

THE OPEN JOINT STOCK COMPANY «ALFA-BANK»

**«APPROVED»
BY THE GENERAL MEETING
OF SHAREHOLDERS**

(Minutes No. ____ of _____ , 2006)

**REGULATIONS OF THE BOARD OF DIRECTORS
OF THE OPEN JOINT STOCK COMPANY
“ALFA-BANK”**

**MOSCOW
2006**

1. GENERAL

1.1. These Regulations have been developed pursuant to Federal Law “On Joint Stock Companies” of 26.12.1995 No. 208-FZ (hereinafter referred to as the Law) and the Charter of the OPEN JOINT STOCK COMPANY “ALFA-BANK” (hereinafter referred to as “Bank”).

1.2. These Regulations determine status, procedures of formation of the Bank Board of Directors (“Board of Directors”), its competence, rights, duties and responsibility of the members of the Board of Directors as well as its procedure of work.

1.3. The Board of Directors is a Bank’s governing body which implements general management of Bank’s activities except matters referred by the Law and the Charter of the Bank to the competence of the General Meeting of Shareholders.

In its activities the Board of Directors shall be guided by the legislation of the Russian Federation, normative acts of the Bank of Russia, the Charter of the Bank, resolutions of the General Meeting of the Shareholders, these Regulations and other in-house documents of the Bank.

Resolutions of the General Meeting of Shareholders passed within its competence, shall be binding on the Board of Directors.

1.4. The main functions of the Board of Directors shall be:

- to determine the Bank’s development strategy and priority lines of its activities;
- to ensure exercise and protection of its shareholders’ rights , to resolve corporate conflicts;
- to consider and approve business-plans and reports on implementation thereof;
- to approve human resources management policy, system of remuneration and other payments;
- to ensure effective control over Bank’s financial and economic activities;
- to control effectiveness of the executive bodies;
- to organize the bank risk management activities, internal control, including counteracting to legalization (money-laundering) of proceeds from crime and terrorism financing;
- to approve the Bank’s in-house documents relating to matters within its competence.

1.5. The Board of Directors shall be accountable to the General Meeting of Shareholders and shall bear responsibility for the successful development of the Bank.

2. COMPETENCE OF THE BOARD OF DIRECTORS

2.1. The Board of Directors shall be entitled to take decisions on matters referred to its competence by the Law and the Charter of the Bank.

2.2. The following issues are referred to the authority of the Board of Directors:

2.2.1. To determine priority lines of Bank’s activities;

2.2.2. To call annual and extraordinary General Meetings of Shareholders in accordance with the established order;

2.2.3. To approve the agenda of the General Meeting of Shareholders;

2.2.4. To determine the date of making a list of the persons entitled to participate in the General Meeting of Shareholders and to resolve other matters relating to preparation and holding of the General Meeting of Shareholders referred to the competence of the Board of Directors pursuant to the Law;

2.2.5. To place Bank’s bonds and other securities in the cases envisaged by the Law, except for bonds and other emission securities convertible into shares;

2.2.6. To determine a price (money value) of property, price of placement and repurchase of securities as provided by the Law;

- 2.2.7. To acquire shares, bonds and other securities placed by the Bank as provided by the Law;
- 2.2.8. To elect the Chairman of the Executive Board and members of the Executive Board and terminate their offices ahead of time, to elect the Chairman and members of the Audit Committee;
- 2.2.9. To approve the results of additional placement of shares;
- 2.2.10. To recommend to the General Meeting of the Bank's Shareholders the amounts of remuneration and compensation to be paid to the members of the Bank's Audit Committee and determine the amount of payment for the services of the Bank's auditor;
- 2.2.11. To recommend to the General Meeting of the Bank's Shareholders the share dividend rate and procedure of payment thereof;
- 2.2.12. To utilize the reserve fund and other funds of the Bank;
- 2.2.13. To approve in-house documents of the Bank except in-house documents, the approval of which is referred to the competence of the General Meeting of Shareholders by the Law and to the competence of the Bank executive bodies by the Bank Charter;
- 2.2.14. To open branches and representative offices of the Bank;
- 2.2.15. To approve large transactions in the case when such a decision is referred to the competence of the Board of Directors by the Law;
- 2.2.16. To approve related-party transactions when such a decision is referred to the competence of the Board of Directors by the Law;
- 2.2.17. To approve related-party lending transactions, if the credit limits set for such related parties are exceeded;
- 2.2.18. To approve a registrar of the Bank and terms of the contract concluded with it, and to terminate the contract therewith;
- 2.2.19. To take decisions on participation in other organizations, except matters of participation in holding companies, financial and industrial groups, associations and other unions of commercial organizations;
- 2.2.20. To take decisions on writing off bad debts and debts equated to them from Bank's balance sheet out of loss provisions, and, in case of their insufficiency, on writing them off as losses of the reporting year;
- 2.2.21. To form committees of the Board of Directors and approve regulations thereof;
- 2.2.22. To resolve matters relating to the internal control over Bank's financial and economic activities:
- organization and functioning of the effective internal control;
 - regular review of the internal control efficiency at the meetings, and discussion of the matters relating to organization of the internal control and ways to improve its efficiency with the Bank's executive bodies;
 - consideration of documents relating to the internal control system organization prepared by the Bank's executive bodies, internal control service, officer (responsible employee, structural unit) in charge of anti-money laundering and counteraction to terrorism financing, by other Bank units, audit company performing (having performed) an audit;
 - taking measures which ensure prompt implementation of recommendations and comments of the internal control service, audit company performing (having performed) an audit and supervisory bodies by the Bank executive bodies;
 - prompt assessment of adequacy of the internal control to nature, scope and conditions of the Bank's activities in case of their change;
- 2.2.23. To resolve any other matters provided for by the Law and the Charter of the Bank.
- 2.3. Matters within the competence of the Board of Directors shall not be handed over to the Bank's executive bodies for decision making.

3. MEMBERSHIP AND TERM OF OFFICE OF THE BOARD OF DIRECTORS

3.1. Only a natural person shall be a member of the Board of Directors. A member of the Board of Directors may not be a shareholder of the Bank.

3.2. Members of the Executive Board of the Bank shall not make up more than one fourth of the number of the members of the Board of Directors.

3.3. Members of the Board of Directors shall not be members of the counting commission and auditing commission of the Bank.

3.4. The person performing the functions of the Chairman of the Executive Board of the Bank shall not hold office of the Chairman of the Board of Directors at the same time.

3.5. The number of members of the Board of Directors shall be determined by a decision of the General Meeting of Shareholders and it shall not be less than five members.

3.6. The members of the Board of Directors shall be elected by the General Meeting of Shareholders for the term till the next annual General Meeting of Shareholders and they may be re-elected for an unlimited number of times. If no annual General Meeting of Shareholders has been held within the time stipulated by the Charter and item 1 of article 47 of the Law, the powers of the Board of Directors shall terminate except the authority to prepare, convene and hold an annual General Meeting of Shareholders.

3.7. Shareholders (a shareholder) owning in total no less than 2 (two) per cent of voting shares of the Bank have right to nominate candidates for the Board of Directors, and the number of such candidates shall not exceed the numerical membership thereof.

3.8. Should there be no proposals on nomination of candidates to the Board of Directors or the number of candidates nominated by shareholders for formation of the Board of Directors be insufficient, the Board of Directors shall be entitled to include candidates to the Board of Directors on the agenda of the General Meeting of Shareholders at its own discretion.

3.9. Candidates to the Board of Directors shall enjoy shareholders' trust, have high professional and business reputation, knowledge and experience required for decision-making; be able to make contribution to the activities of the Board of Directors and work for achievement of the common result as well as comply with the qualification requirements established by the banking legislation.

3.10. Members of the Board of Directors shall be elected by cumulative vote. In case of cumulative vote the number of votes owned by each shareholder shall be multiplied by the number of the persons to be elected to the Board of Directors, and a shareholder shall be entitled to cast all the votes obtained thereby for one candidate or allocate them to two and more candidates. The candidates who received the greatest number of votes shall be deemed elected.

3.11. Office of all the members of the Board of Directors may be terminated ahead of time by decision of the General Meeting of Shareholders.

If a proposed agenda of the General Meeting of Shareholders includes an item concerning early termination of office of the members of the Board of Directors, the Board of Directors (and in the cases provided by the Law, other bodies or persons) shall include on the agenda of the General Meeting of Shareholders an item concerning election of members of the Board of Directors, along with the item concerning termination of office of the members of the Board of Directors ahead of time, . New members of the Board of Directors shall be elected by the same General Meeting of Shareholders, at which the decision to terminate office of the members of the Board of Directors ahead of time is taken.

4. CHAIRMAN OF THE BOARD OF DIRECTORS

4.1. The Chairman of the Board of Directors shall be elected by the members of the Board of Directors from among them by majority vote of the total number of the members of the Board of Directors. By decision of the Board of Directors the First Deputy Chairman of the Board of Directors as well as deputies of the Chairman of the Board of Directors may be elected from among the members of the Board of Directors by majority vote of the total number of the members of the Board of Directors

4.2. The Board of Directors shall be entitled to reelect the Chairman of the Board of Directors, First Deputy and Deputies Chairman of the Board at any time.

4.3. The Chairman of the Board of Directors shall manage activities of the Board of Directors, organize its work, convene meetings of the Board of Directors and preside at meetings, determine the agenda and form of forthcoming meetings of the Board of Directors, sign minutes of meetings of the Board of Directors, preside at the General Meeting of Shareholders, sign a contract with the Chairman of the Executive Board on behalf of the Bank, perform other functions stipulated by the Law, the Charter of the Bank and these Regulations.

4.4. In the absence of the Chairman of the Board of Directors his functions shall be performed by the First Deputy Chairman of the Board of Directors, and, in his absence, by one of Deputies Chairman of the Board of Directors by decision of the Board of Directors.

4.5. The Chairman of the Board of Directors shall be entitled to instruct the Chairman of the Executive Board of the Bank to involve specialists in specific spheres of knowledge required for the Board of Directors to make a qualified judgment on any matter within the tasks and competence of the Board of Directors and instruct the executive bodies of the Bank to prepare documents, opinions and other materials concerning items considered at meetings of the Board of Directors.

5. RIGHTS, OBLIGATIONS AND LIABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

5.1. In their activities the members of the Board of Directors shall be guided by the legislation of the Russian Federation, normative acts of the Bank of Russia, Charter of the Bank, resolutions of the General Meeting of Shareholders, these Regulations and other in-house normative documents of the Bank.

5.2. Members of the Board of Directors shall perform their responsibilities in good faith and in a reasonable manner in the interests of the shareholders and Bank on the whole, actively participate in meetings of the Board of Directors, refrain from actions which will result or may potentially result in a conflict of interests, disclose in good faith and in full volume the information on their interest in Bank's transactions.

5.3. Members of the Board of Directors shall have the right to receive from the executive bodies of the Bank, its subdivisions and services, branches, subsidiary companies and representative offices, officers of the Bank, counting and auditing commissions (inspector) any documents required for execution of the functions and powers of the Board of Directors, familiarize themselves with regulatory, accounting, reporting, financial and other documents and materials, including full auditors reports, resolutions of the Executive Board as well as to request any other information relating to the Bank's activities.

The Chairman of the Bank's Executive Board, other officers, bodies and subdivisions shall furnish the requested documents and information within 5 calendar days upon the request receipt.

5.4. Members of the Board of Directors shall be entitled to propose items to be included into the agenda of a meeting of the Board of Directors, consider at meetings of the Board of Directors any matters relating to Bank's activities, make proposals and vote on draft resolutions of the Board of Directors under consideration.

5.5. By decision of the General Meeting of Shareholders, during the period of discharge of their duties the members of the Board of Directors may receive a remuneration and (or) compensation of expenses connected with their performance of the functions of the members of the Board of Directors in the amount established by the General Meeting of Shareholders.

5.6. Members of the Board of Directors shall also have other rights in accordance with these Regulations, the Charter of the Bank and Russian Federation legislation.

5.7. Members of the Board of Directors shall personally participate in meetings of the Board of Directors. Should it be impossible for a member of the Board of Directors to attend a meeting of the Board of Directors in person, this member of the Board of Directors shall notify the Board of Directors accordingly specifying the reasons. At the same time the member of the Board of Directors shall be entitled to send his opinion in writing about items of the agenda of the Board of Directors meeting in accordance with these Regulations.

5.8. Members of the Board of Directors shall duly execute the decisions taken by the General Meeting of Shareholders and the Board of Directors, as well as requests of the Board of Directors.

5.9. Members of the Board of Directors shall not disclose and trade any confidential information on Bank's activities, insiders information and information constituting the Bank's secret in accordance with the in-house documents of the Bank which may become known to them, as well as the bank secret in general.

5.10. Members of the Board of Directors shall promptly bring to the attention of the Board of Directors, Audit Committee and auditor of the Bank the information:

- on legal entities, in which they own independently or jointly with their affiliated person (persons) 20 or more percent of voting shares (stakes, participatory interests);
- on legal entities in managing bodies of which they hold offices;
- on transactions being effected or planned, of which they know, in which they may be acknowledged as interested parties.

Interest of a member of the Board of Directors shall be determined in accordance with article 81 of the Law.

5.11. Pursuant to item 2 of article 71 of the Law, members of the Board of Directors shall be liable to the Bank in the order established by the legislation of the Russian Federation and the Charter of the Bank for improper execution of their duties, for losses caused with their culpable commission/omission, and shall be liable to the Bank or its shareholders for losses caused with their culpable commission/omission violating the established order of share acquisition.

At the same time members of the Board of Directors having voted against the resolution which caused losses to the Bank, or having not taken part in the vote, shall not be held liable.

In determining grounds and extent of liability of the members of the Board of Directors, normal conditions of business intercourse and other circumstances of relevance for the case shall be taken into account. Should several persons be liable pursuant to article 71 of the Law, their liability to the Bank shall be joint and several.

6. CONVENING MEETINGS OF THE BOARD OF DIRECTORS

6.1. A meeting of the Board of Directors shall be convened by the Chairman of the Board of Directors on his own initiative, at the request of a member of the Board of Directors, Executive Board, Chairman of the Executive Board, Audit Committee, auditor of the Bank
In the absence of the Chairman of the Board of Directors a meeting of the Board of Directors shall be convened by a member of the Board of Directors performing his functions in accordance with item 4.4. hereunder.

6.2. A request to convene a meeting of the Board of Directors shall contain:

- information on the person (body) submitting the request to convene a meeting;
- formulation of the meeting agenda items;
- justification (reasons) of raising these issues;
- documents and materials required for consideration of the issues raised ;
- a signature of the person (head of the body) requesting to convene the meeting.

6.3. The person having submitted the request to convene a meeting of the Board of Directors shall also have the right to propose a date of the meeting of the Board of Directors, its form (joint presence or absentee vote) and draft resolution on the corresponding item of the agenda.

6.4. The Chairman of the Board of Directors takes a decision on refusal to convene a meeting of the Board of Directors, if the item has been submitted by a non-authorized person, is not referred to the competence of the Board of Directors or if a requisition to convene a meeting of the Board of Directors does not contain the information stipulated by clause 6.2. of these Regulations.

6.5. Pursuant to the Law the Chairman of the Board of Directors shall convene a meeting of the Board of Directors:

- for consideration of shareholders' proposals on items to be included into the agenda of the annual General Meeting of Shareholders and nomination of candidates for the managing bodies and control bodies;
- for taking a decision on convening the annual General Meeting of Shareholders and decisions on other matters relating to convening and holding such a meeting envisaged by the Law, Charter of the Bank and Regulations of the General Meeting of Bank Shareholders;
- for convening an extraordinary General Meeting of Bank Shareholders for election of new members of the Board of Directors authorized to take decisions, in the cases when the number of the members of the Board of Directors does not ensure a quorum for decision-making.

6.6. Any documents and materials relating to the items of the agenda of the meeting of the Board of Directors shall constitute confidential information, which shall not be disclosed, communicated to third persons or disseminated in any way.

7. QUORUM OF A MEETING. DECISION MAKING

7.1. A quorum for holding a meeting of the Board of Directors of the Bank shall be 2/3 of the number of the elected members of the Board of Directors. Should the number of the members of the Board of Directors become less than the number constituting the said quorum, the Board of Directors shall take a decision to hold an extraordinary General Meeting of Shareholders to elect new members of the Board of Directors. The remaining members of the Board of Directors shall have the right only to take a decision on convening such an extraordinary General Meeting of Shareholders.

7.2. In deciding whether there is a quorum and making decisions at the meeting on agenda items, the Board of Directors shall also take into account written opinions of the members of

the Board of Directors absent from the meeting of the Board of Directors, if such a written opinion expressly evidences the attitude of a member of the Board of Directors to the issue under consideration (“for”, “against”, “abstained”).

The opinion of a member of the Board of Directors absent from the meeting shall be submitted prior to voting on the items of the agenda in writing and shall bear his personal signature. If the Board of Directors takes a decision taking into account a written opinion statement, such a written statement shall be filed with the minutes. The written opinion statement shall be brought to the attention of the present members of the Board of Directors by the chairman of the meeting prior to discussion of the corresponding items at the meeting of the Board of Directors. If the member of the Board of Directors is present at the meeting of the Board of Directors, his written opinion statement received prior to the meeting shall not be announced at the meeting and shall not be taken into account for quorum ascertainment and vote results calculation.

8.3. Decisions at a meeting of the Board of Directors shall be taken by majority vote of the members of the Board of Directors participating in the meeting, unless more votes are required pursuant to the Law and Charter of the Bank, or by absentee vote. Each member of the Board of Directors shall have one vote. No transfer of the right to vote by a member of the Board of Directors to any other person, including another member of the Board of Directors of the Bank shall be permitted.

A decision on implementation of large transaction, the subject matter of which is property with the value ranging from 25 to 50 percent of the book value of the Bank’s assets calculated based on its accounting reports on the last reporting date shall be taken by the Board of Directors unanimously, and the votes of the members of the Board of Directors who quit shall not be taken into account.

Should the Board of Directors fail to achieve unanimity on making a major transaction, the Board of Directors may refer such a major transaction issue to the General Meeting of Shareholders.

7.4. Besides members of the Board of Directors, a meeting of the Board of Directors may be attended by invitees.

7.5. A decision of the Board of Directors may be taken by absentee vote. The decision to hold an absentee vote shall be taken by the Chairman of the Board of Directors.

7.6. For holding absentee vote, absentee vote notices and voting papers shall be sent to all the members of the Board of Directors. The form of a voting paper for absentee vote shall be approved by the Chairman of the Board of Directors. An absentee voting paper shall contain the following information: full corporate name and location of the Bank, the deadline for submission of completed voting papers; the address for submission of completed voting papers, the formulation of each item put to the vote and respective vote options worded as «for», «against» and «abstained», a note that the voting paper shall be signed by the member of the Board of Directors. Information required for decision-making shall be attached to voting papers sent to the members of the Board of Directors. Voting papers shall be sent to the members of the Board of Directors no later than 5 calendar days prior to the deadline for submission of voting papers.

7.7. Members of the Board of Directors, whose voting papers have been received by the Board of Directors prior the date of submission of the completed voting paper specified in the voting paper shall be deemed having participated in the absentee vote.

7.8. A voting paper may be recognized as null and void fully or partially as regards specific items, if any marks are available in more than one column of vote options on the item, or if the voting paper bears no signature of the voting member of the Board of Directors.

7.9. The minutes are made on the basis of the absentee vote results pursuant to section 8 of these Regulations.

8. MINUTES OF A MEETING OF THE BOARD OF DIRECTORS

8.1. Minutes shall be taken during the meetings of the Board of Directors. Minutes of the absentee vote results shall be made as well.

The minutes of a meeting shall be made by a person authorized by the Board of Directors not later than 3 (three) days after the meeting day.

8.2. The minutes of a meeting of the Board of Directors shall be signed by the Chairman of the Board of Directors (or a person who chaired the meeting in the absence of the Chairman of the Board of Directors) who shall be liable for the correctness of minutes.

8.3. The minutes shall specify: place and time of the meeting, meeting form; attendees, agenda of the meeting, items put to the vote and vote results, decisions taken. At the request of a member of the Board of Directors who voted against a decision or abstained from voting on any item of the agenda of the meeting of the Board of Directors, his personal opinion shall be recorded in the minutes of the meeting of the Board of Directors.

8.4. If a decision of the Board of Directors is taken by absentee vote, the minutes of the meeting (absentee vote) shall specify: the date of the minutes, the form of the meeting (absentee vote), the members of the Board of Directors who submitted completed voting papers within the time indicated in the voting paper, the agenda, the items put to the vote and vote results, the decisions taken.

The minutes of a meeting (absentee vote) shall be made by a person authorized by the Chairman of the Board of directors no later than within 3 calendar days from the date set for submission of completed voting papers. The minutes shall be signed by the Chairman of the Board of Directors. Voting papers signed by the members of the Board of Directors shall be attached to the minutes.

8.5. The Bank shall keep the minutes of meetings of the Board of Directors at the location of its executive bodies in the order and for the periods of time established by the legislation of the Russian Federation.

8.6. The Bank shall provide access to the minutes of the Board of Directors in the order established by the Law. Minutes of meetings of the Board of Directors shall be accessible for familiarization to any shareholder of the Bank, member of the Board of Directors, member of the Auditing Commission, Bank auditor, Chairman and members of the Executive Board, official representatives of the state authorities and administration. By decision of the Chairman of the Board of Directors copies of minutes of meetings of the Board of Directors may also be provided to other persons at their request.

9. COMMITTEES OF THE BOARD OF DIRECTORS

9.1. The Audit Committee may be established to help the Board of Directors to control the Bank's financial and economic activities.