



Alfa-Bank

June 2009

Investor presentation



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The role of Alfa-Bank within Alfa Group

- Alfa Group holds approximately \$49.7 bn in assets and \$18.4 bn in equity*
- Each business is legally distinct and run independently from each other, all intra-group transactions are done on market terms
- No cross-holding with Alfa-Bank Ukraine or any other entities within the Group (see Appendix)

Alfa Group's Holdings**



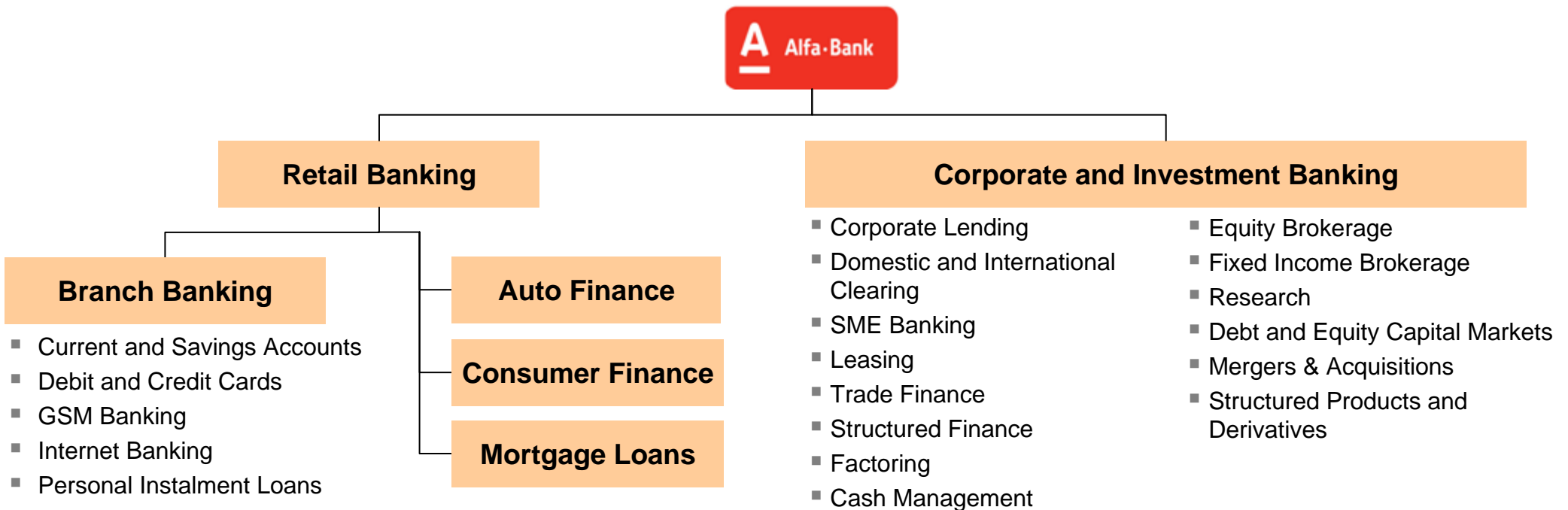
* Source: Alfa Group audited report FY 2007

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

Alfa-Bank's universal business franchise

One of the most recognised brands in Russia —
National "Super Brand of the Year"*

3.5 million retail clients and
more than 53,000 corporate clients**



Strategy

- Alfa-Bank is, and will remain, a universal bank, focused on corporate, retail & investment banking
 - Focus on maintaining liquidity
 - Ensure asset quality – increase and diversify collateral base
- The business units will be further integrated in order to promote efficiency and sales
 - Maintain high margins
 - Exploit economies of scale

* Source: Superbrands International brand research, March 2008

** Figures as of May 1, 2009

Proud of awards and recognition



- Best Bank in Russia, 2008, 2007
- Best Local Bank Trading Rouble, 2006
- Best M&A House in Russia and Best M&A Deal of the Year, 2004
- 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 Impressions of Retail Banking in Russia” research by PricewaterhouseCoopers and Senteo, 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, 2004, 2003, 2002
- Best Equity Research Bank 2008
- Best Forex Bank in Russia, 2005, 2004
- Best M&A Advisor, 2004, 2003



- Operational Risk Achievement Award for “Operational Risk Framework at an Institution Based in an Emerging Market”, 2005, 2004



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



- Super Brand Award 2008, 2007, 2006

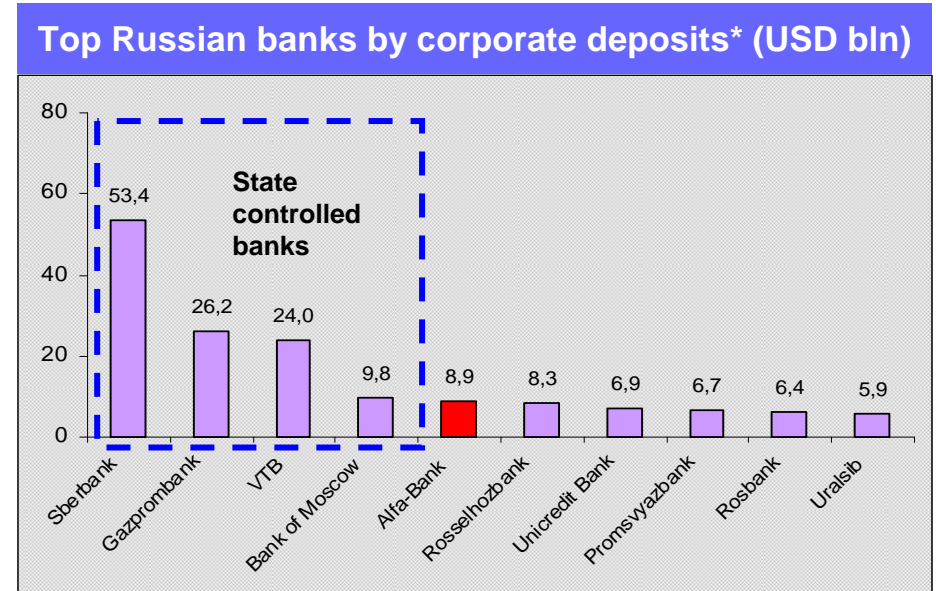
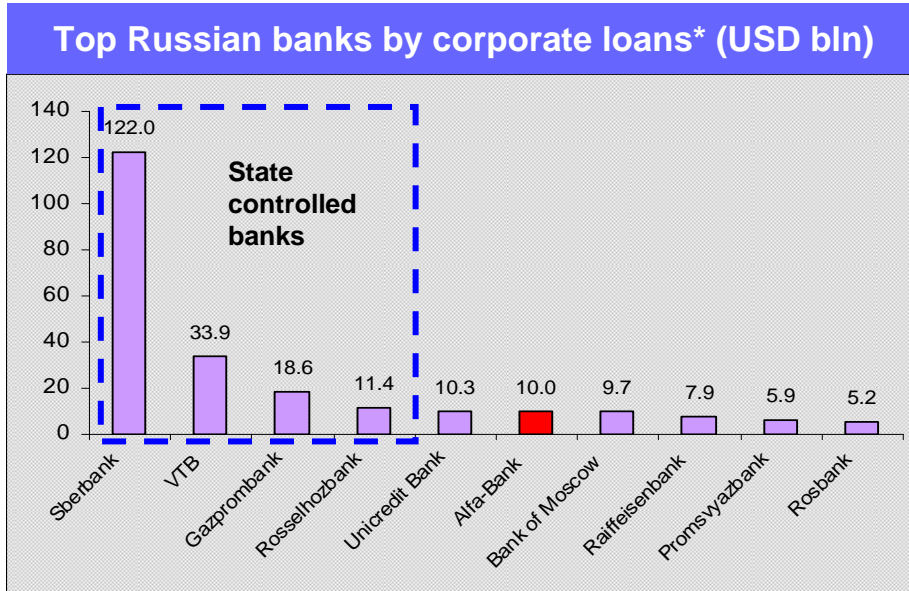
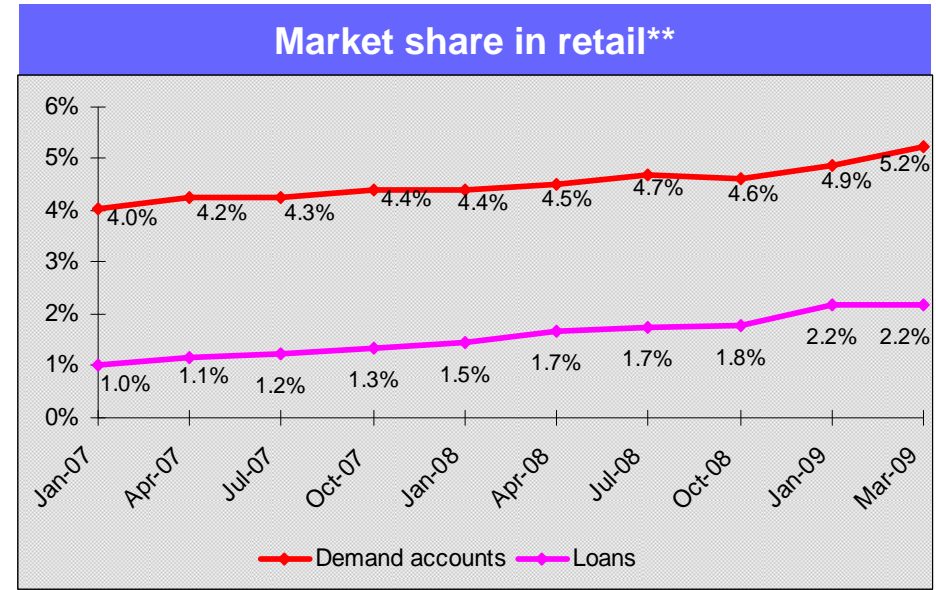
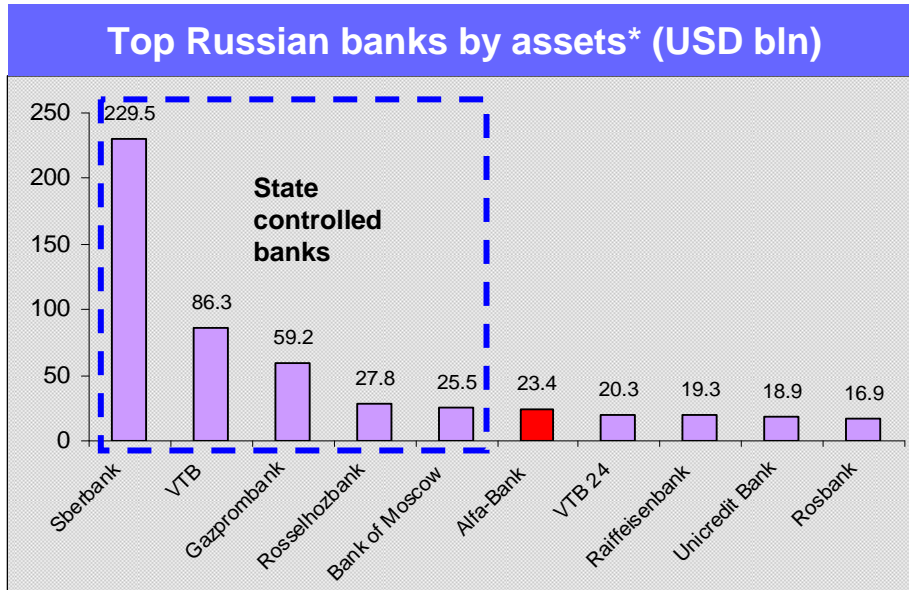


- One of the most transparent banks according to the “Transparency and Disclosure by Russian Banks” 2007 research



- European Co-Brand Programme Award 2006 for Alfa-Bank - Aeroflot MasterCard Card Russia

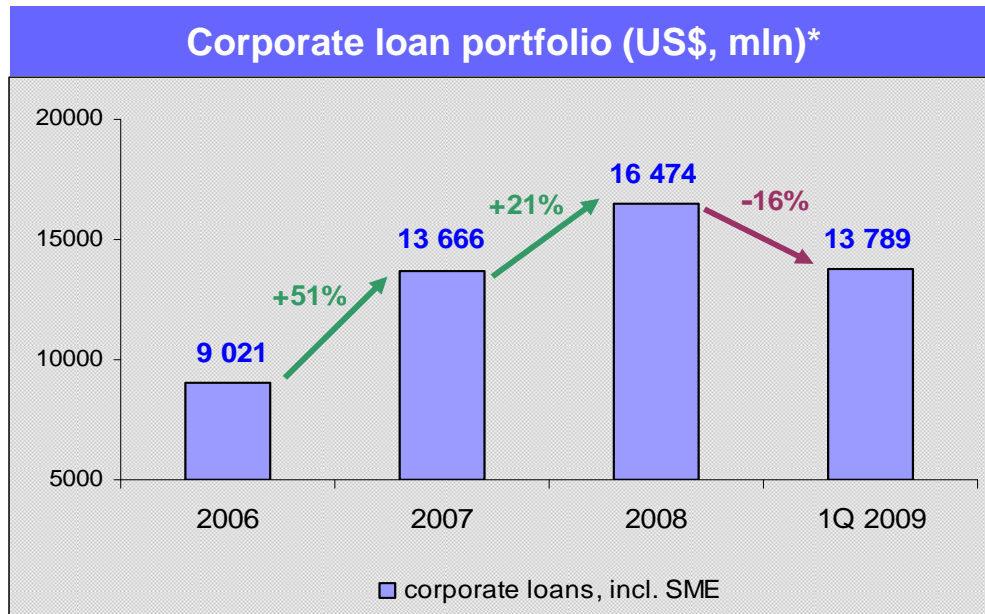
Leading Russian private bank in most market segments



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

** Source: CBR, Alfa-Bank's management report March 2009

A market leader in corporate segment...



- Largest private bank by corporate customer accounts
- More than 53,000 corporate clients**, including leading Russian Blue Chip companies such as Russian Railways, FSK UES, Alrosa
- 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

Strategy

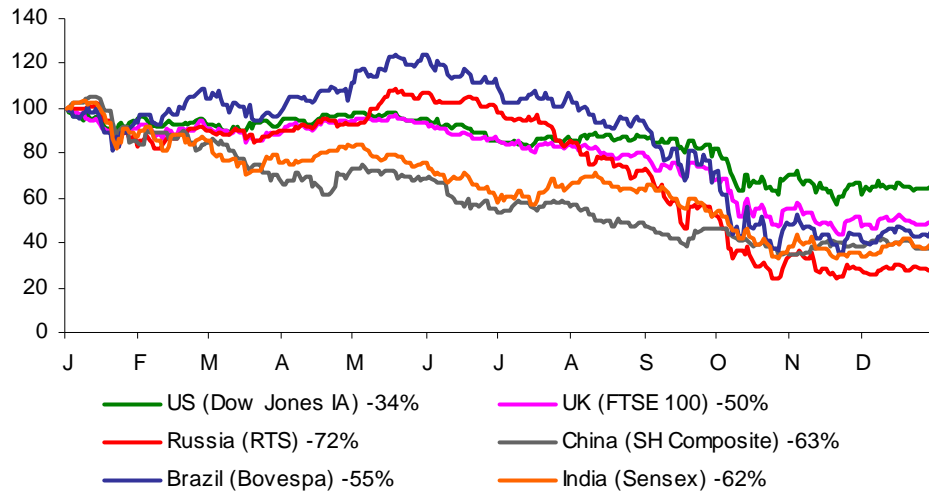
- Preserve quality of loan portfolio
 - Promotion of sales of corporate investment products
 - Focus on effective restructuring of problem loans and collections
 - Focus on commissions and other income, maximize client revenue potential
- Promoting high-margin products such as structured lending, trade finance and leasing
 - Further develop settlement business and increase customer service quality

* Data is prepared in accordance with IFRS accounting standards based on March 2009 management reports and YE audited financial statements.

** Source: Alfa-Bank's management report May 2009

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

Relative market performance 2008



Investment Bank revenues

	2007	2008	As of June 07, 2009*
Equities	\$123,899,000	-\$26,031,000	\$33,137,280
Fixed Income	\$34,639,000	\$132,150,000	\$135,658,000
Corporate Finance	\$42,300,000	\$45,022,000	\$1,028,000
Total	\$200,838,000	\$151,141,000	\$169,823,280

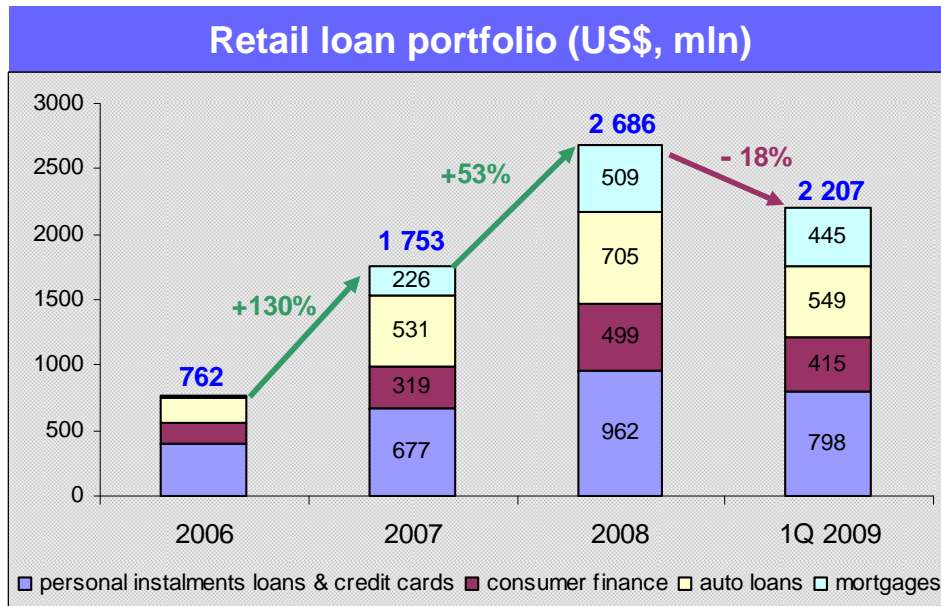
* Source: Alfa-Bank's management report

- 2008 was a very difficult year in investment banking but Alfa-Bank was able to limit losses and build for the future
- Cost reduction completed in 2008
- Investment into fixed income in late 2008 should yield excellent results in 2009
- Capital Markets and M&A fees will be significantly reduced in 2009

STRATEGIC GOALS OF THE CORPORATE-INVESTMENT BANK

- One team
- Better value proposition for clients:
 - service
 - products
- Increased profitability
- Become undisputed best universal bank in Russia

... with leading positions in retail sector



- 3.5 million retail customers served*
- Full spectrum of retail banking products offered: credit cards, deposits, PILs, auto and mortgage loans
- One of the largest Russian privately owned banks by retail demand deposits (5.2% market share as of March 1, 2009)**
- Top 8 Russian bank by total retail portfolio
- Large distribution network – by the end of April 2009 – 255 retail branches
- Retail branch banking and CF reached profitability by the end of 2008
- Rated number 1 in consumer satisfaction index in H1 2008***

Strategy

- Make retail business profitable
 - Optimization of branch network, integration of Severnaya Kazna's branches
 - Further develop remote distribution channels
- Cross-selling products of retail business, including to other Alfa Group companies – AlfaStrakhovanie, Alfa Capital, etc.
 - Attract term customer deposits
 - Increase efficiency of collections

* Source: Alfa-Bank management reports March 2009

** Source: CBR

*** Source: rating.rbc.ru

Financial highlights FY 2008

Financial performance

- Operating profit up 19.8% to US\$ 1.21 bn compared to FY 2007
- Cost to income at 36.6% (end-2007: 55.5%)
- Return on equity at 11.5% (end-2007: 16.0%)
- Net income at US\$ 230 mln (FY 2007: US\$ 253 mln)
- Provisions increased from US\$ 380 mln (2.4% of loan portfolio) to US\$ 1 190 mln (6.2% of loan portfolio)

Operating performance

- Total assets up 19.4% from US\$ 22.7 bn to US\$ 27.1 bn
- Total gross loans up 22.3% from US\$ 15.7 bn to US\$ 19.2 bn
- Cash and interbank balances up 26.7% from US\$ 4.5 bn to US\$ 5.7 bn
- Customer accounts up 3.3% from US\$ 12.2 bn to US\$ 12.6 bn

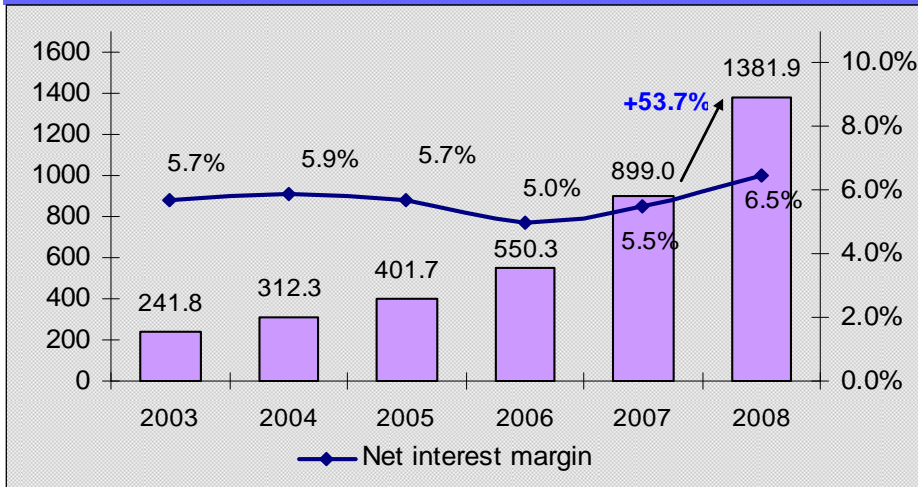
Ratings

- Moody's confirmed credit rating at Ba1 in February 2009
- S&P downgraded credit rating to BB-/Stable in December 2008 due to deteriorating economic conditions in Russia
- S&P BBB- survivability assessment confirmed in February 2009

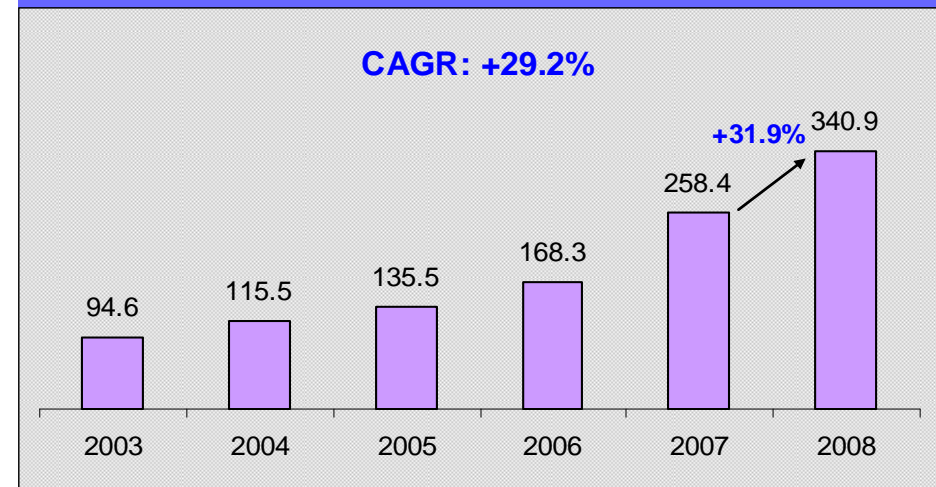
Rated by S&P as one of the most transparent banks in their 2007 research report:
"Transparency and Disclosure by Russian Banks"

Strong growth of operating profit offset by conservative provisioning

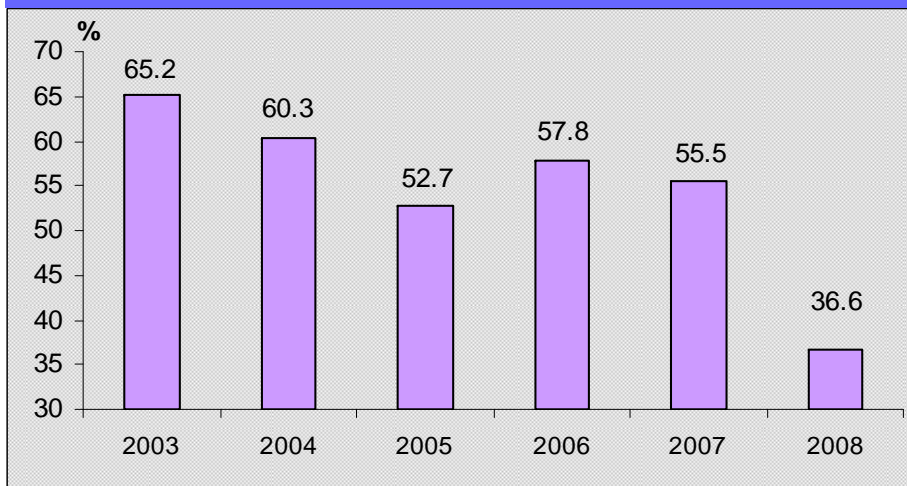
Net interest income (in US\$, mln)



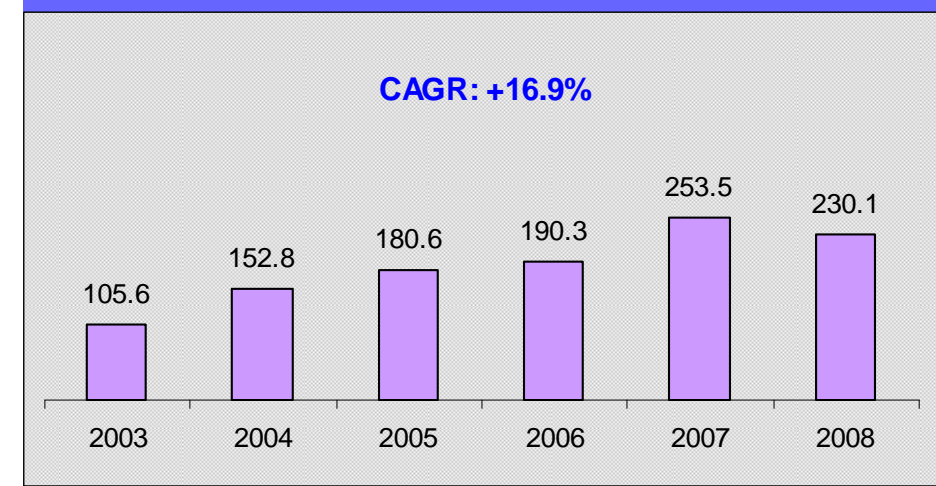
Net commission income (in US\$, mln)



Cost to Income ratio, %

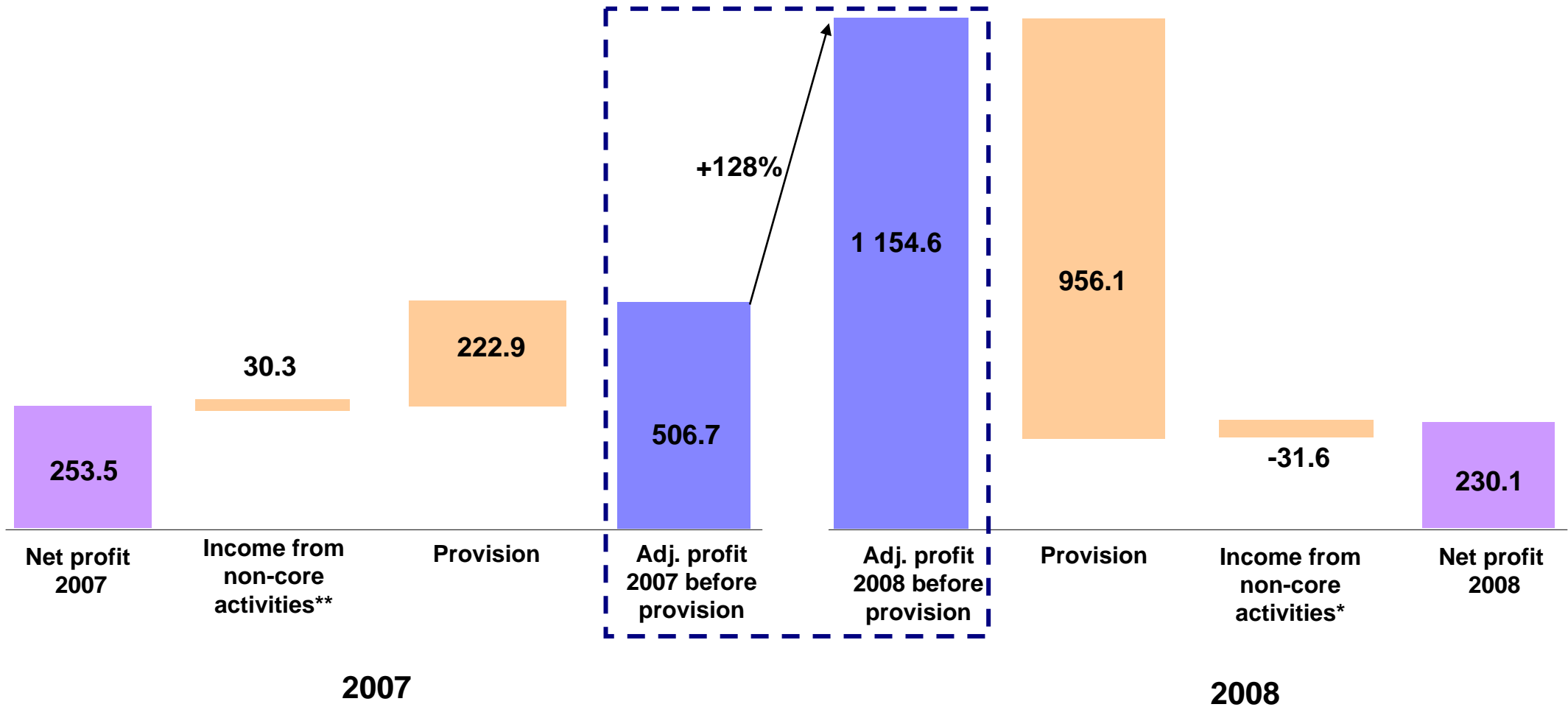


Net profit (in US\$, mln)



Source: IFRS audited financial results
* According to March 2009 management report

Income before provisions solid performance (\$US, 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, revaluation of investments in VISA \$23 mln.

** Income from non-core activities in 2007 includes share of Amtel's results and its impairment \$-30.3 mln.

Source: IFRS audited financial results 2007, 2008

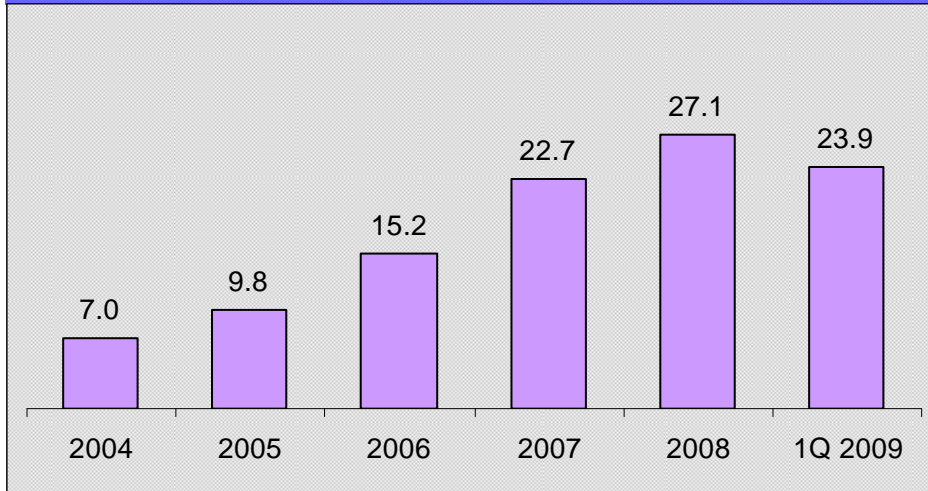
Effective cost reduction program implemented in 2008-2009

Operating costs, USD '000	1Q 2009	1Q 2008	change	FY 2008	FY 2007	change
Staff costs	(87 121)	(116 242)	-25%	(430 328)	(369 639)	16%
Rent and utilities	(22 201)	(25 456)	-13%	(100 223)	(79 838)	26%
Depreciation and other expenses related to premises and equipment	(13 144)	(18 095)	-27%	(77 173)	(58 372)	32%
Computer and telecommunications expenses	(7 569)	(10 256)	-26%	(53 190)	(61 560)	-14%
Consulting and professional services	(7 125)	(9 762)	-27%	(29 641)	(20 063)	48%
Maintenance	(4 989)	(3 514)	42%	(25 247)	(18 637)	35%
Administrative expenses	(2 171)	(1 539)	41%	(17 269)	(11 351)	52%
Taxes other than income tax	(1 529)	(11 618)	-87%	(24 019)	(8 541)	181%
Travel expenses	(899)	(1 437)	-37%	(9 413)	(9 072)	4%
Advertising and marketing	(1 970)	(5 093)	-61%	(20 600)	(19 003)	8%
Other	(7 689)	(14 934)	-49%	(26 145)	(25 889)	1%
Total operating costs	(156 406)	(217 946)	-28.2%	(813 249)	(681 965)	19.3%

- Cost to income ratio dropped considerably from 55.5% in 2007 to 36.6% in 2008 due to increased efficiency and costs control

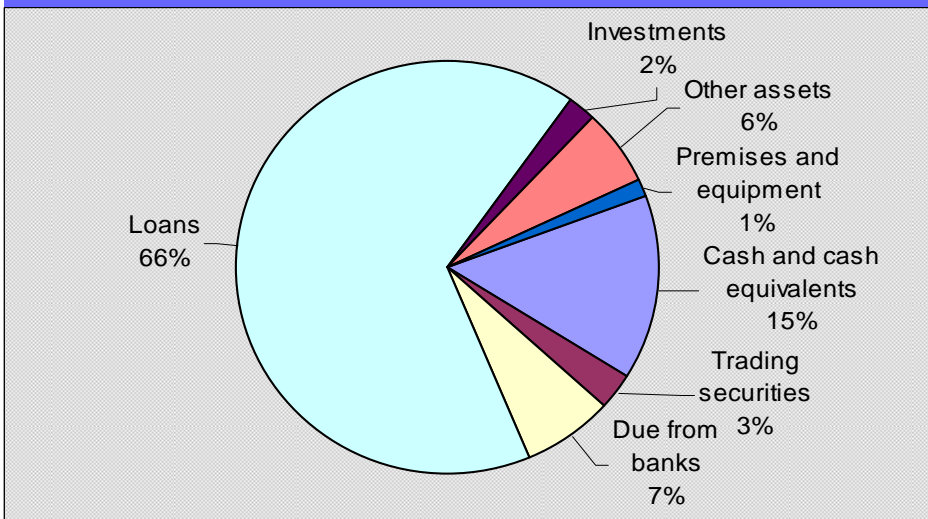
Assets and loan portfolio development

Total assets (in US\$, bn)

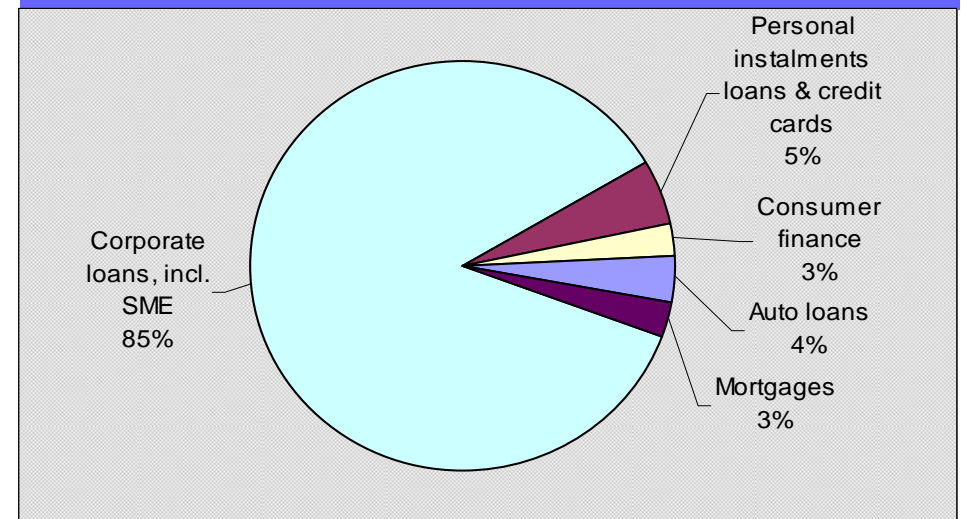


- Top 6 in terms of assets in Russia – largest private bank
- Top 6 Russian bank by corporate loan portfolio and top 8 – by retail portfolio
- Decrease in total assets and loan portfolio for the period from 31 December 2008 to 31 March 2009 primarily driven by worsening macroeconomic conditions, which led to reduced availability of funding resources (e.g. capital markets) and shrinking deposit base

Assets structure 2008



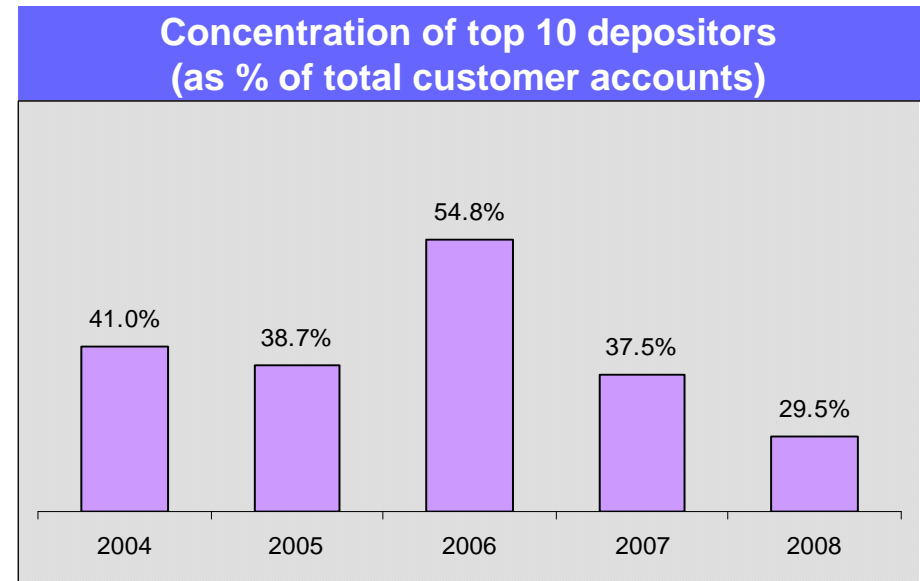
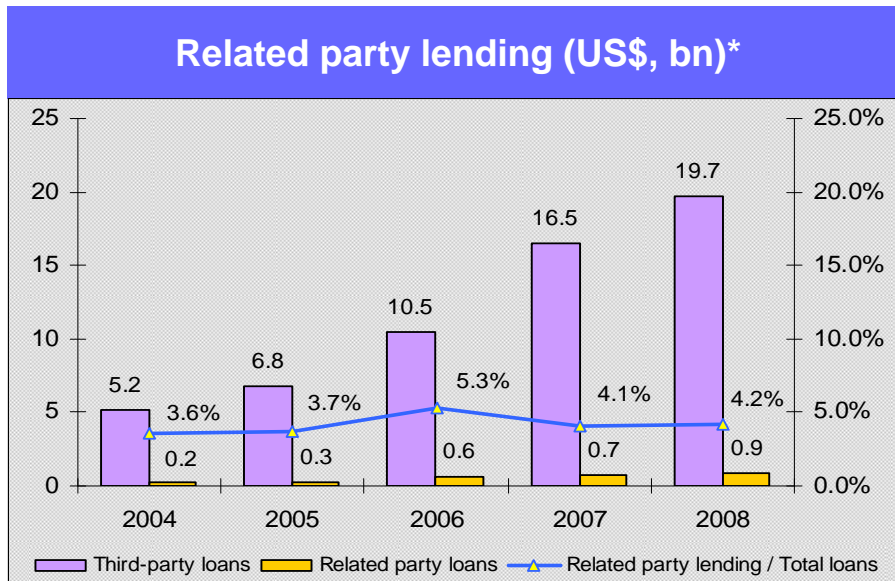
Loan portfolio structure 2008



Data is prepared in accordance with IFRS accounting standards based on March 2009 management reports and YE audited financial statements.

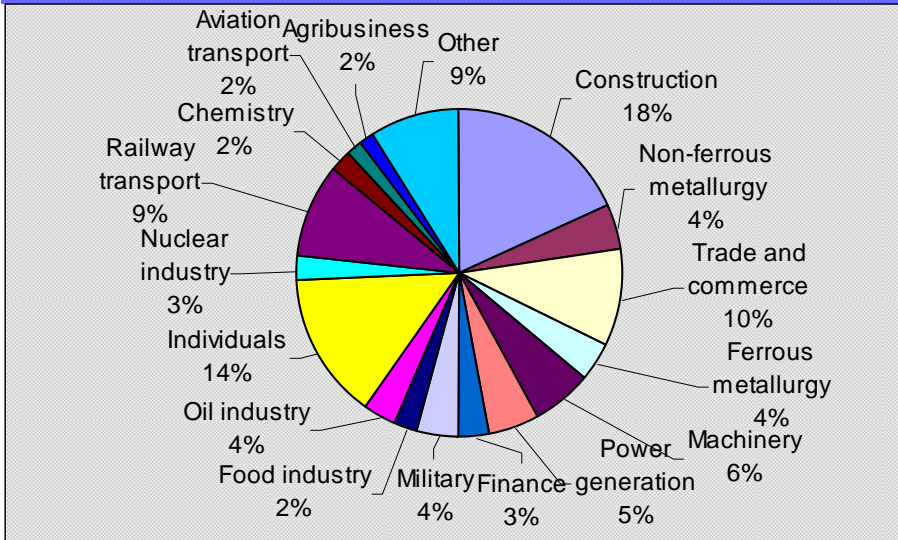
Conservative risk management

- One of the best Risk Management teams in Russia
- Top 10 depositor concentration reduced from 37.5% at the end of 2007 to 29.5% at the end of 2008
- Loan concentration of top 10 borrowers reduced from 30.3% of total loans at the end of 2004 to 22.2% of total loans at the end of 2008
- Related party lending kept at low level for the last 5 years



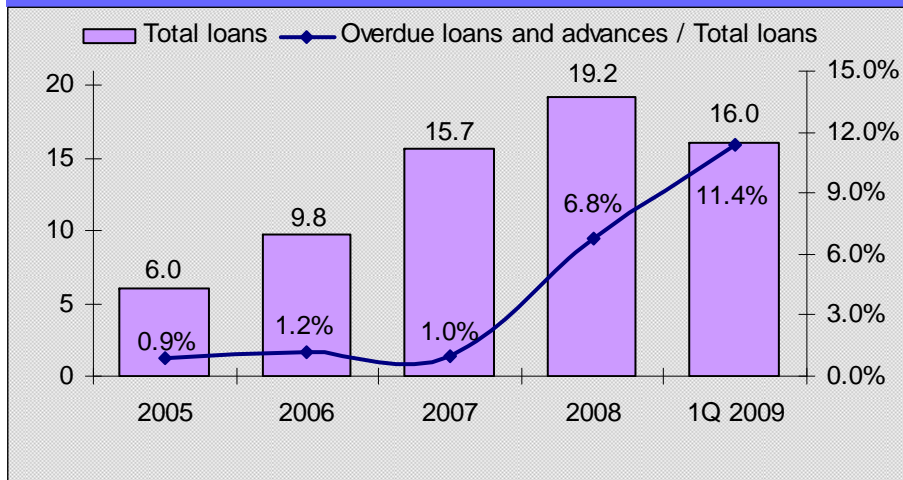
Loan portfolio structure and quality

Loans breakdown by economic sectors, 1Q 2009

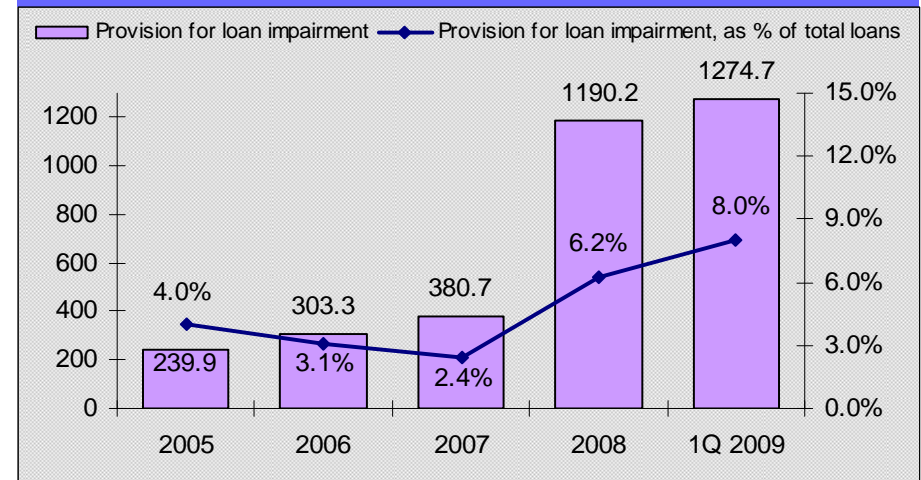


- The largest sector in the loan portfolio, Construction, represents 18% of the total loan book (end-2008: 17%). Most of the construction sector financing consists of less risky commercial property (69% of construction portfolio) and infrastructure construction (12%), as compared to housing construction (19%)
- Due to the current market environment and conservative provisioning policy, the provisioning rate has grown considerably up to 8.0% of the total loan book as at 1Q 2009.

Overdue loans and advances 1+ days



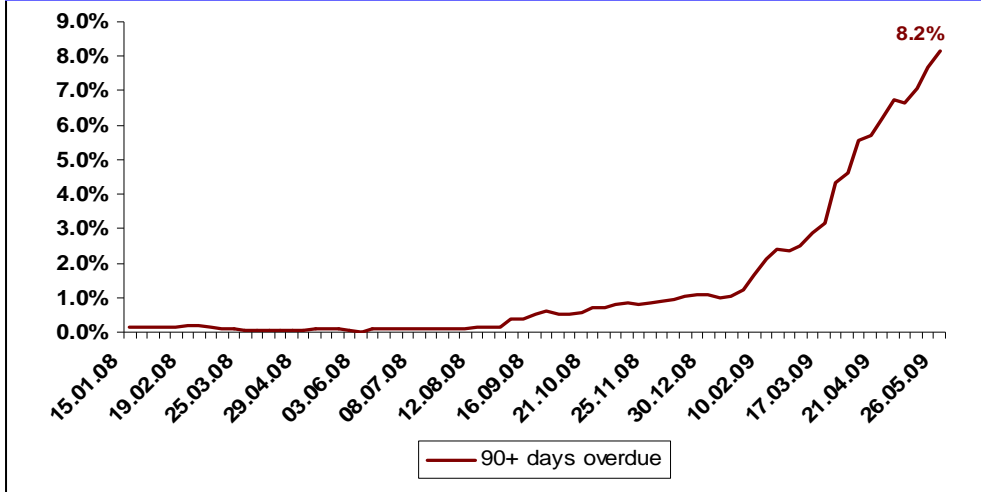
Provision for loan impairment (US\$, mln)



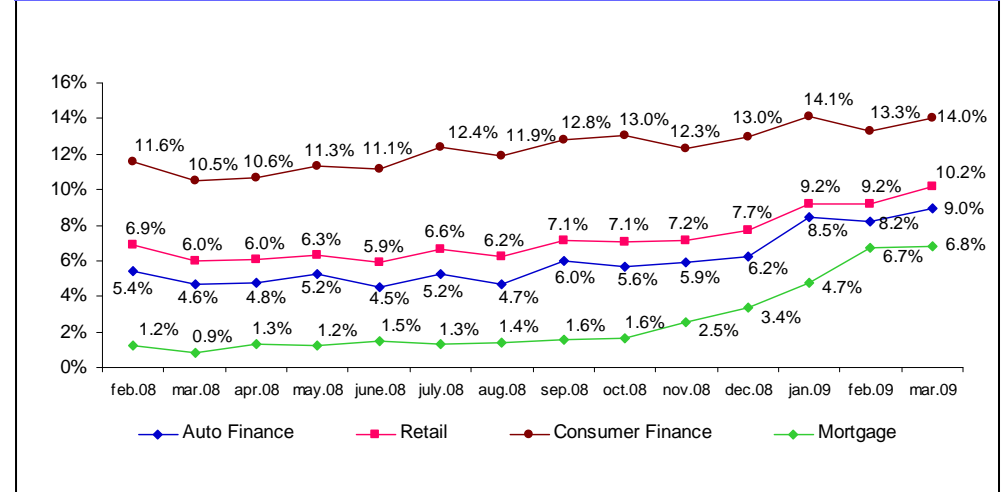
Data is prepared in accordance with IFRS accounting standards based on April 2009 management reports and YE audited financial statements.

Dynamics of loan portfolio delinquencies*

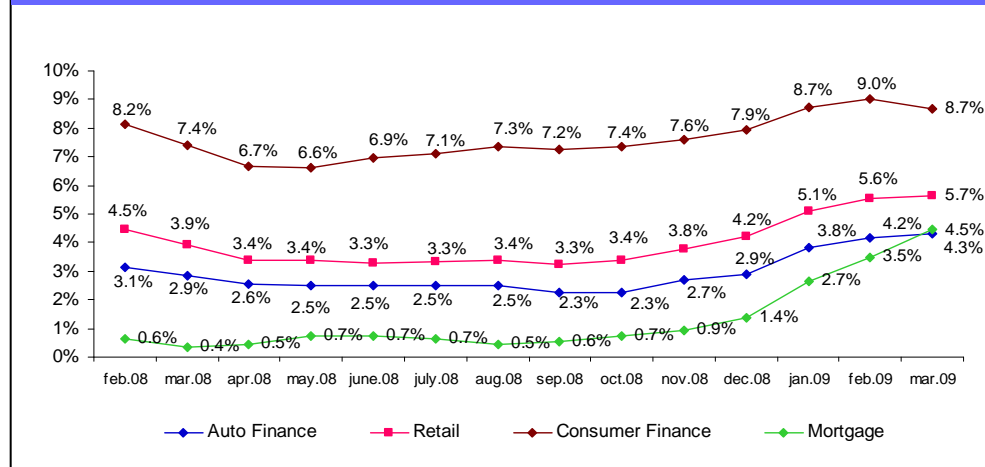
Corporate delinquencies



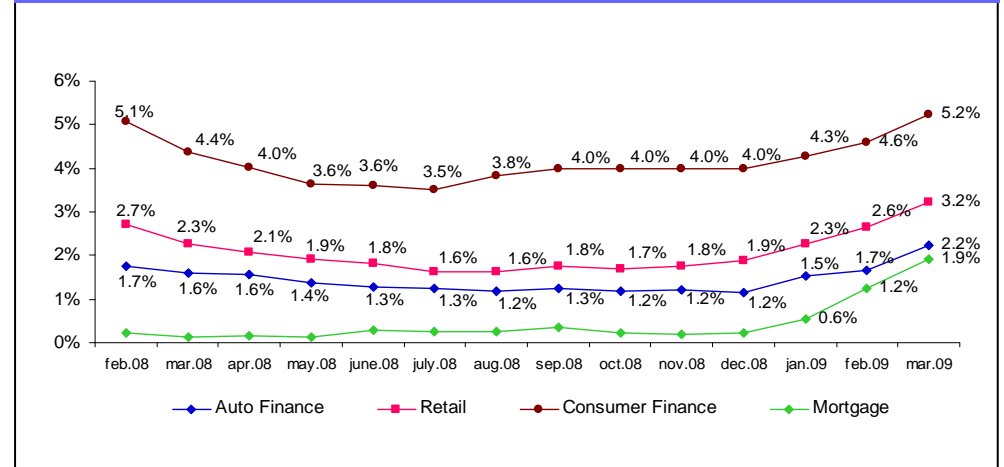
Retail lagged delinquency 1+ days



Retail lagged delinquency 30+ days



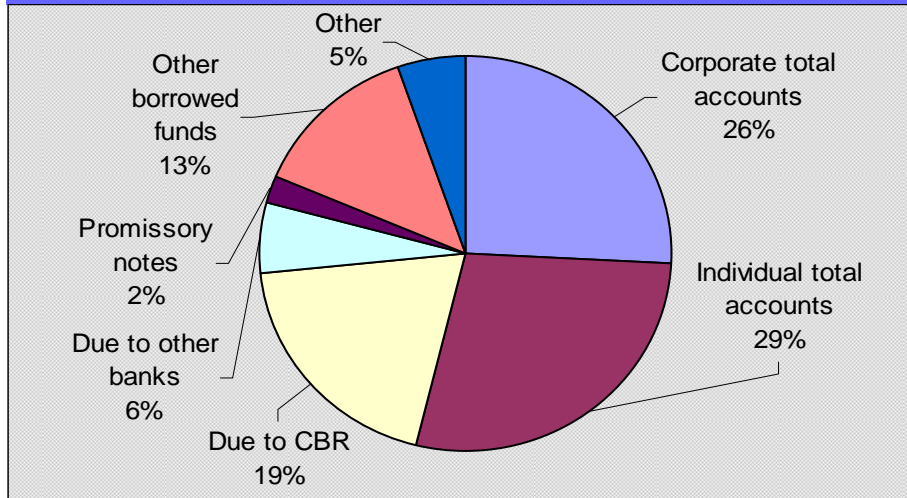
Retail lagged delinquency 90+ days



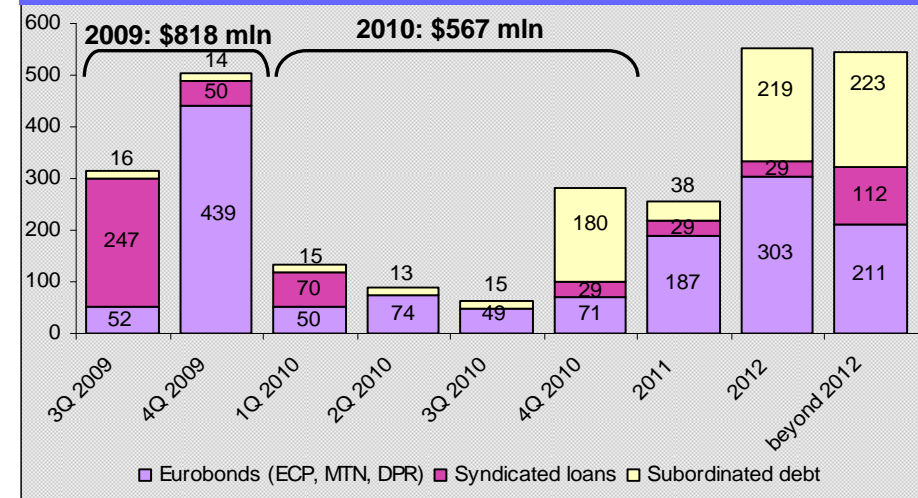
* Risk management estimates (not IFRS)

Increased diversification of funding sources

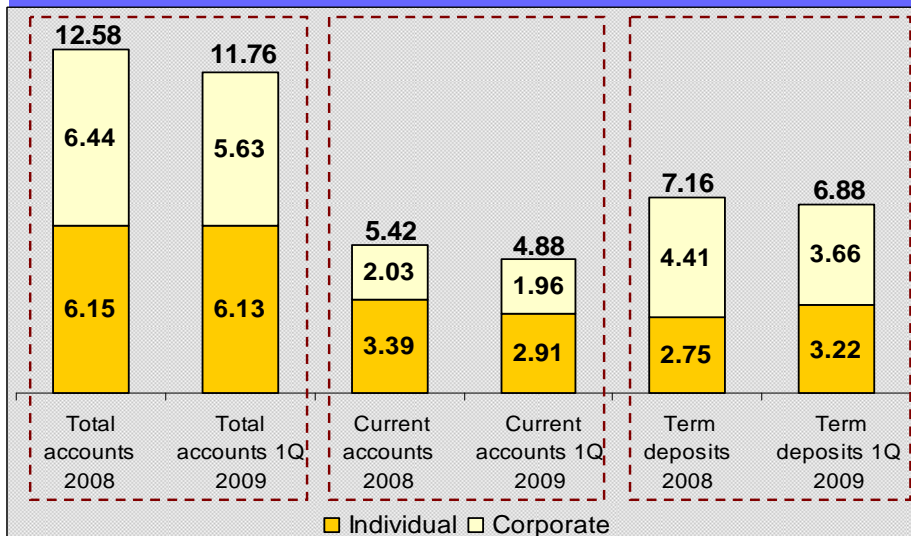
Liability structure, 1Q 2009



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



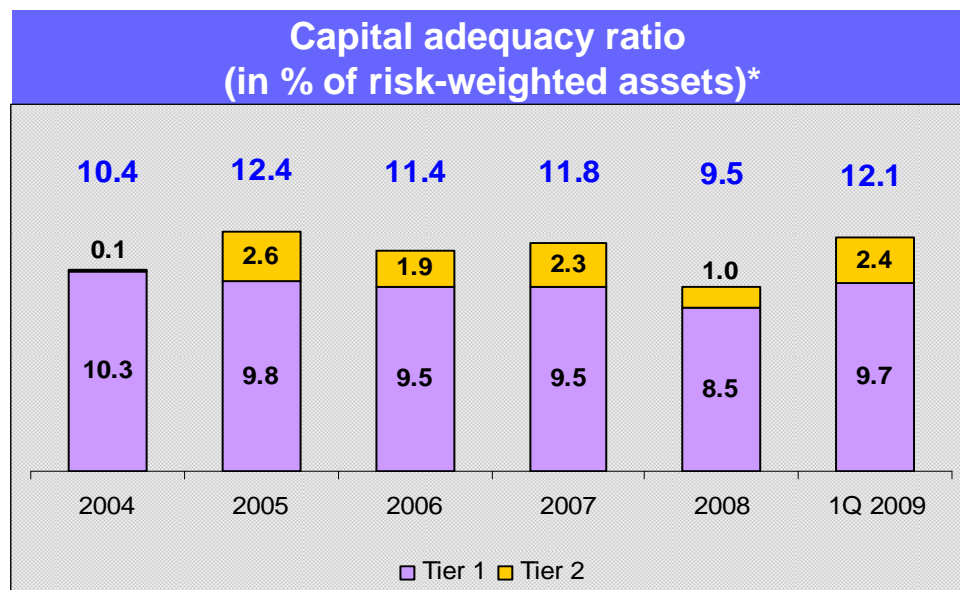
Customer accounts, (US\$, bn)



Liquidity management

IFRS cash as of 1Q 2009	\$3.8 bln or 15.7% of TA
Cash as of 15.05.2009	\$4.5 bln
Additional funding sources available as of 15.05.2009	Unused limit, USD mln
HFS Portfolio	461
CBR and Ministry of Finance auctions	694
Cross Guarantee agreements	575
Total	1 730
Next month average daily corporate loan redemption	\$32.1 mln

Adequate capital level maintained



- Capital injection of \$250 mln was completed in June 2008
- In January 2009 a subordinated loan from Vneshekonombank was attracted in the amount of approximately \$294 mln which increased Tier 2 capital
- The Bank intends to apply for a new loan from Vnesheconombank once the appropriate legislation has been issued. It is anticipated that VEB will provide further subordinated debt based on additional capital contributions by the shareholders of Alfa-Bank

CAR summary, USD '000*

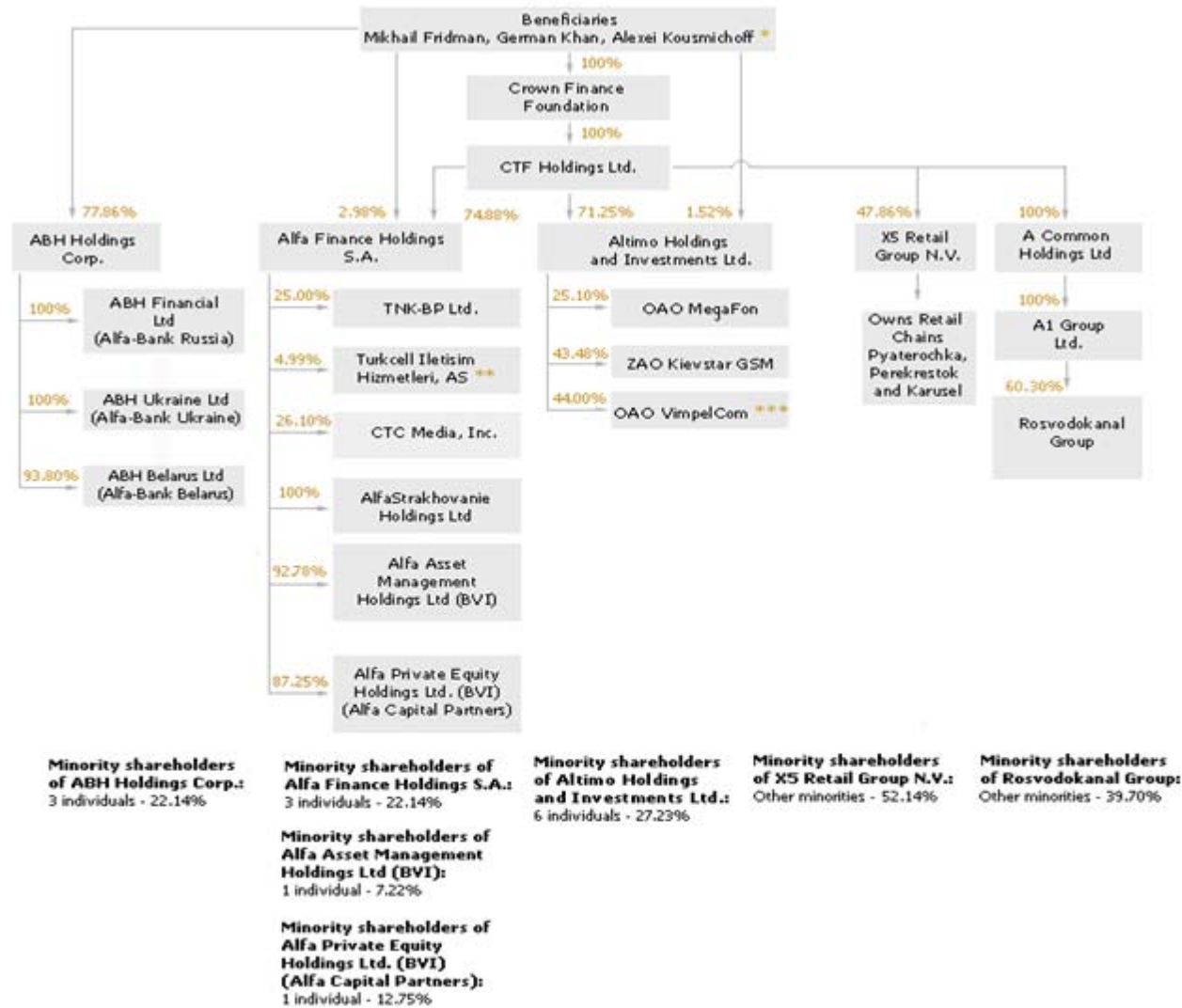
	31.03.2009	Diff	31.12.2008
Capital adequacy			
Tier 1	2 114 743	9 682	2 105 061
Tier 2	505 114	261 754	243 359
Total capital	2 619 857	271 436	2 348 421
Banking book	18 727 726	-3 371 639	22 099 366
Trading book	2 994 570	284 471	2 710 098
Total risk weighted assets	21 722 296	-3 087 168	24 809 464
Tier 1 ratio	9.7%	1.3%	8.5%
Total capital ratio	12.1%	2.6%	9.5%

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

Outlook 2009

Total Assets	~ US\$ 21-23 bn (FY 2008: 27.1 bn)
Loan Portfolio	Corporate loans: ~ US\$ 12-13 bn (FY 2008: 16.5 bn) Retail loans: ~ US\$ 1.7-2.0 bn (FY 2008: 2.7 bn)
Cost to Income Ratio	~ 41% (FY 2008: 36.6%)
Return on Equity	< 10% (FY 2008: 11.5%)
CAR	~ 10-12% (FY 2008: 9.5%)

Appendix: Organizational structure of Alfa Group



Certain intermediate holding companies are not shown in the above structure. Above structure includes major investments of the Group only.

* The controlling shareholders of Alfa Group.

** Managed by Altimo Holdings and Investments Ltd.

*** Effective voting interest.

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