



2007

ANNUAL REPORT

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1 Introduction. General Director's address



DEAR CLIENTS, COLLEAGUES AND PARTNERS!

HERE IS THE ANNUAL REPORT OF ALFASTRAKHOVANIE INSURANCE GROUP WHERE WE SUMMARIZE OUR ACTIVITY IN YEAR 2007. WE'LL PRESENT THE KEY RESULTS OF OUR OPERATIONS FOR THE PAST YEAR AND ACQUAINT YOU WITH THE MAIN PLANS AND OBJECTIVES THAT OUR COMPANY SETS FOR THE FUTURE.

PREVIOUS YEAR COULD BE CHARACTERIZED AS A LANDMARK AND VERY FRUITFUL FOR THE COMPANY. WE MANAGED TO STRENGTHEN OUR POSITIONS IN THE RUSSIAN INSURANCE MARKET AND TO INCREASE DRAMATICALLY FINANCIAL RESULTS. IN 2007 ALFASTRAKHOVANIE CONTINUED ITS EXPANSION IN THE REGIONS, WE GOT A NEW ORGANIZATIONAL STRUCTURE, WE LAUNCHED NEW SALES CHANNELS, REACHED A NEW LEVEL OF CUSTOMER SERVICE, PROPOSED A NUMBER OF NEW SUCCESSFUL PRODUCTS, AND CONDUCTED REBRANDING. ACCORDING TO THE FINANCIAL REPORTS, ALFASTRAKHOVANIE NET PROFITS INCREASED 7 TIMES IN COMPARISON WITH YEAR 2006.

IN ACCORDANCE WITH OUR STRATEGY OF REGIONAL DEVELOPMENT WE WIDENED OUR PRESENCE IN THE REGIONS: IN 2007 WE OPENED MORE OVER 50 NEW BRANCHES, STARTED NEGOTIATIONS WITH THE LEADING INSURER IN URALS REGION - INSURANCE COMPANY SKM, AND THE RESULT OF THE NEGOTIATIONS IS ACQUISITION OF THAT COMPANY. WE ALSO PLANNED SEVERAL OTHER MAJOR DEALS IN THE REGIONS. WE ARE TRYING TO MAKE ALFASTRAKHOVANIE SERVICES AVAILABLE FOR MORE CUSTOMERS AROUND THE COUNTRY - TODAY MORE THAN 350 BRANCHES AND OFFICES ARE OPERATING.

THE PRIORITIES FOR OUR CLIENTS ARE QUALITY OF SERVICES, COMFORT AND RELIABILITY. THAT IS WHY THE KEY DIRECTIONS OF ALFASTRAKHOVANIE OPERATIONS ARE CONSTANT IMPROVEMENT OF SERVICE AND DEVELOPMENT OF NEW INSURANCE PRODUCTS AND FLEXIBLE PROGRAMS SUITABLE FOR INDIVIDUAL REQUIREMENTS OF EACH PARTICULAR CLIENT. IN THIS RESPECT 2007 YEAR WAS NOT THE EXCEPTION: WE LAUNCHED A NUMBER OF NEW SUCCESSFUL PRODUCTS, AND THE COMPANY ACHIEVEMENTS IN CUSTOMER SERVICE WERE ACKNOWLEDGED BY THE AWARD IN CUSTOMER SERVICE NOMINATION OF "FINANCIAL OLYMPUS-2007" PROFESSIONAL CONTEST. HIGH RELIABILITY OF THE COMPANY'S INSURANCE OPERATIONS IS GUARANTEED BY COOPERATION WITH LEADING REINSURANCE COMPANIES IN RUSSIA AND WORLDWIDE. ALFASTRAKHOVANIE HAS THE HIGHEST RATING OF RELIABILITY (A++) OF "EXPERT RA", AND SINCE APRIL, 2008 - FITCH INTERNATIONAL RATING OF FINANCIAL STABILITY.

WE THANK OUR CLIENTS AND PARTNERS FOR MUTUAL COOPERATION; IT WOULD BE DIFFICULT FOR US TO ACHIEVE SUCH RESULTS WITHOUT YOU. WANT TO EMPHASIZE THAT WE WILL NOT STOP IN OUR DEVELOPMENT AND WE KEEP ON WORKING UNDER THE HIGH-PRIORITY INSURANCE PROGRAMS IN RETAIL AND CORPORATE SEGMENTS, WE CONTINUE DEVELOPMENT OF OUR OWN REGIONAL NETWORK AND IMPROVE EFFICIENCY OF THE COMPANY PERFORMANCE IN SALES CHANNELS. ALFASTRAKHOVANIE SETS HIGH TARGETS FOR ITSELF AND WE ARE CONFIDENT THAT WE ARE ABLE TO ACHIEVE THEM.

BEST REGARDS,
CHIEF EXECUTIVE OFFICER
VLADIMIR SKVORTSOV

1 Introduction. Management

BOARD OF DIRECTORS:

CHAIRMAN OF THE BOARD OF DIRECTORS:

PETER AVEN, PRESIDENT OF ALFA-BANK

CHAIRMAN OF THE BOARD:

ANDREJ KOSOGOV, CHAIRMAN OF THE BOARD OF DIRECTORS OF ALFA ASSET MANAGEMENT

ANDREJ BARANOV, MANAGING PARTNER OF PRINSTON PARTNERS GROUP.

HANS FOK BJERKE, MEMBER OF THE BOARD OF DIRECTORS OF DROEGE&Co.

ILDAR KARIMOV, DIRECTOR FOR DEVELOPMENT, PLANNING AND CONTROL OF ALFA-BANK

VLADIMIR SKVORTSOV, GENERAL DIRECTOR OF ALFASTRAKHOVANIE INSURANCE GROUP.

ANDREI SOKOLOV, DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD OF ALFA-BANK

OLEG SYSUEV, FIRST DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS OF ALFA-BANK

EUGENIJ YASIN, RESEARCH SUPERVISOR OF THE STATE UNIVERSITY HIGH SCHOOL OF ECONOMY.

EXECUTIVE BOARD:

CHAIRMAN OF THE BOARD:

VLADIMIR SKVORTSOV, GENERAL DIRECTOR.

MEMBERS OF THE BOARD:

MIKHAIL BERSHADSKIY, PRESIDENT

SVETLANA OVCHINNIKOVA, FIRST DEPUTY GENERAL DIRECTOR

VLADIMIR SOROKIN, DEPUTY GENERAL DIRECTOR, COMMERCIAL DIRECTOR

ALEXANDER GORIN, DEPUTY GENERAL DIRECTOR, MOTOR INSURANCE

ANDREI RYZHAKOV, DEPUTY GENERAL DIRECTOR, DIRECTOR OF MEDICAL INSURANCE DEPARTMENT

ILYA OLENIN, DEPUTY GENERAL DIRECTOR, DIRECTOR OF UNDERWRITING AND METHODOLOGY DEPARTMENT

TAMASH RAINAJ, DEPUTY GENERAL, LIFE INSURANCE

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2. Main activity results in 2007



2 Main activity results in 2007.

ACCORDING TO 2007 RESULTS ALFA STRAKHOVANIE GROUP IS ONE OF THE LEADING COMPANIES IN THE RUSSIAN INSURANCE MARKET. ACCORDING TO THE FEDERAL AGENCY OF INSURANCE SUPERVISION IN 2007 PREMIUM INCOMES IN ALL SEGMENTS OF THE INSURANCE MARKET INCREASED UP TO 27 % IN THE PAST YEAR

Table 1

DYNAMICS OF RUSSIAN INSURANCE MARKET (MILLION RUBLES)

Segment	2004	2005	2006	2007	Increase in 2007	CAGR*, 2007 / 2004	segment share in 2007
life insurance	102,222	25,326	15,983	22,547	41,1%	-39.6%	3.0%
personal insurance	52,851	63,984	76,821	89,080	16.0%	19.0%	11.7%
property insurance	153,110	185,590	227,918	270,897	18.9%	20.9%	35.5%
liability insurance	12,218	16,178	16,338	20,072	22.9%	18.0%	2.6%
CMTPLI	49,229	53,725	63,869	70,391	10.2%	12.7%	9.2%
compulsory medical insurance (CMI)	97,180	140,673	195,352	284,349	45.6%	43.0%	37.2%
Compulsory (except for CMTPLI and CMI) insurance	4,770	5,110	5,834	6,279	7.6%	9.6%	0.8%
Total	471,579	490,585	602,115	763,615	26.8%	17.4%	100.0%
Voluntary insurance	320,400	291,078	337,060	402,596	19.4%	7.9%	52.7%
Voluntary insurance and CMTPLI	369,629	344,802	400,929	472,987	18.0%	8.6%	61.9%
Other than life and CMTPLI	267,407	319,476	384,947	450,440	17.0%	19.0%	59.0%

* AVERAGE ANNUAL RATE OF GROWTH

THE RUSSIAN MARKET FOR VOLUNTARY INSURANCE AND COMPULSORY MOTOR THIRD-PARTY LIABILITY INSURANCE (CMTPLI), WHICH ARE GROUP PRIORITIES, EXPANDED BY 18% IN 2007.

FOR THE PREVIOUS YEAR THE GROWTH RATES OF REVENUES EXCEEDED THE MARKET AVERAGE VALUE AND ACCOUNTED TO NEARLY 23% (TABLE 2). THE KEY DRIVERS OF THIS GROWTH WERE PROPERTY INSURANCE, THE SHARE OF WHICH IN THE GROUP'S PORTFOLIO IS NEARLY 70%, PERSONAL INSURANCE AND CMTPLI. THE HIGHEST GROWTH RATE WAS DEMONSTRATED BY PERSONAL INSURANCE: MORE THAN 60%. GROWTH RATES OF CMTPLI HAS DOUBLED THE AVERAGE MARKET FIGURES AND INCREASED BY 20%.

2 Main activity results in 2007.

Table 2

PREMIUM INCOME DYNAMICS OF ALFASTRAKHOVANIE GROUP (THOUSAND RUBLES)

Segment	2004	2005	2006	2007	Portfolio increase in 2007	CAGR [*] , 2007 / 2004	Segment share in portfolio, 2007	Market share in segment, 2006
life insurance	124,009	115,868	51,142	58,686	14.8%	-	0.5%	0.3%
personal insurance	490,959	704,527	961,872	1,556,869	61.9%	95.9%	14.3%	1.8%
property insurance	3,998,251	4,937,611	6,452,902	7,514,689	16.5%	61.4%	69.2%	2.8%
liability insurance	158,528	176,896	203,419	312,333	53.5%	28.3%	2.9%	1.6%
CMTPLI	890,576	928,034	1,180,714	1,410,770	19.5%	32.6%	13.0%	2.0%
Total	5,672,983	6,864,366	8,851,929	10,855,941	22.6%	56.0%	100.0%	1.4%
Voluntary	4,771,747	5,934,902	7,669,335	9,442,577	23.1%	60.7%	87.0%	2.4%
Voluntary and CMTPLI	5,662,323	6,862,936	8,850,049	10,853,347	22.6%	56.3%	100.0%	2.3%
Other than life and CMTPLI	5,538,314	6,747,068	8,798,907	10,794,661	22.7%	58.9%	99.4%	2.4%

* AVERAGE ANNUAL RATE OF GROWTH

ALFASTRAKHOVANIE GROUP PREMIUM INCOME DYNAMICS IN 2001-2007

	2001	2002	2003	2004	2005	2006	2007
Premium incomes, mln roubles	2,276	3,833	4,110	5,673	6,864	8,852	10,856

TOTAL AMOUNT OF LIABILITY ASSUMED BY THE INSURER IN 2007 HAS INCREASED 2.2 TIMES AND AMOUNTED TO 6836.6 BILLION RUBLES. THIS DYNAMICS REFLECTS THE SUBSTANTIAL GROWTH OF MAJOR RISKS SHARE AND COMPREHENSIVE INSURANCE PROGRAMS IN THE COMPANY PORTFOLIO.

TOTAL INSURER'S LIABILITY OF ALFASTRAKHOVANIE GROUP IN 2001-2007

	2001	2002	2003	2004	2005	2006	2007
Total insurer's liability, bln roubles	406.600	832.313	1049.9	1519.7	2424.7	3159.9	6836.6

ANALYSIS OF THE RESULTS SHOWS THAT THE SUBSTANTIAL GROWTH OF ALFASTRAKHOVANIE GROUP SALES IS ALSO CONNECTED WITH GROWTH OF THE CLIENT BASE.

2 Main activity results in 2007.

NOTWITHSTANDING THAT THE COMPANY PAYS A GREAT ATTENTION TO PROLONGATION OF THE EXISTING AGREEMENTS AND TO THE DESIGN OF SPECIAL PROGRAMS FOR LOYAL CLIENTS, IN THE PREVIOUS YEAR A SUBSTANTIAL NUMBER OF NEW CLIENTS WERE ATTRACTED. THUS, IN 2007 MORE THAN 1 460 000 CONTRACTS WERE CONCLUDED, WHICH 1.6 TIMES EXCEEDS THE FIGURES REPORTED FOR THE PREVIOUS YEAR.

INCREASE IN NUMBER OF CONTRACTS CONCLUDED BY ALFASTRAKHOVANIE GROUP IN 2001-2007

	2001	2002	2003	2004	2005	2006	2007
Number of concluded contracts	101,815	172,358	441,826	609,094	715,883	880,353	1,464,537
Contracts with individuals, %	68.7	77.7	40.4	73.3	66.4	78.9	86.4
Contracts with legal entities, %	31.3	22.3	59.6	26.7	33.6	21.1	13.6

IN 2007 ALFASTRAKHOVANIE GROUP COOPERATED EFFICIENTLY WITH MORE THAN 25 000 CORPORATE CLIENTS, AMONGST WHOM ARE MAJOR RUSSIAN COMPANIES, SUCH AS ALFA-BANK | AEROFLOT RUSSIAN AIRLINES | RUSSIAN RAILWAYS | DELTACREDIT BANK | VIMPELCOM | BELOMORTRANS GROUP OF COMPANIES | MEGAPOLIS GROUP OF COMPANIES | INDEPENDENCE GROUP OF COMPANIES | ROLF GROUP OF COMPANIES | TITAN GROUP OF COMPANIES | DON - STROI GROUP OF COMPANIES | EVRAZHOLDING TRADING HOUSE | EUROCEMENT GROUP | KOMMERSANT PUBLISHING HOUSE | KAZANORGSINTEZ | KMB-BANK | CONTINENTAL MANAGEMENT TIMBER INDUSTRIAL COMPANY | MMK | NOVATEK | JOINT DEPOSITARY COMPANY | SLAVNEFT-YANOS | MGESK | MOEK | INTERREGIONAL DISTRIBUTION GRID COMPANY OF THE SOUTH | INTERREGIONAL DISTRIBUTION GRID COMPANY OF CENTER | INTERREGIONAL DISTRIBUTION GRID COMPANY OF THE NORTH-WEST | INTERREGIONAL DISTRIBUTION GRID COMPANY OF URALS | INTERREGIONAL DISTRIBUTION GRID COMPANY OF SIBERIA | INTERREGIONAL DISTRIBUTION GRID COMPANY OF CENTER AND VOLGA REGION | INTERREGIONAL DISTRIBUTION GRID COMPANY OF VOLGA | INTERREGIONAL DISTRIBUTION GRID COMPANY OF NORTHERN CAUCASIA | LENENERGO | TYUMENENERGO | TGC-6 | TGC-5 | OGC-2 | OGC-5 | TGC-10 | SUAL GROUP | TAIF | TNK-BP | TRANSMASHHOLDING | FSK-EES | TRANSNEFTEPRODUCT | BEIERSDORF | CAMPINA | DAIMLER CHRYSLER AG | ELECTRONIC ARTS RUSSIA | FRITO LAY RUSSIA | GOLDEN TELECOM | LAKTALIS GROUP | MONDI SYKTYVKAR LPK | METRO CASH&CARRY | MIRAX GROUP | PHILIPS | SONY CIS | SONY ERICSSON | WIMM-BILL-DANN | URALS ENERGY

THE NUMBER OF CUSTOMERS OF ALFASTRAKHOVANIE GROUP IS MORE THAN ONE MILLION. THE MAJOR ACHIEVEMENT OF ALFASTRAKHOVANIE GROUP IN 2007 WAS THE RECOGNITION OF ITS HIGH QUALITY CUSTOMER SERVICE. IN OCTOBER 2007, A SURVEY CONDUCTED JOINTLY BY NEXTEP GROUP AND KOMMERSANT-DENGI MAGAZINE RANKED ALFASTRAKHOVANIE GROUP FIRST IN THE CUSTOMER SERVICE QUALITY CATEGORY AMONG ALL INSURANCE COMPANIES OPERATING IN RUSSIA.

2 Main activity results in 2007.

ALSO, ACCORDING TO THE RESULTS OF THE NATIONAL FINANCIAL RATING THE COUNCIL OF EXPERTS OF FINANCIAL OLYMPUS-2007 RECOGNIZED ALFASTRAKHOVANIE GROUP THE MARKET LEADER AS PER QUALITY OF SERVICE AMONG INSURANCE COMPANIES IN “RESULT AND SUCCESS” NOMINATION.

IN DECEMBER OF 2007 EXPERT RATING AGENCY CONFIRMED A++ HIGHEST RELIABILITY RATING, WHICH WAS ASSIGNED TO ALFASTRAKHOVANIE GROUP IN 2003. THAT RATING MEANS THAT THE COMPANY WILL PERFORM ITS FINANCIAL COMMITMENTS EVEN IN UNFAVORABLE ECONOMIC CONDITIONS.

COMPANY’S CAPITAL BASE GROWTH DYNAMICS

	2001	2002	2003	2004	2005	2006	2007
Capital base, mln rubles	913.6	914.2	917.9	931.8	2,437	2,441	2,523

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3. Regional development



3 Regional development.

THE KEY LINES OF ALFASTRAKHOVANIE GROUP STRATEGIC DEVELOPMENT ARE ACTIVE REGIONAL EXPANSION, GROWING NUMBER OF BRANCH OFFICES AND SUBDIVISIONS, INFRASTRUCTURE MODERNISATION AND IMPROVEMENT OF SERVICE QUALITY IN THE REGIONS. SINCE 2002, THE COMPANY REGIONAL CHAIN HAS GROWN BY MORE THAN 3 TIMES. BY THE END OF 2007, MORE THAN 350 COMPANY REGIONAL SUBDIVISIONS CARRIED OUT INSURANCE OPERATIONS ALL OVER RUSSIA. IN THE AGGREGATE, IN 2007, THE COMPANY REGIONAL SUBDIVISIONS HAVE CONCLUDED OVER THAN 840 THOUSAND AGREEMENTS, AND THE TOTAL AMOUNT OF INSURANCE FEES COLLECTED BY THE BRANCH CHAIN IN THE PREVIOUS YEAR EQUALLED 4,771 MILLION ROUBLES.

DEVELOPMENT RATE OF REGIONAL NETWORK OF ALFASTRAKHOVANIE GROUP IN 2002–2007

	2002	2003	2004	2005	2006	2007
Number of branch offices and regional subdivisions	101	150	210	236	300	350

GPW OF REGIONAL OFFICES OF ALFASTRAKHOVANIE GROUP IN 2002–2007

	2002	2003	2004	2005	2006	2007
GPW (thousand roubles)	500	1191	1812	2617	3843	4771

THE COMPANY REGIONAL SUBDIVISIONS OFFER A FULL RANGE OF INSURANCE SERVICES BOTH FOR CORPORATE AND RETAIL CUSTOMERS.

LARGE REGIONAL CUSTOMERS: ARCHANGELSK PULP AND PAPER MILL, S7 AIRLINE (SIBIR), AEROFLOT-DON AIRLINE, AGROINDUSTRIAL HOLDING «MIRATORG», TIC «CONTINENTAL MANAGEMENT», MONDI SYKTYVKAR PLC, MOSCOW MOSKOVSKAYA KOFEYNYA NA PAYAH, SMARTS-GSM, NIZHNY TAGIL INTEGRATED IRON-AND-STEEL WORKS, URAL ALUMINIUM SMELTER, ALFA BANK BRANCH OFFICES, TATARSTAN SETE, TAIF, TAIF-NK, TATTELECOM, KAZANORGSINTEZ, NIZHNEKAMSKNEFTEKHIM, KAMAZ, DELOVOY PETERBURG, INTERREGIONAL DISTRIBUTION GRID COMPANY OF THE SOUTH, INTERREGIONAL DISTRIBUTION GRID COMPANY OF CENTER, INTERREGIONAL DISTRIBUTION GRID COMPANY OF THE NORTH-WEST, INTERREGIONAL DISTRIBUTION GRID COMPANY OF URALS , INTERREGIONAL DISTRIBUTION GRID COMPANY OF SIBERIA, INTERREGIONAL DISTRIBUTION GRID COMPANY OF CENTER AND VOLGA REGION I INTERREGIONAL DISTRIBUTION GRID COMPANY OF VOLGA, INTERREGIONAL DISTRIBUTION GRID COMPANY OF NORTHERN CAUCASIA, LENENERGO, TYUMENENERGO, TGC-6, TGC-5, OGC-2, OGC-5, TGC-10.

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4. Portfolio structure



4 Portfolio structure.

IN 2007 YEAR THE COMPANY REVENUES INCREASED BY 23% AND AMOUNTED TO NEARLY 11 BILLION RUBLES. LIABILITY LIMIT HAS NEARLY DOUBLED THE FIGURES OF THE PREVIOUS YEAR AND AMOUNTED TO 6 837 BILLION RUBLES. THE NUMBER OF CONCLUDED AGREEMENTS INCREASED ALMOST BY 66%.

ANALYSIS OF THE PREVIOUS YEAR PORTFOLIO SHOWED THAT IN 2007 YEAR THE ALFA STRAKHOVANIE GROUP OPERATIONS WERE CONCENTRATED BOTH ON PROVISION OF INSURANCE SERVICE TO CORPORATE CLIENTS AND ON CONCLUDING INSURANCE AGREEMENTS WITH INDIVIDUALS. THE HIGHEST GROWTH RATE WAS DEMONSTRATED BY THE FOLLOWING SEGMENTS: PROPERTY INSURANCE OF INDIVIDUALS – 126%, ACCIDENT INSURANCE – 136%, PROPERTY INSURANCE OF LEGAL ENTITIES – 67%.

A COMPREHENSIVE PACKAGE OF SERVICES FOR FINANCIAL SECURITY OF BUSINESS IMPLIES PROTECTION OF PROPERTY INTERESTS OF ENTERPRISES, INSURANCE OF CIVIL AND PROFESSIONAL LIABILITY, A PACKAGE OF SERVICES RELATED TO SOCIAL SECURITY OF EMPLOYEES, PROTECTION FROM RISKS ARISING IN THE COURSE OF OPERATION OF MOTOR VEHICLES, CARGO TRANSPORTATION AND PROTECTION FROM A NUMBER OF OTHER RISKS, WHICH ARE SPECIFIC FOR EACH PARTICULAR BUSINESS.

PRODUCTS FOR INDIVIDUALS ARE ISSUANCE OF INSURANCE POLICIES THAT ARE SIMPLE, CLEARLY DRAFTED AND CONVENIENT FOR PROCESSING WITH THE POSSIBILITY TO SELECT THE APPROPRIATE SERVICES REQUIRED.

PRODUCTS:

ALFADRIVE •ALFAKASKO 50X50•ALFAKASKO•ALFABUSINESS •ALFAPREDPRINIMATEL •ALFAREMONT •ALFACITY
•ALFACITY COMPLEX •ALFACOUNTRY •ALFACOUNTRY WEEK-END •ALFACOUNTRY EXPRESS •ALFAESTATE COMPLEX
•ALFAIPOTEKA•ALFAPARUS •ALFAGARANT

TRADITIONALLY THE MAJOR SHARE IN THE PORTFOLIO IS PRESENTED BY PROPERTY INSURANCE: 69% OF THE GROUP REVENUES.

STRUCTURE OF THE GROUP'S INSURANCE PORTFOLIO IN 2007

- PROPERTY INSURANCE – 69%
 - VEHICLE INSURANCE – 41%
 - REAL ESTATE INSURANCE – 24%
 - CARGO INSURANCE – 2%
 - FINANCE RISK INSURANCE – 2%

- PERSONAL INSURANCE – 14%
 - VOLUNTARY HEALTH INSURANCE – 9%
 - ACCIDENT INSURANCE – 5%

- COMPULSORY MOTOR THIRD-PARTY LIABILITY INSURANCE (CMTPLI) – 13%

- LIABILITY INSURANCE – 3%

- LIFE INSURANCE – 1%

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5. Property insurance



5 Property insurance.

PROPERTY RISKS INSURANCE IS A MAIN DIRECTION OF BUSINESS DEVELOPMENT OF ALFASTRAKHOVANIE GROUP AND DETERMINANT ELEMENT IN STRUCTURE OF COLLECTIONS; THIS KIND OF OPERATIONS COVERS ABOUT 70 % OF THE COMPANY'S PORTFOLIO.

THE TREND OF THE PREVIOUS YEARS REMAINED: A GREATER PART OF THE COMPANY'S TURNOVER FROM PROPERTY INSURANCE PERTAINS TO THE CONTRACTS WITH MAJOR CORPORATE CLIENTS.

MAJOR COMPANIES TRADITIONALLY HAVE HIGH REQUIREMENTS TO INSURER'S ABILITY TO UNDERTAKE SUBSTANTIAL RISKS OF THE CLIENT. ADVANTAGES OF THE GROUP IN THESE CONDITIONS INCLUDE SUBSTANTIAL AMOUNT OF OWN CAPITAL AND EFFECTIVE RE-INSURANCE PROGRAM, WHICH IMPLIES PLACEMENT OF THE COMPANY OWN RISKS WITH GLOBAL LEADING COMPANIES. APART FROM THAT, THE WORK FOR TARIFF POLICY ADAPTATION TO THE CHANGES IN THE INSURANCE MARKET AND WORKING OUT OF COMPREHENSIVE INSURANCE PROGRAMS INDIVIDUAL FOR EACH PARTICULAR CLIENT IS BEING CARRIED OUT.

THE TOTAL VOLUME OF PREMIUM COLLECTED FROM PROPERTY INSURANCE IN 2007 YEAR EXCEEDED RESULTS OF THE PREVIOUS YEAR BY 19 % AND TOTALED OVER 7.6 BILLION RUBLES.

PREMIUM INCOME IN PROPERTY INSURANCE SEGMENT, MLN RUBLES

	2001	2002	2003	2004	2005	2006	2007
Property insurance	919,4	2 293,4	2 826,3	4 113,0	5 136,9	6362,1	7602,5

CLAIM PAYMENTS IN PROPERTY INSURANCE SEGMENT, MLN RUBLES

	2001	2002	2003	2004	2005	2006	2007
Property insurance	41,1	55,1	679,8	833	1 310,5	2165,9	3921,7

THE GROUP MAJOR CORPORATE CLIENTS IN THE PROPERTY INSURANCE IN 2007: ALFA - BANK, TNK-BP, VIMPELCOM, WIMM-BILL-DANN, KUMZ, NOVATEK, NEW-YORK MOTORS MOSCOW, LATROSTRANS, RAO UES OF RUSSIA, ARKHANGELSK CBK, BAIKAL CBH, TAIF NK GROUP, HORUS CAPITAL, DIXIS, GOLDEN TELECOM, AND OTHERS.

ALONG WITH THE INSURANCE OF BIG ENTERPRISES, THE INSURANCE OF SMALL AND MEDIUM-SIZED BUSINESSES, AS WELL AS INDIVIDUAL'S PROPERTIES, IS ACTIVELY DEVELOPED.

MORTGAGE INSURANCE HAD A HIGH RATE OF DEVELOPMENT IN 2007. COLLECTIONS FROM THIS TYPE OF INSURANCE IN COMPARISON WITH 2006 RESULTS NEARLY TRIPLED, AND THE COMPANY SHARE IN THE MORTGAGE MARKET INCREASED FROM 7.5 % TO 8.9 %.

5 Property insurance.

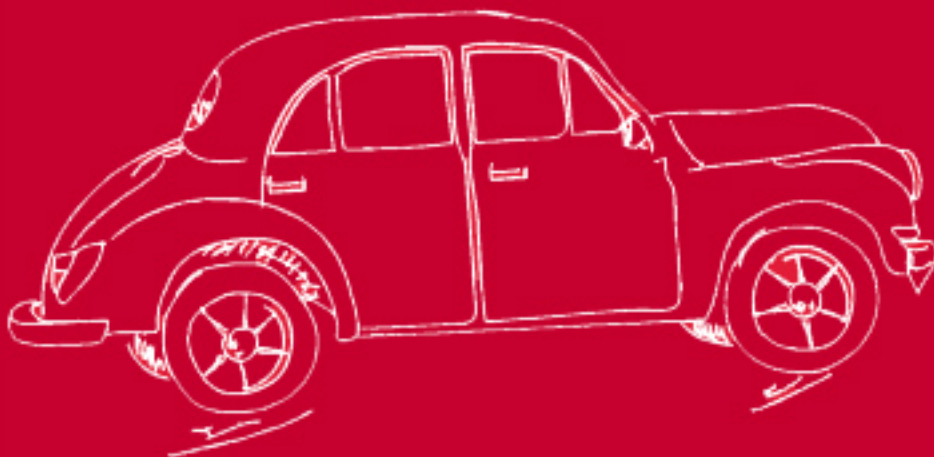
IN 2007 THE PRODUCT LINE FOR INDIVIDUALS WAS PRESENTED BY THE FOLLOWING INSURANCE PROGRAMS: ALFACITY, ALFACITY COMPLEX, ALFAREMONT, ALFAREMONT +, ALFACOUNTRY, ALFACOUNTRY EXPRESS, ALFAESTATE COMPLEX, ALFAIPOTEKA (MORE THAN 20 PROGRAMS FOR BANKS AND MORTGAGE AGENCIES). CURRENTLY THE PRODUCT LINE OF INSURANCE OF INDIVIDUALS PROPERTY COVERS ALL SEGMENTS OF THE POPULATION AND SATISFIES REQUIREMENTS OF THE MARKET. THE SIMPLIFIED PROCEDURE OF ACCEPTING RISKS FOR INSURANCE OF COMPLEX PRODUCTS FACILITATES LIGHTENS REGISTRATION AND REDUCES THE TIME FOR SIGNING INSURANCE CONTRACTS.

IN LINE WITH THE GROUP POLICIES OF CLIENT SERVICE IMPROVEMENT, THE COMPLEX OF ADDITIONAL SERVICES FOR CLIENTS HAS BEEN SUBSTANTIALLY EXPANDED: VALUATION OF INDIVIDUALS PROPERTY IS CONDUCTED BY ALFASTRAKHOVANIE GROUP, INSURANCE INDEMNITY IS PAID WITHIN THE SHORTEST POSSIBLE TIME AND WITHOUT ANY CERTIFICATE FROM THE COMPETENT BODIES, ETC.

IN MORTGAGE INSURANCE, FOR THE PURPOSE OF INCREASING OF PRODUCTS COMPETITIVENESS, THE MEDICAL EXAMINATION IS CONDUCTED AT THE EXPENSE OF ALFASTRAKHOVANIE, UNDERWRITING OF RISKS IS ACCOMPLISHED WITHIN THE SHORTEST POSSIBLE TIME (WITHIN 24 HOURS, AND FOR SOME PARTICULAR PROGRAMS WITHIN 4 HOURS FROM THE MOMENT OF DOCUMENTS PRODUCTION).

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6. Motor insurance



6 Motor insurance.

MOTOR INSURANCE MAKES A SUBSTANTIAL SHARE IN ALFASTRAKHOVANIE GROUP PORTFOLIO. IN 2007 MOTOR INSURANCE SEGMENT UNDERWENT SOME CHANGES IN THE RISK ASSESSMENT SYSTEM, THE TARIFF SYSTEM WAS UPDATED, A NEW SYSTEM FOR TAKING RECORD OF LONG-TERM AGREEMENTS WAS INTRODUCED; PROFITABLE PRODUCTS HAVE BEEN DEVELOPED FOR AVERAGE-PRICED AND LOW-PRICED SEGMENTS OF VEHICLES AND CONCURRENTLY THE SHARE OF THE TARGET SEGMENTS HAS BEEN INCREASED: BUSINESS CLASS AND LUXURY CLASS VEHICLES, LORRIES AND CAR FLEETS OF LEGAL ENTITIES.

TARIFF POLICY IN COMBINATION WITH HIGH LEVEL OF SERVICE MAKE THE EFFICIENT TOOLS TO ACHIEVE THE NECESSARY PROFITABILITY LEVEL OF THIS TYPE OF INSURANCE WITH ITS TRADITIONALLY HIGH RISK COMPONENT.

IN COMPARISON WITH 2006 FIGURES, IN 2007 THE TOTAL REVENUES OF THE COMPANY FROM MOTOR INSURANCE AND INSURANCE OF CAR OWNERS LIABILITY WERE REDUCED BY 0.8% AND AMOUNTED TO 4 423 MLN RUBLES BECAUSE OF THE REVISED PRINCIPLE OF PUTTING ON RECORD THE LONG-TERM AGREEMENTS, THEREWITH THE RESULTS FROM UNDERWRITING RESULT INCREASED 7.5 TIMES. THE GROWTH OF BUSINESS IN THE EARNED PREMIUMS SEGMENT ACCOUNTED TO 30%.

PREMIUM INCOME IN MOTOR INSURANCE AND CAR OWNER LIABILITY INSURANCE SEGMENTS, MLN RUBLES

	2001	2002	2003	2004	2005	2006	2007
Motor vehicle and car owner liability insurance	315.3	510.1	849.4	1,326	2,504.3	4,477.6	4,423.4

CLAIM PAYMENTS IN MOTOR VEHICLE AND CAR OWNER LIABILITY INSURANCE, MLN RUBLES

	2001	2002	2003	2004	2005	2006	2007
Motor vehicle and car owner liability insurance	180.5	294.7	527.7	666	1,170.8	1,815.2	2,958.8

THE BIGGEST CORPORATE CLIENTS OF ALFASTRAKHOVANIE GROUP IN 2007 WERE AS FOLLOWS: ALFA-BANK, DAIMLERCHRYSLER AG, DON-STROY, DUGLAS RIVOLI, GK NEZAVISIMOST, MAJOR-AUTO, MOSCOW CITY GOLF-CLUB, NEWS OUTDOOR, RAO EUS OF RUSSIA, WIMM-BILL-DANN.

ALFASTRAKHOVANIE GROUP OFFERS INDIVIDUAL CLIENTS ITS INTEGRATED PACKAGES OF MOTOR INSURANCE SERVICES (ALFADRIVE). INSURANCE POLICY INCLUDES INSURANCE OF A VEHICLE ITSELF AND ITS OPTIONAL EQUIPMENT, INSURANCE OF VOLUNTARY CIVIL LIABILITY AND ACCIDENT INSURANCE OF DRIVERS. IN ADDITION, THE CLIENTS ARE OFFERED NOT ONLY SEVERAL OPTIONS OF ALFADRIVE POLICY, EACH OF THEM CONTAINING A SPECIFIC PACKAGE OF FREE SERVICES AND INTENDED FOR DIFFERENT CLASSES AND PRICE OF A CAR, BUT ALSO ALFAKASKO 50x50, A NEW INNOVATIVE INSURANCE PROGRAM.

6 Motor insurance.

ALFAKASKO 50X50 ENABLES THE CLIENTS OF ALFASTRAKHOVANIE GROUP TO PAY 50% OF THE POLICY VALUE UPON THE OCCURRENCE OF THE EVENT INSURED. OWING TO THE NEW PRODUCT DELIVERED TO THE MARKET, AS OF THE END OF 2007 THE INCREMENT OF THE HULL INSURANCE AGREEMENTS CONCLUDED ACCOUNTED TO:

- IN MOSCOW: 15 %
- IN THE REGIONS: UP TO 40%

BY RESOLUTION OF THE BOARD OF EXPERTS OF “GOLDEN SALAMANDER” RUSSIAN PUBLIC AWARD IN THE INSURANCE SECTOR, ALFASTRAKHOVANIE GROUP, WHICH INTRODUCED “ALFAKASKO 50x50” PRODUCT TO THE MARKET, WAS RECOGNIZED THE WINNER IN THE NOMINATION “INNOVATION OF THE YEAR IN THE INSURANCE INDUSTRY – A NEW INSURANCE PRODUCT”.

CONTENTS

7. Liability insurance



7 Liability insurance.

LIABILITY INSURANCE IS ONE OF THE MOST HIGHLY DYNAMICALLY DEVELOPING SEGMENTS OF THE INSURANCE MARKET AS A WHOLE AND IN PORTFOLIO OF ALFASTRAKHOVANIE GROUP IN PARTICULAR. THE PRINCIPAL SHARE IN THE STRUCTURE OF DUES (ABOUT 90 %) IS THE LIABILITY INSURANCE OF LARGE SCALE CONCERNS. ONLY 10 % OF DUES IS THE LIABILITY INSURANCE OF THE INDIVIDUALS. AGAINST THE 2006 FIGURES, THE 2007 REVENUES IN THIS SEGMENT INCREASED BY MORE THAN 11 % AND AMOUNTED TO 341 MILLION RUBLES, WHILE THE TOTAL PAID INSURANCE INDEMNITIES INCREASED BY MORE THAN 60 % AND IN 2007 AMOUNTING TO 36 MILLION RUBLES.

LIABILITY INSURANCE, THOUSAND RUBLES.

Dues					
Liability insurance	2003	2004	2005	2006	2007
	201	141,158	183,144	304,968	341,118

Payoffs					
Liability insurance	2003	2004	2005	2006	2007
	63	24,651	20,018	21,732	36,473

FOR THE PURPOSE OF DESIGN OF THE INSURANCE PROGRAMS EXPERTS OF ALFASTRAKHOVANIE GROUP SHALL TAKE INTO ACCOUNT BOTH INDUSTRY SPECIFICS AND INDIVIDUAL BUSINESS SPECIFICS OF THE CLIENTS, ASSESS REQUIREMENTS IN THE INSURANCE PROTECTION AND ARRANGE FOR REINSURANCE OF RISKS WITH THE LEADING WESTERN INSURANCE COMPANIES AND FOR DOCUMENTS BE OBTAINED FOR ACKNOWLEDGING THE PLACEMENT OF RISKS.

THE KEY CLIENTS IN LIABILITY INSURANCE SEGMENT ARE AS FOLLOWS: RAO UES OF RUSSIA, TNK-BP, MIRAX GROUP, ALFA-BANK, KMB BANK, NOVATEK, ROSENERGOATOM CONCERN, CONSOLIDATED DEPOSITORY COMPANY; DON-STORY, X5 RETAIL GROUP, BANANA-MAMA, URALS ENERGY, WIMM-BILL-DANN.

CONTENTS

8. Cargo insurance



8 Cargo insurance.

IN 2007 ALFASTRAKHOVANIE GROUP RETAINED LEADING POSITIONS IN THE RUSSIAN CARGO INSURANCE MARKET, INSURANCE OF CARRIER LIABILITY AND MARITIME RISKS. RELIABLE AUTOMATIC REINSURANCE PROTECTION ENABLES THE COMPANY TO OFFER ITS INSURANTS A COMPREHENSIVE INSURANCE COVER FOR NEARLY ALL TRANSPORT RISKS UNDER INSURANCE CONTRACTS FOR CARGOES, TO THE AMOUNT OF UP TO USD 10 MILLION PER VEHICLE, TRANSPORTED VIA ANY ROUTES AND BY ANY TYPES OF TRANSPORT.

IN 2007 THE AMOUNT OF COLLECTED PREMIUMS PAYABLE FOR CARGO INSURANCE AND CARRIER LIABILITY VIS 2006 FIGURES HAS INCREASED BY MORE THAN 32 % AND AMOUNTED TO 245.9 MILLION RUBLES.

THE COMPANY HAS RETAINED ITS LEADING POSITION IN THIS MARKET SEGMENT OWING TO THE INCREASE VOLUME OF TRANSACTIONS WITH THE KEY CLIENTS AND DUE TO THE GROWTH OF THE CLIENT BASE. THE CONTINUOUS GROWTH OF THE CLIENTS IS THE RESULT OF STRICT FULFILLMENT OF OBLIGATIONS BY ALFASTRAKHOVANIE GROUP.

THE FOLLOWING COMPANIES BECAME THE CLIENTS OF THE GROUP IN 2007 YEAR: DAIMLER CHRYSLER CARS RUS, ALFA-LEASING, TRANSSIBERIAN INTERMODAL SERVICE, TRANSKOM, OY KUEHNE&NAGEL LTD, PIRELLI TYRE RUSSIA, VIMPELCOM, POLARIS-T, TNK-LUBRICANTS, SOVTRANSVTO, RAILSERVICE, X5 RETAIL GROUP, BETALINK, BELOMORTRANS, METROVAGONMASH, INCOMCENTR, SAWMILL 25, ETC. ALFASTRAKHOVANIE GROUP ACTIVELY DEVELOPS THE SEGMENT OF INSURANCE OF RAILWAY TRANSPORTATION AND CONTAINERS. IN 2007 THE COMPANY CONCLUDED A NUMBER OF INSURANCE CONTRACTS WITH MAJOR PROPRIETORS AND LEASERS OF RAILWAY TRANSPORT AND CONTAINER EQUIPMENT THAT ARE OPERATED NOT ONLY IN RUSSIA, BUT ALSO IN CIS AND FSU COUNTRIES AND ABROAD. AMONG OUR INSURANTS ARE OAO RZHD, MAERSK, EUROSIB, FESCO LTD., NOVOTRANS.

ONE OF THE PROMISING DIRECTIONS FOR THE COMPANY DEVELOPMENT IS INSURANCE OF MARITIME RISKS (HULL INSURANCE OF VESSELS, LIABILITY OF SHIPOWNERS, LIFE AND HEALTH OF CREWS).

THE COMPANY INSURANCE SERVICES IN CARGO INSURANCE AND MARINE VESSELS INSURANCE SEGMENT ARE CERTIFICATED BY THE RUSSIAN REGISTER FOR CONFORMITY WITH INTERNATIONAL QUALITY STANDARD ISO 9001:2000.

BEING THE ACTIVE MEMBER OF THE RUSSIAN P&I POOL SINCE 1997, THE COMPANY HAS ACCUMULATED A SUBSTANTIAL EXPERIENCE IN INSURANCE OF SHIP OWNERS LIABILITY AND OFFERS ITS CLIENTS BOTH THE POOL CERTIFICATE, AND ITS OWN INSURANCE POLICY FOR INSURANCE OF SHIP OWNERS LIABILITY. THE LIABILITY LIMIT OF THE RUSSIAN P&I ACHIEVES USD 500 MILLION.

8 Cargo insurance.

AMONGST THE CLIENTS OF ALFA STRAKHOVANIE GROUP ARE: VOLGOTANKER, TRANSBUNKER GROUP OF COMPANIES, MARINE ARCTIC GEOLOGICAL EXPEDITION (JSC MAGE), MURMANTRANSFLOT, KAMCHATNEFTEPRODUCT, BALTIC FISHING FLEET STATE ACADEMY.

THE PARTNERS OF THE GROUP WHO ARE RESPONSIBLE FOR SETTLEMENT OF LOSSES ARE: MARINEX ITS, SHIPS& PEOPLE, INDEPENDENT MARINE CONSULTANTS AND SURVEYORS (IMCS), INDEPENDENT MARINE&CARGO SURVEYORS, RIMSKO, INTERTEK CALEB BRETT, RUSSIAN MARITIME REGISTER OF SHIPPING, SZHS VOSTOK LIMITED, RUSSIAN RIVER REGISTER, THE SALVAGE ASSOCIATION, MATTHEWS DANIEL INTERNATIONAL LTD., GART-GRUPP LTD., EVDEMON AND PARTNERS.

CONTENTS

9. Banking insurance products



9 Banking insurance products.

ALFASTRAKHOVANIE GROUP IS THE ACTIVE PARTICIPANT OF THE RUSSIAN BANKING INSURANCE MARKET. CURRENTLY THE COMPANY HAS BEEN ACCREDITED WITH MAJOR BUSINESS BANK AND STATE BANKS, WHICH ENABLES TO EFFICIENTLY COOPERATE IN THE SPHERE OF SALES OF BANKING INSURANCE PRODUCTS BOTH FOR INDIVIDUALS AND CORPORATE CLIENTS. PARTNERS OF ALFASTRAKHOVANIE ARE LEADING RUSSIAN BANKS: SBERBANK, ALFA-BANK, ABSOLUT BANK, RAIFFAIZENBANK, UNICREDIT BANK, MDM BANK, RUSSIAN AGRICULTURAL BANK, DELTACREDIT AND MANY OTHERS.

THE BUSINESS OF ALFASTRAKHOVANIE GROUP COVERS SUCH AREAS OF BANK INSURANCE AS PROPERTY DAMAGE INSURANCE FOR ENTITIES AND PERSONS, VEHICLE INSURANCE, PERSONAL ACCIDENT AND ILLNESS INSURANCE. THE RETAIL BANK INSURANCE RECEIPTS FOR 2007 WERE 2 017 844 THOUSAND RUBLES, INCLUDING MORTGAGE INSURANCE 537 665 THOUSAND RUBLES, AUTO LENDING (KASKO, OR FULLY COMP) 827 316 THOUSAND RUBLES, BORROWER'S LIFE AND HEALTH INSURANCE, INCLUDING AGAINST ACCIDENTS 353 833 THOUSAND RUBLES. THE BANK-SOURCED CORPORATE INSURANCE RECEIPTS WERE 299 030 THOUSAND RUBLES.

IN 2007 THE GROUP CONTINUED DEVELOPING COOPERATION WITH BANKS. AMONG THE NEW PARTNERS ARE ABSOLUT BANK, PROMSVYAZBANK, BNP PARIBAS VOSTOK, SWEDBANK, BANK VOZROZHDENIE, RUSS-BANK, AND BANK SOYUZ. APART FROM THE COOPERATION WITH THE FEDERAL BANKS, A CLOSE FOCUS WAS HAS BEEN MAINTAINED ON DEVELOPMENT OF COOPERATION WITH MAJOR REGIONAL FINANCIAL AND LENDING INSTITUTIONS. IN PARTICULAR, AGREEMENTS HAVE BEEN CONCLUDED WITH THE FOLLOWING BANKS: FAR EASTERN BANK, BANK SAINT PETERSBURG, ALTAICAPITALBANK, ASIAN-PACIFIC BANK, AND OTHERS.

GIVEN THE TRENDS IN DEVELOPMENT OF THE FINANCIAL MARKET, ALFASTRAKHOVANIE GROUP SEEKS TO DEVELOP PARTNER RELATIONSHIPS WITH THE LEADING FINANCIAL AND LENDING INSTITUTIONS, CONCENTRATING ON CREATION OF CONVENIENT AND FLEXIBLE BANKING INSURANCE PRODUCTS AND ON IMPECCABLE SERVICE.

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10. Business development
- information technologies
 - high quality service
 - the AlfaStrahovenie BRAND
 - personnel policy
 - charity



10 Business development. INFORMATION TEHNOLOGIES

EFFICIENT MANAGEMENT OF BUSINESS PROCESSES SERVES A FOUNDATION FOR THE COMPANY SUCCESSFUL OPERATIONS IN THE MARKET. ONE OF THE KEY TASKS OF ALFASTRAKHOVANIE GROUP IS DEVELOPMENT OF SERVICES AND MAINTAINING HIGH QUALITY OF SERVICE IN CONDITIONS OF RAPIDLY EXPANDING BUSINESS. TO THIS END IT NECESSARY TO HAVE INFORMATION TECHNOLOGIES UPDATED ON A CONTINUOUS BASIS.

THE COMPANY HAS SUCCESSFULLY IMPLEMENTED ITS IN-HOUSE CLIENT RELATIONSHIP MANAGEMENT SYSTEM (CRM-SYSTEM), SALES LOGIX AND SPECIALIZED ACCOUNTING DATA SYSTEMS FOR COMPULSORY MEDICAL INSURANCE (AVIS) AND LIFE INSURANCE (LIFE-OFFICE) SUCCESSFULLY FUNCTION. THE COMPANY MOSCOW OFFICE HAS IMPLEMENTED IN JANUARY, 2007 THE NEW INTEGRATED SYSTEM FOR ACCOUNTING OF PROPERTY AND LIABILITY INSURANCE (UNICUS) AND THIS SYSTEM IS SUCCESSFULLY FUNCTIONING. IN COOPERATION WITH FADATA (BULGARIA) A NEW INFORMATION SYSTEM FOR LIFE INSURANCE (INSIS) IS BEING IMPLEMENTED AND THE SYSTEM WILL MAKE IT POSSIBLE TO SUBSTANTIALLY ENHANCE THE EFFICIENCY OF BUSINESS ORGANIZATION.

THE UNIFORM INFORMATION SPACE, WHICH INCORPORATES THE HEAD OFFICE AND THE REGIONAL REPRESENTATION OFFICES INTO THE CORPORATE NETWORK, IS THE BASIS OF THE COMPANY INFRASTRUCTURE AND MAKES IT POSSIBLE TO USE INFORMATION RESOURCES FROM ANY LOCATION OF THE COUNTRY.

INFORMATION SERVICES CONTINUITY AND DATA SECURITY ARE THE KEY PRIORITY AREAS FOR ALFASTRAKHOVANIE GROUP. THE PROGRAM FOR ENHANCEMENT OF DATA SECURITY HAS BEEN DESIGNED AND IMPLEMENTED, INCLUDING TROUBLE-FREE OPERATION OF THE CORE SERVICES, CONTINUOUS FUNCTIONING OF THE COMPANY WHOLE INFORMATION INFRASTRUCTURE, MONITORING OF INTERNET RESOURCES USE AND USE OF ELECTRONIC MAIL SERVICES.

10 Business development. High quality service

CLIENTS OF ALFASTRAKHOVANIE GROUP ARE THE PEOPLE WHO HAVE MORE IMPORTANT BUSINESS IN THEIR LIVES THAN INSURANCE. INTERACTION WITH AN INSURANCE COMPANY MUST NOT TAKE THEIR PRECIOUS TIME. THAT IS WHY ALFASTRAKHOVANIE GROUP PAYS SPECIAL ATTENTION TO PROMPT AND HIGH QUALITY SERVICE AT ALL STAGES OF INTERACTION WITH THE INSURANCE COMPANY - FROM CONCLUSION OF THE INSURANCE CONTRACT TILL RECEIVING OF THE INSURANCE PAYMENT. DEVELOPED IT-INFRASTRUCTURE OF THE COMPANY ALLOWED TO CONSTRUCT A CLEAR SYSTEM OF ACCOUNTING, WHICH IN REAL TIME COLLECTS DATA ABOUT CUSTOMERS, AGREEMENTS, PAYMENTS, ENABLES TO REDUCE BUREAUCRACY AND SERVICE CLIENTS IN AN EASY AND PROMPT MANNER.

BEING ONE OF THE TOP INSURANCE COMPANIES, ALFASTRAKHOVANIE ONE OF THE FIRST REALIZED THE IMPORTANCE OF THE CUSTOMER SERVICE. FOR THE LAST FEW YEARS THE COMPANY CONSISTENTLY INCARNATED ITS STRATEGY OF INCREASING QUALITY OF THE SERVICES:

- * CURRENTLY MORE THAN 300 REGIONAL BRANCHES WORKING ALL OVER RUSSIA, AND MOST OF THEM ARE MULTI-FUNCTIONAL CENTERS WHICH ARE ORIENTED, APART FROM SALE OF INSURANCE PRODUCTS, TOWARDS SETTLEMENT OF LOSSES RELATED TO EVENTS INSURED;
- * ALFASTRAKHOVANIE IS ACCREDITED WITH THE BIGGEST NATIONAL BANKS WITH EXTENSIVE BRANCH NETWORKS;
- * IN THE COMPANY ROUND-O'CLOCK CUSTOMER SUPPORT IS ORGANIZED, THAT ALLOWS TO RESOLVE ALL ARISEN ISSUES ON-THE-FLY.
- * QUALITY CONTROL SERVICE, WHICH HAS BEEN FUNCTIONING IN THE COMPANY SINCE 2006, ALLOWS TO MONITOR CONTINUOUSLY THE EFFICIENCY OF SERVICES AT ALL STAGES OF INTERACTION WITH CLIENTS.
- * ONE OF THE MOST INFORMATIVE INSURANCE WEB-SITES ENABLES TO ORIENTATE THE CLIENTS OF THE COMPANY IN ALL SPECIFICS OF PROVIDED FINANCIAL SERVICES.

CUSTOMER-ORIENTED APPROACH AT ALL STAGES OF BUSINESS, ALONGSIDE WITH THE IMPLEMENTATION OF ADVANCED INNOVATIVE APPROACHES IN THE SERVICE OFFERED, ALLOWS THE COMPANY TO OCCUPY A LEADING POSITION AS PER THE QUALITY OF ITS SERVICES.

ACCURACY OF THE CHOSEN STRATEGY IS CONFIRMED BY THE RESULTS OF INDEPENDENT RESEARCHES - IN 2007 ALFASTRAKHOVANIE SECURED FIRST PLACE AMONG THE BIGGEST TEN INSURANCE COMPANIES ACCORDING TO THE INDEPENDENT SURVEY OF CUSTOMER SERVICE QUALITY CONDUCTED BY "NEXTEP" GROUP AND PUBLISHING HOUSE "KOMMERSANT".

10 Business development. The AlfaStrakhovanie BRAND

THE BRAND “ALFASTRAKHOVANIE” APPEARED IN THE MARKET BACK IN 2002. SINCE ITS BIRTH THE PRINCIPLE OF CONVENIENCE AND SIMPLICITY OF CUSTOMER’S INTERACTION WITH THE INSURANCE COMPANY HAS BEEN PUT INTO THE BASIS OF THE BRAND. THE MAIN ACCENT OF ALFASTRAKHOVANIE GROUP IS MADE ON IMMACULATE SERVICE, THAT’S WHY TODAY IT IS ONE OF THE MOST SUCCESSFUL INNOVATIVE COMPANIES, THAT DETERMINES THE STANDARDS OF INSURANCE SERVICE QUALITY AND TECHNOLOGY OF MANAGING OF INSURANCE RISKS.

ALFASTRAKHOVANIE GROUP IS A PART OF ONE OF THE LARGEST PRIVATE INDUSTRIAL AND FINANCIAL HOLDINGS ALFA GROUP AND HAS A REPUTATION OF A RELIABLE AND STABLE COMPANY WITH CONSOLIDATED AUTHORISED CAPITAL OF 2.5 BILLION ROUBLES. HIGH RELIABILITY OF INSURANCE OPERATIONS IS CORROBORATED BY REINSURANCE PROGRAMMES IN THE WORLD’S LARGEST COMPANIES.

ALFASTRAKHOVANIE GROUP IS A UNIVERSAL COMPANY OFFERING THE MARKET SIMPLE AND CONVENIENT INSURANCE PRODUCTS, FLEXIBLE AND INNOVATIVE INSURANCE PROGRAMMES, CONSIDERING INDIVIDUAL NEEDS OF EVERY CUSTOMER.

SERVICES OF ALFASTRAKHOVANIE GROUP ARE AVAILABLE ALL OVER RUSSIA. COMPANY’S BRANCHES ARE OPERATED WITHIN COMMON INFORMATION SPACE, WHICH SIGNIFICANTLY SIMPLIFIES AND EXPEDITES ALL BUSINESS PROCESSES, SO ALFASTRAKHOVANIE CUSTOMERS ARE GUARANTEED RELIABLE INSURANCE COVERAGE ALL OVER THE COUNTRY.

IN 2007, IN A FRAME OF REPOSITIONING PROGRAMME, AIMED AT ACHIEVING CONSUMERS’ ASSOCIATION OF ALFASTRAKHOVANIE GROUP WITH A MODERN TECHNOLOGICAL COMPANY, THE DECISION OF REBRANDING WAS MADE. REBRANDING PRESUMES MODERNIZATION OF ALL COMPONENTS OF THE CORPORATE STYLE OF ALFASTRAKHOVANIE GROUP, DEVELOPING OF CONTEMPORARY AND MORE MEMORABLE BRAND, WHICH PERSONIFIES DEVELOPMENT, NEWNESS AND INNOVATION. REBRANDING IS PLANNED FOR 2 YEARS. DURING THE REFORM PROCESS, IT IS INTENDED TO REDESIGN ALL THE GROUP BRANCH OFFICES AND BRANCHES (MORE THAN 350 UNITS) IN THE UNIFIED SELECTED FORMAT IN ORDER TO RAISE GENERAL ALFASTRAKHOVANIE BRAND KNOWLEDGE ALL OVER RUSSIA.

TODAY, AS FOR BRAND RECOGNITION, ALFASTRAKHOVANIE GROUP IS AMONG FIVE LEADING NATIONAL INSURANCE MARKET PLAYERS. CURRENTLY, ACCORDING TO GFK-RUS RESEARCH AGENCY, ALFASTRAKHOVANIE BRAND RECOGNITION ALL OVER RUSSIA IS AT THE MARK OF 44%, AND AMONG ITS TARGET AUDIENCE - 63%.

10 **Business development.** personnel policy

THE DISTINGUISHING FEATURE OF ALFASTRAKHOVANIE GROUP MANPOWER POLICY IN 2007 WAS A RADICAL CHANGE OF ITS VECTOR: THE COMPANY WAS REORIENTED TO REALIZATION OF A LONG-TERM STRATEGY AND ACHIEVING BUSINESS OBJECTIVES THROUGH ACTIVE WORK WITH THE PERSONNEL.

IMPROVEMENT OF THE SYSTEM OF PERSONNEL ASSESSMENT AND CONTINUOUS STAFF AUDIT HAVE MADE IT POSSIBLE TO ESTIMATE EMPLOYEES' LEVEL OF PROFICIENCY MORE ACCURATE, IDENTIFY INEFFECTIVE EMPLOYEES, HIRE AND DEVELOP THE BEST PEOPLE.

PARTICULAR ATTENTION WAS PAID TO PERFECTION OF EMPLOYEES' TRAINING PROGRAMME. THE SYSTEM OF CORPORATE TRAINING IS DRAWN UP IN SUCH A WAY THAT ALLOWS PARTICIPATION IN THE EDUCATIONAL PROCESS OF ALL LEVELS OF STAFF. THE DISTINGUISHING FEATURE OF ALFASTRAKHOVANIE GROUP IS THAT THE COMPANY'S TOP MANAGEMENT HAS AN OPPORTUNITY NOT ONLY TO RAISE THEIR PROFESSIONAL LEVEL, BUT ALSO TO TAKE PART ACTIVELY AS TEACHERS IN VARIOUS EDUCATIONAL AND DEVELOPMENT PROGRAMMES FOR MIDDLE AND JUNIOR EMPLOYEES OF ALFASTRAKHOVANIE GROUP.

THE GROUP INNOVATIONS IN THE FIELD OF CORPORATE TRAINING WERE ACKNOWLEDGED BY INDEPENDENT EXPERTS: ALFASTRAKHOVANIE CORPORATE UNIVERSITY WAS RECOGNIZED AS THE BEST IN THE COMPETITION OF LEADING RUSSIAN AND FOREIGN COMPANIES' CORPORATE TRAINING SYSTEMS IN THE NOMINATION OF "EFFICIENT T&D SOLUTIONS FOR ACHIEVING THE COMPANY BUSINESS OBJECTIVES".

GIVING EMPLOYEES DEVELOPMENT OPPORTUNITIES THROUGH FUNCTIONAL AND GEOGRAPHIC STAFF ROTATION STRENGTHENED THE COMPANY PERSONNEL POTENTIAL, AS WELL AS THE MANAGEMENT OF THE REGIONAL NETWORK. REGULAR HOLDING OF INTERNAL CORPORATE CONFERENCES IN DIFFERENT REGIONS OF THE COUNTRY HAS ALLOWED THE EMPLOYEES, BESIDE THE INTERCHANGE OF BEST PRACTICE, TO BE INVOLVED IN THE PROCESS OF FORMATION OF ALFASTRAKHOVANIE CORPORATE CULTURE, BASED ON SHARING ITS CORPORATE VALUABLES.

VALUABLES

- * CUSTOMERS – WE WORK AS LONG AS OUR CUSTOMERS NEED US
- * TEAM – TEAM MAKES US STRONGER
- * EFFECTIVE EMPLOYEES – ONLY EFFICIENT EMPLOYEES CREATE THE BEST COMPANY
- * LEADERSHIP – WE LIKE BEING LEADERS
- * INNOVATIONS – BY MEANS OF INNOVATION WE WILL BE FIRST

MISSION

WE WORK AS LONG AS OUR CUSTOMERS NEED US

VISION

- WE SHALL BECOME ONE OF 10 EUROPE'S BEST INSURANCE COMPANIES.
- WE MAKE OUR CLIENTS HONEST OFFERS BEING AWARE OF THEIR NEEDS.
- ALFASTRAKHOVANIE WILL GET INTO THE RUSSIA'S TOP 10 OF EMPLOYERS WORKING IN THE FINANCE SECTOR.
- ALFASTRAKHOVANIE WILL BECOME THE BEST RUSSIAN INSURANCE BRAND.

10 Business development. Charity

DURING ITS DEVELOPMENT ALFASTRAKHOVANIE GROUP SUCCESSFULLY IMPLEMENTS THE SPONSORSHIP AND CHARITABLE PROGRAMS.

IN FEBRUARY 2004 THE CHARITABLE SOROS FUND AND ALFASTRAKHOVANIE GROUP CONCLUDED THE AGREEMENT UNDER WHICH THE COMPANY WOULD EXECUTE THE LIFETIME PAYOFFS OF PENSIONS TO A NUMBER OF OUTSTANDING SCIENTISTS AND PEDAGOGUES OF RUSSIA OF DECLINING YEARS, WHO HAD RECEIVED PREVIOUSLY THE GRANTS OF THE INTERNATIONAL SOROS SCIENCE EDUCATION PROGRAM IN THE SPHERE OF THE EXACT SCIENCES (ISSEP). AMONG THE RECEIVERS OF THE «LIFETIME PENSION» ARE THE PROMINENT NATIONAL MATHEMATICIANS, PHYSICISTS, GEOLOGISTS, CHEMISTS AND BIOLOGISTS.

ONE OF THE MOST PRIORITY-ORIENTED SPONSOR INVESTMENTS OF THE GROUP ALWAYS REMAINS THE INJURED PERSONS INSURANCE. THE COMPANY ACCUMULATED THE CONSIDERABLE EXPERIENCE IN THE DEVELOPMENT AND REALIZATION OF SIMILAR CHARITABLE PROJECTS. IT IS THE ASSISTANCE TO THE CHILDREN OF SUBMARINERS, SUFFERED FROM THE SUBMARINE "KURSK" CATASTROPHE, AND CHILDREN SUFFERED DURING THE MUSICAL "NORD-OST" TERRORIST ATTACK.

IN AUTUMN 2004, ALFASTRAKHOVANIE GROUP IN COLLABORATION WITH THE RADIO STATION SILVER RAIN PARTICIPATED IN THE ACTION OF HELPING CHILDREN AND FAMILIES WHO HAD SUFFERED FROM THE HIJACKING IN BESLAN. THE ACCUMULATIVE INSURANCE PROGRAMS WERE OPENED FOR THE MONEY COLLECTED DURING THE CHARITABLE ACTION. THESE PROGRAMS ENABLE THE CHILDREN NOT ONLY TO CONTINUE THE TREATMENT, BUT IN THE FUTURE TO START THE SELF-DEPENDENT LIFE.

IN 2006, ALFASTRAKHOVANIE GROUP TOOK PART IN SEVERAL EVENTS ORGANIZED BY THE SOZIDANIYE, CHARITABLE FUND FOR DONATIONS OF SCHOOL STATIONERY AND TOYS FOR CHILDREN FROM LARGE AND POOR FAMILIES, AS WELL AS FOR THE INMATES OF THE REST HOME OF THE RUSSIAN CHILDREN'S CLINICAL HOSPITAL, WHERE THEY UNDERGO REHABILITATION AFTER CHEMOTHERAPY TREATMENTS. SINCE 2007, THE COMPANY HAS BEEN ASSUMING ALL COSTS RELATED TO PROCESSING AND DELIVERY OF MONTHLY ALLOWANCES FOR LOW-INCOME FAMILIES.

IN 2006, ALFASTRAKHOVANIE GROUP IN THE CONTEXT OF RUSSIA'S LIFE LINE CHARITY PROGRAM TOOK PART IN THE LIFE-SAVING ACTION OF SERIOUSLY ILL CHILDREN AFFLICTED WITH LIFE-THREATENING ILLNESSES. THE LIFE LINE PROGRAM DELIVERS TARGETED AID: IT PAYS FOR HIGH-TECH SURGERY AND CUSTOM DEVICES THAT GUARANTEES THE BEST RESULTS INDIVIDUALLY FOR EACH CHILD. THE RECEIVED DONATIONS WERE USED TO BUY CUSTOM-MADE DEVICES AND PAY FOR SOPHISTICATED SURGICAL PROCEDURES FOR CHILDREN SUFFERING FROM CARDIOVASCULAR PROBLEMS. THAT MADE IT POSSIBLE TO SAVE THE LIVES OF THREE CHILDREN.

IN 2007 ALFASTRAKHOVANIE GROUP ACTIVELY PARTICIPATED IN THE CHARITABLE ACTION UNDER LINE OF LIFE PROGRAM FOR SERIOUSLY ILL CHILDREN". DURING THAT ACTION (HELD IN 2007 UNDER THE SLOGAN OF " THE RED NOSE - KIND HEART! ") ALFASTRAKHOVANIE DONATED 16 500 THOUSAND DOLLARS FOR MEDICAL TREATMENT OF SERIOUSLY ILL CHILDREN.

10 Business development. Charity

IN 2007 ALFASTRAKHOVANIE GROUP JOINTLY WITH IQ MARKETING ASSISTED IN THE PREPARATION AND ORGANIZATION OF BIG-SCALE HOLIDAY FOR CHILDREN IN BESLAN. ALFASTRAKHOVANIE GROUP TRANSFERRED 150 000 RUBLES COLLECTED BY THE COMPANY EMPLOYEES FOR THE CHARITABLE ACTION.

BY DELIVERING THE UNIQUE CHARITABLE PROJECTS ALFASTRAKHOVANIE GROUP DEMONSTRATES THE SOCIAL-DRIVEN NATURE OF ITS ACTIVITIES AND REMAINS NECESSARY AND USEFUL FOR PEOPLE.

CONTENTS

11. Goals

$$F_1(\omega) = \int_{-\infty}^{+\infty} f(t) e^{-2\pi i \omega t} dt$$
$$F_2(\omega) = \frac{1}{\sqrt{2\pi}} \int_{-\infty}^{+\infty} f(t) e^{-i\omega t} dt = \frac{1}{\sqrt{2\pi}} F_1\left(\frac{\omega}{2\pi}\right)$$
$$F_3(\omega) = \frac{1}{\sqrt{2\pi}} \int_{-\infty}^{+\infty} f(t) e^{-i\omega t} dt = F_1\left(\frac{\omega}{2\pi}\right)$$

$\omega =$

11 Goals.

THE NEW STRATEGY OF ALFASTRAKHOVANIE GROUP WHICH WAS APPROVED BY THE SUPERVISORY BOARD AT THE BEGINNING OF 2008 PROVIDES FOR A RAPID INCREASE IN ITS MARKET SHARE TO 6.1% BY 2012 (CURRENTLY 2.45%). EXPANSION IS PLANNED THROUGH BOTH ORGANIC GROWTH AND CONSOLIDATION OF THE MARKET THROUGH M&A TRANSACTIONS. THE KEY OBJECTIVES OF ORGANIC GROWTH INCLUDE:

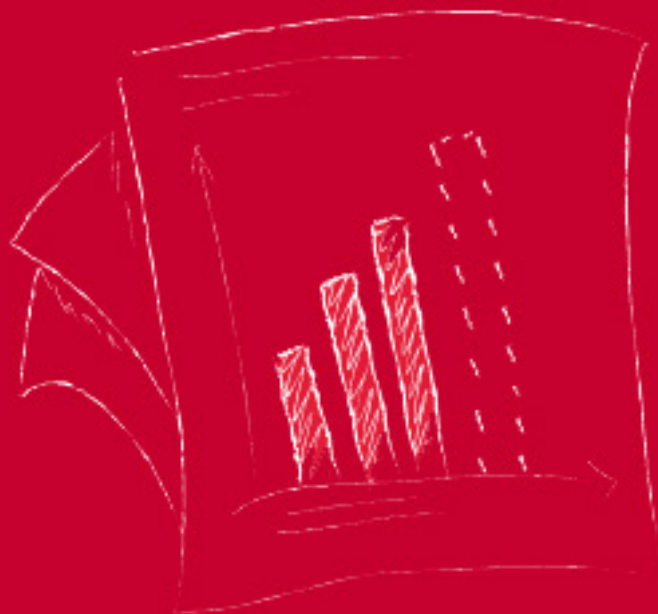
- BALANCED APPROACH TO DEVELOPING CORPORATE AND RETAIL BUSINESSES;
- QUICK AND AGGRESSIVE GRAB OF SIGNIFICANT SHARE IN THE CORPORATE SECTOR AND GRADUAL GROWTH OF THE RETAIL SHARE;
- REDUCTION OF DEPENDENCE ON INTERMEDIARIES, DEVELOPMENT OF THE NETWORK OF OWN SALESPEOPLE BASED ON THE ESTABLISHED REGIONAL NETWORK;
- WORK SITE MARKETING. THE ENTRY INTO THIS SALES CHANNEL IS PLANNED USING GROWTH OF THE CORPORATE BUSINESS AND CONSEQUENTLY THE CUSTOMER BASE;
- INCREASE EFFICIENCY OF INTERMEDIARY RELATIONS IN ORDER TO:
 - - OBTAIN CLIENT BASE FOR CROSS SALES;
 - - SELL THE MOST PROFITABLE PRODUCTS;
- IMPROVE RECOGNIZABILITY OF THE ALFASTRAKHOVANIE BRAND;
- INCREASE CUSTOMER LOYALTY THROUGH IMPROVED SERVICE;
- CLEAR STRATEGY FOR VEHICLE INSURANCE DEVELOPMENT;
- CLEAR STRATEGY FOR LIFE INSURANCE DEVELOPMENT;
- ESTABLISHMENT OF THE REGIONAL NETWORK OF TREATMENT AND PROPHYLACTIC FACILITIES;
- IT-SYSTEMS UPGRADE;
- BECOME THE BEST EMPLOYER IN THE FINANCIAL SECTOR.

SUSTAINING HIGH CUSTOMER SERVICE QUALITY UNDER INTENSIVE BUSINESS EXPANSION IS ONE OF THE KEY OBJECTIVES OF THE GROUP. AS A CONSEQUENCE, A HOTLINE FUNCTION WAS EXPANDED AND SERVICE AUDIT PERFORMANCE GOT MUCH BETTER. THE GROUP INVESTED SIGNIFICANT AMOUNTS TO AUTOMATE ALL OF ITS BUSINESS PROCESSES, UPGRADE ITS INFRASTRUCTURE, FORM A UNIFIED INFORMATION SPACE, AND ENSURE ITS INFORMATION SECURITY.

CONTENTS

12. Financial results

- consolidated accounting balance-sheet
- consolidated profit-and-loss-report
- audit report



12 Financial results. CONSOLIDATED ACCOUNTING BALANCE-SHEET ON 01.01.2008

AlfaStrakhovanie Insurance Group

 Unit of measurement: thousand roubles
 115162, 31 Shabolovka, Moscow

Assets	<i>line code</i>	<i>At the beginning of the reporting period</i>	<i>At the end of the reporting period</i>
I. ASSETS			
<i>Intangible assets, including:</i>	110	2 239	38 939
<i>Investment, including:</i>			
	120	2 550 285	6 013 829
<i>Land</i>	121	0	0
<i>Buildings</i>	122	0	0
<i>financial investments in subsidiaries, related and other companies, including:</i>	130	435 919	834 554
<i>shares of subsidiary and related companies</i>	131	146	0
<i>interest in subsidiary and related companies</i>	133	1 874	34
<i>shares in other organizations</i>	134	7 592	300 703
<i>debt securities of other companies and loans granted</i>	135	396 308	503 817
<i>interest in other organizations</i>	136	29 999	30 000
<i>other investments, including</i>	140	2 114 366	5 179 275
<i>government and municipal securities</i>	141	87 521	352 708
<i>bank deposits</i>	142	1 774 460	4 461 684
<i>other investments</i>	143	252 385	364 883
<i>Premium deposit with reinsurers</i>	150	0	0
<i>Reinsurer's share in reserve, including:</i>	160	1 486 535	1 106 757
<i>life insurance reserves</i>	161	799	2 788
<i>unearned premium reserves</i>	162	442 937	743 531
<i>loss reserves</i>	163	1 042 799	360 438
<i>Accounts receivable on insurance, co-insurance operations, including</i>	170	2 197 471	2 865 330
<i>insureds</i>	171	2 077 144	2 722 925
<i>agents and brokers</i>	172	61 050	64 813
<i>other debtors</i>	175	59 277	77 592
<i>Accounts receivable on reinsurance operations</i>	180	133 043	172 377
<i>Other accounts receivable due over 12 months of the reporting date</i>	190	0	37 087
<i>Other accounts receivable due within 12 months of the reporting date</i>	200	161 181	400 199
<i>Fixed assets</i>	210	123 964	151 618
<i>Construction in progress</i>	220	28 501	1 590
<i>Deferred tax assets</i>	230	6 240	13 682

12 Financial results. CONSOLIDATED ACCOUNTING BALANCE-SHEET ON 01.01.2008

Assets	<i>line code</i>	<i>At the beginning of the reporting period</i>	<i>At the end of the reporting period</i>
Stock, including	240	14 603	35 064
<i>materials and other similar valuables</i>	241	5 252	7 437
<i>deferred expenses</i>			
<i>other stock and costs</i>	245	0	0
Cash	260	2 697 752	1 530 356
Other assets	270	854 357	25 811
Total of Section 1	290	10 256 171	12 392 639
TOTAL	300	10 256 171	12 392 639
Liabilities	<i>Line code</i>	<i>At the beginning of the reporting period</i>	<i>At the end of the reporting period</i>
II. CAPITAL AND RESERVE			
Authorized capital	410	2 400 000	2 450 000
Treasury stock	415	0	0
Additional capital	420	8 791	9 312
Reserve capital, including	430	1 170	1 555
<i>statutory reserves</i>	431	887	1 272
<i>constitutive reserves</i>	432	283	283
Retained earnings (retained loss)	470	31 413	61 702
Total of Section 2	490	2 441 374	2 522 569
Goodwill	491	213 749	210 324
Minority interest in authorized capital	492	4 341	4 341
Minority interest in retained profit	493	1 541	1 594
III. INSURANCE RESERVES			
Life insurance reserves	510	137 276	150 125
Unearned premium reserve	520	4 600 097	6 019 031
Loss reserve	530	2 328 489	2 313 891
Other insurance reserves	540	86 716	99 766
Compulsory medical insurance reserves	550	0	0
Total of Section 3	590	7 152 578	8 582 813
IV. LIABILITIES			
Outstanding premium deposit towards reinsurers	610	0	0
Long-term borrowings and loans	615	0	0
Deferred tax liabilities	620	1 135	1 190
Short-term borrowings and loans	625	5 000	5 000
Accounts payable on insurance, co-insurance operations, including	630	220 886	400 096
<i>insureds</i>	631	133 564	198 665
<i>agents and brokers</i>	632	81 618	192 427
<i>other debtors</i>	635	5 704	9 004
Accounts payable on reinsurance operations	640	144 483	571 270
Other accounts payable, including	650	32 272	63 194

12 Financial results. CONSOLIDATED ACCOUNTING BALANCE-SHEET ON 01.01.2008

Assets	<i>line code</i>	<i>At the beginning of the reporting period</i>	<i>At the end of the reporting period</i>
<i>other debtors</i>	635	5 704	9 004
<i>Accounts payable on reinsurance operations</i>	640	144 483	571 270
<i>due to company's employees</i>	651	3 837	3 197
<i>due to state extrabudgetary funds</i>	652	1 664	1 829
<i>outstanding taxes and charges</i>	653	2 608	4 058
<i>other creditors</i>	655	24 163	54 110
<i>Outstanding income distributions to stakeholders (founders)</i>	660	0	0
<i>Deferred income</i>	665	0	13 580
<i>Outstanding expenses reserves</i>	670	0	0
<i>Preventive measures reserves</i>	675	38 812	16 668
<i>Other liabilities</i>	680	0	0
Liabilities	<i>Line code</i>	<i>At the beginning of the reporting period</i>	<i>At the end of the reporting period</i>
Total of Section 4	690	442 588	1 070 998
TOTAL			

Director General **V.Yu.Skvortsov**

Chief Accountant **N.M. Gusarova**

12 Financial results. CONSOLIDATED PROFIT-AND-LOSS-REPORT ON 2007.

AlfaStrakhovanie Insurance Group

Unit of measurement: thousand roubles

<i>Item</i>	<i>Line code</i>	<i>Reporting year</i>	<i>Previous year</i>
1	2	3	4
I. LIFE INSURANCE			
Insurance premiums (contributions) - net of reinsurance	010	61 059	51 286
insurance premiums (contributions) - total	011	62 988	51 643
transferred to reinsurers	012	(1 929)	(357)
Investment income, including:	020	142 451	167 771
interest to be received	021	6 143	3 911
participation in other companies	022	0	0
revaluation of financial investments	023	596	0
Insurance payments - net of reinsurance	030	(25 821)	(53 513)
insurance payments - total	031	(25 821)	(53 513)
reinsurer's share	032	0	0
Changes in life insurance reserves - net of reinsurance	040	(10 860)	12 984
changes in life insurance - total	041	(12 849)	12 603
changes in reinsurer's share in reserves	042	1 989	381
Expenses on insurance activities - net of reinsurance	050	(30 042)	(12 750)
costs of insurance contracts conclusion	051	(27 519)	(11 925)
other expenses of insurance activities	052	(2 523)	(825)
fees and bonus on reinsurance agreements	055	0	0
Investment expenses, including	060	(131 518)	(158 345)
revaluation of financial investments	061	(138)	0
Life insurance profit (loss)	070	5 269	7 433
II. NON-LIFE INSURANCE			
Insurance premiums (contributions) - net of reinsurance	080	10 191 208	8 303 273
insurance premiums (contributions) - total	081	11 574 077	9 292 080
transferred to reinsurers	082	(1 382 869)	(988 807)
Changes in unearned premium reserves - net of reinsurance	090	(1 118 340)	(2 047 165)
changes in unearned premium reserves - total	091	(1 418 934)	(1 998 237)
changes in reinsurer's share in reserves	092	300 594	(48 928)
Paid-up losses - net of reinsurance	100	(5 510 666)	(3 602 419)
Insurance payments - net of reinsurance	110	(4 842 903)	(3 161 775)
insurance payments - total	111	(5 683 300)	(3 408 540)
reinsurer's share	112	840 397	246 765

12 Financial results. CONSOLIDATED PROFIT-AND-LOSS-REPORT ON 2007.

<i>Item</i>	<i>Line code</i>	<i>Reporting year</i>	<i>Previous year</i>
Changes in loss reserves - net of reinsurance of line item	120	(667 763)	(440 644)
changes in loss reserves - total	121	14 598	(155 117)
changes in reinsurer's share in reserves	122	(682 361)	(285 527)
Changes in other insurance reserves	130	(13 050)	(24 751)
Insurance premium allocations, including:	140	(44 888)	(37 617)
allocations to guarantee reserve		(14 963)	(12 539)
allocations to current indemnity reserve	150	(29 925)	(25 078)
Expenses on insurance activities - net of reinsurance	160	(3 393 898)	(2 401 465)
costs of insurance contracts conclusion	161	(2 917 913)	(1 977 774)
other expenses of insurance activities	162	(521 185)	(492 195)
fees and bonus on reinsurance agreements	165	45 200	68 504
Non-life insurance profit (loss)	170	110 366	189 856
III. OTHER INCOME AND EXPENSES NON INCLUDED IN SECTIONS 1,2			
Investment income, including	180	12 551 979	8 477 751
interest to be received	181	257 278	79 090
participation in other companies	182	2 539	52
revaluation of financial investments	183	71 276	4 730
Investment expenses, including	190	(12 026 452)	(7 977 201)
revaluation of financial investments	191	(60 794)	(7 062)
Managerial expenses	200	(805 661)	(609 365)
Income other than investment, including:	210	345 492	187 577
interest to be received	211	244	4 620
Expenses other than investment, including:	220	(142 637)	(252 713)
interest to be paid	221	0	(5)
Profit (loss) before tax	250	38 356	23 338
Deferred tax assets	260	6 180	4 331
Deferred tax liabilities	270	(55)	(1 135)
Current profit tax	280	(13 060)	(16 126)
Profit allocations	290	(1 079)	(6 457)
Net profit (loss) for the reporting year including minority interest	291	30 342	3 951
Minority interest in net profit	292	(53)	(3)
Net profit (loss) for the reporting year	300	30 289	3 948

Director General

V. Yu. Skvortsov

Chief Accountant

N.M. Gusarova

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Единая лицензия на проведение всех видов аудита № E006084, выданная на основании приказа Министерства финансов РФ № 158 от 24 июня 2004 года на срок 5 (пять) лет.

ООО Аудиторская компания «Мариллион» зарегистрирована Московской регистрационной палатой за номером 001.019.822 от 07 мая 2001 года, внесена в государственный реестр юридических лиц, зарегистрированных до 01.07.02, за №1027700190429 записью от 05.09.02.

Банковские реквизиты: ИНН 7706232172 р/с 40702810300010003386 в АКБ "Абсолют-Банк", к/с 30101810500000000976, БИК 044525976.

ООО "АК "Мариллион" является корпоративным членом Некоммерческого партнерства "Институт профессиональных бухгалтеров и аудиторов России" (НП "ИПБ России").

СВЕДЕНИЯ ОБ АУДИРУЕМОМ ЛИЦЕ

Открытое акционерное общество «АльфаСтрахование».

Местонахождение: 115162, Москва, ул. Шаболовка, д. 31.

ОГРН № 1027739431730 выдан 22.10.2002 Межрайонной инспекцией МНС России № 39 по г. Москве.

Страховая деятельность в проверяемом периоде осуществлялась ОАО «АльфаСтрахование» на основании лицензий С № 2239 77 от 13.12.06 на осуществление страхования и П № 2239 77 от 13.12.06 на осуществление перестрахования.



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08 апреля 2008 года

Общему собранию акционеров
Открытого акционерного общества
«АльфаСтрахование»

АУДИТОРСКОЕ ЗАКЛЮЧЕНИЕ
в отношении достоверности бухгалтерской отчетности
ОАО «АльфаСтрахование»
за период с 01 января 2007 года по 31 декабря 2007 года

Независимыми аудиторами ООО Аудиторская компания «Мариллион» проведен аудит прилагаемой бухгалтерской отчетности Открытого акционерного общества «АльфаСтрахование» (далее по тексту Общество), составленной за период с 01.01.2007 по 31.12.2007 включительно.

Представленная на аудит бухгалтерская отчетность состоит из:

- бухгалтерского баланса страховой организации,
- отчета о прибылях и убытках,
- отчета об изменениях капитала,
- отчета о движении денежных средств,
- приложения к бухгалтерскому балансу страховой организации,
- пояснительной записки.

Ответственность за подготовку настоящей отчетности несет исполнительный орган Общества. Наша обязанность заключается в выражении мнения о достоверности во всех существенных аспектах данной отчетности на основе проведенного аудита, а также соответствии порядка ведения бухгалтерского учета законодательству РФ.

Аудит проводился в соответствии с Федеральным Законом от 7 августа 2001 г. №119-ФЗ «Об аудиторской деятельности в РФ», федеральными правилами (стандартами) аудиторской деятельности, внутрифирменными профессиональными стандартами «Мариллион», подготовленными в соответствии с федеральными и международными стандартами аудита, а также международными стандартами аудита, не противоречащими российским федеральным стандартам.






Аудит планировался и проводился таким образом, чтобы получить разумную уверенность в том, что бухгалтерская отчетность не содержит существенных искажений. Аудит проводился на выборочной основе и включал в себя изучение на основе тестирования доказательств, подтверждающих числовые показатели в бухгалтерской отчетности и раскрытие в ней информации о финансово-хозяйственной деятельности, оценку соблюдения принципов и правил бухгалтерского учета, применяемых при подготовке бухгалтерской отчетности, рассмотрение основных оценочных показателей, полученных руководством аудируемого лица, а также оценку представления бухгалтерской отчетности. Мы полагаем, что проведенный аудит представляет достаточные основания для выражения нашего мнения о достоверности бухгалтерской отчетности и соответствии порядка ведения бухгалтерского учета законодательству Российской Федерации.

По нашему мнению, прилагаемая к настоящему ЗаклЮчению бухгалтерская отчетность достоверна, то есть подготовлена таким образом, чтобы обеспечить во всех существенных аспектах отражение активов и пассивов Общества по состоянию на 31 декабря 2007 года и финансовых результатов его деятельности за период с 01 января 2007 г. по 31 декабря 2007 г. включительно в соответствии с Положением по бухгалтерскому учету «Бухгалтерская отчетность организации» ПБУ 4/99, утвержденным приказом Минфина РФ от 06 июля 1999 г. № 43н, Положением по ведению бухгалтерского учета и отчетности в РФ, утвержденным приказом Минфина РФ от 29 июля 1998 г. № 34н, а также в соответствии с приказом Минфина РФ № 113н от 08.12.2003. «О формах бухгалтерской отчетности страховых организаций и отчетности, представляемой в порядке надзора».

Директор департамента аудиторских услуг
страховым компаниям на основании доверенности
№ 001-АК-2008 от 25.03.08

В. В. Фомин

Аудитор



В.Н. Журавлева В.Н. Журавлева,

квалификационный аттестат аудитора на право
осуществления аудита страховщиков
№ 029794 от 19.06.1996,
выданный в порядке обмена
на неограниченный срок

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LICENSE C 3447 77 ISSUED 03.04.2006