

Investor and Analyst Conference Call

1st Half 2005 Results and 9 Months Highlights

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Record performance in H1 2005

Operating performance

- Loan growth of 19.2% to US \$4.9 bn compared to June 04
- Deposit growth of 10.9% to Us \$4.7 bn compared to June 04

Financial performance

- Net interest income growth of 27% y-o-y to US \$188 mln
- Net profit growth of 64% y-o-y to \$87 MM

Costs

- Opex reduced by 1.7% y-o-y due to strict cost control
- Cost / Income ratio improved to 56.3% from 65.8% in the end of June 2004

Capital

- CAR of 9.9%
- Proven commitment/support from shareholders

Ratings

- S&P: upgrade to BB-/Stable in November 05
- Moody's: Ba2/Positive, outlook change in August 05
- Fitch: B+/Stable affirmed in October 05

Key management ratios continue to improve

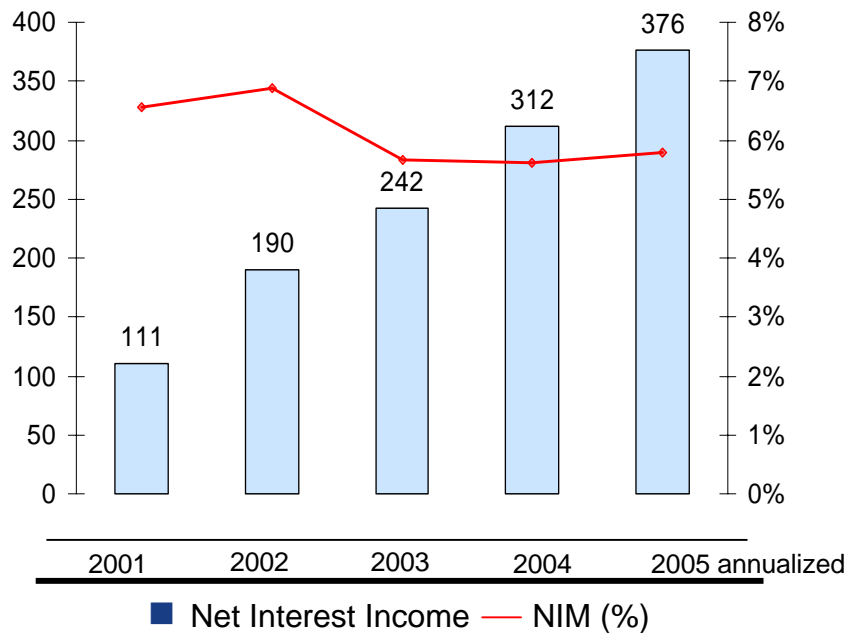
	<u>2003</u>	<u>2004</u>	<u>2004H1</u>	<u>2005H1</u>	<u>05H1 vs. 04H1</u>
Cost to Income Ratio	65.3%	60.3%	65.8%	56.3%	-950 bp
Return on Equity (annualized)	22%	24%	18%	24%	+600 bp
Operating Profit/Employee* (annualized) in \$000s	59.7	93.0	67.0	88.7	+ 32%
Earning Asset Growth (not annualized)	37%	26%	23%	15%	-800 bp
Headcount	5.933	4.919	5.812	5.431	- 381
Net Profit after Tax \$MMs	106	153	53	87	+ 64%

* Note: Operating profit is calculated using recurring operating profit only (see recurring profit page for details)

Net interest margin stabilization and balance sheet growth driven by lending

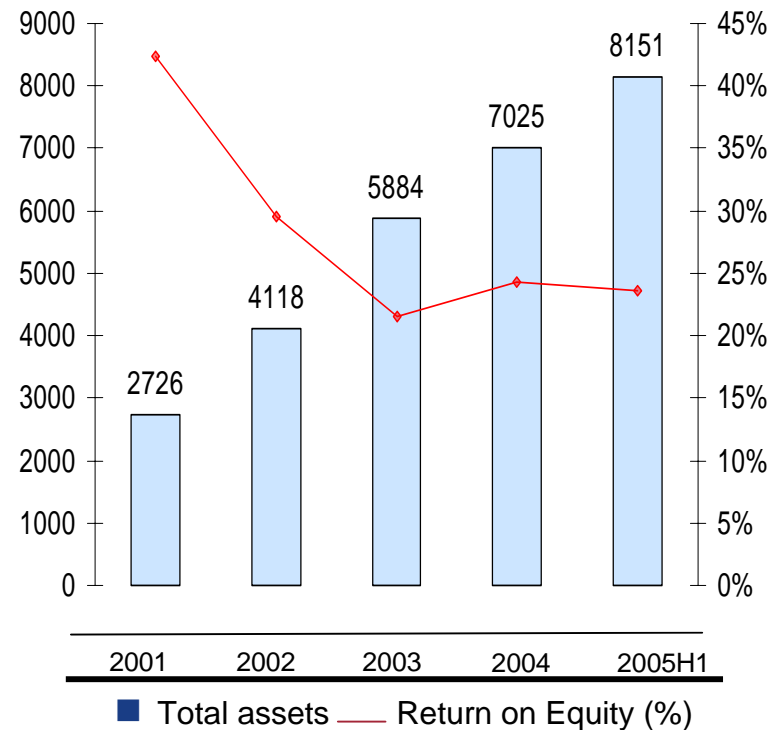
Net Interest Income

US\$MM

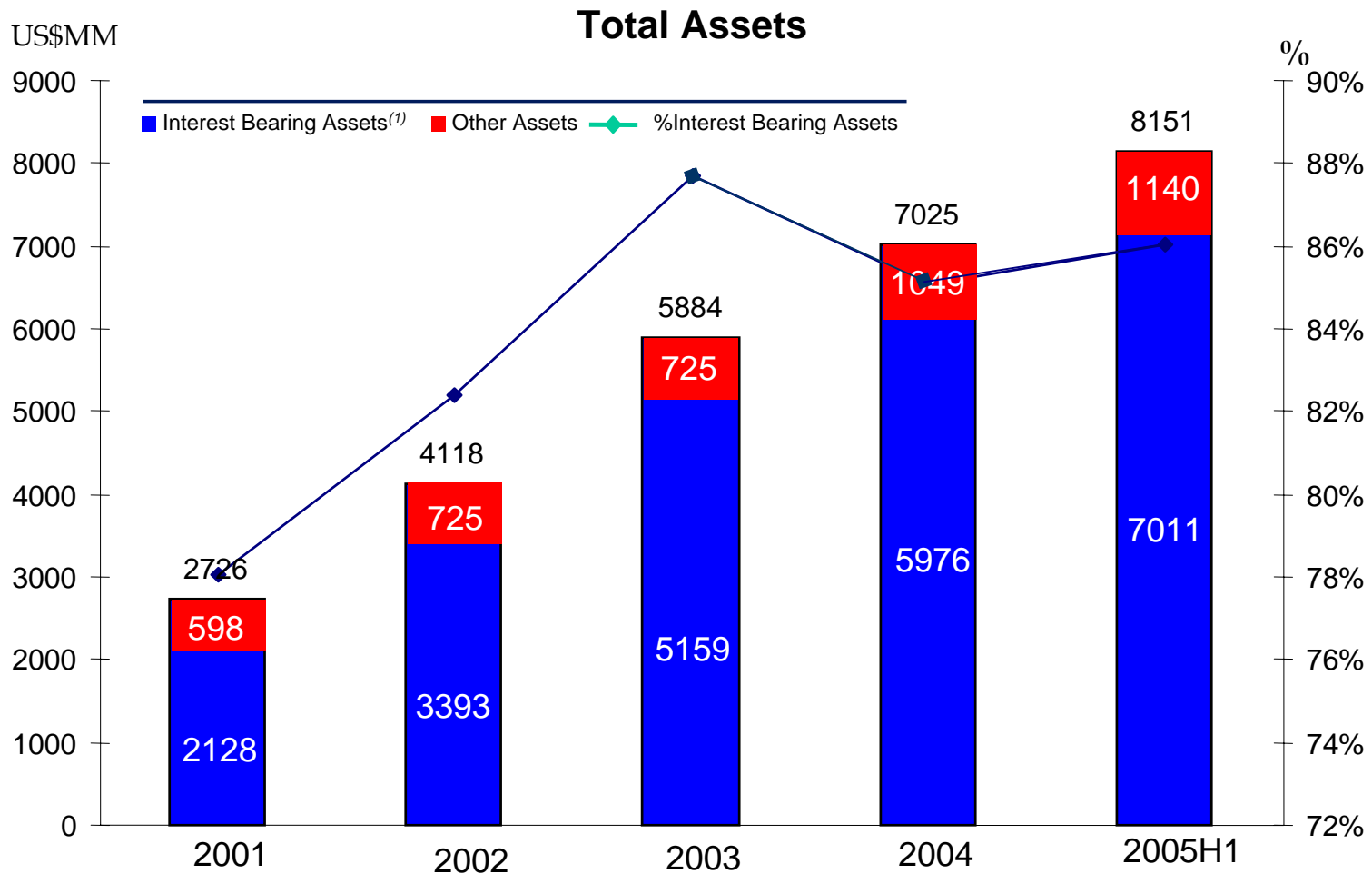


Balance Sheet

US\$MM



Interest bearing assets comprise over 85% of total assets



Managing growth without significant write-offs

(US\$m)	<u>Dec-03</u>	<u>Dec-04</u>	<u>June-05</u>
Total loans (gross)	3,642.0	4,297.9	5,118.4
Including overdue loans and advances (gross)	31.2	33.0	47.9
Provision for loan impairment	175.7	197.8	230.4
Total loans (net)	3,466.3	4,100.1	4,887.9
Loans and advances written off ⁽¹⁾	1.3	-	0.1

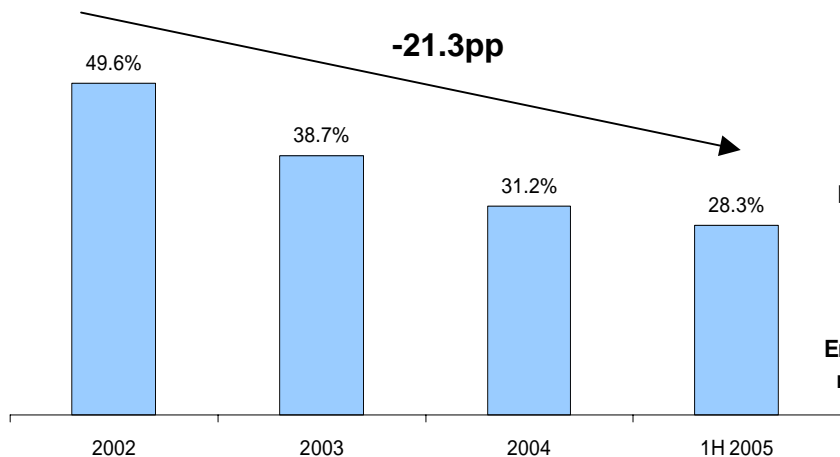
Ratios

Overdue loans and advances (gross) / Total loans (gross) (%)	0.9%	0.8%	0.9%
Overdue loans and advances coverage	5.6x	6.0x	4.8x
Provision for loan impairment / Total loans	4.8%	4.6%	4.5%

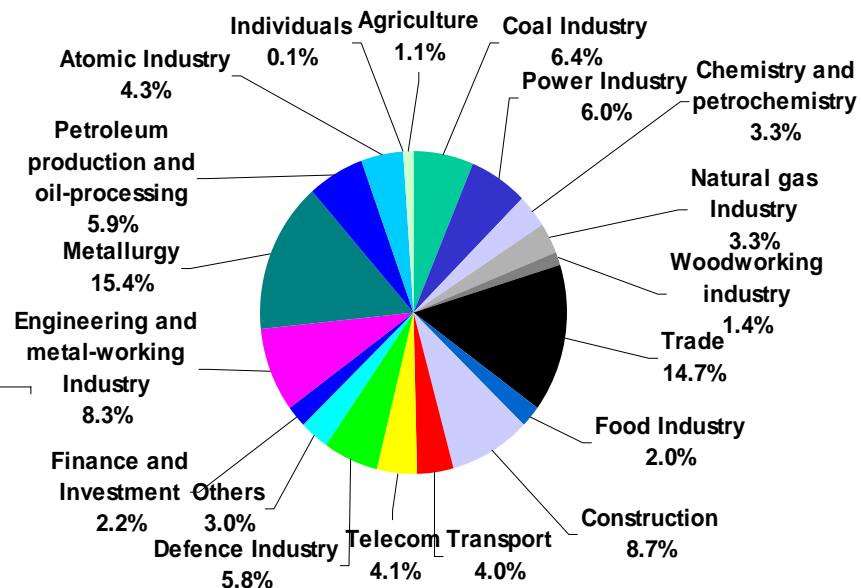
Source: Alfa Bank. Calculated in accordance with IAS-39

Loan concentration continue to reduce

Concentration of top 10 borrowers, in % of total loans



Loan portfolio as of June 2005



- Loan concentration of top 10 borrowers reduced to 28.3% of total loans by the end of 1H 2005 from 31.2% by the end of 2004
- No single industry concentrations greater than 20%
- Risk goal to maintain related party lending of < 5%
- Risk goal to reduce loan concentration of top 10 borrowers to <20% over the next several years

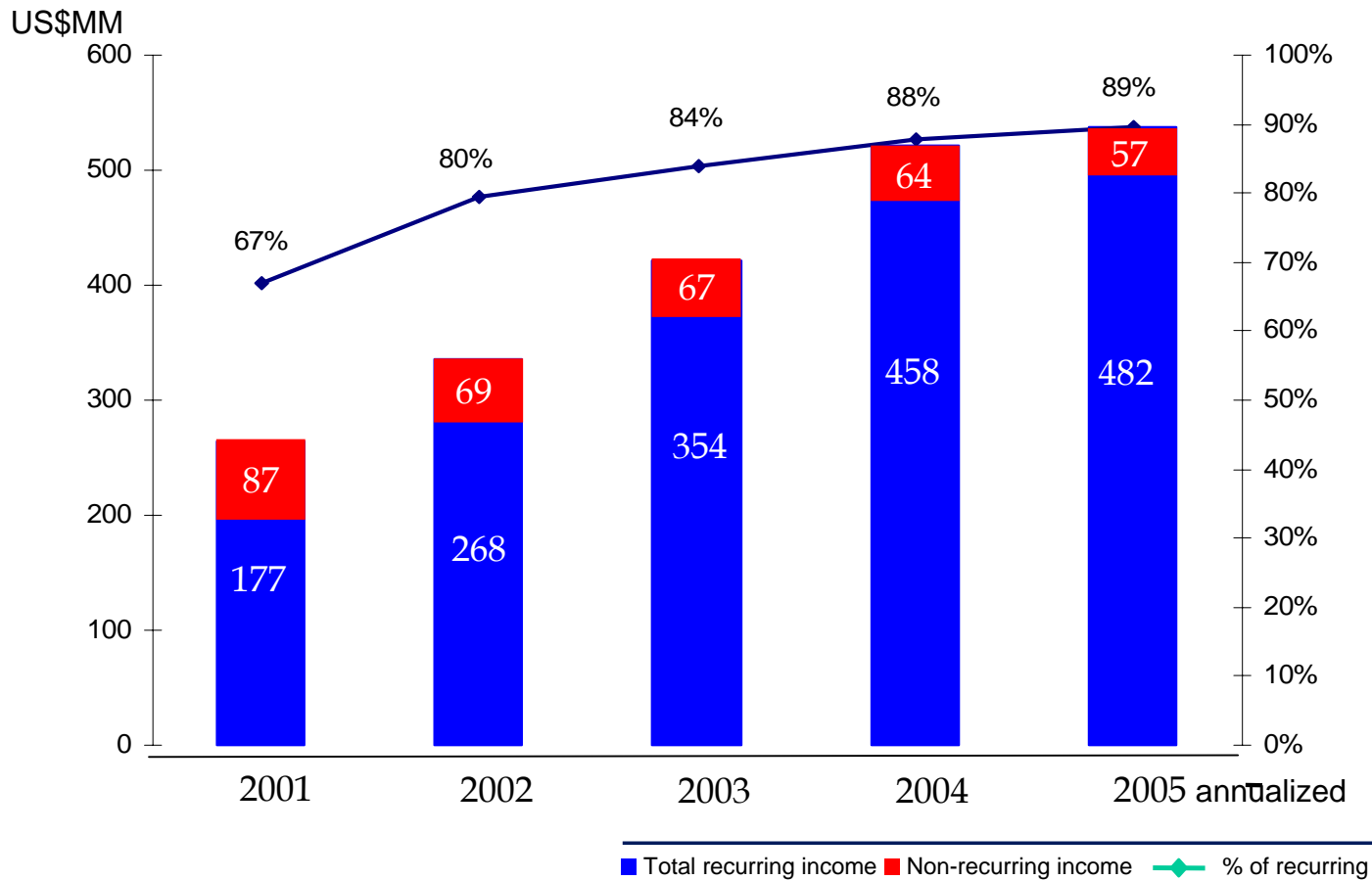
Sound net profit growth

In US\$MMs	<u>H105</u>	<u>H104</u>	<u>1H05/ 1H04, %</u>
Interest Income	\$320	\$275	16.4
Interest Expense	(132)	(127)	3.9
Net interest income	188	148	27.0
Provision for loan impairment	(33)	(16)	106.3
Net interest income after provision for loan impairment	155	132	17.4
Gains less losses arising from trading securities	19	-	-
Gains less losses arising from investment available for sale	1	-	-
Gains less losses arising from dealing in foreign currency	(5)	5	n/a
Gains less losses arising from revaluation of foreign currency	26	3	n/a
Net Fee and commission income	54	50	8.0
Other provisions	7	(2)	n/a
Other operating income	19	20	-
Operating income	276	208	32.7
Operating expenses	(170)	(149)	14.1
Profit before tax	106	59	79.7
Taxation expenses	(19)	(6)	n/a
Net Profit	\$87	\$53	64.2

- Larger portfolio and cheaper funding sources driving positive net interest income
- Higher provisions due to larger portfolio ... no issues with delinquency
- Strict cost controls and lower headcount than planned contributing to positive cost variance

Source: IAS audit reports / Alfa Bank budget.

Improved earnings predictability



* Consolidated data per IAS audit reports. Non recurring income comprised of Merchant Banking, Debt Programs and Corporate Finance income (Alfa Bank management reporting), as well as currency translation adjustment

Decline of operating expenses driven by strict cost control

In US\$MMs

<u>US\$ million</u>	<u>1H 05</u>	<u>H1 04</u>	<u>%</u>
Operating expenses			
Staff costs	97.5	93.7	4.1
Depreciation and other premises & equipment expenses	15.3	14.8	3.4
Rent	11.5	9.6	19.8
Computer and telecommunications expenses	7.4	6.8	8.8
Consulting and professional services	6.9	5.5	25.5
Maintenance	6.3	6.8	-7.4
Administrative expenses	5.1	6.1	-16.4
Taxes other than income tax	4.5	8.4	-46.4
Heat & utilities	2.0	1.6	25.0
Advertising and Marketing	2.0	4.3	-53.5
Travel expenses	1.8	1.5	20.0
<u>Other</u>	<u>9.3</u>	<u>13.6</u>	<u>-31.6</u>
Total	169.6	172.5	-1.7


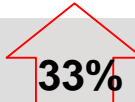
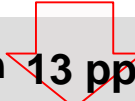
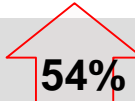
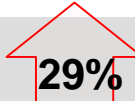
- Operating expenses declined by 1.7% in 1H/05 y-o-y despite 10-15% inflationary environment
- Increase in renting costs due to new Alfa Express branches in 2H 2004 and rent inflation in Moscow
- Low fixed cost advantage
2005 fixed costs** \$33.1MM
% of total costs 20%

* All data per IAS audit reports. 2004 financials adjusted for notional bonus accrual of \$28.5M (actual bonus accrual in June 2004 audit report was \$4.5M)

** including Depreciation, rent, and maintenance costs

Strong performance continues...

January-September 2005*

Net interest income	Up  30%	\$292.1 Mln
Net profit	Up  33%	\$138.5 Mln
Cost / Income	Down  13 pp	53%
Total loans	Up  54%	\$5.7 bn
Customer accounts	Up  29%	\$4.8 bn

* Preliminary unadited figures for 9 months 2005. For comparison unadited Jan.-Sept. 2004 figures are used

...supported by focused, consistent strategy

- Become the benchmark of modern banking in Russia with a healthy result oriented corporate culture
- Focus on four major businesses: investment banking, commercial banking, retail banking, and consumer finance
- Grow all 4 businesses into profitable divisions with leading market positions in each area in the mid-term
- Leverage synergies between businesses to maximize profitability
- Possible acquisitions of retail banking/consumer finance in regions ... should they present themselves (not actively looking)
- Return on equity of at least 20% annually
- Employer of choice in Russia

Financial targets 2005-2006

Cost to income ratio	<60%
Return on equity	above 20%
Market share	Maintaining commercial loan market share Retail DDA share growth of 25/50 bp/year on average
Operating profit	90% or higher recurring operating profit NIM margin between 55-60% of total operating profit
Profit after tax	Between US \$175-250 mln annually
Net commission profit	Between 23-27% of total profit
CAR	10-12%