

Rouble Index Update

RUSSIA
Economy

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VTB Capital Rouble Index (RUBIN) Updated Methodology

We are updating the methodology for RUBIN, the VTB Capital rouble index that provides investors with a reliable and publicly available benchmark for hedging their rouble exchange rate exposure (please refer to *VTB Capital Rouble Index (RUBIN) Launched, 9 April*, for original methodology). The index is designed to be tradable and readily accessible to market participants. Index features allow for cost-efficient hedging of rouble FX positions via forwards and options, and seek to model a long position in the RUB against the USD and EUR.

The index methodology has recently been revised to represent a dynamic portfolio of USD/RUB futures contracts (traded on the Chicago Mercantile Exchange) and appropriate amounts of spot FX. The portfolio is rolled quarterly, one week before the IMM date (CME futures expiration), reinvesting the mark-to-market gains or losses into the next contract. On 2 October 2006, the starting value of the RUBIN-USD index was 100; the RUBIN-EUR index 78.51.

Index Calculation

The RUBIN-USD Index value is calculated at the close of each business day.

RUBIN current value = Number of Units * Front USD/RUB CME Futures.

A new *Number of Units* is calculated on the day when the contract in the index portfolio is rolled.

Number of Units = Index Value/Second USDRUB CME Futures.

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All prices are as of 13.08.09

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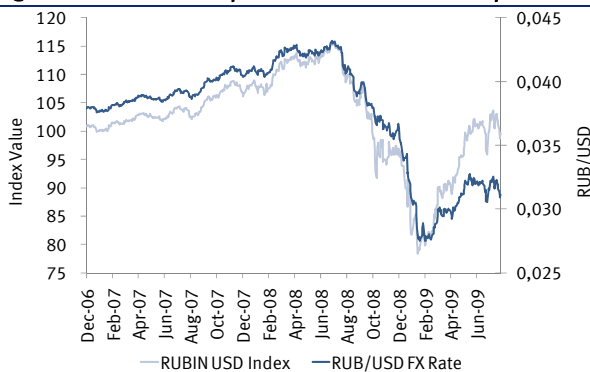
Investors should consider this report as only a single factor in making their investment decision.

RUBIN-USD example: The price of the futures represents the number of USD cents per 1 RUB. On 2 October 2006, 100 USD cents were invested into a Dec06RUB futures contract, at a price of 3.7530, resulting in 26.6454 Units (100/3.7530). On 14 Dec 2006, the Dec06RUB futures contract settled at 3.7950 and the value of the index was 101.1191 (26.6454 * 3.7950). The contract within the index portfolio was then rolled into a Mar07 futures contract at a price of 3.7990, resulting in 26.6173 Units: (101.1191/3.7990).

RUBIN-EUR started with the EUR equivalent of 100 USD cents (78.51 EUR cents), invested in the RUBIN-USD Index. RUBIN-EUR Index value is calculated in the same manner as RUBIN-USD, then multiplied by the spot EUR-USD FX rate.

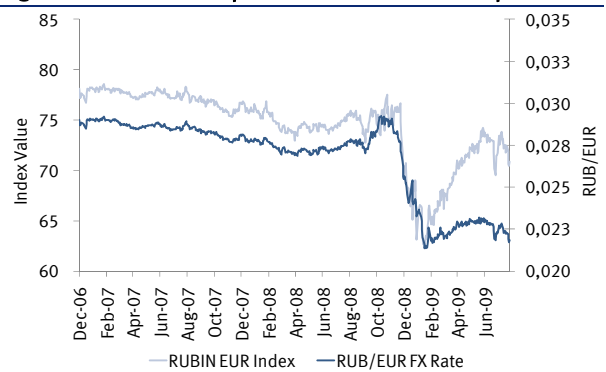
RUBIN-EUR example: On October 2nd, 2006, Number of Units would be calculated as Starting Value * USDEUR Futures/USDRUB Futures (78.51 * 1.2792/3.753 = 26.7599). On 14 Dec 2006, the Dec06RUB futures contract settled at 3.795, Dec06USDEUR futures settled at 1.3154. The value of the index is 77.2038: 26.7599 * 3.795/1.3154. Both contracts are now rolled to Mar07 at prices of 3.7990 (Mar07RUB futures) and 1.3209 (Mar07EUR futures), resulting in 26.8435 Units.

Figure 1: RUBIN USD performance since inception



Source: Bloomberg, VTB Capital Research

Figure 2: RUBIN EUR performance since inception



Source: Bloomberg, VTB Capital Research

Disclosures

VTB Capital – Equity rating definitions

BUY: Fair value exceeds the market price by 20% or more (as of the publishing date)

HOLD: Fair value is no less than the market price but does not exceed it by more than 20% (as of the publishing date)

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