



Alfa-Bank

**Full Year 2009 Results
April 26, 2010**

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Chief Financial Officer**



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Financial highlights FY 2009

Financial performance

- Total comprehensive income increased to US\$ 216 mln compared to US\$ 42 mln as at FY 2008
- Net profit at US\$ 77 mln (1H 2009: US\$ 6 mln, FY 2008: US\$ 230 mln)
- Provisions increased from US\$ 1 190 mln (6.2% of loan portfolio) at FY 2008 to US\$ 1 504 mln (10.1% of loan portfolio) at FY 2009
- Cost to income at 51.3% (end-2008: 36.6%)
- Return on equity at 3.6% (end-2008: 11.5%)

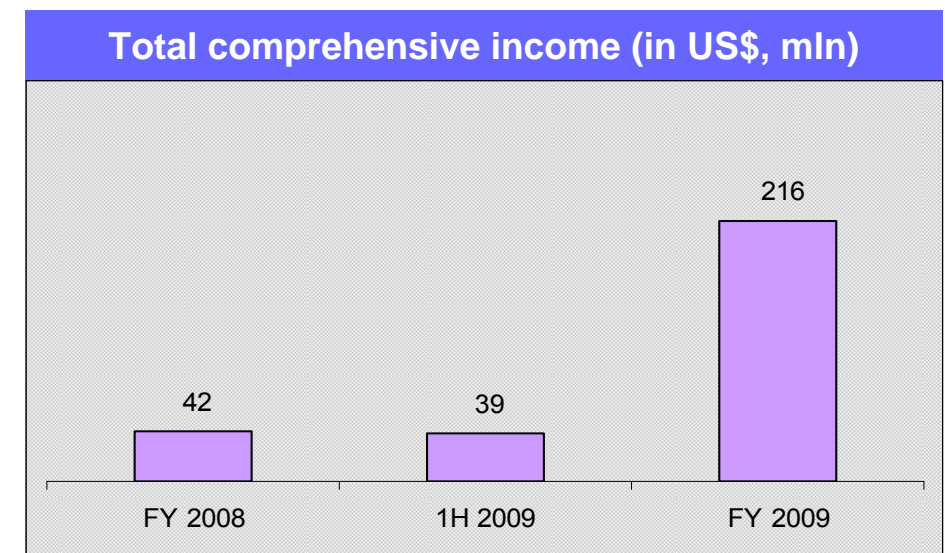
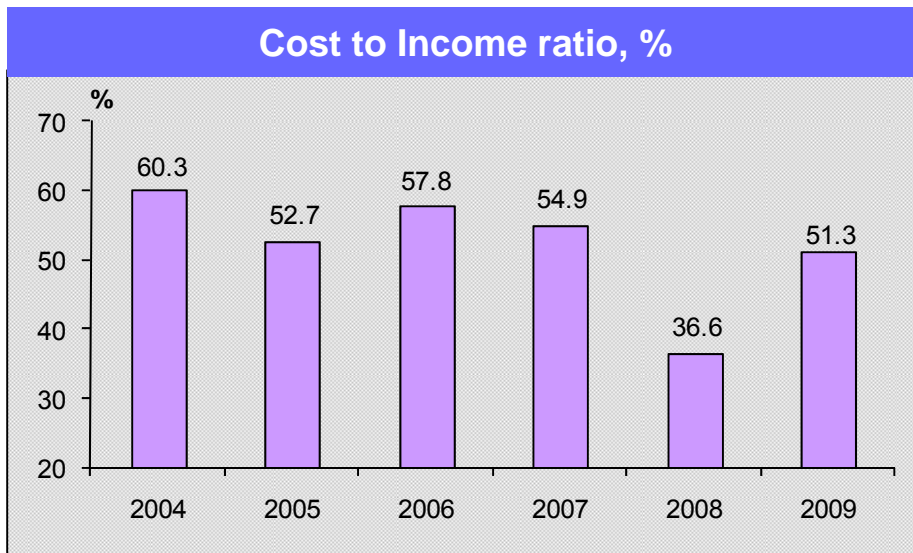
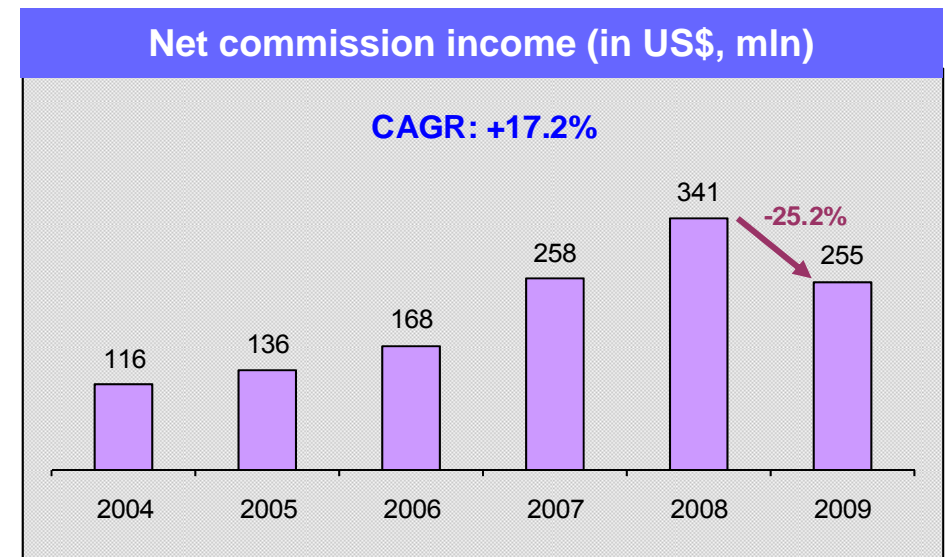
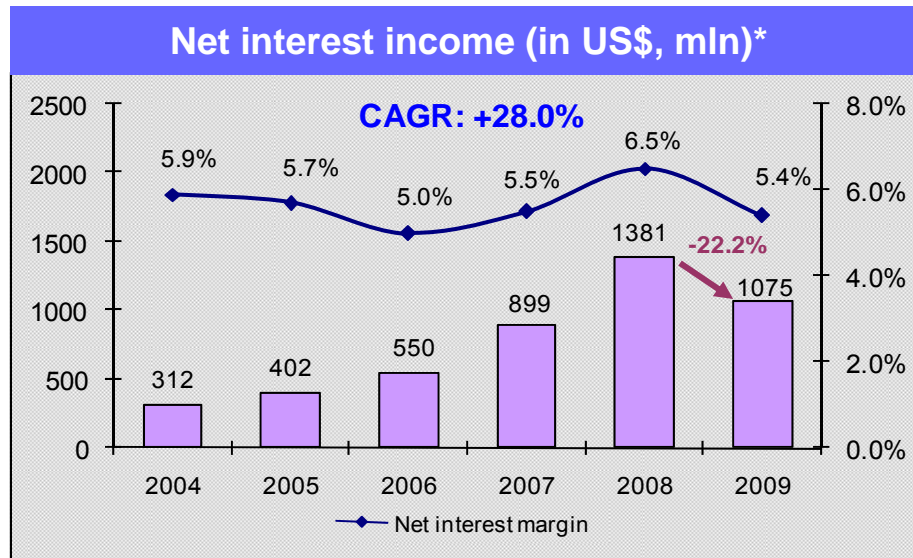
Operating performance

- Total assets decreased 20.0% from US\$ 27.1 bn at FY 2008 to US\$ 21.6 bn
- Gross loans decreased 22.0% from US\$ 19.2 bn at FY 2008 to US\$ 15.0 bn
- Funding from the CBR decreased from US\$ 5.0 bn at FY 2008 to US\$ 0.2 bn
- Cash and interbank balances decreased from 21% at FY 2008 to 20% of total assets
- Customer accounts up 8.8% from US\$ 12.6 bn at FY 2008 to US\$ 13.7 bn
- Subordinated debt increased from US\$ 0.5 bn to at FY 2008 to US\$ 1.7 bn
- Total equity up 24.8% from US\$ 2.2 bn at FY 2008 to US\$ 2.7 bn

Ratings

- Moody's confirmed credit rating at Ba1 in February 2009
- S&P downgraded the credit rating from BB- to B+ in September 2009 due to deteriorating asset quality in Russian banking sector. Outlook was set stable.

Decrease of net interest income and net commission income in line with assets reduction

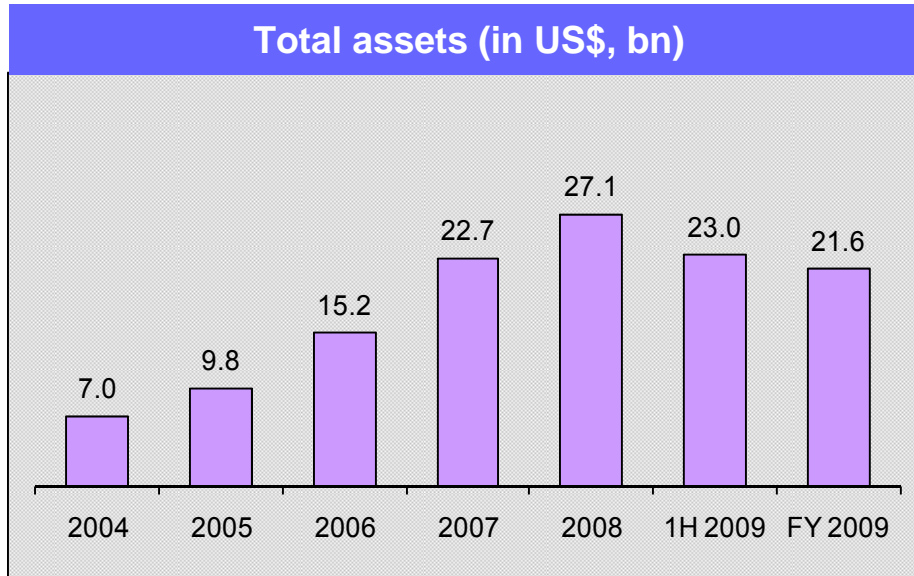


Source: IFRS audited financial results

* Net interest margin is calculated as Net margin from lending operations / Average earning assets

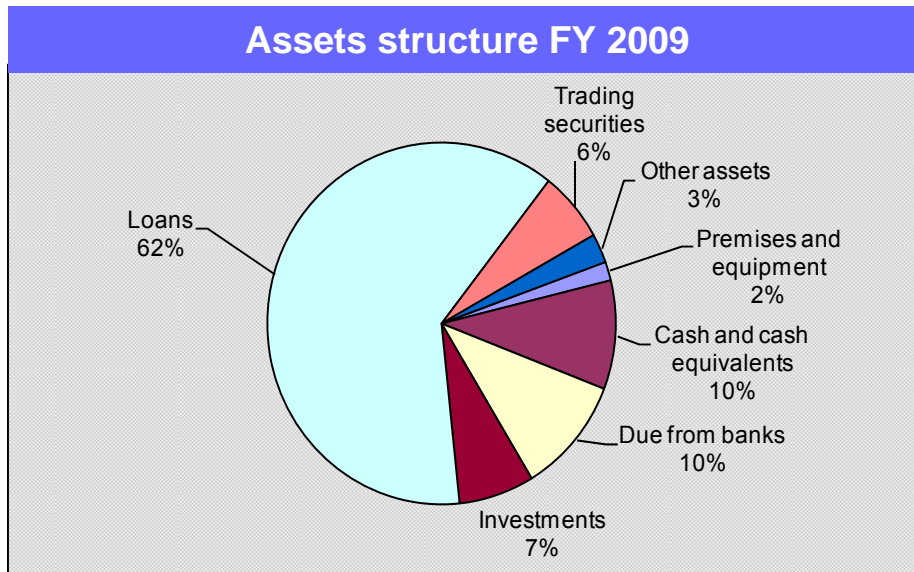
Assets and loan portfolio development

Total assets (in US\$, bn)

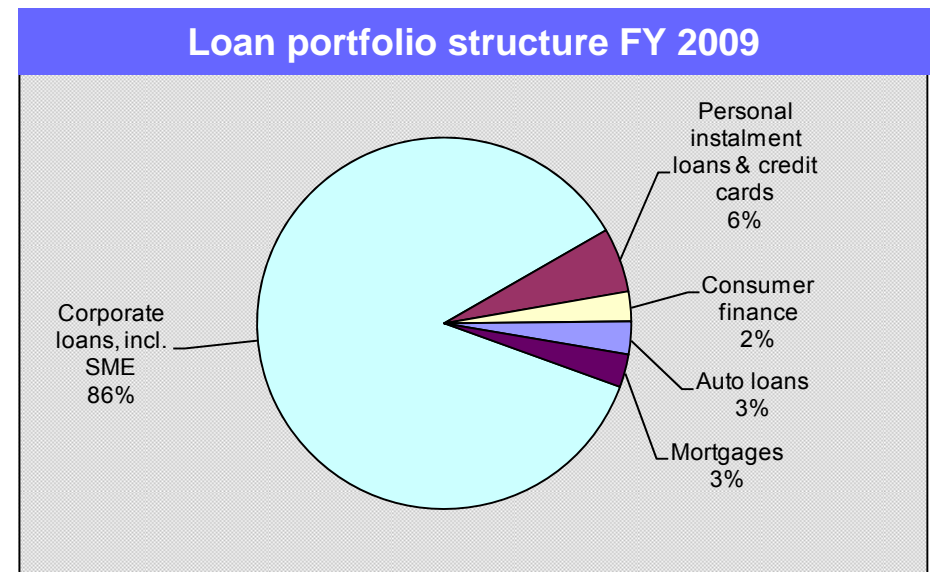


- Top 7 in terms of assets and top 5 in terms of equity in Russia – largest private bank
- Decrease in total assets and loan portfolio for the period from 31 December 2008 to 31 December 2009 (-20% and -22% respectively) primarily driven by unfavorable macroeconomic conditions in the first half 2009, which led to reduced availability of funding resources (e.g. capital markets)
- Loan portfolio started to recover in the 4th quarter 2009

Assets structure FY 2009



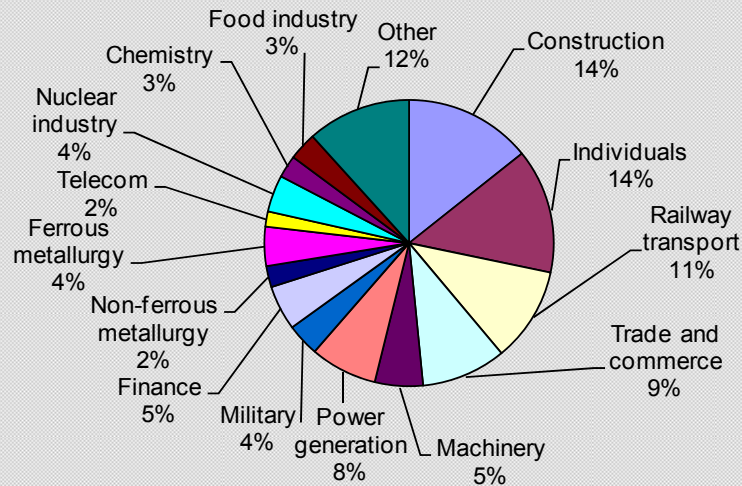
Loan portfolio structure FY 2009



Source: IFRS audited financial results

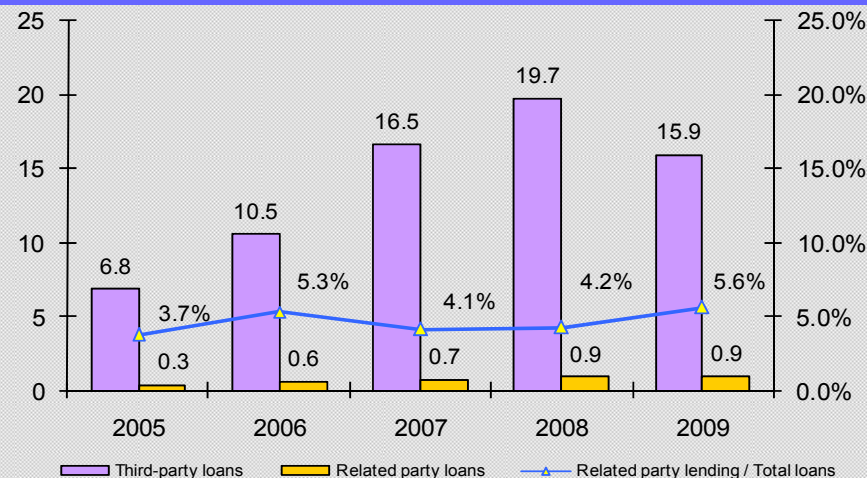
Conservative risk management

Loans breakdown by economic sectors

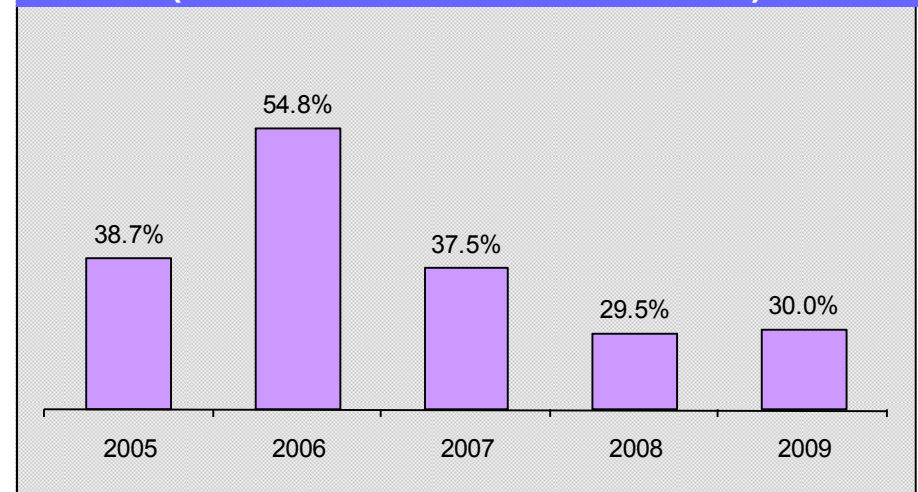


- The largest sector in the loan portfolio, Construction, represents 14% of the total loan book (end-2008: 17%). Most of the construction sector financing consists of less risky commercial property (85% of construction portfolio) and infrastructure construction (5%), as compared to housing construction (10%)
- Top 10 depositor concentration slightly increased from 29.5% at the end of 2008 to 30.0% at FY 2009, although is lower than in previous years
- Loan concentration of top 10 borrowers increased from 22.2% of total loans at the end of 2008 to 28.4% of total loans at the end of 2009 due to increased focus on lending to blue-chip companies
- Lending to highly rated related-party borrowers increased from 4.2% of total loans at the end of 2008 to 5.6% of total loans at the end of 2009 (including credit-related commitments)

Related party lending (US\$, bn)*



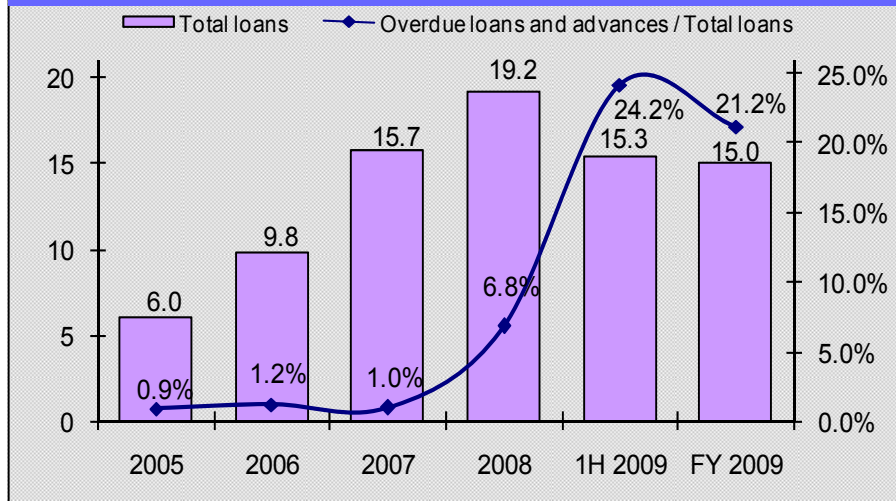
Concentration of top 10 depositors (as % of total customer accounts)



Source: IFRS audited financial results
* including credit-related commitments

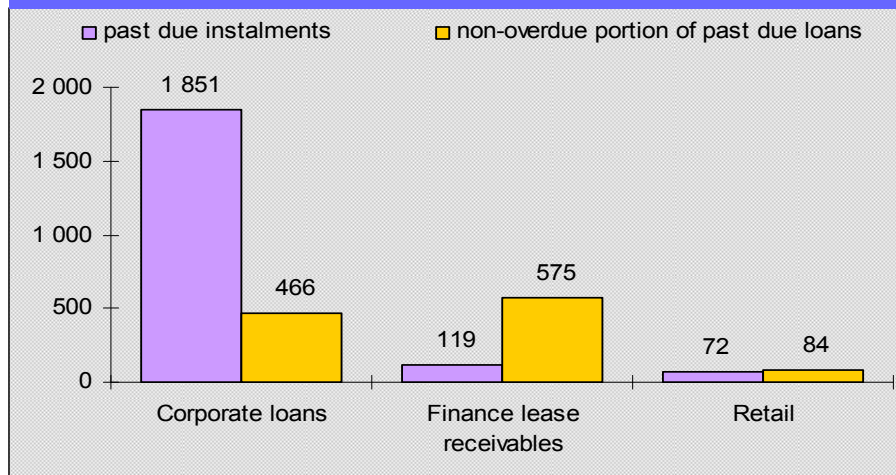
Loan portfolio quality

Overdue loans and advances 1+ days*

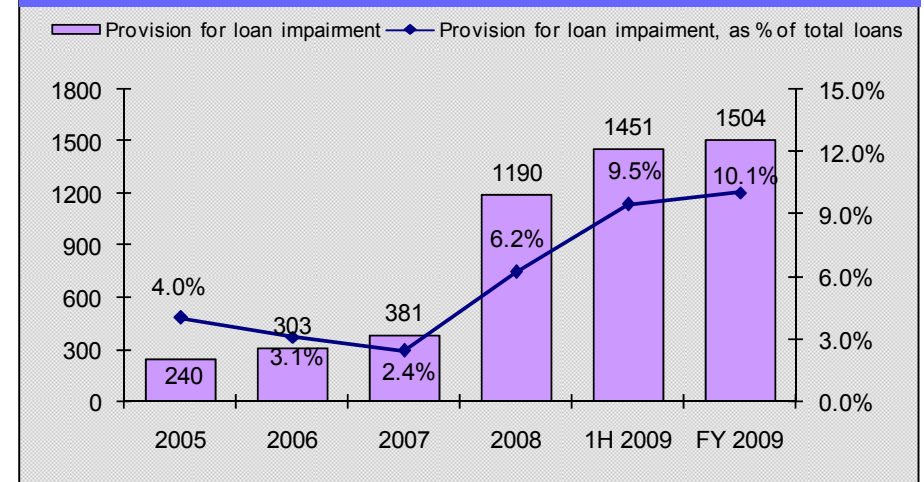


- Overdue loans started to decrease in 4Q 2009. The increase in 1H 2009 was due to general deterioration in borrowers credit quality. Asset quality worsening was attributable to the whole Russian banking industry
- Most of the overdue loans are currently being negotiated for restructure; as of FY 2009 US\$ 1.7 bn (11.5% of the loan book) had been restructured and removed from problem loans, which include:
 - US\$ 1.6 bn of Corporate loans;
 - US\$ 0.1 bn of Financial lease receivables;
- The non-overdue portion of “Overdue loans and advances” amounted to 36% of the total
- Due to the current market environment and conservative provisioning policy, the provisioning rate has grown considerably up to 10.1% of the total loan book as at FY 2009

Overdue loans structure (US\$, mln)



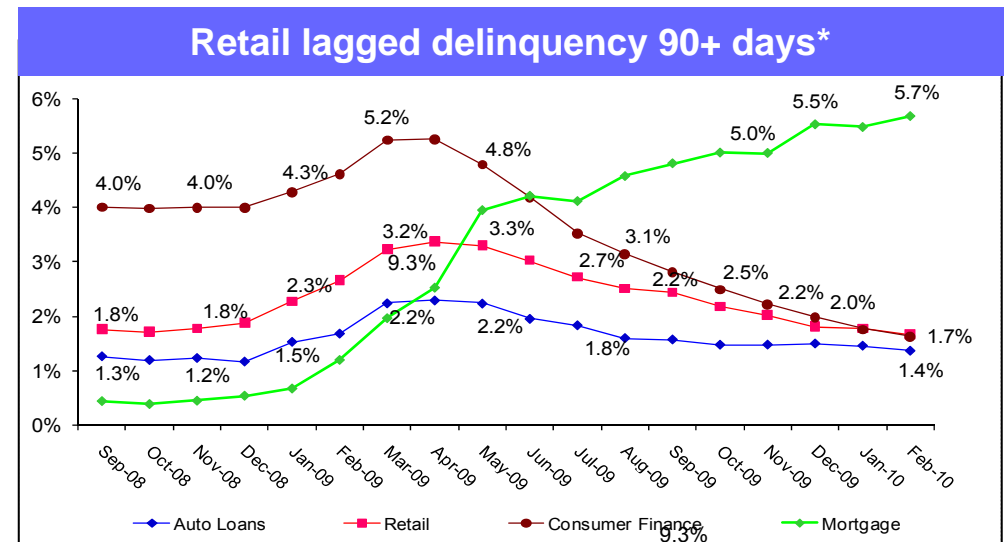
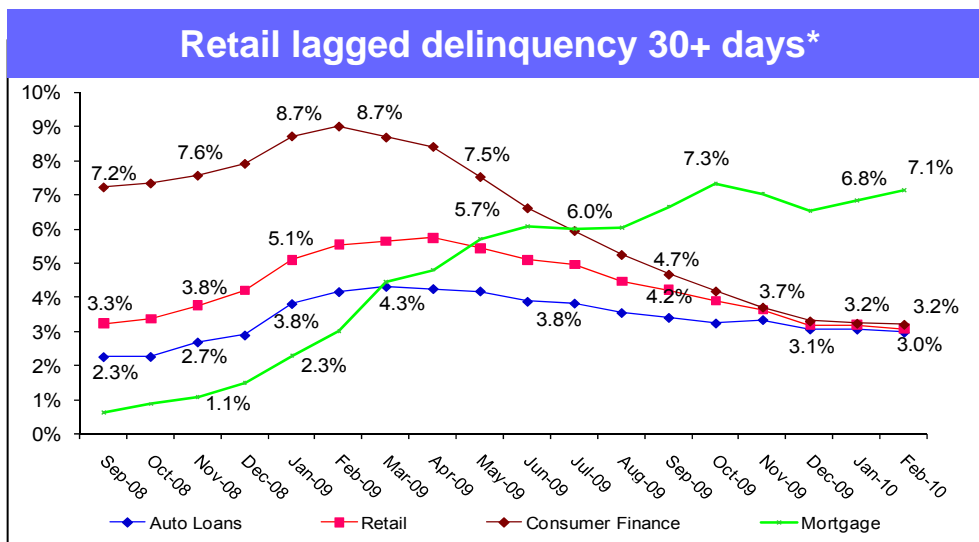
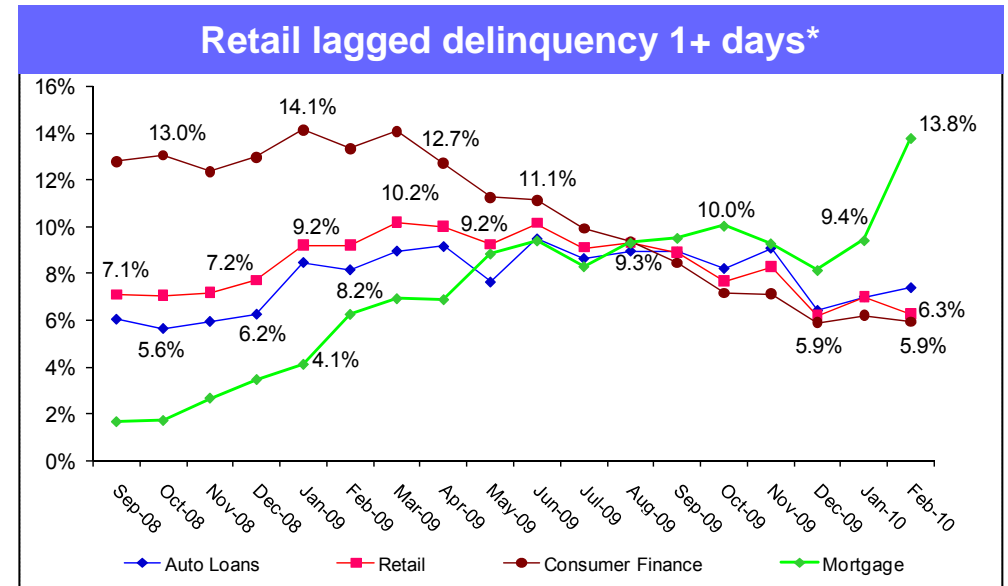
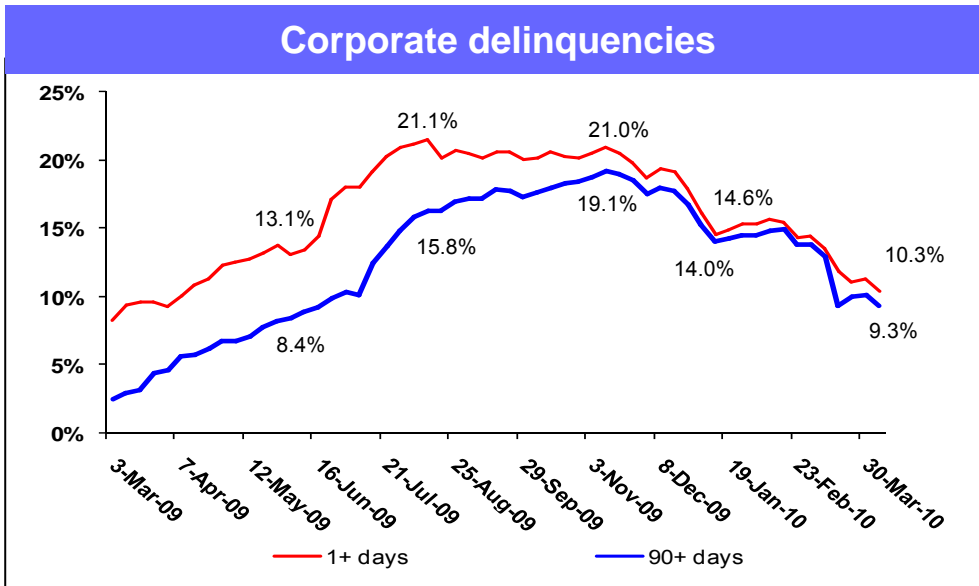
Provision for loan impairment (US\$, mln)



Source: IFRS audited financial results

* Overdue loans and advances include both past due instalments and the remaining non-overdue portion of the loan

Dynamics of loan portfolio delinquencies*

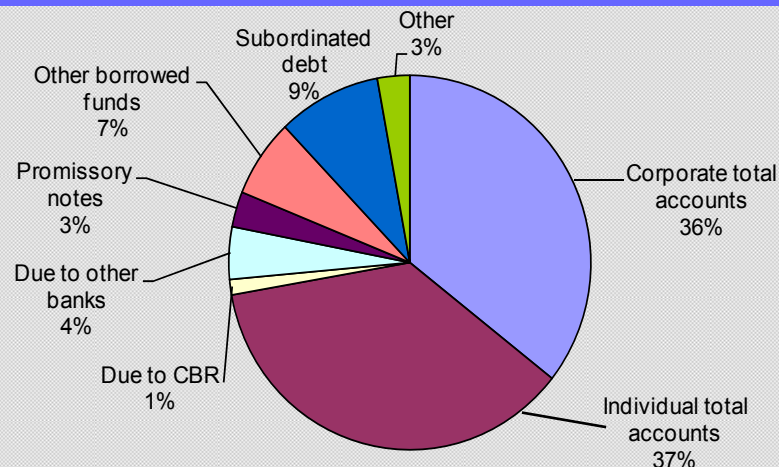


Risk management estimates (not IFRS)

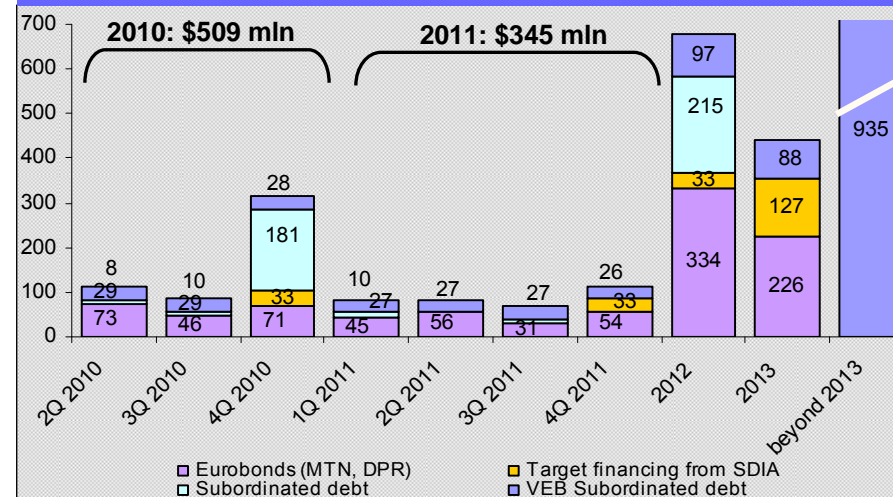
*Mortgage delinquency increased due to new write off methodology – overdue less than 540 days loans are included in lagged delinquency

Funding from the CBR has been replaced with funding from corporates and individuals

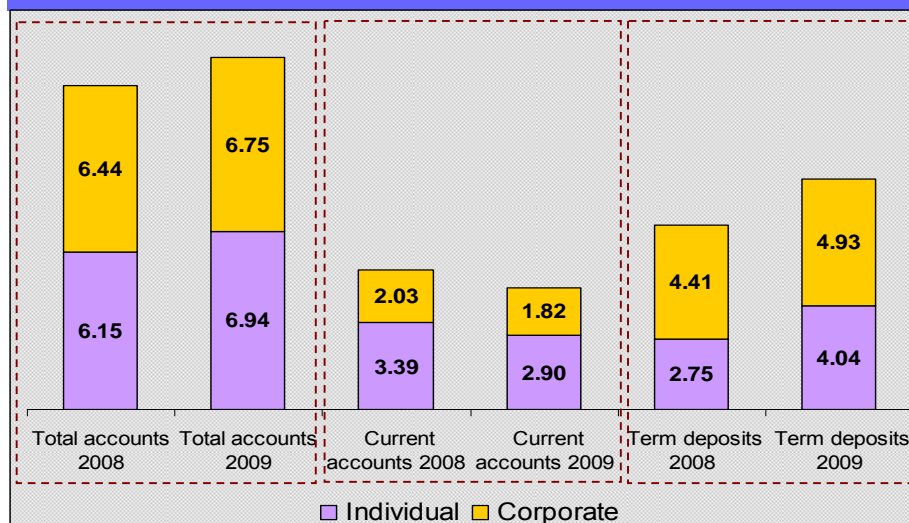
Liability structure FY 2009



Other borrowed funds maturity breakdown (US\$, mln)



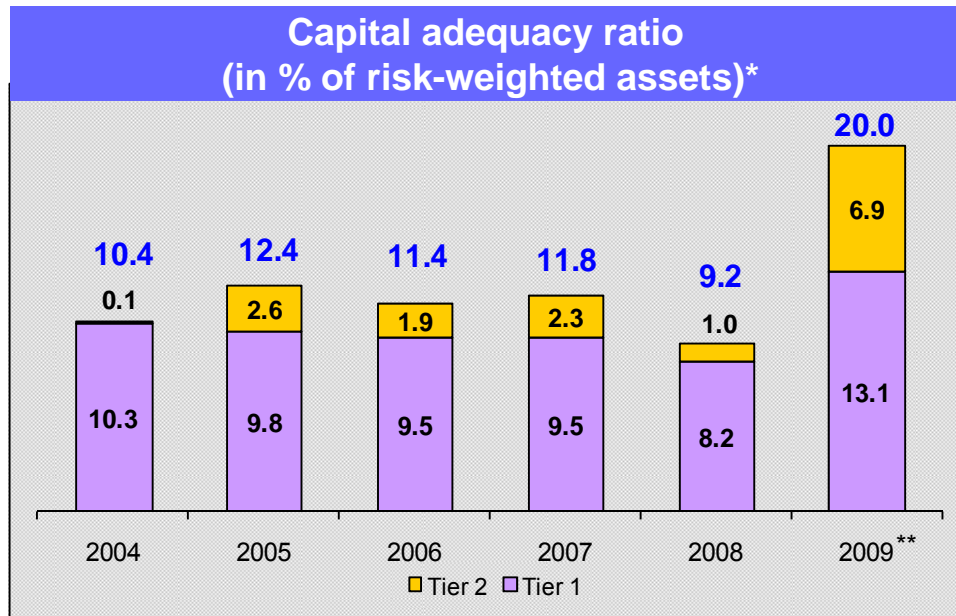
Customer accounts, (US\$, bn)



Liquidity management

IFRS cash as of FY 2009	\$2.1 bln or 9.8% of TA
Cash as of 15.04.2010	\$1.5 bln
Additional CBR collateralized funding sources available as of 15.04.2010	Unused limit, USD mln
HFS Portfolio	961
REPOable Fixed Income portfolio	1 023
Loan portfolio to CBR REPO	297
Cross Guarantee agreements	1 815
Total	4 096
Next month average daily loan redemption	\$36.0 mln

High capital level maintained



- Capital adequacy increased substantially from 9.2% in 2008 to 20.0% in 2009
- In January 2009 a subordinated loan from Vnesheconombank was attracted in the amount of approximately \$294 mln which increased Tier 2 capital
- Shareholder capital injection of \$320 mln completed in June 2009
- In October 2009 Vnesheconombank granted additional subordinated loans to Alfa-Bank of approximately \$1 bn in total which further increased Tier 2 capital

CAR summary, USD '000*

	12/31/2009	Diff	12/31/2008
Capital adequacy			
Tier 1	2 545 396	467 079	2 078 317
Tier 2	1 337 793	1 085 816	251 977
Total capital	3 883 188	1 552 895	2 330 293
Banking book	17 467 039	-4 449 405	21 916 443
Trading book	1 907 537	-1 509 340	3 416 877
Total risk weighted assets	19 374 576	-5 958 745	25 333 320
Tier 1 ratio	13.1%	4.9%	8.2%
Total capital ratio	20.0%	10.8%	9.2%

* CAR ratios calculated in accordance with Basel standards (management computation)

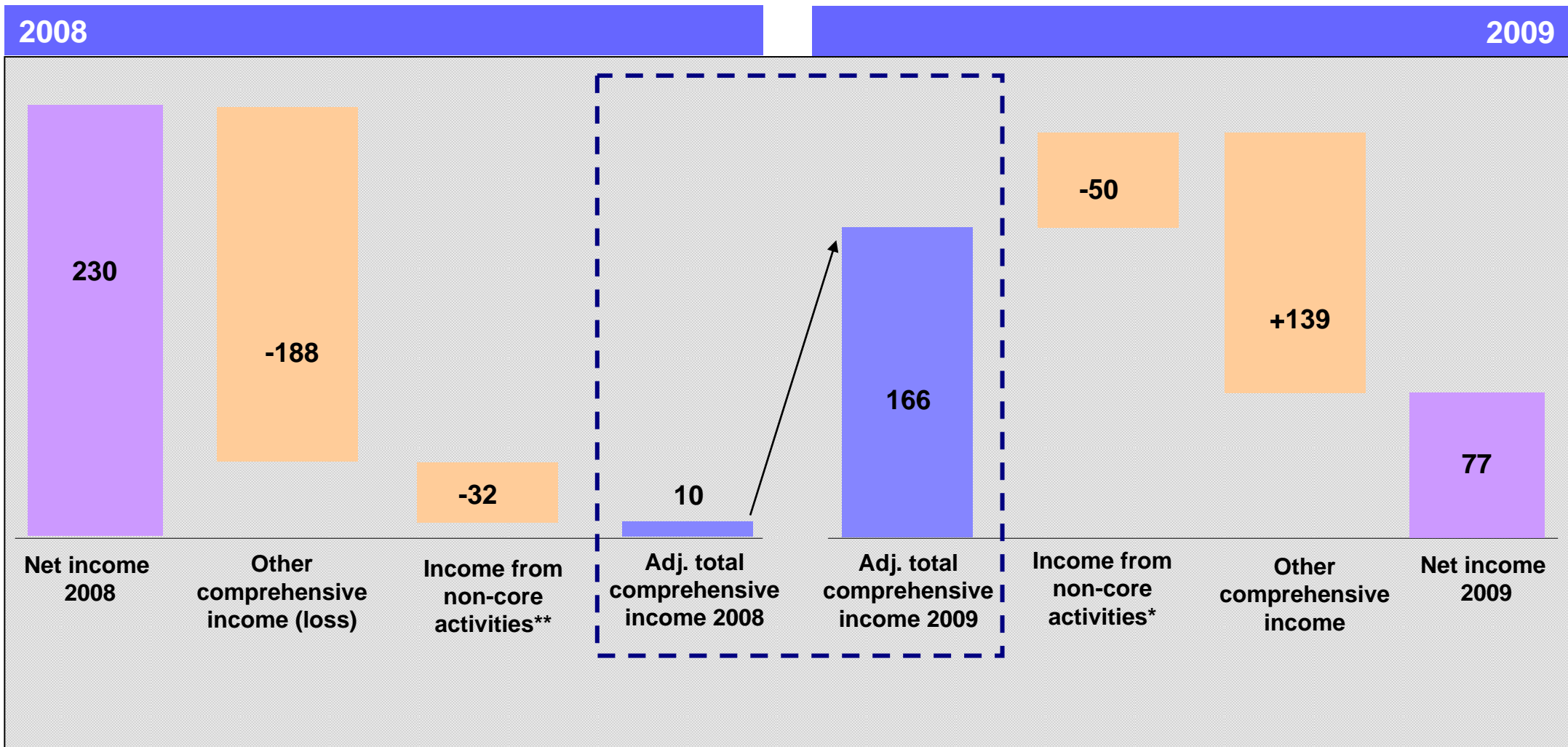
** Preliminary ratio

Forecast 2010

Total Assets	~ US\$ 23 – 24 bn (FY 2009: 21.6 bn)
Loan Portfolio	Corporate loans: ~ US\$ 14.0 – 14.5 bn (FY 2009: 12.8 bn) Retail loans: ~ US\$ 2.0 – 2.2 bn (FY 2009: 2.1 bn)
Cost to Income Ratio	< 50% (FY 2009: 51.3 %)
Return on Equity	15 – 20% (FY 2009: 3.6%)
CAR	~ 18 – 20% (FY 2009: 20.0%)

Appendix

Comprehensive income performance (\$US, mln)



* Income from non-core activities in 2009 is primarily gains from sale of acquired distressed receivables \$44 mln

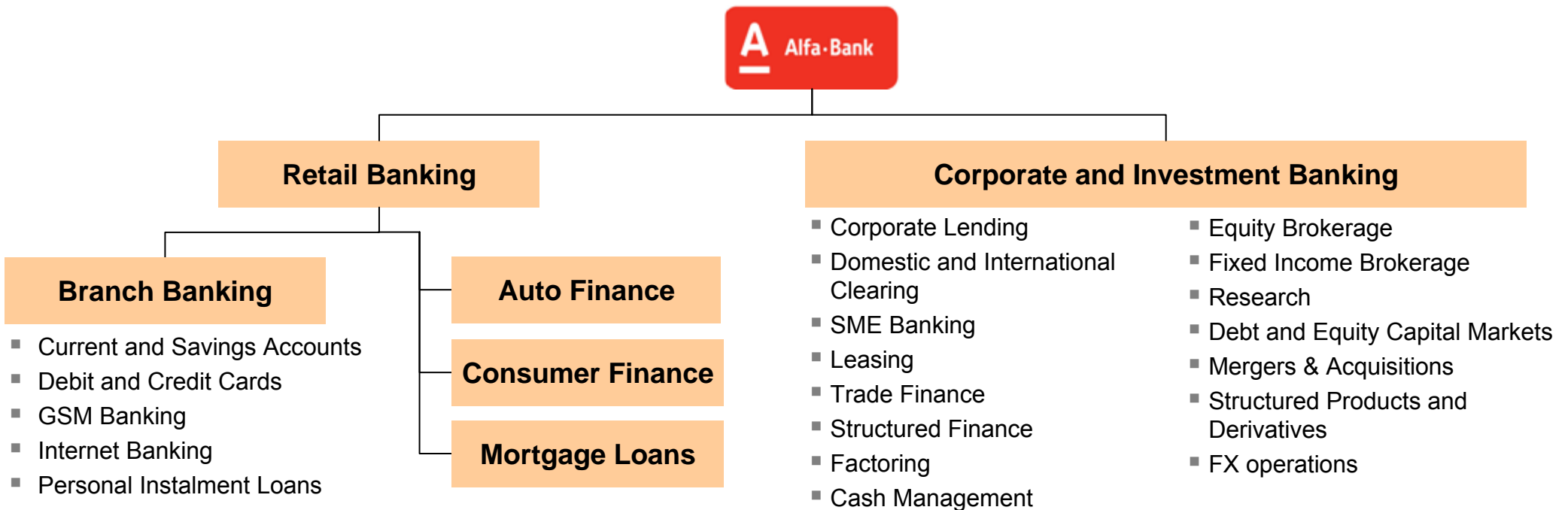
** Income from non-core activities in 2008 mainly includes gains on sale of film licences \$45 mln, income from sale of non-core assets \$13 mln, Amtel write-off \$-49.4 mln and the financial result from investments in VISA \$23 mln.

Other comprehensive income includes income directly recorded in equity. For details see profit and loss statement in the audited financial statements.

Alfa-Bank's universal business franchise

Best bank in Russia – “Customer Experience Index”
research by PricewaterhouseCoopers and Senteo*

4.1 million retail clients and 40,300 corporate
clients**



Strategy

- Alfa-Bank is, and will remain, a universal bank, focused on corporate, retail & investment banking
 - Assets and liabilities effective management with further increase of profitability
 - Steady increase of the loan portfolio with focus on borrowers' quality
- The business units will be further integrated in order to promote efficiency and sales
 - Capital markets borrowing
 - Exploit economies of scale
 - Maintaining liquidity

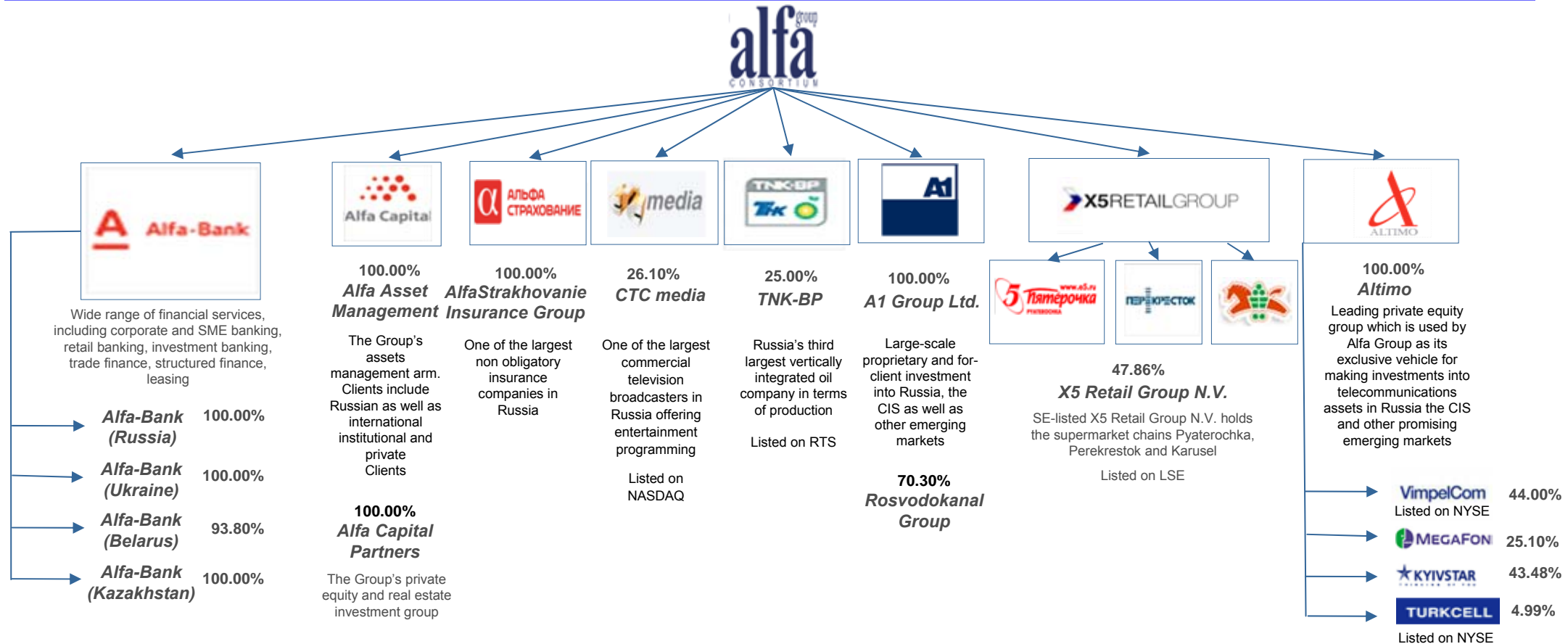
* Source: Customer Experience Index by PWC, January 2010

** Figures as of April 1, 2010 (the decrease was due to closing of inactive accounts in Bank Severnaya Kazna)

Alfa-Bank: the key banking asset of Alfa Group

- Alfa Group holds approximately \$52 bn in assets and \$15.7 bn in equity*
- Each business is legally distinct and run independently from each other, all intra-group transactions are done on market terms

Alfa Group's Holdings**



* Source: Alfa Group audited report FY 2008

** The stakes in the companies shown include effective minority stakes

Alfa-Bank: well recognised record of excellence



- Best Bank in Russia, 2009, 2008, 2007
- Best Local Bank Trading Rouble, 2006
- Best Forex Bank in Russia, 2006



- Best bank in the “Customer Impressions of Retail Banking in Russia” research by KPMG and Senteo, 2007



- Best bank in the “Customer Experience Index” research by PricewaterhouseCoopers and Senteo, 2009, 2008



- Best bank in Russia by quality of retail client services
- Creative Idea of the Year 2007 — Cosmopolitan — Visa Cards



- Best Internet Bank in Russia 2008
- Best Domestic Bank 2008
- Best Trade Finance Bank in Russia, 2008, 2007
- Best Equity Research Bank 2008



- Brand of the Year / EFFIE 2008 award for “My Alfa” banking card



- Super Brand Award 2008, 2007, 2006

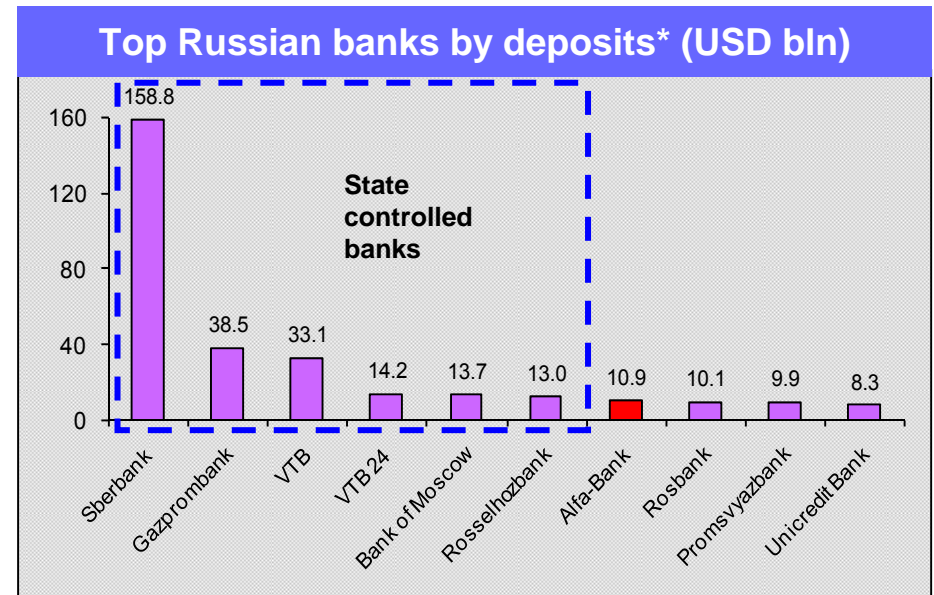
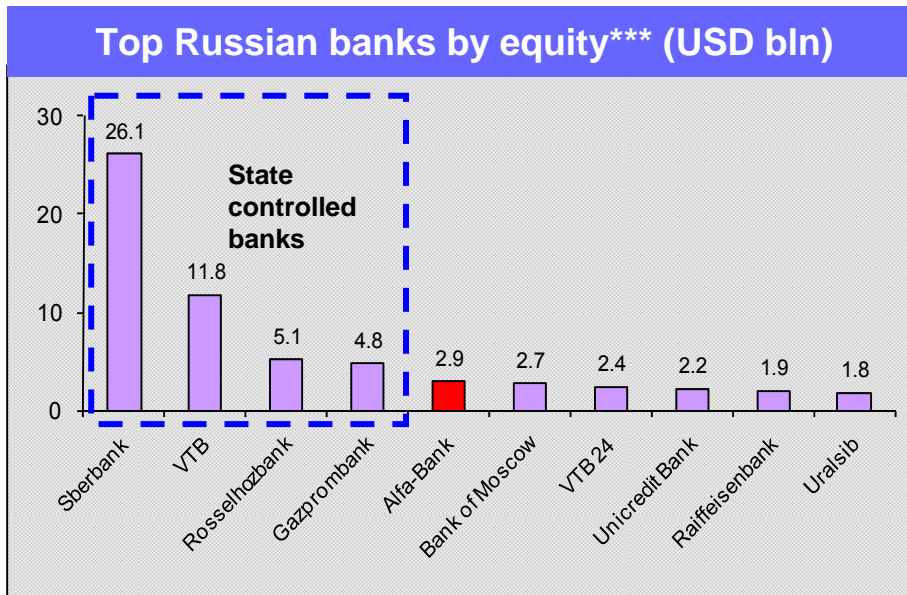
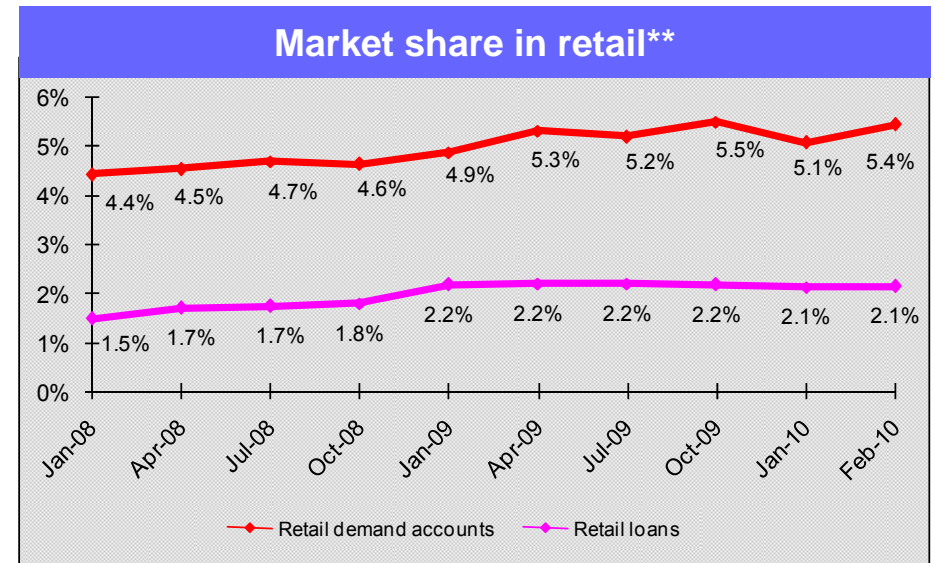
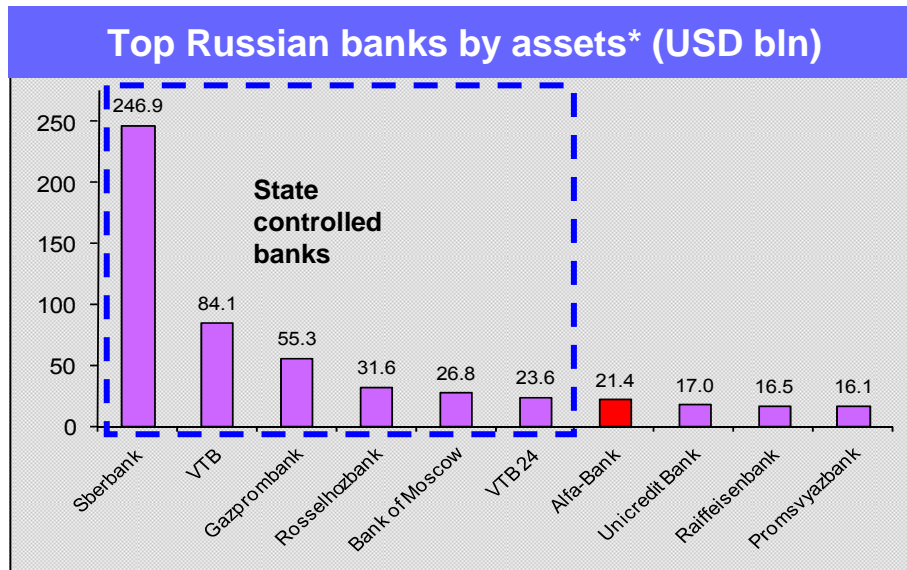


- One of the most transparent banks according to the “Transparency and Disclosure by Russian Banks” 2007 research



- Russian Private Bank of the Year 2009

Leading Russian private bank in most market segments

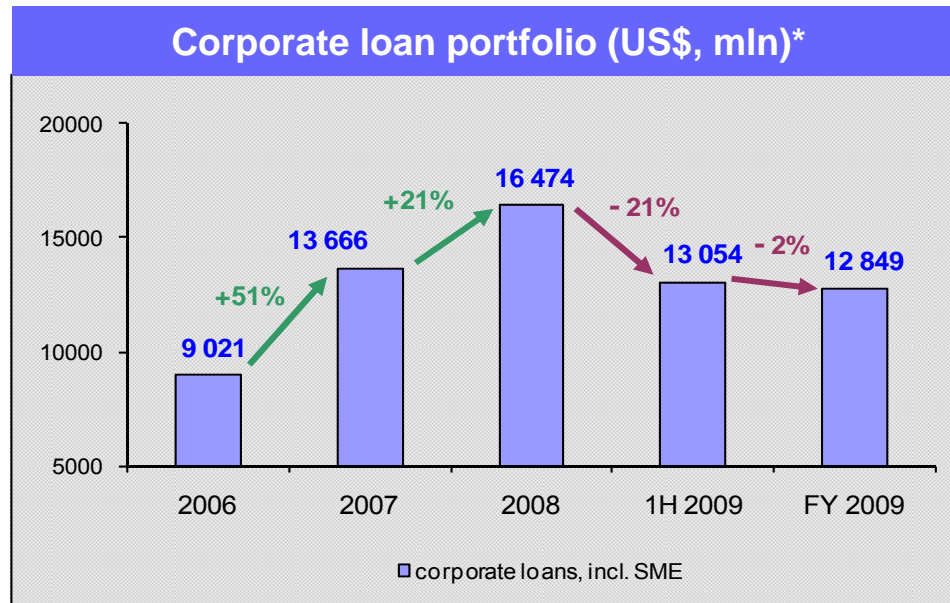


* Source: rating.rbc.ru. Figures as of January 1, 2010

** Source: CBR, Alfa-Bank's management report March 2010

*** Source: rating.rbc.ru. Figures as of July 1, 2009

Leading private bank in corporate segment...



- Largest private bank by corporate customer accounts
- Services 40,300 corporate clients**, including leading Russian Blue Chip companies such as Russian Railways, Rosneft, Alrosa, TNK-BP, Rosatom, United Aircraft Corporation
- Corporate bank's strengths
 - Oriented to long standing corporate relationships
 - Country-wide distribution
 - Excellent reputation, team and credit expertise
 - Good local knowledge
 - Experience in management of distressed assets and debts, enabling the bank to actively manage the corporate loan portfolio

Strategy

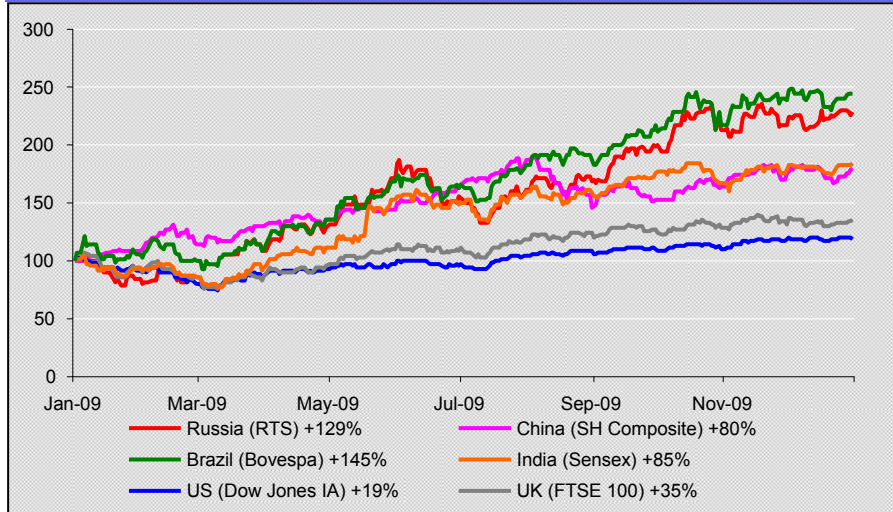
- Loan portfolio recovery and regaining market share
- Promotion of sales of corporate investment products
 - Finalization of problem assets restructuring
- Focus on commissions and other income, maximize client revenue potential
- Promoting high-margin products such as structured lending and trade finance
- Further develop settlement business and increase customer service quality

* Source: Alfa-Bank management IFRS report January 2010

** Source: Alfa-Bank's management report April 2010 (the decrease was due to closing of inactive accounts in Bank Severnaya Kazna)

... and one of the top Russian investment banks...

Relative market performance 2009



Investment Bank revenues

	2007	2008	2009	1Q2010*
Equities	\$123,899,000	-\$26,031,000	\$52,727,310	\$14,875,470
Fixed Income	\$34,639,000	\$132,150,000	\$246,910,000	\$80,999,960
Corporate Finance	\$42,300,000	\$45,022,000	\$4,901,000	\$2,000,000
Forex**	-	-	-	\$7,009,010
Total	\$200,838,000	\$151,141,000	\$304,538,310	\$104,884,440

* Source: Alfa-Bank's management report

** Part of Treasury Group in 2007-2009

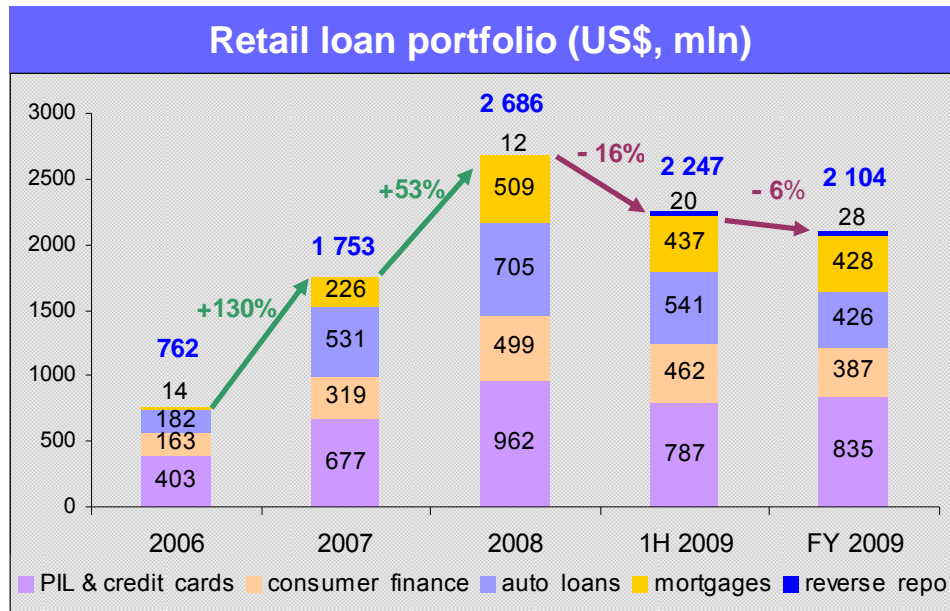
2009 SUMMARY

- 2009 investment banking revenues set a new record, concentration in fixed income
- Costs reduced by approximately 1/3
- Capital markets and M&A fees were significantly reduced in 2009
- Complete build out of international distribution for equities and fixed income

2010 OUTLOOK AND GOALS

- One team – corporate and investment bank
- Better value proposition for clients:
 - service
 - products
- Increased profitability: focus on costs, integrate FX team
- Become undisputed best universal bank in Russia

... with solid positions in retail sector



- 4.1 million retail customers served*
- Full spectrum of retail banking products offered: credit cards, deposits, PILs, consumer, auto, mortgage loans, internet and mobile phone banking
- One of the largest Russian privately owned banks by retail demand deposits (5.4% market share as of February 1, 2010)**
- Top 10 Russian bank by total retail portfolio***
- Large distribution network – 245 retail branches as of January 2010
- Core retail businesses – branch banking and consumer finance were profitable in 2009
- Rated number 1 in customer experience index in 2009 by PricewaterhouseCoopers
- Strong private banking offering “A-Club”

Strategy

- Make entire retail business profitable
- Increase of the net fee and commission income share in the Retail Business total income
 - Aggressive consumer finance development by means of sales increase
 - Concentration on VIP customers
- Development of synergy with Corporate-Investment Business in terms of cross sales and possible usage of conjoint branches
- Strengthening of Alfa-Bank’s leadership in internet banking in terms of individual customers’ transactions and internet acquiring

* Source: Alfa-Bank management reports April 2010

** Source: CBR, Alfa-Bank management reports

*** Source: rating.rbc.ru

- Restart of PIL and CC lending

**For questions about Alfa-Bank, please contact our
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