

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Open Joint Stock Company
ALFA-BANK on the annual report and the published
forms of the annual financial statements derived from
the annual report of Open Joint Stock Company
ALFA-BANK for the year 2006

INDEPENDENT AUDITORS' REPORT

ON THE ANNUAL REPORT AND THE PUBLISHED FORMS OF THE ANNUAL FINANCIAL STATEMENTS DERIVED FROM THE ANNUAL REPORT OF OPEN JOINT STOCK COMPANY ALFA-BANK FOR THE YEAR 2006

We, audit firm BDO Unicon Inc., have audited the annual report and the published forms of the annual financial statements derived from the annual report of Open Joint Stock Company ALFA-BANK (OAO ALFA-BANK) for the year 2006 in accordance with Contract No. 10102-05-943/06 of 17 January 2007 signed with BDO Unicon Inc. subject to the decision of General Shareholders' Meeting of OAO ALFA-BANK to appoint BDO Unicon Inc. the Bank's statutory auditor (Minutes No. 03-2006 of 6 June 2006).

Information about BDO Unicon Inc.

BDO Unicon Inc. is registered by Tax Inspectorate No. 26 of the RF Ministry for Taxes and Charges in the Southern Administrative District of the City of Moscow.

Certificate of registration in the Unified State Register of Legal Entities No. 006870804, series 77, issued on 29 January 2003, State Registration No. 1037739271701.

Certificate of state registration of changes introduced in the founding documents of the legal entity No. 005694312, series 77, issued on 25 October 2005 by Moscow Inter-District Inspectorate No. 46 of Federal Tax Service. Principal State Registration No. 2057748766139.

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General Director – Andrey Yu. Dubinskiy

BDO Unicon Inc. holds License for Audit Practice No. E 000547 dated 25 June 2002 issued by the Finance Ministry of the Russian Federation, valid until 24 June 2007.

BDO Unicon Inc. is an independent national audit company and a member firm of the worldwide network BDO.

BDO Unicon Inc. is a member of the professional audit association Institute of Professional Accountants and Auditors of Russia Non-Profit Partnership registered with the Ministry of Finance of the Russian Federation in accordance with Order No. 152 of 24 July 2002.

Authority to sign this Report rests with Elena I. Kopanyova, Deputy General Director, by way of General Power of Attorney No. 84 of 25 October 2006.

Svetlana B. Sorina, Auditor-in-Charge, coordinated and managed the audit of OAO ALFA-BANK.

General Information about Open Joint Stock Company ALFA-BANK

Full name of the credit institution – Open Joint Stock Company ALFA-BANK.

Abbreviated name of the credit institution – OAO ALFA-BANK.

OAO ALFA-BANK is registered in the Unified State Register of Legal Entities - Certificate of Registration No. 007893219, series 77, issued by the RF Ministry of Taxation on 26 July 2002. Principal State Registration No. 1027700067328.

OAO ALFA-BANK operates pursuant to the Charter of Open Joint Stock Company ALFA-BANK approved by the General Meeting of Shareholders (Minutes No. 01-2006 of 27 February 2006) as subsequently amended. The Charter was approved by the Central Bank of Russia on 28 April 2006. Registration No. 1027700067238.

In the year 2006, OAO ALFA-BANK operated on the basis of the following licenses:

- General Banking License No. 1326 of 29 January 1998 for banking operations, issued by the Central Bank of Russia;
- License No. 1326 of 29 January 1998 for borrowing and selling precious metals, issued by the Central Bank of Russia;
- Licenses of a professional securities market participant with unlimited validity:
 - No. 177-03574-010000 of 7 December 2000 – for dealing transactions;
 - No. 177-03471-100000 of 7 December 2000 – for brokerage transactions;
 - No. 177-03671-001000 of 7 December 2000 – for securities management transactions;
 - No. 177-04148-001000 of 20 December 2000 – for depository activities;
- License of a specialised depository for investment funds, unit investment funds and non-public pension funds No. 22-000-1-00049 of 25 June 2002, valid until 25 June 2007;
- License No. 2015 of 3 December 2004 for activities associated with information qualified as state secret, valid until 3 December 2007.

Location of OAO ALFA-BANK: 27 Kalanchevskaya str., Moscow, 107078.

OAO ALFA-BANK has 33 branches.

1. We have audited:

the accompanying annual report of OAO ALFA-BANK for the year ended 31 December 2006 of 72 pages including:

- annual balance sheet as at 1 January 2007 in the form of the trial balance for the year 2006 – 38 pages;
- income statement for the year 2006 including the effect of events after the balance sheet date of 1 January 2007 – 12 pages;
- schedule of entries reflecting the events after the balance sheet date of 1 January 2007 – 17 pages;
- notes to the annual report – 5 pages;

the accompanying published forms of the annual financial statements derived from the annual report of OAO ALFA-BANK for the year 2006, of 4 pages including:

- balance sheet as at 1 January 2007 – 2 pages;
 - income statement for the year 2006 – 1 page;
 - report on capital adequacy, provisions for doubtful loans and other assets as at 1 January 2007 – 1 page.
2. The financial statements referred to in paragraph 1 (the annual financial statements) are prepared by OAO ALFA-BANK management in accordance with the standards established by Russian Federal Law “On Accounting” No.129-FZ of 21 November 1996 (as subsequently amended), the Chart of Accounts of Credit Institutions, Accounting Rules of Credit Institutions located in the Russian Federation No. 205-P of 5 December 2002 (as subsequently amended), Directive of the Central Bank of Russia “On Financial Reporting of a Credit Institution” No. 1530-U of 17 December 2004, Directive of the Central Bank of Russia “On the List, Forms and Procedure for Drawing up and Submission of the Reporting Forms of Credit Institutions to the Central Bank of Russia” No. 1376-U of 16 January 2004 (as subsequently amended) and other statutory accounting and reporting regulations.

Chairman of the Executive Board of OAO ALFA-BANK Mr. Rushan F. Khvesyuk is responsible for organization of the accounting and compliance with the Russian legislation in performing the banking and other operations.

Chief Accountant of OAO ALFA-BANK Mrs. Marina I. Popova is responsible for development of the accounting policies, maintenance of accounting records, timely and full presentation of reliable financial statements.

Our responsibility is to express an opinion on the fairness, in all material respects, of the annual financial statements and on compliance of the applied accounting procedures with the Russian legislation. The Auditor is also responsible for presentation in the audit report of information on compliance of the credit institution with mandatory economic norms and ratios established by the CBR, the condition of internal controls and the quality of management of the credit institution. It was not the objective of our audit to issue an opinion on full compliance of OAO ALFA-BANK operations with the Russian legislation, or to assess the management’s efficiency.

Our opinion shall not be considered as an expression of assurance that OAO ALFA-BANK will continue to operate in future as a going concern.

3. We conducted our audit in accordance with:
- Federal Law on “Auditing Activity” No. 119-FZ of 07.08.2001 (as subsequently amended);
 - Federal Law “On Banks and Banking Activity” No. 395-1 of 02.12.1990 (as subsequently amended);
 - Federal Audit Regulations (Standards) approved by Russian Government Resolution No. 696 of 23.09.2002 (as subsequently amended);
 - Internal Regulations (Standards) of the professional audit association Institute of Professional Accountants and Auditors of Russia;
 - Other laws and regulations governing audit practice, as well as the Auditor’s internal standards and manuals;
 - Directives of the Regulator governing the Auditee’s activity.

We planned and performed our audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement.

The audit included examining, on a sample test basis, evidence supporting the amounts and disclosures in the annual financial statements. The audit also included assessing the accounting principles used and significant estimates made by the OAO ALFA-BANK management, as well as evaluating the overall presentation of the annual financial statements.

We believe that our audit provides a reasonable basis for our opinion on the fairness, in all material respects, of the accompanying annual financial statements and the compliance of the accounting practices with the laws of the Russian Federation.

4. Based on sample testing of OAO ALFA-BANK accounting and reporting practices we have not detected any facts of non-compliance of OAO ALFA-BANK accounting practices with the current legislation and the CBR regulations or inadequate presentation by OAO ALFA-BANK of its annual financial statements for the year 2006.

OAO ALFA-BANK maintained its accounting records in accordance with Federal Law "On Accounting" No. 129-FZ of 21 November 1996 (as subsequently amended), the Chart of Accounts of Credit Institutions, Accounting Rules of Credit Institutions located in the Territory of the Russian Federation No. 205-P of 5 December 2002 (as subsequently amended) and other statutory accounting regulations.

As at 1 January 2007 OAO ALFA-BANK complied with mandatory economic norms and ratios established by the CBR Instruction No. 110-I of 16.01.2004 "On Mandatory Bank Norms" (as subsequently amended).

We have not revealed any instances of non-compliance of OAO ALFA-BANK management quality and condition of internal controls with the nature and scope of operations conducted by OAO ALFA-BANK.

5. In our opinion, the annual report and the published forms of the annual financial statements derived from the annual report present fairly, in all material respects, the financial position of OAO ALFA-BANK as at 1 January 2007, and the results of its operations for the year ended 31 December 2006.

18 May 2007

Deputy General Director

Elena I. Kopanyova

Qualification Certificate for Banking Audit No. K 021430 issued by Order of the Ministry of Finance of the Russian Federation No. 359 of 23.12.2004 for unlimited period

Auditor-in-Charge

Svetlana B. Sorina

Qualification Certificate for Banking Audit No. K 010060 issued by Order of the Ministry of Finance of the Russian Federation No. 448 of 30.12.2003 for unlimited period

Total number of pages bound: 82.

BALANCE SHEET
(published form)
as at 1 January 2007

Name of the credit institution Open Joint Stock Company ALFA-BANK

Registration No. 1326

BIK 044525593

Mailing address: 27 Kalanchevskaya Street, Moscow, 107078

(RUR'000)

No.	Items	As at the reporting date	As at the corresponding reporting date of the prior year
I. ASSETS			
1.	Cash	10355458	7029435
2.	Due from the Central Bank of the Russian Federation	14963943	9187294
2.1.	Mandatory reserves	5738217	4223234
3.	Due from credit institutions	2730117	7085313
4.	Investments in trading securities, net	8864156	9439128
5.	Loans to customers net of provision	295964012	186508400
6.	Investments in securities held to maturity, net	0	0
7.	Investments in securities available for sale, net	9246145	8163380
8.	Premises and equipment, intangible assets and inventory	3392164	2811582
9.	Interest receivable	209692	123065
10.	Other assets	2585326	2635501
11.	Total assets	348311013	232983098
II. LIABILITIES			
12.	Loans from the Central Bank of the Russian Federation	0	0
13.	Due to credit institutions	75318987	39829508
14.	Due to customers (non-credit institutions)	213269967	151718982
14.1.	Individual customers' deposits	47204399	36789039
15.	Debt securities issued	14370955	10115003
16.	Interest payable	1504259	866652
17.	Other liabilities	4191877	3330638
18.	Provisions for possible losses in respect of credit related commitments, other possible losses and transactions with residents of offshore zones	1087845	1393566
19.	Total liabilities	309743890	207254349
III. EQUITY			
20.	Shareholders' (participants') funds	1328038	1000820
20.1.	Registered common stock	1328038	1000820
20.2.	Registered preferred stock	0	0
20.3.	Unregistered share capital of non-joint stock credit institutions	0	0
21.	Treasury stock	0	0
22.	Share premium	28761931	19927045
23.	Revaluation of premises and equipment	866543	849443
24.	Prepaid expenses and pending payments influencing shareholders' equity	2264286	1390327
25.	Funds and retained earnings of prior periods at the disposal of credit institution (losses of prior years)	4960903	3678957
26.	Profit (loss) for the reporting period	4913994	1662811
27.	Total equity	38567123	25728749
28.	Total liabilities and equity	348311013	232983098
IV. OFF-BALANCE SHEET ITEMS			
29.	Irrevocable commitments of the credit institution	226744029	205248180
30.	Guarantees issued by the credit institution	66570014	57552649

No.	Items	As at the reporting date	As at the corresponding reporting date of the prior year
V. TRUST MANAGEMENT ACCOUNTS			
ASSET ACCOUNTS			
1.	Cash on hand	0	0
2.	Securities under trust management	0	0
3.	Precious metals	0	0
4.	Loans issued	0	0
5.	Funds used for other purposes	0	0
6.	Settlements under trust management	0	0
7.	Accrued interest (coupon) income paid on interest-bearing (coupon) debt instruments	0	0
8.	Current accounts	0	0
9.	Trust management expenses	0	0
10.	Trust management loss	0	0
LIABILITY ACCOUNTS			
11.	Capital under trust management	0	0
12.	Settlements under trust management	0	0
13.	Accrued interest (coupon) income received on interest-bearing (coupon) debt instruments	0	0
14.	Income from trust management	0	0
15.	Profit from trust management	0	0

Chairman of
the Executive Board

Rushan F. Khvesyuk

_____ (seal)

Chief Accountant

Marina I. Popova

INCOME STATEMENT
(published form)
for the year 2006

Name of the credit institution Open Joint Stock Company ALFA-BANK

Registration No. 1326

BIK 044525593

Mailing address: 27 Kalanchevskaya Street, Moscow, 107078

(RUR'000)

No.	Items	For the reporting period	For the corresponding period of the prior year
INTEREST EARNED AND SIMILAR INCOME FROM:			
1.	Funds placed with credit institutions	1767432	1396771
2.	Loans to customers (non-credit institutions)	20166513	15557865
3.	Finance lease	0	0
4.	Fixed-income securities	791911	770222
5.	Other sources	44950	34173
6.	Total interest earned and similar income	22770806	17759031
INTEREST PAID AND OTHER EXPENSES:			
7.	Amounts due to credit institutions	2269492	1446647
8.	Amounts due to customers (non-credit institutions)	6342886	4498604
9.	Debt securities issued	512167	676731
10.	Total interest paid and similar expenses	9124545	6621982
11.	Net interest and similar income	13646261	11137049
12.	Net income from dealing in securities	364930	267081
13.	Net income from dealing in foreign currency	425165	221054
14.	Net income from dealing in precious metals and other financial instruments	-159013	216387
15.	Net income from revaluation of foreign currency	-1523818	495071
16.	Commissions received	4427686	2977441
17.	Commissions paid	1402821	861336
18.	Net income from non-recurrent transactions	191316	136981
19.	Other operating income, net	-171962	-157120
20.	Administrative expenses	10569564	6540043
21.	Provision for possible losses	1951046	-4833893
22.	Profit before tax	7179226	3058672
23.	Accrued taxes (including income tax)	2265232	1395861
24.	Profit (loss) for the reporting period	4913994	1662811

Chairman of
the Executive Board

Rushan F. Khvesyuk

_____ (seal)

Chief Accountant

Marina I. Popova

REPORT
ON CAPITAL ADEQUACY, PROVISIONS FOR DOUBTFUL LOANS AND OTHER
ASSETS
AS AT 1 JANUARY 2007

Name of the credit institution Open Joint Stock Company ALFA-BANK

Registration No. 1326

BIK 044525593

Mailing address: 27 Kalanchevskaya Street, Moscow, 107078

No.	Items	As at the reporting date	As at the corresponding reporting date of the prior year
1.	Equity (capital), (RUR'000)	39406456.0	31308922.0
2.	Actual value of the equity (capital), adequacy (%)	11.4	12.7
3.	Regulatory value of the equity (capital), adequacy (%)	10.0	10.0
4.	Amount of estimated provision for loan to customers and other loan originated debts, (RUR'000)	25200838.0	27159637.0
5.	Amount of the actually formed provision for loan to customers and other loan originated debts, (RUR'000)	25200838.0	27159637.0
6.	Amount of estimated provision for possible losses, (RUR'000)	1240322.0	1358889.0
7.	Amount of the actually formed provision for possible losses, (RUR'000)	1241217.0	1358889.0

Chairman of
the Executive Board

Rushan F. Khvesyuk

_____ (seal)

Chief Accountant

Marina I. Popova
