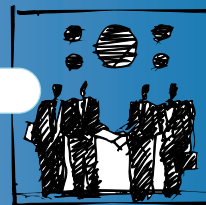


CORRESPONDENT BANKING



Alfa Bank's correspondent banking relationships with domestic and international financial institutions developed further in 1998, continuing the strategy begun in 1997. Strong expansion of the correspondent banking network and Alfa products and services was only slightly hindered by the effects of the financial crisis in the second half of the year.

Despite the difficulties faced by the financial sector in Russia, which followed the turmoil on global emerging markets late in 1997, Alfa Bank remained committed to refining its correspondent network, in order to offer our clients uninterrupted commercial banking services. By providing extensive information on market conditions and the financial position of the Bank in 1998, our international partners were able to maintain significant credit limits for Alfa Bank's trade finance and capital markets operations.

Working with more than 300 banks from Russia, the CIS and Baltic States in the beginning of 1998, Alfa Bank was able to expand its correspondent "loro account" network by 12.5% before August 17th and by 8% during the rest of the year. As a result, the volume of international settlements at year-end increased by 12% compared with the previous year. At the peak of the financial crisis, the domestic correspondent banking department was able to leverage off the financial stability of the Bank and provide special netting settlement services to assist its own clients and clients of other institutions in recovering funds from banks which had suspended operations as a result of liquidity problems.

On the international front, Alfa Bank's operations early in 1998 were only marginally affected by the repercussions of the emerging market volatility observed in late 1997. As many international correspondents began to get nervous with their Russian exposure, Alfa Bank – in its traditional proactive manner – began providing regular, no-nonsense updates on its own financial position and the goings-on in Russia (political, economic and financial), which helped calm these sentiments. This informational transparency allowed international financial institutions and rating agencies to form an objective opinion on the true state of the Russian banking system and led them to regard Alfa Bank as one of the most trustworthy and reliable Russian banks.

Against this ever-changing operational background in 1998, the Bank continued to participate in the Financial Institutions Development Program (FIDP) conducted under the supervision of the World Bank and the Russian Ministry of Finance. As part of the Institutional Development Program within the FIDP, consultants from the First Union National Bank (previously CoreStates Bank) and the Royal Bank of Scotland spent more than 50 weeks working with officers and managers from practically every department of the Bank.

Alfa Bank's efforts to honor all of its commitments have given our institution a high profile on both domestic and international markets. As an example for the third year running Alfa Bank has been awarded "Best Bank in Russia for 1999" by the Euromoney's Central European Magazine while Global Finance Magazine in its annual survey of the "Best Emerging Market Banks" named Alfa Bank "Best Russian Domestic Bank".

THE MAJOR FOREIGN CORRESPONDENTS OF ALFA-BANK:

Austria	Norway	Japan
BANK AUSTRIA ING-BANK RAIFFEISEN ZENTRALBANK	DEN NORSKE BANK	BANK OF TOKYO-MITSUBISHI
India	France	Canada
CANARA BANK	BANQUE NATIONALE DE PARIS B.C.E.N.EUROBANK	ROYAL BANK OF CANADA
Denmark	Belgium	Germany
DEN DANSKE BANK	GENERALE BANK	COMMERZBANK AG DRESDNER BANK AG BAYERISCHE HYPO-UND VEREINSBANK
Great Britain	Italy	Finland
MIDLAND BANK MOSCOW NARODNY BANK NATIONAL WESTMINSTER BANK	BANCA NAZIONALE DEL LAVORO	MERITA-BANK
USA	Turkey	Switzerland
BANK OF NEW YORK BANK OF AMERICA REPUBLIC NATIONAL BANK OF NEW YORK FIRST UNION BANK INTERNATIONAL	DISBANK	BANK JULIUS BAER UNION BANK OF SWITZERLAND
	Sweden	Spain
	SVENSKA HANDELSBANKEN	BANCO CENTRAL HISPANOAMERICANO

THE MAJOR CORRESPONDENTS OF ALFA BANK IN THE C.I.S.AND BALTIC STATES:

Azerbaijan	Kyrgyzstan	Turkmenistan
International Bank of Azerbaijan, Baku	Bishkek, Bishkek Kyrgyzkramdsbank, Bishkek Kyrgyzpromstroybank, Bishkek Kurulushbank, Bishkek Eridan, Bishkek	Central Bank of Turkmenistan, Ashgabad State Bank of Foreign Economic Activity, Ashgabad Investbank, Ashgabad
Armenia	Latvia	Uzbekistan
Central Bank of Armenia, Erevan Ardshinbank, Erevan Armimpexbank, Erevan Konversbank, Erevan United Bank, Erevan	The Baltic Trans Bank, Riga VEF-Bank, Riga Lateco Bank, Riga Pareks Bank, Riga Rietumu Bank, Riga Saules Bank, Riga	National Bank of Foreign Economic Activity of Uzbekistan Republic, Tashkent Uzprombank, Tashkent
Belarusia	Lithuania	Ukraine
Belarusbank, Minsk Belbusinessbank, Minsk Belvnesheconombank, Minsk Belarussian Stock Exchange Bank, Minsk	Vilnius Bank, Vilnius Germis Bank, Vilnius Lithuanian Savings Bank, Vilnius Snoras Bank, Vilnius Ukio Bank, Vilnius	Aval, Kiev First Ukrainian International Bank, Donetsk Privatbank, Dnepropetrovsk Bank Ukraine, Kiev Ukreximbank, Kiev
Georgia	Moldova	Estonia
National Bank of Georgia, Tbilisi Bank of Georgia, Tbilisi TBS-Bank, Tbilisi TbilComBank, Tbilisi	Savings Bank of Moldova, Chisinau Pridnestrovsky Republic Bank, Tiraspol Mobiasbank, Chisinau	Optiva Bank, Tallin Hansa Bank, Tallin Estonian Credit Bank, Tallin
Kazakhstan		
Almaty Trade and Finance Bank, Almaty Kazcommercbank, Almaty People's Savings Bank of Kazakhstan, Almaty Turanalem, Almaty Centr-Credit Bank, Almaty Export-Import Bank, Almaty		