



Alfa-Bank  
Social Report  
**20:06**

**Alfa-Bank's social report for 2006 addresses the main elements of our social and charitable activities: projects that support culture, art and education, and projects that support various public organizations and structures.**

**Rushan Khvesyuk,**  
Chairman of the Executive Board of Alfa-Bank



## Bank Executive Board Chairman's Introduction

A social report is now an essential element of the activities of all major companies world-wide. Alfa-Bank, in its position as one of Russia's leading banks, has issued social reports for many years. The 2006 report includes wide-ranging information about key trends in the Bank's socially oriented activities. It addresses both internal social programs focused on the bank's employees, and external programs aimed at the social environment. In most cases the information is based on actual performance and reflects the company's operations over the last few years.

Corporate social responsibility is one of the main subjects under discussion in the current business climate. In many respects this is because businesses now play a noticeably increased role in social development, but it is also true that companies have to adhere to tougher requirements for openness and transparency. The European Commission defines corporate social responsibility as "a company's free-will decision to participate in improving life in the community and protecting the natural environment". Many companies realize that it is now nearly impossible to run a business in isolation. That is why the integration of a corporate social responsibility principle into the overall business development strategy has become a characteristic feature of leading domestic and foreign companies. The preparation of a corporate social report is a necessary byproduct of this approach.

Alfa-Bank's social report for 2006 addresses the main elements of our social and charitable activities: projects that support culture, art and education, and projects that support various public organizations and structures. These activities are carried out on national, regional, and municipal levels. It is important to obtain information about social issues needing attention, but also to disseminate information about the Bank's various projects. That is why our managers devote attention to increasing cooperation within different national and regional mass media groups.

The preparation of a social report is important not only as a way of presenting information about our performance to the public, but as a process of internal assessment. In preparing this report we asked ourselves three important questions: What is Alfa-Bank proud of? What are we criticized for? Which criticisms are fair and how can we correct our mistakes? It is very important to receive this feedback, because it enables us to make the necessary changes and corrections.

**Rushan Khvesyuk,**

Chairman of the Executive Board of Alfa-Bank

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19:05 | Sting Concert | Moscow



Omsk | Moscow Virtuosi | 22:05





# Arrival of the Stars

For many years Alfa-Bank has offered its assistance in the organization of concerts and performances of artists, musicians, actors and choreographers. Last year the Bank made it possible for many spectators to enjoy the talents of superstars from Russia and abroad.

In 2006, Alfa-Bank celebrated its 15th Anniversary. To mark the occasion, gala concerts and guest performances were held in various Russian cities. Famous representatives from the world of art and culture joined us in celebrating our anniversary.

## Moscow Virtuosi in Omsk and Krasnoyarsk

Alfa-Bank supports art in practically all territories of the Russian Federation, and the Siberian cities of Omsk and Krasnoyarsk have not been excluded from the Bank's involvement in arts and culture.

For its 15th Anniversary, Alfa-Bank arranged concerts by the Moscow Virtuosi Chamber Orchestra and the Terem-Quartet, a musical ensemble from St. Petersburg, in the Omsk Philharmonic Hall and the Krasnoyarsk Opera House. These two famous orchestras met for the first time on the stages of the Siberian cities in a joint program called "Masqued Ball", which combined both classical pieces and folk improvisations. The music of Budashkin, Prokofiev, Piazzolla, Schedrin and many others formed part of the performances.

Both groups should be proud of their histories. The Moscow Virtuosi Chamber Orchestra was founded in 1979 by Maestro Vladimir Spivakov. Today Moscow's best musicians, including graduates from the Moscow Conservatory, are members. Terem-Quartet, in turn, is a unique group that has increased the importance of Russian folk instruments in the world. The virtuosity of the musicians and the melodiousness of their music contributed to the image of St. Petersburg, and made the group an ambassador of Russian culture worldwide.

## Gala Ballet Night in Tyumen

In Tyumen, Alfa-Bank celebrated its 15th Anniversary with a Gala ballet performance held in the Tyumen Philharmonic Hall. Among the guests of the Bank were People's Artist of Russia, Ilze Liepa, who is also an Honored Artist of Russia, and the lead dancers from both the Bolshoi Theater and the Stanislavsky and Nemirovich-Danchenko Moscow Academic Musical Theater.

The audience was treated to a program that included a duet from the ballet "Madame Bovary" (music by Rachmaninov), pas de deux from the ballet "Swan Lake" (music by Tchaikovsky), adagio from the ballet "Cinderella" (music by Prokofiev), and many other famous performances.

## Tabakerka in Volgograd

In May, guest performances by Tabakerka, the theater under the direction of Oleg Tabakov, a People's Artist of the USSR, took place in Volgograd. The performances formed part of Alfa-Bank's anniversary celebrations.

This was Tabakerka's first visit to Volgograd. At the event's opening reception Galina Khorosheva, Deputy Governor of the Volgograd Region, said: "If not for Alfa-Bank and its support, theater admirers would have waited for a long time to see the wonderful stage plays of Tabakerka in our city".



Volgograd theater fans were able to see three stage plays: “Sublimation of Love” starring Oleg Tabakov, “Confessions of Chevalier Felix Krol”, and “No Man Is Wise at All Times” starring Sergey Bezroukov.

Each performance attracted a full house. After the first performance, Georgy Naumov, the Head of Alfa-Bank’s Volgograd Branch, thanked the artists and said: “Volgograd is doubly lucky: we have not only seen spectacular performances by the artists, but Volgograd is the first among Russian cities to personally congratulate Oleg Tabakov on the birth of his daughter Masha!”

### Legendary Sting in Moscow

In July 2006, Alfa-Bank financed the show of the legendary singer Sting in Moscow’s Olimpiysky Sport Complex. The rock musician visited the capital as part of his “Broken Music” world tour which promoted his new album.

The concert was the final one in Sting’s grand tour of 28 European cities, from Portugal to Russia. The Moscow audience welcomed Sting back for the third time. Each of his concerts was actively supported by Alfa-Bank.

Like the previous events, the Sting concert was fully booked and drew over 15,000 people. There was a great deal of dancing in the audience while the stage was the epicenter of a spectacular musical and visual show. Sting played new songs and old hits recorded with the Police, his original band. The songs “Englishman in New York” and “Desert Rose” were enthusiastically received by the Moscow audience. Sting was impressed with the warm welcome he received from audiences in St. Petersburg and Moscow.

### First Time in Moscow – Exiting Jamiroquai

As part of a world tour with their new album “Dynamite”, Jamiroquai, the popular group from Great Britain, was welcomed to Moscow’s Olimpiysky Sport Complex for their first and only show in Russia. The unforgettable event was financed by Alfa-Bank and was sold out. Over 15,000 people danced and sang with Jamiroquai.

The group’s art is a combination of modern musical trends – house and soul with the rhythms of the funk style of the 70s. It is an amazing blend of elements unusual to the Russian ear: minimalist guitar and jazz sounds combined to sound like vigorous keyboard runs, flat drums and an incredible bass solo.

It was obvious from the first strings of “Canned Heat” that Jamiroquai’s music was popular with the audience. The sound was excellent. A wave of keyboard, guitar, bass, drums, percussion, three back-up singers and the voice of Jay Kay flooded the stadium. Jay Kay was constantly doing pirouettes on stage, talking to the audience and making jokes.



### **Balanescu Quartet in St. Petersburg**

Alfa-Bank financed a concert of the Balanescu string quartet in St. Petersburg. The audience had the opportunity to appreciate how the group's unique fusion of minimalism, jazz and Gypsy music combined to provide an impressive electronic sound experience. The British quartet's performance was held in the V.F. Komissarzhevskaya Theater and formed part of the "Maria T" multimedia project. This event provided a platform for the artists to showcase their unique talent.

Alfa-Bank's support enabled the participation of Alexander Balanescu (violin), James Shenton (violin), Katherine Wilkinson (alto), Nicholas Holland (cello), Steve Arguels (drums), and Klaus Obermayer (video).

The special colors, originality and brilliance of the quartet's performance contributed to the multimedia character of the "Maria T" project. Computer-restored, archived records of Maria Tanase were combined with live music. Musical compositions by Alexander Balanescu, violin virtuoso, improviser, and skillful composer, contributed to the concert. The audience loved the expressive nature of the performance, its courageous use of new technologies, and the unique format and style of the concert.

### **Stars of the Bolshoi in Voronezh**

A grand gala concert in Voronezh Opera and Ballet Theater marked the 5th Anniversary of the opening of the Bank's branch, and also the establishment of new branches in Voronezh. Stars of the Bolshoi Theater ballet – People's Artists Svetlana Zakharova and Sergei Filin – came to congratulate Alfa-Bank. The gala concert drew a full house of ballet lovers.

Although there are over 40 Alfa-Bank branches across Russia, every new opening is an important event for the Bank, especially when it happens for the first time in a new region. This particular branch's opening was especially significant because, for the first time, Alexei Leonov, Vice-President of Alfa-Bank, pilot-astronaut, and two-time Hero of the Soviet Union, visited the celebration ceremony.

### **The Kremlin Ballet in Novosibirsk**

The Novosibirsk Branch presented a new project of the Kremlin Ballet to mark their anniversary celebrations. The Maris Liepa Charity Fund and SAV Entertainment presented "Russian Seasons: 21st Century", in the Novosibirsk Academic Opera and Ballet Theater. The audience enjoyed the ballets "Blue God" and "Firebird" starring Russian and internationally-acclaimed ballet dancers Ilza Liepa and Nikolai Tsiskaridze, People's Artists of Russia.



### Olympic Champions Show

Alfa-Bank celebrated the opening of “Altai”, a new branch in Barnaul, with the “Olympic Champions on Ice Show” directed by Igor Bobrin, Master of Sports and European Champion. The show, which was held in the Sports Palace, included world figure skating champions Evgeny Pluschenko, Irina Slutskaya, Tatiana Totmyanina, Maxim Marinin, Ekaterina Gordeeva, Natalya Bestemianova, Andrey Boukin, and many others.

### Scattering of Stars in Ekaterinburg

The Ekaterinburg Branch was the major sponsor of state chamber orchestra performances called “Vladimir Spivakov’s Moscow Virtuosi”. In addition, the Branch sponsored the concert project “Scattering of Stars” which was held to honor the 70th Anniversary of Sverdlovsk State Academic Philharmonic Society. Famous musicians Mikhail Pletnev, Denis Matsuev, and Georgy Garanyan participated in the concert.

### A Royal Tournament in Chelyabinsk

With Alfa-Bank’s financial support, a concert by Yuri Bashmet and the chamber orchestra “Moscow Soloists” took place in Chelyabinsk Glinka Theater of Opera and Ballet. Alfa-Bank also provided financial support to the Opera Project (a competition for tenors, baritones and basses) which took place on the 6th anniversary of the Bank’s Chelyabinsk branch. Soloists from the State Academic Bolshoi Theater, the Stanislavsky and Nemirovich-Danchenko Moscow Academic Musical Theater, and the Helicon Opera and New Opera theaters performed arias from operas by Mozart, Tchaikovsky, Verdi, as well as popular romantic and folk songs.

### “U-Piter” in Perm

Alfa-Bank financed the guest tour of Vyacheslav Butusov and the “U-Piter” group. The famous rock musician performed in the Soldatov Cultural Center with his new show “Quiet Games”. During the two-hour concert, the musicians played 20 songs of legendary band “Nautilus Pompilius”, but also new and old “U-Piter” songs.

### Kazarnovskaya in Izhevsk

In Izhevsk, various celebrations marked the 15th anniversary of Alfa-Bank and the 5th anniversary of the Izhevsky branch. Alfa-Bank sponsored a concert by the famous opera diva Lubov Kazarnovskaya in the Aksion Palace of Culture



# Art Has No Borders

Thanks to Alfa-Bank's participation, people in Moscow and other Russian regions had an opportunity to meet international celebrities in arts and culture.

## Joseph Brodsky Through the Eyes of His Contemporaries

Alfa-Bank traditionally participates in programs supporting the arts and cultural development. This past year was no exception. The book *"Brodsky Through the Eyes of His Contemporaries"* was published due to Alfa-Bank's financial support.

In 2002, Alfa-Bank and the Committee for Urban Construction and Architecture announced a joint International Public Competition for the design of the Joseph Brodsky Monument in St. Petersburg. After 18 months, the panel of judges announced the names of the two winners, Vladimir Tsvinin and Felix Romanovsky. In spring 2002, the Anna Akhmatova Museum in the northern capital hosted an exhibit called "Joseph Brodsky: Urania. Leningrad – Venice – New York". Two years later, the St. Petersburg Branch of Alfa-Bank sponsored an online video conference called "Joseph Brodsky: Geography Lessons". During the open video broadcast, a new multimedia product dedicated to the art of the poet and developed by the Anna Akhmatova Museum in St. Petersburg, was unveiled to the audience.

That tradition of honoring Brodsky's work continued last year. A literature night in commemoration of the poet was held in the Fountain House of the Anna Akhmatova Museum, where Valentina Polukhina's book *"Brodsky Through the Eyes of His Contemporaries"* was presented to the audience.

That was the second book dedicated to the poet. Valentina Polukhina published 34 interviews with friends of the poet, and with other people who knew Joseph Brodsky. The author collected and recorded these interviews from 1996 to 2005. This unique book revealed a new Joseph Brodsky to readers through the eyes of his friends – Nobel prize winners, translators, editors, and publishers in Russia, the USA, England, France, Italy, Poland, Sweden and Israel.

"We have to bear in mind that Valentina Polukhina interviewed people when Joseph Brodsky was still alive, and these interviews were included in the first book. And it is quite obvious that the interviewed people were ethically correct and spoke about literary issues only", says Yakov Gordin, editor of the "Zvezda" magazine, a writer and friend of the poet, in the introduction to the book.

## The 26th International Festival of "Svyatoslav Richter December Nights"

For the sixth consecutive time Alfa-Bank sponsored the annual festival "Svyatoslav Richter December Nights", hosted by the Pushkin Museum of Fine Arts.

"December Nights" is a synthesis of music and fine arts. Every concert cycle is accompanied by an exhibit containing items that relate to the festival program either historically, thematically or through images. In 2006, the exhibition was called "Masks: From Myth to Carnival".

The best Russian and foreign soloists and groups performed at the festival. Among them were Nikolau Lugansky, Alexey Lubimov and Andreas Staier. Other participants were the "Moscow Soloists" directed by Yuri Bashmet, the baroque quartet "Red Priest" from Britain, and 2001 Grammy winner "Il Giardino Armonico", an Italian ensemble.



The “December Nights” musical festival has been hosted by the Pushkin Museum of Fine Arts since 1981, and the idea of combining fine arts belongs to Svyatoslav Richter and Irina Antonova, Director of the Museum.

### Kaliningrad – Jazz Capital

Alfa-Bank supports Kaliningrad’s unofficial status as the jazz capital of the USSR during the 1970s. Last summer, the Mayor’s Office organized the First International Festival “Don Cento Jazz” with the participation of Alfa-Bank’s Kaliningrad Branch.

The world-famous American vocal band “The Manhattan Transfer”, winners of ten Grammy awards, came to Kaliningrad to participate in the festival. Various musicians from Russia, Germany, Latvia and Lithuania joined “The Manhattan Transfer” on stage. Russia was represented at the festival by the “Funky Monkey” jazz band with group members Sergey Manukyan, Oleg Kireev, and Vyacheslav Gorsky, all popular musicians in Russia and internationally. The Latvian band “Cosmos”, a Eurovision 2006 finalist, created big excitement in the audience.

“This festival is very important for Kaliningrad and its people, because it gives us an opportunity to listen to top-quality live jazz. Kaliningrad was the unofficial jazz capital in the 1970s, and we sincerely hope that, with Alfa-Bank’s support, this Festival will become a tradition”, said Elena Smyishliava, the Alfa-Bank’s Branch Manager in Kaliningrad.

### With a Book into the 21st Century

Alfa-Bank widely supports literature, and this support has no geographical boundaries. The Sixth Book Festival “With a Book into the 21st Century” took place in Kaliningrad, located in Russia’s westernmost territory.

The Book Festival was held in April last year and was organized by Alfa-Bank and the US Consulate-General in St. Petersburg. The Chekhov Central City Library hosted the festival with the support of the Kaliningrad Mayor’s Office.

The program was diverse and included numerous artistic competitions and roundtable discussions dedicated to education. Participants in the art competition had to submit self-portraits with the theme “Kaliningrad: Against the Background of the Anniversary”. Another competition, called “Amber Feather” gave awards for prose, poetry, fairytales, literary translations and publishing. It is worth noting that there was a high level of interest in the competition. Over 300 contenders from all over the region presented their works to the jury.

### The Baltic Seasons

Thanks in large part to the participation of Alfa-Bank, Kaliningrad may well compete for the title of capital of the most interesting arts and literary projects. Last year, Kaliningrad welcomed guests to a 3rd Festival of the Arts called “The Baltic Seasons”.



The most recent festival was dedicated to the 60th Anniversary of the founding of the Kaliningrad region and opened on September 8 with a performance by the Tchaikovsky Grand Symphonic Orchestra directed by Vladimir Fedoseev, People's Artist of the USSR. The festival ran over a period of three months and audiences were able to enjoy 28 different performances and concerts staged in Kaliningrad Regional Drama Theater and in the halls of the Cathedral Church.

### **People and Coal**

In celebration of Miner's Day, the Kemerovo Branch of Alfa-Bank, "*Delovoy Kuzbass*" magazine and the Administration of Kemerovo's Department for Mass Media Cooperation presented a photo biennale titled "People and Coal: Coal Mining through the Eyes of Modern Photographers". The biennale was the first to combine in one exhibition the works of local artists from private collections in the Kemerovo region. The exposition comprised the works of photographers who had transformed the everyday life of miners into objects of modern art.

### **The Earth Is Our Common Home**

The 11th International Festival of Children's Art "The Earth Is Our Common Home", took place in Yekaterinburg, and was sponsored by Alfa-Bank. The Festival has been held in Yekaterinburg since 1982 and UNESCO has recognized it as an official event of the World Decade for Cultural Development. Last year, over 500 young artists from Russia, the CIS, Italy, Turkey, Great Britain, Czech Republic, Austria, Hungary and Poland participated in the forum.





# Charities Without Frontiers

Charity and philanthropy have long histories in Russia. Alfa-Bank has dedicated itself to a tradition of involvement in charity for many years. Successful business development is closely tied to providing support to those who are in need.

The Bank supports the following institutions on an ongoing basis:

- The “Russian House of Childhood” Charity
- Moscow Orphanage No. 6
- Luberetsky Childhood Nonprofit Organization
- “Maria” Charitable Society, a regional nonprofit organization that offers financial support to lower-income families of Moscow police officers.

The “Maria” Charitable Society is a regional organization that has supported children from these underprivileged families for over 10 years. The charity also assists families of police officers who have died in the line of duty.

On February 28, 2002, a Board of Trustees, based on the “Maria” charity and at the initiative of Olga Murasheva, Chairman of “Maria”, was established at the State Administration of Internal Affairs. Apart from its work on the Board of Trustees, and the “Maria” Charitable Society, Alfa-Bank also directly finances lower-income families of police officers, war veterans, and physically handicapped people through the Moscow Department of Internal Affairs.

## Murmansk – Warm North

Alfa-Bank sponsored the “Warm North” cultural project in Murmansk last year, which aimed to encourage and financially support people who devote themselves to cultural development.

The “Warm North” project was founded by the Murmansk Regional Nonprofit Organization of Veterans of Culture (MRNOVC), and is sustained with the support of the Murmansk Regional Administration, the mayor of the city and patrons of the arts. Selected individuals, groups of artists, and organizations in the Murmansk Region that are active in the areas of art and culture, have received awards under the banner of the project.

Every year companies and organizations of the Murmansk Region nominate “Warm North” candidates to the MRNOVC Council. The Murmansk Branch of Alfa-Bank is a member of the awards committee.

Last year, the nominees for the award included: library staff, music and art schools for children, historians, directors of drama schools, groups of artists from the regional Philharmonic society, the local History Museum, the Regional Puppet Theater, the Center of Theatrical Arts for Children, and the Regional Library.

In addition to regular awards, Alfa-Bank has founded the “Alfa-Bank’s Choice” award. Irina Anokhina, Retail Banking Director of the Murmansk Branch, presented the four award winners with the Visa bank cards that included complimentary annual service certificates. During the formal ceremony, Mikhail Shevakhov, MRNOVC Chairman, read a Letter of Gratitude addressed to managers of the Branch for their support of culture, their tremendous assistance in cultural development, and active participation in the fulfillment of the “Warm North” Public Awards.



### Construction of the Church of the Life-Giving Spring

Alfa-Bank was one of the sponsors for the construction of the Church of the Life-Giving Spring of the Virgin. The laying of the foundation stone and blessing of the site of the future church was a significant event on the Murmansk religious calendar.

Out of gratitude for the assistance received in reviving the spiritual life of the Kola Peninsula, Archbishop Simon donated a unique photo album depicting "Orthodox Murmansk" to Svetlana Demina, Head of Alfa-Bank's Murmansk Branch. A limited number of albums were published in honor of the 10th anniversary of the Murmansk and Monchegorsk dioceses, and has never been sold in bookstores. It includes a collection of photographs of the Northern territories, images of ancient churches in the Kola Peninsula, panoramas of sunrise and dawn over Murmansk during the longest polar day, and other unique works of photographic art.

### Social Mission

In 2006, the Bank offered its help to Gusevskaya special comprehensive boarding school No. 9 for children with developmental disabilities. Furthermore, Alfa-Bank donated funds to Kaliningrad for social development under the banner of a program called "My Courtyard", which is planned for 2006-2010.

### Financial Aid to the G.I. Turner Institute

Early last year, Nadezhda Savinskaya, Head of the Central Administrative Board of the Bank of Russia in St. Petersburg, and Vladimir Dzhikovich, President of the North-West Banks Association, asked St. Petersburg banks to finance the G.I. Turner Institute of Orthopedics for Children. The St. Petersburg Branch immediately supported the initiative. Additionally, some employees of the Branch Branch donated their own funds to the institute.

Thanks to the donated funds, the institute's dining hall has been completely renovated and equipped. To celebrate completion of the work, a party was held for children undergoing long-term treatment at the clinic.

### Alfa-Bank's Orphanage Protection

In April of last year, Alfa-Bank's Murmansk Branch received a letter from the Special Orphanage for children with damage to their central nervous systems, asking for financial aid for Nastya Igoshina, a patient who had undergone heart surgery at the Bakulev Institute in Moscow. After the surgery, Nastya was in serious condition and needed post-surgery rehabilitation, but there was nobody who could help because her parents' custody rights had been terminated. The chief physician at the orphanage approached Alfa-Bank's Murmansk Branch for support, because the Branch has a history of providing financial support to the Orphanage since its establishment.

In just one day, Branch employees raised a significant amount, but it was not enough for comprehensive treatment for Nastya. A company electronic newsletter was sent out to all Bank employees, and the required amount of money was raised.



### **Computer Classroom Given in Kisilevsk**

A delegation of Alfa-Bank headed by Alexei Leonov, Vice-President of Alfa-Bank, pilot, astronaut and two-time Hero of the Soviet Union, visited school No. 16 in the town of Kisilevsk in the Kemerovo region. The delegation presented the school with a certificate to purchase the necessary equipment for a computer classroom with 10 workstations. The Moscow group also visited Alexei Leonov's hometown – the village of Listvyanka in the Tisulsky District in the Kemerovo region. During the visit, the delegation participated in an official event dedicated to renaming the school Alexei Leonov's School of the Arts No 14 of Tisul.

### **Land of Liliputians and Giants**

The Novosibirsk Branch of Alfa-Bank was the major sponsor of a children's party called "Liliputian Country" (where both Liliputians and giants live). On June 3, thousands of young citizens came to the Pervomaysky Square in Novosibirsk to draw pictures, play on the sports grounds, recite poems, solve quizzes and have fun in the amusement park.

### **Sverdlovsk Ski-Track**

Yekaterinburg Branch was a sponsor of the Eighth Russian National Sverdlovsk Governor's Cup in mountain skiing. The Governor's Cup is the most popular mountain skiing competition in the Urals and Siberian region.





# "Life Line" Saves Children

The Life Line Charity program was launched on June 1, 2004. The program was created as an initiative of leading Russian companies and individuals involved in the problems surrounding the high child mortality rates in Russia. Alfa-Bank was the founder of the Program.

The main aim of the program is to provide critically ill children with access to the best medical treatment through the provision of financial aid.

Life Line pays for medical treatment of Russian children who are younger than 15 years old, and who suffer from life-threatening heart, brain or liver diseases. Special efforts are made to pay for technologically advanced surgeries and special equipment to ensure that every child is able to receive the best treatment available.

The program has no geographical boundaries and is by all standards a national undertaking. All the funds raised by the program are spent on surgeries in Moscow, St. Petersburg, Perm, Krasnodar, Tyumen, Samara, Novosibirsk, Tomsk, Voronezh, Nizhny Novgorod, Krasnoyarsk, Kaliningrad, Kazan, Murmansk, Khabarovsk, Syiktyivkar, Volgograd, Yekaterinburg, Rostov and other cities.

The program provides funds for prescribed medical services and medicines necessary for the care of every Life Line patient. The proper use of charity funds and transparency of the program are guaranteed.



In addition to traditional private and corporate contributions, the Life Line Program also raises funds to save the lives of sick children through the “Give as You Earn” program, designed for private contributions by corporate employees. Any company may become a corporate participant of Life Line and give their staff an opportunity to provide financial aid to children right from their own desks.

Alfa-Bank was the first corporate participant in the Life Line Program. Since August 2004, employees of the Bank have managed to raise about 4 million rubles and save the lives of 55 children. Overall, Life Line has paid for the medical treatment of 1,133 children. A total amount of about 160 million rubles was raised for this.

In addition, Alfa-Bank employees participate actively in various charity events that aim to support the Program’s patients and the medical institutions acting as Life Line partners. On numerous occasions, the Bank has raised funds to purchase toys, clothes, audio, video and computer equipment, and to arrange parties for the children. Recently, the Bank purchased computers and educational software for the bone marrow transplant division of the Russian Children’s Hospital.



# By Saving Nature, We Save the Human Race

Alfa-Bank was one of the first companies in Russia to support the idea of wildlife conservation.

## WWF in Russia

Last year our successful events in nature conservation related primarily to the Russian oil & gas sector.

The planned route of the East Siberia–Pacific Ocean oil pipeline project was intended to pass near Lake Baikal’s shore, where earthquakes and spills would be probable. Perevoznaya Bay, the proposed final destination of the pipeline, could have been environmentally damaged, but thanks to the involvement of WWF, the project was proven ecologically dangerous.

Another oil & gas project, Sakhalin-2, threatened the life of Pacific gray whales, of which the current population numbers less than a hundred. The underwater pipeline was to go directly through their summer pasture, but in spring 2005 WWF managed to convince the Sakhalin-2 management to move the route 20 km south of the pasture.

WWF also participated in the organization and work of the “Civil G8”, a Forum of Non-Government Organizations that took place in July 2006 during the G8 Summit in St. Petersburg. WWF experts held a roundtable conference at which they discussed questions around energy and climate.

These matters, and the impact of oil & gas sector activities on ecosystems, were raised at a meeting of the heads of international nonprofit organizations with President Vladimir Putin, which took place at the initiative of WWF. A similar discussion took place at a meeting of the leaders of non-governmental organizations with President George W. Bush. Civil-G8 recommendations relating to climate preservation were included in the Global Energy Security Plan adopted at the Forum in St. Petersburg.



### **Substantial Aid**

In 2005, Mikhail Fridman, Chairman of the Board of Directors of Alfa-Bank, and Igor Chestin, Director of WWF Russia, signed a Cooperation Agreement. Last year was marked by a substantial Alfa-Bank contribution to environmental protection: Over US \$100,000 was contributed to WWF environmental projects. Due to this support, the Fund is able to address pressing environmental problems.

### **Alfa-Bank–WWF VISA Charity Card**

The Alfa-Bank–WWF VISA Card formed part of a project aimed at wildlife support, and immediately took a special place among other banking products. At its own cost, the Bank transfers to WWF Russia 0.3% of every purchase paid for with the card.

To promote the joint project further, Alfa-Bank sponsored an exhibition from Yan Artus-Bertran titled “The World from Above”. Many Muscovites and tourists visited the exhibition and were able to become acquainted with the works of the famous photographer, while also having an opportunity to talk with WWF representatives about the goals and problems of the Fund.

In 2006, Alfa-Bank was the major sponsor of a Moscow concert by Sting, and box office proceeds were partially donated to a WWF Russia initiative to restore a unique pine forest that burnt down in Altai in 1997.



# Grand Arts

The Grand Book Award, founded with Alfa-Bank's participation, offers an excellent opportunity for talented Russian writers to be acknowledged alongside their great predecessors. The Grand Book Award supports young writers financially, and also grants them a chance to become known and to have their work published.

The Grand Book Award is the largest award for literature in Russia. Its goal is to focus public attention on national literature, and to promote the social status of writers and literature in general. Alfa-Bank is one of the founders of The Center for Russian Literature Support that established the prestigious Grand Book Award in 2005.

The project is supported by the Institute of Russian Literature at the Russian Academy of Sciences, the Federal Agency for Press and Mass Communications, the Federal Agency for Culture and Cinematography, the Russian Books Society, the Russian Library Association, and mass media channels.

The award aroused great interest, and a total of 867 Russian literary pieces were submitted. After a thorough analysis was conducted by a panel of expert judges, 71 literary pieces were selected and eventually 15 books were included on the shortlist.

The Central House of Writers in Moscow hosted the first Grand Book Award ceremony. A literary academy consisting of 100 famous writers, journalists, businessmen, and government officials, determined the winners. Alfa-Bank was represented on the panel by Mikhail Fridman, Chairman of the Board of Directors of Alfa-Bank, Petr Aven, President of Alfa-Bank, and Alexander Gafin, Member of the Board of Directors of Alfa-Bank.

A non-fiction book by Dmitry Bykov, *Boris Pasternak* was named the overall best work. Second prize went to Alexander Kabakov for his novel *All Can Be Fixed*. Mikhail Shishkin won third prize with his novel *Hair of Venus*. A special prize for Contribution to Literature went to finalist Naum Korzhavin. In addition to the regular awards, Readers' Choice awards went to Alexei Ivanov, Ludmila Ulitskaya, and Dmitry Bykov, who received the majority of votes cast through an Internet poll.



The winner received a monetary prize of 3 million rubles. Second and third place winners received 1.5 million and 1 million rubles, respectively. Alexander Gafin gave the winners Visa Platinum bank cards and Alfa-Bank certificates worth one year's complimentary card services.

"The winners of the Grand Book Award are clearly very talented authors with great creative potential. I am quite sure they will become a part of Russia's artistic heritage and the pride of their country. I am extremely happy that Russia now has this national literature award. It is especially important that both business and government participate and fully support this idea," said Mikhail Fridman, Chairman of the Board of Directors of Alfa-Bank.



# Future Generations – Our Gold Reserve

Since its inception, Alfa-Bank has carried out its mission of supporting young talent and giving them a chance to develop their abilities to the fullest extent. By helping youth, we create gold reserves of future business talent in Russia.

## Alfa Chance Program

Every year Alfa-Bank proves that corporate social responsibility is not merely empty words. Twelve years ago, Alfa-Bank supported the “Alfa Chance” Program aimed at helping gifted young people from various Russian regions to realize their talents.

In 1995, Alfa-Bank set a goal to select the most gifted business graduates from regional Russian schools and give them a chance to study economics, business administration and finance at the best Moscow universities and colleges. The Bank has always stated that the Alfa Chance Program’s goal is not just to provide training for its own future executives, but also to contribute to the national goal of developing human resources.

Even from the start, the program’s goals have been successful. Eighteen finalists of the Alfa Chance 1995 Program have graduated from the following educational institutes: Moscow State Institute of International Relations, Moscow State University, Plekhanov Russian Academy of Economics, International High School, Academy of Finance, and Moscow State Linguistic University. These young people have already successfully started their careers.

As a result of the program’s positive outcome and the fact that young talent in Russia’s regions are in need of financial aid, Alfa-Bank continued the Alfa Chance program in 2002. Nineteen finalists were selected, and they received Alfa-Bank grants to study at Moscow State University, Plekhanov Russian Academy of Economics, the State University High School of Economics, the State University of Management, Bauman Moscow State Technical University, St. Petersburg State University of Economics and Finance, and Leningrad State University of Electrical Engineering.

Typically, Alfa-Bank maintains close relations with the program participants even after the program ends.

Alfa-Bank understands that young talent needs financial assistance and therefore continues its efforts in this area.

## The Alfa-Bank Student Project

Alfa-Bank is one of the founders of a student program called “Unique Siberian Resources”. This is the first joint social program that aims to help students of Novosibirsk universities and colleges to define their professional futures, and to attract public interest in social responsibility and charitable matters. In June 2006 at the Novosibirsk House of Culture “Progress”, program results were announced. From more than 1 200 students from 20 universities and colleges in Novosibirsk, 550 people were selected. They participated in competitions for the best analytical work on subjects suggested by companies of the region and competitions for social projects, as well as visiting master classes and workshops.





# Dialogue with the Press: A Two-Way Street

The Bank is always open to communications with the media. We are proud that Alfa-Bank is considered one of the most transparent companies in the Russian business community on the issue of information availability. Our slogan is “efficiency, professionalism, and readiness for dialogue”.

## **National Conference "Russian Banking: Looking into the Future"**

On 20 October 2006, Alfa-Bank held a National Conference titled “Russian Banking: Looking into the Future” in Moscow. The main goal of the event was to facilitate open discussions of current trends, problems, and perspectives in the Russian banking sector. Representatives of large financial institutions, government agencies, and regional and federal media channels discussed the present and future of the industry. About 100 journalists from over 30 Russian cities attended the conference. The event received extensive media coverage – over 150 publications in the federal and regional press reported on the event.

Conference speakers included Petr Aven, President of Alfa-Bank; Alexei Ulyukaev, First Deputy Chairman of the Bank of Russia; Anatoly Aksakov, Deputy Chairman of the State Duma Committee on Credit Organizations and Markets; Alexander Mourichev, Chairman of the Board of the Russian Regional Banks Association; Rushan Khvesyuk, Chairman of the Executive Board of Alfa-Bank; Andrei Korolev, Head of MasterCard’s European Office in Russia; Alexei Novikov, Head of Standard & Poor’s Representative Office in Russia and the CIS; and other representatives of leading Russian financial institutions.

The key topics at the conference were the current problems in Russian banking system development and means of increasing financial stability. Special attention was given to trends and problems in the expansion of the regional banking market, which is large and provides the broadest scope for development. The role of regional mass media in coverage of financial and banking matters was also discussed.

The conference was a good way to start a new tradition, and Alfa-Bank plans to organize events like these on an annual basis. These will provide a platform for lively dialogue between government, business and the mass media.

## **International Alexander Nevsky Orthodox Festival of Culture, Language and Journalism in Tsaritsino**

In 2006, Alfa-Bank collaborated with the International Alexander Nevsky Orthodox Festival of Culture, Language, and Journalism in Tsaritsino, which took place in Volgograd for the sixth time. Over 200 journalists from 43 Russian regions took part in the competitive program. A special award, sponsored by Alfa-Bank under the banner of the “Alfa Life” Charity Program, went to a journalist for coverage of severely ill children and those from low-income families.



## Daily Dialogue

In our daily work we do our best to inform journalists in a timely manner of news on the bank's activities. Press conferences are the most popular and efficient communication channel with mass media. The bank pays much attention to the preparation and hosting of these events.

In January 2006, Alfa-Bank, Aeroflot Airlines, and MasterCard held a joint press conference to announce the launch of a new service for travelers – a co-branded Aeroflot-MasterCard-Alfa-Bank card. The press conference received wide media coverage.

On an annual basis, Alfa-Bank holds press conferences dedicated to announcing the bank's annual financial results. In 2006, the event coincided with the 15th anniversary of the founding of Alfa-Bank, and shareholders and top managers of the bank participated. Journalists had a rare opportunity to hear about the bank's first steps, its history, and special moments in the life of Alfa-Bank from its "Patriarchs" – Mikhail Fridman and Petr Aven.



# Recipe For Successful Business

Employees are the main asset of Alfa-Bank. Putting together a good team of professionals and motivating them to fulfill a task is only half the battle in running a thriving business. It is necessary to bring together a team of like-minded people to ensure success. From the moment of Alfa-Bank's inception, our corporate spirit and working style have been important elements in continuing our achievements.

## Compensation and Social Policies

Alfa-Bank continues to perfect its compensation and social policies. By doing so, it maintains its status as an attractive employer in the Russian banking sector.

Last year a new bonus plan was developed. In addition, employees received an average salary increase of 18%, and throughout the year salaries were reviewed to ensure appropriate compensation levels.

In 2006, the benefits list expanded significantly. The existing package, which included voluntary health insurance and a wide range of medical treatment facilities to select from, life and disability insurance, and payments for summer camps for the children of employees, was supplemented with access to consumer, car and mortgage loans, as well as credit cards.

## Training and Personnel Development

Alfa-Bank pays special attention to the education and development of its staff, as employing highly qualified professionals is an important competitive advantage in maintaining our leading position in the market.

This tradition continued in 2006. Over 1 500 employees in Moscow and other regions took a basic professional course, and a team of regional coaches was trained to facilitate active development of our businesses in retail banking and consumer credit.

Last year we also implemented a number of outsourced and in-house training programs for the management team: 530 top managers participated in the executive training course.



## Corporate Standards

It is not an easy task to unite an international team of managers. However, Alfa-Bank has managed to create a unique corporate culture and thus ensured proper conditions for the successful operation of all business units of the Bank. Our corporate journal, *The Alfa Navigator*, and its online version, which enables immediate dissemination of all company-related information to staff members in our regional offices, play very important roles in forming our corporate culture. The printed version of the journal publishes articles and other materials of strategic and conceptual value.

In 2006, we also employed a new format of corporate events, which involved the participation of not only the employees of the Bank, but that of their family members too. The first Family Summer Day "Alfa-people go..." was a success and will certainly become a tradition in the Bank.

Employee participation in social projects, particularly Life Line and WWF programs, definitely helps to expand the corporate culture of the company.



# International Programs

## **Alfa-Bank – Lauder Institute Award for Excellence in Foreign Investment in Russia**

In 2003, Alfa-Bank and the Lauder Institute of the Wharton School of Business announced the creation of a major new international investment award. The annual “Award for Excellence in Foreign Investment in Russia” is offered to the foreign company operating in Russia that best combines successful business operations with a strong sense of social interest and attention to training and preparing Russian workers and managers.

A distinguished jury appointed by Alfa-Bank and the Lauder Institute presents the Award. Jury members for the 2006 award were: Petr Aven (President of Alfa-Bank), Richard Burt (former US Ambassador to Germany), Yegor Gaidar (Director, Institute for the Economy in Transition), Richard Herring (Director of the Lauder Institute) and Bernie Sucher (former Chairman, Alfa Capital).

In 2006, Deutsche Bank was selected as the winner. Alfa-Bank President Petr Aven presented the award at a dinner organized by Alfa-Bank and the Association of European Business in Russia. The dinner was attended by more than 200 prominent business, political, government and media leaders. Peter Tils, CEO of Deutsche Bank AG Central and Eastern Europe, accepted the award on behalf of Deutsche Bank. The keynote address was delivered by the former Foreign Minister and Vice Chancellor of Germany, Joschka Fischer.

Past winners include Procter & Gamble, Nestlé and United Technologies Corporation.



## Alfa Fellowship Program

The Alfa Fellowship Program, which provides internships for US specialists in Russia, was started in 2004 and is one of the Bank's initiatives aimed at promoting and reinforcing social and cultural relations between Russia and the US. The program provides participants with the opportunity to undergo training at private companies as well as state and public institutions in Russia. We strongly believe that the Alfa Fellowship Program will assist a new generation of Americans adapt to the realities of the new Russia. The program is coordinated by an Advisory Board headed by Petr Aven, President of Alfa-Bank.

Members of the Advisory Board include Konstantin Kosachev, Chairman of the State Duma Committee on International Affairs; Yevgeni Yasin, Rector of the Higher School of Economics; Vladimir Pozner, President of the Russian TV Academy, and others.

Participants of the program undergo training at institutions like the Higher School of Economics, the Expert Institute at the Russian Union of Industrialists and Entrepreneurs, the Carnegie Endowment, Echo Moskvy radio station, *Expert* magazine, Alfa Capital, TNK-BP, INDEM Foundation, and others.

In the US, the Alfa Fellowship program is coordinated by CDS International, Inc., which is also involved in selecting the candidates. On the Russian side, the program is overseen by the Center for International Fellowships.

Apart from training courses for participants, there are workshops in Moscow and trips to the regions. We would like to thank the Administrations of Arkhangelsk, Novgorod, Novorossiysk, Rostov-on-Don, Samara, Cheboksary, and Irkutsk for their warm welcome for program participants while they were undergoing training.



# Awards and Recognitions

Alfa-Bank's contributions to culture and the arts, its support of Russia's youth, and its efforts to strengthen relations with foreign investors in Russia have been recognized by state and public agencies, and the bank and its executives receive prestigious awards every year.

## Theater Lover Award

The Grand Hall of the Central Academic Theater of the Russian Army hosted the ceremony for the Ninth Annual "Theater Lover" award, at which Alfa-Bank won the award for "Theater Sponsor 2005-2006". Alexander Gafin, Member of the Board of Directors of Alfa-Bank, attended the ceremony and accepted the award with these words: "We are honored to be presented with the 'Theater Sponsor' award. The bank has a history of supporting cultural projects in Russia, and that is why we accept this award as a sign of gratitude for, and interest in, our financial support. The bank will continue its charitable activities, and will pay special attention to Russian theater".

Among other award winners were companies, art associations, and mass media organizations that participate in the ongoing development of Russian theater.

## Baron Alexander von Stieglitz Medal

Alfa-Bank was awarded with a Medal from the Center of National Glory of Russia for its support in restoring a historical and architectural monument, the Ivangorodsky Church of Life-Giving Trinity.

The award ceremony took place in St. Petersburg. The medal is given for participation in activities associated with the name of Baron Alexander von Stieglitz, a famous financier of the 19th century widely known for his philanthropy. In particular, he is known for financing construction of railway communication between St. Petersburg and Peterhof. During the Crimean War, Stieglitz contributed enormous funds to the Russian Army, and helped victims and those who lost their possessions. He also continued the tradition of philanthropy started by his father by financing orphanages, schools, hospitals and libraries.

After retiring, he donated 1 million rubles to build a museum for the benefit of students of the Central School of Engineering Design, which he founded.



Best Russian Brands 2006



1 место  
"Гран-При Банк 2006"  
Межбанковский  
любительский турнир  
командный зачет  
12.11.2006 г.

Лучший Интернет  
Параллельный Вестерс  
"Лучшая рекламная  
стратегия"



### **Letter of Gratitude**

The Yekaterinburg Branch of Alfa-Bank received a letter of gratitude “for active participation in philanthropic activity in 2005 and rendering financial aid to citizens in need of social support”. The Letter was signed by Eduard Rossel, Governor of Sverdlovsk Region; Alexei Vorobiev, Chairman of the Government of Sverdlovsk Region; Yuri Osintsev, Chairman of the House of Representatives of the Legislative Assembly of Sverdlovsk Region; Nikolai Voronin, Chairman of the Regional Duma of the Legislative Assembly of Sverdlovsk Region; Yuri Ilyin, Chairman of the Trade Unions Federation of Sverdlovsk Region; and Vladimir Semenov, Chairman of Sverdlovsk Regional Union of Industrialists and Entrepreneurs.

### **Diploma and Letter of Gratitude**

The Novosibirsk branch of Alfa-Bank received an award at a conference titled “From Charities to Social Investments” that took place at the Novosibirsk Regional Council as part of the Socially Responsible Businesses Motivation Program.

Alfa-Bank was awarded with a third place diploma for “Corporate Social Program of the Year” and with a diploma for “Social Project of the Year” for creation and support of a portrait gallery of famous persons of Novosibirsk. Alfa-Bank also received a Letter of Gratitude from the Mayor of Novosibirsk, Vladimir Gorodetsky, for its substantial contribution in solving social problems and implementing educational and cultural programs in Novosibirsk.

