Alfa-Bank

Full Year 2008 Results
21 April 2009

Andrew Baxter, Chief Financial Officer
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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 56,000 corporate clients**

Retail Banking

Branch Banking
- Current and Savings Accounts
- Debit and Credit Cards
- GSM Banking
- Internet Banking
- Personal Instalment Loans

Auto Finance

Consumer Finance

Mortgage Loans

Corporate and Investment Banking

- Corporate Lending
- Domestic and International Clearing
- SME Banking
- Leasing
- Trade Finance
- Structured Finance
- Factoring
- Cash Management
- Equity Brokerage
- Fixed Income Brokerage
- Research
- Debt and Equity Capital Markets
- Mergers & Acquisitions
- Structured Products and Derivatives

* Source: Superbrands International brand research, March 2008
** Figures as of January 1, 2009, including those of Severnaya Kazna
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$ 230.1 mln (FY 2007: US$ 253.5 mln)
- Provisions increased from US$ 380.7 mln (2.4% of loan portfolio) to
  US$ 1 190.2 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

Source: IFRS audited financial results
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 RTS $4 mln and VISA $23 mln.

Income from non-core activities in 2007 includes profit from investments in RTS $29.3 mln, share of Amtel’s results and its impairment $-30.3 mln.

Income from bond buy-back was $2.7 mln.

Source: IFRS audited financial results 2007, 2008

* 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 RTS $4 mln and VISA $23 mln.

** Income from non-core activities in 2007 includes profit from investments in RTS $29.3 mln, share of Amtel’s results and its impairment $-30.3 mln. Income from bond buy-back was $2.7 mln.
Assets and loan portfolio development

- Top 6 in terms of assets in Russia – largest private bank
- Top 6 Russian bank by corporate loan portfolio and top 7 – by retail portfolio
- Assets growth for the period from 31 December 2007 to 31 December 2008 is 19.4%

### Total assets (in US$, bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>7.0</td>
</tr>
<tr>
<td>2005</td>
<td>9.8</td>
</tr>
<tr>
<td>2006</td>
<td>15.2</td>
</tr>
<tr>
<td>2007</td>
<td>22.7</td>
</tr>
<tr>
<td>2008</td>
<td>27.1</td>
</tr>
</tbody>
</table>

### Retail loan portfolio (US$, mln)

<table>
<thead>
<tr>
<th>Year</th>
<th>Personal instalments loans &amp; credit cards</th>
<th>Consumer finance</th>
<th>Auto loans</th>
<th>Mortgages</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>762</td>
<td>226</td>
<td>319</td>
<td>677</td>
</tr>
<tr>
<td>2007</td>
<td>1753</td>
<td>531</td>
<td>499</td>
<td>962</td>
</tr>
<tr>
<td>2008</td>
<td>2686</td>
<td>509</td>
<td>705</td>
<td>962</td>
</tr>
</tbody>
</table>

### Corporate loan portfolio (US$, mln)

<table>
<thead>
<tr>
<th>Year</th>
<th>Corporate loans</th>
<th>SME loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>9 021</td>
<td>509</td>
</tr>
<tr>
<td>2007</td>
<td>13 666</td>
<td>705</td>
</tr>
<tr>
<td>2008</td>
<td>16 474</td>
<td>962</td>
</tr>
</tbody>
</table>

Source: IFRS audited financial results
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

* Source: IFRS audited financial results, including credit-related commitments
The largest sector in the loan portfolio, Construction, represents 17% of the total loan book (end-2007: Trade and Commerce, 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%).

Overdue loans increased due to the overall negative trend in the economy; corporate 90+ overdue loans comprised 1.0% of the portfolio, 30+ overdue – 2.9% as of December 31, 2008.

Progress achieved in retail portfolio quality – retail 30+ overdue loans decreased from 3.5% in 2007 to 3.2% in 2008, 90+ overdue dropped from 1.8% in 2007 to 1.3% by the end of 2008.

The increasing quality of the loan portfolio has allowed for a gradual decrease of provisioning rate from 4.6% in 2004 to 2.4% in 1H 2008, but due to the current market conditions, the provisioning rate has been raised to 6.2%.
Increased diversification of funding sources

**Liability structure**

- Corporate total accounts 25%
- Individual total accounts 25%
- Other borrowed funds 12%
- Promissory notes 2%
- Due to other banks 8%
- Due to CBR 22%
- Subordinated debt 2%
- Other 4%

**Customer accounts, (US$, bn)**

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>12.18</td>
<td>12.58</td>
<td>5.89</td>
<td>6.44</td>
<td>6.29</td>
<td>7.16</td>
</tr>
<tr>
<td></td>
<td>7.26</td>
<td>6.44</td>
<td>2.56</td>
<td>2.03</td>
<td>4.71</td>
<td>4.41</td>
</tr>
<tr>
<td></td>
<td>4.92</td>
<td>6.15</td>
<td>3.33</td>
<td>3.39</td>
<td>1.59</td>
<td>2.75</td>
</tr>
</tbody>
</table>

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

- Eurobonds (ECP, MTN, DPR)
- Syndicated loans
- Subordinated debt

**Year 2009 remaining – US$ 1.0 bln**

<table>
<thead>
<tr>
<th>Month</th>
<th>Eurobonds</th>
<th>Syndicated loans</th>
<th>Subordinated debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 09</td>
<td>59</td>
<td>94</td>
<td>41</td>
</tr>
<tr>
<td>Jun 09</td>
<td>246</td>
<td>103</td>
<td>18</td>
</tr>
<tr>
<td>Jul 09</td>
<td>367</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Aug 09</td>
<td>290</td>
<td>225</td>
<td>120</td>
</tr>
<tr>
<td>Sep 09</td>
<td>103</td>
<td>20</td>
<td>205</td>
</tr>
<tr>
<td>Oct 09</td>
<td>18</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Nov 09</td>
<td>20</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Dec 09</td>
<td>8</td>
<td>103</td>
<td>18</td>
</tr>
<tr>
<td>Nov 10</td>
<td>200</td>
<td>205</td>
<td>205</td>
</tr>
<tr>
<td>Dec 10</td>
<td>103</td>
<td>18</td>
<td>120</td>
</tr>
<tr>
<td>2011</td>
<td>225</td>
<td>337</td>
<td>211</td>
</tr>
<tr>
<td>2012</td>
<td>200</td>
<td>374</td>
<td>129</td>
</tr>
<tr>
<td>beyond 2012</td>
<td>205</td>
<td>200</td>
<td>120</td>
</tr>
</tbody>
</table>

**Liquidity management**

- IFRS cash as of YE 2008: $3.86 bln, 14.3% TA
- Cash as of 13.04.2009: $4.7 bln

**Additional funding sources available as of 13.04.2009**

<table>
<thead>
<tr>
<th>Source of Funding</th>
<th>Unused limit, USD mln</th>
</tr>
</thead>
<tbody>
<tr>
<td>HFS Portfolio</td>
<td>484</td>
</tr>
<tr>
<td>CBR and Ministry of Finance auctions</td>
<td>921</td>
</tr>
<tr>
<td>Cross Guarantee agreements</td>
<td>641</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2 046</strong></td>
</tr>
</tbody>
</table>

Next month average daily corporate loan redemption: $75.4 mln

Source: IFRS audited financial results
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 and total capital ratio to **10.5%**

* Preliminary CAR ratios, calculated in accordance with Basel standards
** Incl. subordinated loan from Vneshekonombank
<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>~ US$ 21-23 bn</td>
</tr>
<tr>
<td>Loan Portfolio</td>
<td></td>
</tr>
<tr>
<td>Corporate loans</td>
<td>~ US$ 12-13 bn</td>
</tr>
<tr>
<td>Retail loans</td>
<td>~ US$ 1.7-2.0 bn</td>
</tr>
<tr>
<td>Cost to Income Ratio</td>
<td>~ 41%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>&lt; 10%</td>
</tr>
<tr>
<td>CAR</td>
<td>~ 10-12%</td>
</tr>
</tbody>
</table>
Appendix
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

Alfa Group’s Holdings**

* Source: Alfa Group audited report FY 2007
** The stakes in the companies shown include effective minority stakes
### 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 Internet Bank in Russia 2008
- Best Domestic Bank 2008
- Best Equity Research Bank 2008
- Best Forex Bank in Russia, 2005, 2004
- 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
- Operational Risk Achievement Award for “Operational Risk Framework at an Institution Based in an Emerging Market”, 2005, 2004
- Best Equity Research Bank 2008
- Best Forex Bank in Russia, 2005, 2004
- Brand of the Year / EFFIE 2008 award for “My Alfa” banking card
- European Co-Brand Programme Award 2006 for Alfa-Bank - Aeroflot MasterCard Card Russia
- One of the most transparent banks according to the “Transparency and Disclosure by Russian Banks” 2007 research
Leading private bank in Russia with a healthy result oriented corporate culture

Top Russian banks by assets* (USD bln)

- **Sberbank**: $229.5
- **VTB**: $86.3
- **Gazprombank**: $59.2
- **Rosselhozbank**: $27.8
- **Alfa-Bank**: $25.5
- **VTB 24**: $23.4
- **Rossbank**: $16.9

**State controlled banks**

**Competitive advantages**
- Leading universal private bank in Russia
- Wide range and high quality of products
- Nationwide distribution
- Highly professional management
- Strong shareholder support and commitment
- Transparency
- Superior technology base
- Conservative risk management

**Strategy**
- Alfa-Bank is, and will remain, a universal bank, with the following core business lines: corporate and investment banking including SME, retail banking (including branch banking, auto and mortgage lending)
  - 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: rating.rbc.ru. Figures as of January 1, 2009
The market leader in corporate segment...

- Largest private bank by corporate customer accounts
- More than 56,000 corporate clients**, including leading Russian Blue Chip companies such as Russian Railways, RusAl, FSK UES
- 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

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Top Russian banks by corporate deposits* (USD bln)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Deposits (USD bln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sberbank</td>
<td>53.4</td>
</tr>
<tr>
<td>Gazprombank</td>
<td>26.2</td>
</tr>
<tr>
<td>Bank of Moscow</td>
<td>24.0</td>
</tr>
<tr>
<td>Alfa Bank</td>
<td>9.8</td>
</tr>
<tr>
<td>Rosneftbank</td>
<td>8.9</td>
</tr>
<tr>
<td>Unicredit Bank</td>
<td>8.3</td>
</tr>
<tr>
<td>Promsvyazbank</td>
<td>6.9</td>
</tr>
<tr>
<td>Rossbank</td>
<td>6.7</td>
</tr>
<tr>
<td>Uralsib</td>
<td>6.4</td>
</tr>
<tr>
<td>VTB</td>
<td>5.9</td>
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* Source: rating.rbc.ru. Figures as of January 1, 2009
** Including those of Severnaya Kazna. Source: Alfa-Bank’s management report March 2009

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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

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* Source: rating.rbc.ru. Figures as of January 1, 2009
** Including those of Severnaya Kazna. Source: Alfa-Bank’s management report March 2009
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 with 40% savings
- 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
... 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 (4.7% market share as of January 1, 2009)**
- Top 7 Russian bank by total retail portfolio
- Large distribution network – by the end of February 2009 – 268 retail branches
- Retail business (branch banking and CF) reached breakeven by the end of 2008
- Rated number 1 in consumer satisfaction index in H1 2008

### Retail loan portfolio (US$, mln)

<table>
<thead>
<tr>
<th>Year</th>
<th>Personal Instalments Loans &amp; Credit Cards</th>
<th>Consumer Finance</th>
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<td>962</td>
</tr>
</tbody>
</table>

* Including those of Severnaya Kazna. Source: Alfa-Bank management reports March 2009
** Source: CBR
*** Source: rating.rbc.ru

### 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
Acquisition of “Severnaya Kazna”

- The Bank was established in 1992. As of 1 January 2009 it held the 76th place by assets among Russian banks
- The 2nd largest regional bank by assets and loan portfolio in Chelyabinsk and Sverdlovsk regions, number 1 bank by capital, customer accounts and loan quality
- 40 branches and offices in 8 regions of Russia, more than 90% of premises are fully-owned by the bank
- As at December 2008, 1+ days corporate overdue loans comprised 0.6% of total portfolio, 90+ days retail overdue loans – 1.9%.
- Client base totals 450 thousand retail and 8 thousand corporate customers

Key indicators (US$, mln)

- Loans
- Customer accounts
- Assets

2005: Loans 363, Customer accounts 436, Assets 601
2006: Loans 591, Customer accounts 738, Assets 1025
2007: Loans 905, Customer accounts 1222, Assets 1520
2008: Loans 842, Customer accounts 793, Assets 1154
For questions about Alfa-Bank, please contact our Investor Relations:

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