaluation (1)	Ratio (%)	Subordinated loan allocation	Coverage (%)
Country risk (healthy debt)	355,904	8,898	2.50	169,819	50.21
Doubtful debt	6,603	4,145	62.77	-	62.77
Off-balance sheet commitments	37,661	942	2.50	3,766	12.50
Trading securities (losses) & short-term investment securities (provisions)	232,135	650	0.28	119,098	51.59
Unconsolidated equity investments	22,872	-	-	22,718	99.33
Total	655,175	14,635	2.23	315,401	50.37

2.7. Allocation of subordinated debt at risk coverage

Allocation of subordinated debt as risk coverage for all countries amounts to 339.05 million euros, broken down as follows as of December 31st, 2010:

(in millions of euros)

Russia	315.40
Others Countries	23.65

As of December 31st, 2009, it amounted to **84.5 million euros, including:**

Russia	75.678
Others Countries	8.822

2.8. Tax charges

Tax and similar charges

In addition to the taxes and similar due and paid for the same financial year, provisions have also been set up under this item for the social solidarity contribution and financial institution contribution, to be paid after close-off of the reference year.
The income tax rate is 33 1/3%. An additional contribution of 3.3% is applied to taxable income.

As of December 31st, 2009, tax carry forward loss amounted to 68.762 million euros

2.9. Retirement benefit plans

In 1993, along with the entire French banking profession, VTB Bank (FRANCE) SA signed a national retirement benefit agreement with the AGIRC and ARRCO pension plans which function on a distribution basis.
According to the CRPB, the portion of the commitment of the Bank as of December 31, 2009 is nil.
In accordance with the Collective Labour Agreement, the Bank pays an indemnity to staff on retirement.
A retrospective actuarial valuation method is used to calculate retirement indemnities corresponding to the value of the potential rights of staff currently active, with forecasts of future salary increases. It amounted to 1.378 million euros as of December 31st, 2010.

The amount was calculated on the basis of retirement at the age of 65, integrating a headcount rotation rate assessed according to the age of each employee, as well as the life expectancy of each employee as of the date of retirement.
In accordance with standard practice in France, the Bank has chosen not to establish any provisions to cover these commitments.

2.10. Fund for general banking risks (FRBG)

The Bank has set up a fund for general banking risk to cover risks when, in application of conservative principles, this is warranted by the risks inherent in banking transactions. No provisions were set up for general banking risk or reinstatements made in 2010.

2.11. Earnings per share

Profit for 2010 after clawback clause application amounts to 0 euro per share.

3. Balance sheet information (in thousands of euros)

3.1. Total assets

	2010	2009
Total assets	1,378,327	1,055,244
Including:		
• Assets in “ out ” foreign currency (c/v €)	1,018,949	727,471
• Liabilities in “ out ” foreign currency (c/v €)	871,936	573,498

3.2. Breakdown of due from and due to financial institutions

	2010	2009
Due from financial institutions	351,187	368,359
• payable on demand	29,648	103,402
• payable at maturity	321,539	264,957
Due to financial institutions	513,888	272,486
• payable on demand	5,003	11,097
• payable at maturity	508,885	261,389

3.3. Breakdown of balance sheet due from and due to financial institutions and customers (remaining maturity)

2009	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
Financial institutions					
Loans & credits	117,220	72,264	97,223	77,954	364,661
Gross compromised doubtful debt*	78,961	-	-	-	78,961
Depreciation	-68,785	-	-	-	-68,785
Country risk provisions	-6,478	-	-	-	-6,478
Total	120,918	72,264	97,223	77,954	368,359
Customers					
Loans & credits	65,831	154,890	288,306	28,577	537,604
Gross compromised doubtful debt*	79,849	-	-	-	79,849
Depreciation	-63,395	-	-	-	-63,395
Country risk provisions	-25,872	-	-	-	-25,872
Total	56,413	154,890	288,306	28,577	528,186
Due from & advances to financial institutions	167,228	25,000	80,258	-	272,486
Due from & advances to customers	7,915	276	98	5,477	13,766

2010	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
Etablissements de crédit					
Loans & credits	183,347	111,550	55,381	5,020	355,298
Gross compromised doubtful debt*	81,422	-	-	-	81,422
Depreciation	-71,994	-	-	-	-71,994
Country risk provisions	-13,539	-	-	-	-13,539
Total	179,236	111,550	55,381	5,020	351,187
Clientèle					
Loans & credits	106,384	156,667	403,153	33,449	699,653
Gross compromised doubtful debt*	84,545	-	-	-	84,545
Depreciation	-57,910	-	-	-	-57,910
Country risk provisions	-21,530	-	-	-	-21,530
Total	111,489	156,667	403,153	33,449	704,758
Due from & advances to financial institutions	454,788	59,100	-	-	513,888
Due from & advances to customers	24,288	1,184	305	5,505	31,282

* total outstanding gross doubtful debt settled by convention in "< 3M" column

3.4. Breakdown of balance sheet due from (loans) and due to (deposits) of associated companies and other business entities

	2010	2009
Due from and advances to financial institutions	351,187	368,359
Associated companies	53,785	125,550
Other business entities	297,402	242,809
Due from and advances to customers	704,758	528,186
Associated companies	0	0
Other business entities	704,758	528,186
Due to financial institutions	513,888	272,486
Associated companies	218,661	145,803
Other business entities	295,227	126,683
Due to customers	31,282	13,766
Associated companies	2,541	866
Other business entities	28,741	12,900

3.5. Other assets, liabilities and accruals

	2010	2009
Other assets	250	476
Sundry debtors	234	460
Gold & precious metals	16	16
Other liabilities	1,156	1,499
Sundry creditors	1,156	1,499
Accrued income & deferred charges	3,071	3,643
Repaid expenses	270	761
Income receivables	1,261	2,031
Other accruals	1,358	696
Foreign currency adjustment accounts	182	155
Accrued and deferred income	16,250	13,105
Repaid income	5,441	3,124
Expenses payable	5,541	3,644
Other deferrals	5,157	2,657
Foreign currency adjustment accounts	111	3,680

3.6. Breakdown of transactions with customers

	2010	2009
Assets	704,758	528,186
Commercial receivables	4,362	700
Other customer financing	700,392	527,175
Ordinary debtor accounts	4	311
Factory transactions	0	0
Liabilities	31,282	13,766
Special saving accounts	12	0
• payable on demand	12	0
• payable at maturity	0	0
Other amounts owed	31,270	13,766
• payable on demand	24,123	7,861
• payable at maturity	7,147	5,905
Bank of France refinancing		
Commercial claims (assets)	41,702	0
Refinancing (liabilities)	34,000	0

3.7. Indeterminate term loans granted to customers

Nil

3.8. Securities transactions

Breakdown of securities portfolio

2009	Trading	Investment
Bond & other fixed-income securities (net value)	5,009	83,955
Capital & other variable-income securities (net value)	0	0

2010	Trading	Investment
Bond & other fixed-income securities (net value)	3,248	198,411
Capital & other variable-income securities (net value)	0	48,403

	2010	2009
Portfolio of bonds and other fixed-income securities*	201,659	88,964
• Public sector bonds	22,616	21,047
• Corporate bonds	179,043	67,917
Securities transferred from one portfolio to another	94,000	0
Differences between acquisition and reimbursement prices	-1,994	2,709
• Negative differences on trading portfolio	-383	-353
• Negative differences on investment portfolio	-1,611	3,062
Unrealised capital gains/losses on the investment portfolio	5,113	-503
• Unrealised capital gain	5,770	95
• Unrealised capital loss	-657	-598

Breakdown of bonds & other fixed-income according to remaining maturity

2009	Trading	Investment	Total
less than 3 months	0	0	0
from 3 months to 1 year	2,047	5,654	7,701
from 1 to 5 years	1,972	22,994	24,966
over 5 years	990	55,307	56,297
Total	5,009	83,955	88,964

2010	Trading	Investment	Total
less than 3 months	0	1,561	1,561
from 3 months to 1 year	0	21,709	21,709
from 1 to 5 years	2,189	76 ,390	78,579
over 5 years	1,059	98,751	99,810
Total	3,248	198,411	201,659

Capital & other variable-yield securities	2010	2009
	48,403	-

3.9. Investment in subsidiaries and affiliates and other long-term securities

	Value as of 12.31.2009	Variations due to foreign exchange rates in 2010	Movement in 2010	Value as of 12.31.2010
Subsidiaries				
• French	0	0	0	0
Provisions	0	0	0	0
• Foreign	0	0	0	0
Provisions	0	0	0	0
Affiliates				
• French	42	0	0	42
Provisions	0	0	0	0
• Foreign	21,972	-912	0	22,884
Provisions	-743	743	0	0
Total	21,271	1,655	0	22,926

Table of subsidiaries and affiliates (in thousands)

Financial information on subsidiaries and affiliates	Reference currency of capital	Capital* (in foreign currency)	Reserves and retained earnings prior to appropriation of net income (in foreign currency)	Percentage of capital owned (%)	Book value of shares held (in euros)	
					Gross	Net
1. Subsidiaries						
(+ de 50% of Capital owned)						
2. Affiliates						
(10 to 50% of the capital owned by the Bank)						
SCI VTBF IMMO	EUR	1		99.9	1	1
Global information on other shareholdings (‹10%)						
1. French holdings						
OSEO Garantie Maisons-Alfort (94)	EUR	161,782	161,912	0.015	€ 17	€ 17
2. Foreign holdings						
VTB Capital plc. Londres	USD	566,212	12,247	0.1	$ 548	$ 548
Swift	EUR			0.09	€ 12	€ 12
ÉVROFINANCE-MOSNARBANK (IFRS)	RUB	3,510,255	9,525,669	7.97	$ 30,014	$ 30,014

* Capital = paid in capital + issuance premium
Depositors guarantees not included (K€ 24).

Loans & advances granted not yet reimbursed	Guarantees & endorsements given	Net banking revenue or turnover (in foreign currency	Net profit or loss (in foreign currency)	Dividends	Observations
		89,383	24,777	0.3	As of 12.31.2009
		236,351	4,640	0	As of 12.31.2009
		1,963,551	594,220	0	As of 09.30.2010

3.10. Fixed assets

	Value as of 12.31.2009	Purchases 2010	Disposals 2010	Revaluation 2010	Depreciation 2010	Value as of 12.31.2009
Intangible fixed assets						
Software	6,677	498	0	0	0	7,175
• Depreciation	-5,896	0	0	0	-717	-6,613
Total	781	498	0	0	-717	562
Tangible assets						
Land & buildings used for Bank's own activity	35,000	10	0		0	35,010
• Depreciation			0		-175	-175
Other land & buildings	3,711	0	0		0	3,711
• Depreciation	-	0	0		-20	-20
Miscellaneous, fixture, installations	9,005	172	-10		0	9,167
• Depreciation	-6,927	0	10		-509	-7,426
Furniture, tooling, véhicles, IT	9,794	170	-682		0	9,282
• Depreciation	-8,753	0	59		-97	-8,791
Total	41,830	352	-623		-801	40,758

3.11. Variations in provisions allocated for counterparty risk (assets / liabilities)

	Stock As of 12.31.2009	Allocations 2010	Reversals 2010	FX variations 2010	Stock As of 12.31.2010
Depreciations deducted from assets					
Financial institutions	68,785	1,263	-2,296	4,242	71,994
Customers	63,395	19,000	-28,280	3,795	57,910
Securities	598	703	-680	36	657
Investment and other long-term securities	743	-	-	-743	0
Off-balance sheet provisions					
Financial institutions	111		-106	-	5
Customers	1,185	175	-261	43	1,142
Provisions set up to cover healthy debt country risk					
Financial institutions	6,478	8,897	-2,081	245	13,539
Customers	25,872	1,366	-7,437	1,729	21,530

3.12. Debt materialised by security

	2010	2009
Interest bearing notes	Nil	11
• less than 3 months	-	11
• from 3 months to 1 year	-	-
• from 1 to 5 years	-	-
• over 5 years	-	-
Interbank market securities and negotiable debt instruments	-	-
Bond issues	-	-
Other debt represented by security	-	-

*3.13. Provisions **

Book value as of 12.31.2009	New provisions in 2010	Provisions used in 2010	Provisions released in 2010	Variations due to foreign exchange rates	Book value as of 12.31.2010
1,296	175		-367	43	1,147

* Country risk provisions on off balance sheet commitments

3.14. Subordinated assets & liabilities

Subordinated debt (subordinated loan)

On February 14th, 1992, a subordinated loan agreement was signed between the Central Bank of Russia and VTB Bank (France) SA, taken over identically by the new shareholder, JSC VTB Bank, on December 28th, 2005. This loan is broken down in foreign currency as follows:

USD 664,824,022.54
CHF 192,135,328.69
EUR 233,985,668.24

On December 7th, 1993, the agreement was modified by an endorsement which provided for an additional amount of 530 million French francs, converted into 80,412,156.51 euros and then by a second endorsement dated December 31st, 1998 granting to the Bank a new subordinated loan of 120 million dollars.

On January 25th, 2002, this fraction of 120,000,000 USD was transformed into debt due to financial institutions.

The subordinated loan is granted for the lifetime of the Bank.

On a contractual level, the Bank has the option to reimburse the loan by the issuance of additional shares in favour of the lender in order to increase its capital share.

On November 18th, 1992, an agreement was signed by the contracting parties with a clawback clause. By virtue of this clause, surplus profits over expenses as of the close-off date of the financial statements are reallocated to the subordinated loan, whereas in the reverse situation, the lender will write off sums due in respect of all or part of the deficit posted for country risk coverage purposes.

Variance of the outstanding

	Outstandings as of 12.31.2009	Amounted reconstituted in 2010	Reimbursement in 2010	Outstandings as of 12.31.2010	Euro equivalent as of 12.31.2008
USD	664,824	-	-	664,824	497,548
EUROS	91,700	22 679	-	114,379	114,379
CHF	22,180	-	-	22,180	17,739

3.15. Share capital

	2010	2009
composed of 165,789 shares of common stock each having par value of 1,117.95 euros	185,344	185,344

3.16. Permanent funds

	2010	2009
Capital	185,344	185,344
Subordinated debt (subordinated loan) (1)	629,666	568,142
FRBG (2)	22,113	22,113
Legal reserve	7,227	7,227
Revaluation difference	22,446	22,446
Other reserves	28,754	28,754
Retained losses	-80,948	-120,423
Net profit (3)	-	39,475

(1) Including 339,05 million euros for prudential risk coverage

(2) This balance sheet item covers general banking risks; allocations & reversals are made in accordance with prevailing rules.

(3) Allocated to retained losses, as decided by Annual General Meeting of April 29th, 2010 which approved 2009 financial statements.
In accordance with clawback clause of November 18th, 1992, 2010 net profit is allocated to subordinated loan reinstatement.

3.17. Variations in shareholder's equity

	Balance as of 12.31.2009	Net income 2010	Other changes	Balance as of 12.31.2010
Other shareholder's equity				
Revaluation difference				
• Tax-regulated provision	2			2
• Tax-regulated reserve				
Total	2			2
Reserves for general banking risks	22,113			22,113
Reserves				
Legal reserve	7,227			7,227
Other reserves	28,754			28,754
Total	35,981			35,981
Share capital	185,344			185,344
Retained losses	-120,423		39,475	-80,948
Net profit/loss	39,475		-39,475	
Total equity	162,492			162,492

4. Off-balance sheet information (in thousands of euros)

4.1. Breakdown of off-balance sheet commitments

Funding commitments	2010	2009
In favour of financial institutions	431	1,040
• Associated companies	0	458
• Other business entities	431	582
In favour of customers	122,328	55,096
• Other business entities	122,328	55,096
Received from financial institutions	90,739	169,931
• Associated companies	74,839	138,831
• Other business entities	15,900	31,100

Guarantee commitments	2010	2009
In favour of financial institutions	56,901	80,176
• Associated companies	7,575	12,558
• Other business entities	49,326	67,618
Received from financial institutions	12,919	20,514
• Associated companies	0	0
• Other business entities	12,919	20,514
In favour of customers	3,687	6,504
• Other business entities	3,687	6,504
Received from customers	317,803	331,169
• Other business entities	317,803	331,169

4.2. Information on forward financial transactions and financial instruments

Principal information relative to forward financial transactions and financial instruments with respect to CRBF Regulations 88-02 and 89-01 modified by Regulations 90-01, 95-04 and by CRC regulation 2000-02.

Foreign currency forward transactions	2010	2009
Euros to receive against foreign currencies to deliver	146,300	306,614
Foreign currencies to receive against euros to deliver	0	0
Foreign currencies to receive against foreign currencies to deliver	13,067	11,484
Foreign currencies to deliver against foreign currencies to receive	12,723	11,801

Forward financial instruments

	Over-the-counter market		Organised market	
	Rate	Exchange	Rate	Exchange
2009				
Hedging transactions				
Micro-hedging	0	0	0	0
Macro-hedging	50,000	0	0	0
Position management transactions				
Interest rate swaps	0	0	0	0
• up to 1 year	0	0	0	0
• from 1 to 5 years	0	0	0	0
• over 5 years	0	0	0	0
2010				
Hedging transactions				
Micro-hedging	0	0	0	0
Macro-hedging	50,000	0	0	0
Position management transactions				
Interest rate swaps	0	0	0	0
• up to 1 year	0	0	0	0
• from 1 to 5 years	0	0	0	0
• over 5 years	0	0	0	0

5. Information on Income Statement (in thousands of euros)

5.1. Interest

	2010	2009
Income	56,161	43,981
on interbank transactions	13,206	9,007
on customer transactions	32,713	24,366
on securities transactions	8,944	7,544
on subordinated loans	1,298	3,064

Expenses	8,196	7,191
on interbank transactions	6,808	5,633
on customer transactions	971	1,422
on securities transactions	417	136

5.2. Income from variable-yield securities

2010		
Listed shares	0
Investment securities	0

2009	
Listed shares	0
Investment securities	0

5.3. Commissions

	2010	2009
Income	10,261	9,849
on interbank transactions	1,241	376
on customer transactions	1,909	580
on foreign exchange	9	4
on financial services	7,102	8,889
Expenses	2,109	1,931
on interbank transactions	704	581
on customer transactions	597	35
on foreign exchange	0	0
on securities transactions	26	25
on financial services	782	1,290

5.4. Breakdown of gains or losses on trading portfolio

	2010	2009
Trading portfolio	1,947	4,066
on trading securities	420	2,506
on foreign exchange	140	611
on forward financial instruments	1,387	949

5.5. Breakdown of gains or losses on short-term investment securities

	2010	2009
Investment securities	3,610	6,591
Capital gains	3,747	208
Recoveries from depreciation	600	6,579
Capital losses	-34	-196
Allocations to depreciation	-703	0

5.6. Other income/expenses from banking transactions

Income from banking transactions	2010	2009
Income from banking transactions	157	110
Reinvoiced expenses	61	48
Miscellaneous revenue	0	0
Additional revenue	96	62

Expensed on banking transactions	2010	2009
Expensed on banking transactions	0	0
Retroceded revenue	0	0
Miscellaneous expenses	0	0

5.7. General operating expenses

	2010	2009
Personnel expenses	22,533	15,748
Salaries	17,569	10,051
Social contributions	4,346	4,993
Employee profit-sharing	0	0
Taxes and similar	618	704
Other operational expenses	7,816	9,468
Fees	3,636	2,094
Leasing charges	0	2,883
Taxes and similar	1,498	1,383
Sundry	2,682	3,108

5.8. Cost of risk

	2010	2009
Cost of risk	-7,532	-10,731
On financial institutions		
• Allocations to depreciation of debt	-1	-2,593
• Recoveries from depreciation of debt	2,198	0
On customers		
• Allocations to depreciation of debt	-9,721	-10,608
• Recoveries from depreciation of debt	13,574	0
On securities		
• Allocations to depreciation of debt	0	0
• Recoveries from depreciation of debt	77	0
Losses on irrecoverable debt	-13,106	-2,050
Recoveries on depreciated debt	0	1
Net country risk provision reinstatement (balance sheet / off-balance sheet)		
• on financial institutions	-6,710	402
• on customers	6,157	4,117

5.9. Gains or losses on fixed assets

	2010	2009
Fixed assets	0	-61
Gains or losses on intangible fixed assets	0	0
Gains or losses on tangible fixed assets	0	-1
Gains or losses on investment securities	0	-60
Gains or losses on holdings in associated companies	0	0

5.10. Extraordinary expenses & gains – Breakdown by category

	2010	2009
Income	252	21,449
From previous years	251	4,993
From current period	1	16,456
Allocation from subordinated loan	0	0

	2010	2009
Expenses	-22,684	-245
From previous years	0	-49
From current period	-5	-196
Reinstatement of subordinated loan	-22,679	0

6. Other information

6.1. Personnel

	2010	2009
Average staff number	88	123

6.2. Remuneration (in thousands of euros)

	2010	2009
Remuneration & benefits allocated to Members of the Executive Board & Supervisory Board for the financial year	875	1 677
Amount of loans granted during financial year	néant	néant

6.3. Audit fees (in euros)

Statutory audit, certification, inspection of Individual accounts

	2010	2009
Ernst & Young	53,500	0
Deloitte & Associés	53,500	69,000
PricewaterhouseCoopers		69,000

6.4. Income statement analysis

VTB Bank (France) presents an analysis of the grand totals of the income statement by sector and geographic area.

The analysis covers two years and shows a breakdown of the NBR by sector and geographic area, the evolution of performance and gross operating income/loss.

Description of the Sectors

- CORPORATES:
  non-bank third parties, excluding market activities;
- BANKS:
  bank third parties, excluding market activities;
- MARKET ACTIVITIES:
  foreign exchange, cash positions and securities.

Net Banking Revenue (NBR)

Net Banking Revenue is composed of banking income less banking expense, including refinancing costs. The latter are calculated in a conventional manner on the basis of an internal transfer rate according to the "unique pool" principle, according to resources of the bank.

Management cost

The **Management cost** corresponds to all personnel expenses and overheads, as well as fixed asset depreciation expense. Expenses linked to profit centres are posted directly. Structure and support expenses are allocated according to a cost-sharing scale in relation to headcount, surface areas occupied and other items according to the volumes of dossiers managed.

Gains or losses on fixed assets

In 2008, the reversal of a provision for the Bank's subsidiary, EVROFINANCE, mainly accounted for the gains on fixed assets. In 2009, it was due to the sale of our holding in IRIS.

Extraordinary expense and income and income tax

Extraordinary expense and income and income tax partly includes the expense amount linked to application of the subordinated loan claw-back clause.

Income statement analysis

Breakdown by geographic zone and sector	Corporations		Banks	
	2010	2009	2010	2009
Other countries	646	1631	-119	-90
CIS	15,949	17,977	14,524	11,652
France	4,229	734	9	23
OECD	11,690	5,476	-2	-3
Net Banking Revenue	32,513	25,818	14,412	11,582
Management cost by sector	-19,318	-15,436	-8,894	-8,170
Cost of risk	-3,095	-6,492	-4 ,514	-4,240
Gross operating income/loss	10,101	3,890	1,004	-828
Gains or losses on fixed assets		-20		-20
Extraordinary expense and income and income tax	82	7,068	82	7,068
Net income/loss for the financial year	10,183	10,938	1,086	6,219

(in thousands of euros)

Breakdown by geographic zone and sector	Market activities		Total	
	2010	2009	2010	2009
Other countries	47		573	1,540
CIS	4,615	9,335	35,088	38,964
France	1,385	2,171	5,622	2,929
OECD	8,861	6,569	20,548	12,041
Net Banking Revenue	14,908	18,075	61,832	55,475
Management cost by sector	-3,656	-2,805	-31,868	-26,411
Cost of risk	77		-7 532	-10,731
Gross operating income/loss	11,328	15,270	22,432	18,332
Gains or losses on fixed assets		-20		-61
Extraordinary expense and income and income tax	82	7,068	247	21,203
Net income/loss for the financial year	11,410	22,318	22,679	39,475

General Report of the Statutory Auditors on the Annual Financial Statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2010 on:
- the audit of the accompanying financial statements of VTB Bank (France) SA;
- the justification of our assessments;
- the specific verifications and disclosures required by law.

These financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements, based on our audit.

Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2010 and of the results of its operations for the year ended in accordance with French accounting principles.
Without qualifying the opinion, we draw your attention to note 2.3 to the financial statements that describes changes in accounting methods relating to a new regulation applied starting 2010, CRC n°. 2009-03, on the recognition of commissions received and marginal transaction costs recorded on the grant or acquisition of a loan.

Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce), relating to the justification of our assessments, we bring to your attention the following matters:

Change in accounting policies

As part of our assessment of the accounting policies applied by your company, we have verified the correct application of the changes in accounting methods mentioned above and the appropriateness of the presentation made in the financial statements.

Accounting estimates

As part of our assessments we have verified the appropriateness of the accounting principles applied and the reasonableness of the significant estimates made.

These assessments were performed as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

Specific verifications and disclosures

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law. We have no matters to report as to its fair presentation and its consistency with the financial statements of the information given in the management report of the Executive Board and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Neuilly-sur-Seine and Paris-La Défense, April 7, 2011

The Statutory Auditors

DELOITTE & ASSOCIES

Brigitte DREME

ERNST & YOUNG Audit

Vincent ROTY

Ordinary General Meeting on April 29, 2010

First resolution

The Annual General Meeting, taking note of the Reports of the Executive Board and the Supervisory Council and the Statutory Auditors on the Financial Statements for the year closed on December 31st, 2010, approves the Financial Statements as they are presented and underlying transactions translated in the accounts or summarised in those reports

Second resolution

The Annual General Meeting decides to allocate the whole profit of the year amounting to EUR 22,679,086.15 to the reinstatement of the subordinated loan, pursuant to the claw-back clause linked to the subordinated loan agreement

Third resolution

The Annual General Meeting, hearing Statutory Auditors Report on regulated agreements relating to Articles L 225-86 to 88 of the Commercial Code, takes note of the Report

Fourth resolution

In consequence, the Annual General Meeting gives final discharge to the Members of the Executive Board and the Supervisory Council for the execution of their responsibilities during the past year

Fifth resolution

The Annual General Meeting allocates to the Supervisory Council a maximum total amount of USD 180,000 i.e. an equivalent of EUR 123,422.93 as directors' fees for the year 2011

Sixth resolution

The Ordinary General Meeting fully empowers the Executive Board, its Chairman and the holder of a copy or extract of the Minutes evidencing its resolutions to accomplish any publication or other formalities arising there from

Contacts

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- http://france.vtb.com

Access to the Annual Report

The Bank's Annual Report, the Report of the Executive Board in particular, can be consulted on request at the head office, 79-81, boulevard Haussmann, 75008 Paris.