



ANNUAL REPORT 2009

CONTENT

- 1. About the Group**
 - a. CEO's address
 - b. Management
- 2. Main activity results in 2009**
 - a. Customers
 - b. Recognition
 - c. Market share
- 3. Regional development**
- 4. Portfolio structure**
- 5. Life Insurance & Accident Insurance**
- 6. Property Insurance**
- 7. Motor Insurance**
- 8. Voluntary Medical Insurance**
- 9. Liability Insurance**
- 10. Financial Risks Insurance**
- 11. Cargo & Sea Risks Insurance**
- 12. Bancassurance**
- 13. Re-Insurance**
- 14. WSM**
- 15. Alfa Health Center Clinics**
- 16. Obligatory Medical Insurance**
- 17. Development**
 - a. Information Technologies
 - b. High quality service
 - c. AlfaStrakhovanie Brand
 - d. HR policy
 - e. Social responsibility
 - f. Aviation Insurance
- 18. Goals**
- 19. Financial results**
 - a. Consolidated balance sheet
 - b. Consolidated income statement
 - c. Auditor's report
- 20. Contacts**

About Group

The Group “AlphaStrahovanie” works in the insurance market for more than 18 years. During this period the company had formed a portfolio of insurance products including both complex programs of the protection of business interests and a full range of insurance products for private individuals. Today JSC “Alphastrahovanie”, LLC “AlphaStrahovanie-Zhizn”, LLC “AlphaStrahovanie-MC” are included into a Group structure.

Currently the Group “AlphaStrahovanie” offers more than 100 insurance products including life and accident insurance products. About 1.5 million private clients and more than 100 thousand private companies command the services of the company. Altogether 380 regional representatives of the company work on the territory of Russia.

The Group “AlphaStrahovanie” is one of the most dynamically developing companies in the insurance market. Over the last five years the company’s collections had increased nearly three times, and annual increment rate make up 32.2%. The Group “AlphaStrahovanie” became one of few companies that had finished 2009 with the positive dynamics.

These results have been achieved due to the timely implementation of new principles of work in the market in the conditions of a recession: optimization of the business processes, cost control, and organization of new channels of marketing. The period of the economic instability gives to the Group “AlphaStrahovanie” actively working in the market the possibility to realize the advantages related to the leaving from a market of the weak players, disintermediation, distribution cost saving. The ability to quickly adapt to the changed priorities of consumers has provided success of the company both in private, and in corporate segments.

The Group “AlphaStrahovanie” is an active member of professional associations of assures. In the insurance market “AlphaStrahovanie” had approved itself as an innovative company forming new ways and methods of development.

The main advantages of corporate products of the Group “Alpha insurance” are the presence of the experts possessing experience of insurance of the companies of various branches, active work with medical and preventive treatment facilities, including in regions, the flexible approach to each client, including in matters of formation of cost of the contract.

Due to the high level of reliability confirmed by the Fitch Ratings, “AlphaStrahovanie” meets the highest requirements of the largest transnational companies.

The scale of regional projects of “AlphaStrahovanie” is a bright example of how the experience to date and reputation of the reliable company are transformed to profit and form new resources for growth.

Efficiency of settlement of the insured accidents, the network of representatives of the company in the region, high level of service – criteria which make “AlphaStrahovanie” the reliable partner for the State customers.

“AlphaStrahovanie” actively participates in the development of Russia insurance market. The chief executive officers of the company overture to improve the regulatory framework and procedures, share their own expertise of successful decisions to other participants of the market at conferences and seminars. Today “AlphaStrahovanie” is among leaders of federal insurance market and this success determines an additional liability of the company both to clients and professional association.

To us are important not only the overall commercial indicators, but also atmosphere in the market. All our initiatives – both legislative and professional, – are directed on growth of the overall level of service and quality of the insurance products which should correspond to the highest international standards. “AlphaStrahovanie” has amassed a wealth of experience of work with clients of different scale and scope of business including with largest corporations and government institutions which traditionally place increased demands on insurer.

According to researches of rating agency «Expert RA» the Group “AlphaStrahovanie” is in the top ten leaders of the open insurance market. In January 2010 agency has confirmed the highest rating of the reliability A++ given to the Group “AlfaStrahovanie” in 2003. Also the Group has a Fitch international rating of financial stability. The high reputation of top-managers and owners of the company, and also an operational experience of the insurer in the market, including experience of settlement of hefty losses have served as factors of keeping of a rating of reliability of “AlphaStrahovanie” at the highest level. Furthermore, the reliability indicators are: extensive database of clients, high work efficiency of a filial network and quality of the reinsurance protection.

CEO'S ADDRESS**Dear customers, partners and colleagues!**

Let me present the business results of AlfaStrakhovanie for 2009. Despite the difficult crisis period, AlfaStrakhovanie has strengthened its positions as one of the insurance market leaders in Russia. We have started this year with positive trends: increase in premium income was 11% in 2009, while the industry in general experienced a decrease of 7.3%. Our share in the Russian market is now 4.5% vs. 3.7% in 2008. This success brings new challenges, which are, most importantly, to increase the quality of our insurance products, develop customer service and search for new marketing channels. These will be our priorities in 2010.



In 2009, AlfaStrakhovanie Group increased its growth rates in all main market segments. In life insurance the Group's share grew up to 5.8% as compared to 2.8% in 2008. We achieved this by active expansion of AlfaStrakhovanie-Life, a company that entered the last year's top five in the life insurance market.

Even though the personal insurance market dropped in 2009, the segment of voluntary medical insurance became one of the fast growing segments in the Group's portfolio. Among the clients of AlfaStrakhovanie in this segment are: MRSK Holding, KES Holding, Magnitogorsk Iron & Steel Works, Slavneft-YANOS, Alfa-Bank and others. According to preliminary results of 2009, AlfaStrakhovanie Group was the 6th largest company in voluntary medical insurance, and the premium income in this segment went 36% up. As part of its business development strategy and to increase the quality of services, AlfaStrakhovanie Group implements a unique project to create a federal network of European quality clinics. In 2009, we opened Alfa-Health Center clinics in Perm and Kirov.

AlfaStrakhovanie Group continues to develop the segment of insurance for cultural valuables and is one of the leaders in this area. In January 2009, the company was awarded the title of honorary member of Society of Friends of Moscow Kremlin Museums. Over 100 contracts have been concluded in this sphere since 2009.

In 2009, the company has started operating in a new segment – sports insurance. By the end of the year the company has secured a considerable share in the market, winning such customers as professional football, hockey and basketball clubs, and the Equestrian Federation of Russia, among others.

In the late 2009, AlfaStrakhovanie acquired AVIKOS-AFES, the largest insurance company in the segment of space and aviation insurance. The value of this acquisition is the unique portfolio in aviation risks and a professional team, one of the best in aviation insurance. As a result of this purchase, we expect to not only keep the 3rd place by premium income in this specialized area, but also achieve considerable improvement of these positions. Among key accounts of AVIKOS-AFES are Ural Airlines, Yakutia Airlines, Air Traffic Management Corporation of Russia, AVIANOVA, Vnukovo and Domodedovo airports in Moscow and others.

Our mission is to provide excellent customer service, with timely and complete payment of indemnity in particular. Among the largest indemnities paid in 2009 were: over 1 billion rubles for 2005 Moscow blackout due to fire at Chagino substation, 20.5 million rubles for total loss of vessel, 17.6 million rubles for damages to power equipment, 13.5 million rubles for a fire, 9.6 million rubles for damages due to train crash. Furthermore, AlfaStrakhovanie-Life has paid compensations to victims of Nevsky Express train crash.

The Group has confirmed its reputation of a reliable and customer-oriented company when it received the highest honour in the financial community – the Financial Olympus Award for customer service in April 2009, and the Golden Salamander Award in May 2009.

Expert RA rating agency has confirmed the highest reliability rating of AlfaStrakhovanie for the 7th time, evidencing considerable financial safety margin, stability and high quality of our services.

Among the priorities of the Group in 2009 were human resources: keeping and strengthening the team of professionals during the crisis times. Efficient HR policies of AlfaStrakhovanie Group were marked by the golden prize at the 4th national HR-BRAND award in the Federation category

In a difficult financial situation of 2009, AlfaStrakhovanie reaffirmed its reputation of a reliable and stable company and reinforced its positions in the Russian insurance market. In 2009 the Group achieved positive financial results and increased its market share. We continue to develop new insurance segments and successfully proceed with the project to create a federal network of clinics. We are happy to keep our old customers and win new ones during the financial crisis, and our promise is to always offer the best service, reliability and quality. Last year's success brings us new prospects for the future.

Sincerely yours,

Vladimir Skvortsov

CEO
AlfaStrakhovanie, PLC

MANAGEMENT**Board of Directors:****Petr Aven**

*Member of the Supervisory Board of Alfa Group consortium
President of JSC Alfa-Bank
Member of the Board of Directors of JSC Alfa-Bank
Chairman of the Board of Directors of JSC AlfaStrakhovanie*

Andrey Kosogov

*Member of the Board of Directors of Alfa Asset Management Holdings Ltd
Member of the Board of Directors of JSC Alfa-Bank*

Andrey Baranov

Managing partner of Princeton Partner Group

Hans Falk Bjorke

Senior advisor of Deutsche Private Equity GmbH

Ildar Karimov

*Director for corporate development, planning and supervision of JSC Alfa-Bank
Member of the Board of Directors of JSC Alfa-Bank*

Vladimir Skvortsov

General Director of JSC AlfaStrakhovanie

Andrey Sokolov

First Deputy Chairman of the Board of JSC Alfa-Bank

Oleg Sysuyev

First Deputy Chairman of the Board of Directors of JSC Alfa-Bank

Sergey Guriyev

Rector of Russian Economic School

Elena Katayeva

Deputy General Director of JSC Gazpromregiongaz

Board:**Vladimir Skvortsov***Chairman of the Board**General Director***Mikhail Bershadsky***President***Vladimir Sorokin***General Director of LLC AlfaStrakhovanie-Zhizn**Business Director**Deputy General Director***Vera Volkun***Financial Director**Deputy General Director***Aleksandr Gorin***Deputy General Director for vehicle insurance***Andrey Ryzhakov***Deputy General Director for medical insurance***Ilya Olenin***Deputy General Director**Director of underwriting and methodology department***Irina Alpatova***Deputy General Director for property underwriting*

MAIN ACTIVITY RESULTS IN 2009

According to the official data of the Federal Service for Insurance Supervision , premium income in 2009 in all segments of the insurance market has increased by 3.1%, while in 2008 this figure for the same period was at 22% (see Table 1).

Table 1
Russian insurance market developments (millions of RUR)

Segment	2006	2007	2008	2009	Income growth in 2009	AAGR*, 2006-2009	Segment share, 2009
life	15 984	22 700	18 657	15 713	-15,8%	-0,6%	1,6%
personal	76 950	90 021	107 573	101 665	-5,5%	9,7%	10,4%
property	227 912	274 301	317 310	277 005	-12,7%	6,7%	28,3%
liability	16 533	20 277	22 548	26 039	15,5%	16,3%	2,7%
compulsory motor third-party liability	63 874	72 480	80 051	85 736	7,1%	10,3%	8,8%
compulsory medical insurance	203 534	289 927	394 278	464 349	17,8%	31,6%	47,5%
other compulsory types	5 839	6 285	7 596	6 857	-9,7%	5,5%	0,7%
including personal for passengers	513	563	564	519	-8,0%	0,4%	0,1%
including national personal for employees of State Tax Authority of Russia	12	20	23	25	9,9%	28,2%	0,0%
including national for military personnel	5 314	5 702	7 009	6 313	-9,9%	5,9%	0,6%

Market total	610 627	775 991	948 012	977 526	3,1%	17,0%	100,0%
Voluntary	337 060	407 298	466 087	420 423	-9,8%	7,6%	43,0%
Voluntary and compulsory motor third-party liability	400 929	479 779	546 138	506 159	-7,3%	8,0%	51,8%
Other than life and compulsory motor third-party liability	384 947	457 079	527 481	490 446	-7,0%	8,4%	50,2%
“Targeted” market – income except compulsory medical insurance	407,093	486,063	553,734	513,176	-7,3%	8,0%	52,5%

* average annual growth rate

Market growth has been caused, first of all, by considerable growth of the compulsory medical insurance sector, which has accounted for 47.5% of the insurance market in 2009. At the same time, the growth in the compulsory medical insurance sector has slowed down. Thus, in 2009 the segment grew 18% versus 36% in 2008 and 42% in 2007. The “targeted” market for the Company (all income except compulsory medical insurance) in 2009 has, on the contrary, decreased (-7%) and was at RUR 513.2 billion, or 52.5% of the total volume of the insurance market. The main factor for the decrease was falling incomes in the largest segments of the “targeted” market: property (-13%) and personal (-5.5%). The biggest decrease was in life insurance (-16%). These segments account for over 77% of the “targeted” market. Growth was observed in liability insurance (+15.5%) and compulsory motor third-party liability insurance (+7%).

Table 2

Developments of the portfolio and market share of AlfaStrakhovanie in segments of the insurance market (2006-2009)

Segment	Income, million rubles				Growth in 2009	AAGR in 2006-2009	Segment share	2008		2009	
	2006	2007	2008	2009				market share	место	доля рынка	место
life	51	59	531	911	71,6%	161,4%	3,9%	2,8%	8	5,8%	5
personal	962	1 557	3 043	4 047	33,1%	61,4%	17,5%	2,8%	8	4,0%	8
property	6 453	7515	14 290	12 292	-13,8%	24,0%	53,0%	4,5%	7	4,4%	7
liability	203	312	451	682	51,2%	49,8%	2,9%	2,0%	13	2,6%	11
compulsory motor third-party liability	1 181	1 411	2 025	2 304	13,9%	24,9%	9,9%	2,5%	9	2,7%	8
compulsory medical insurance	0	0	0	2 737			11,8%	0,0%		0,6%	27
other compulsory types	1,8	2,6	14,3	200	1298,9%	380,9%	0,9%	0,2%	13	2,9%	7
Total	8 852	10 856	20 355	23 172	14,0%	37,8%	100,0%	2,2%	11	2,4%	9
Total for the "targeted" market (except compulsory medical insurance)	8,852	10,856	20,355	20,435	1,0%	32,2%	88,2%	3,7%	8	4,0%	7

* place in the ranking of group and systems of insurance companies (taking into account mergers and acquisitions)

Unlike the "targeted" market, the company has shown positive trends – income in 2009 increased by 1.0% compared to 2008 (see Table 3). Market share of the Company has grown from 3.7% in 2008 to 4.0% in 2009.

The share of the company has been growing in nearly all segments of the targeted market. The biggest growth was in life insurance (from 2.8% in 2008 to 5.8% in 2009) and other compulsory types (2.9% in 2009 versus 0.2% in 2008). Company income fell in the biggest sector, the property (-13.8%). The Company has also shown good progress in personal insurance (+33%) where the market share was 4.0% versus 2.8% in 2008 and in liability insurance (+51%) where the market share grew from 2.0% in 2008 to 2.6% in 2009.

Compulsory motor third-party liability portfolio has grown by 14%, which is more than the growth rate of this market segment, so the Company's market share has grown to 2.7% from 2.5% in 2008.

Table 3

Growth of total premium income by AlfaStrakhovanie Group companies in 2003-2009, million rubles

	2003	2004	2005	2006	2007	2008	2009
Insurance premium	4 110	5 673	6 864	8 852	10 856	20 355	20 435

The income of AlfaStrakhovanie Group in 2009 has grown by 1.0% and amounted to 20.4 billion rubles. The Company has experienced growth in premium income despite the falling income on the market in general.

Table 4

Total liability of AlfaStrakhovanie Group in 2003-2009, billion rubles

	2003	2004	2005	2006	2007	2008	2009
Total liability	1 049,9	1 519,7	2 424,7	3 159,9	6 836,6	13 091,8	13 839,1

The total liability assumed by the insurer in 2009 has grown by 5.7% and amounted to 13,839.1 billion rubles. The portfolio largely still consists of major risks and complex insurance programmes.

Table 5

Number of contracts entered into by AlfaStrakhovanie Group in 2003-2009

	2003	2004	2005	2006	2007	2008	2009
Number of contracts made:	441 826	609 094	715 883	880 353	1 464 537	2 257 080	2 159 021
with natural persons, %	40,4	73,3	66,4	78,9	86,4	69,8	88,12%
with entities, %	59,6	26,7	33,6	21,1	13,6	30,2	11,88%

With the general decline in the market, the number of contracts made by AlfaStrakhovanie Group has also decreased by 4.3% and was at 2.1 million contracts. In 2009, contracts with natural persons amounted to almost 90% of the portfolio of AlfaStrakhovanie Group.

Table 6

Growth of own funds of AlfaStrakhovanie Group in 2003-2009, million rubles

	2003	2004	2005	2006	2007	2008	2009
Own funds	917,9	931,8	2 437	2 441	2 523	6 135,3	7 019,5

The growth of own funds of AlfaStrakhovanie Group in 2009 was 14,4% compared to 2008.

CUSTOMERS

Corporate insurance is one of AlfaStrakhovanie Group's most dynamically developing lines of business. The Group's traditional key advantage over its competitors in the corporate insurance sector is the individual approach to every client and the insurance products' flexibility. It should also be noted that the high quality of the service and the vast experience of AlfaStrakhovanie in the Russian insurance market guarantee the high effectiveness and optimal cost of insurance programs for the clients in various spheres of business.

Absolut Bank	Central Internal Affairs Directorate in Chelyabinsk region
Adidas Group	Central Internal Affairs Directorate in Kemerovo region
Administration of Russian Federation Ministry of Civil Defense & Emergency Response in Orenburg region	Central Internal Affairs Directorate in Khanty-Mansiysk autonomous district
Aeroflot	Central Internal Affairs Directorate in Kurgan region
AgroKuban	Central Internal Affairs Directorate in Samara region
Airbus	Central Internal Affairs Directorate in Tomsk region
Alfa Capital	Central Internal Affairs Directorate in Tyumen region
Alfa Capital Partners	Continental Management Timber Company
Alfa-Bank	Daimler AG
AMTEL-POVOLZHYE	DeltaCredit
Arkhangelsk Pulp & Paper Mill	Department of Internal Affairs in Kirov region
Avianova	Department of Internal Affairs in Kurgan region
Baikalvestcom	Department of Internal Affairs in Omsk region
BALT TRANS	Department of Internal Affairs in Pskov region
Beiersdorf	
Borets Company	
BOSCO DI CILIEGI	
Cadbury	

Department of Internal Affairs in
Smolensk region

Department of Internal Affairs in
Surgut

Department of Internal Affairs in
Tver region

Department of Internal Affairs in
Yaroslavl region

Department of Internal Affairs on
Railway Transport of the Ministry
of Internal Affairs of the Russian
Federation

Department of Physical Education &
Sport of Moscow

Domodedovo Airport Complex

DON-Stroy

DPD

Electronic Arts

Enel OGK-5

S.P. Korolev Rocket and Space Cor-
poration Energia

Burovaya Kompaniya Eurasia

EUROCEMENT Holding AG

Evrast Group

Federal Customs Service

Federal Grid Company of Unified
Energy System

Federal Service for Drug Trafficking
Control

FESCO Transportation Group

First Power-Generating Company on
the Wholesale Energy Market

Fitch Ratings

Forum Properties

Fourth Generating Company of the
Wholesale Electricity Market

Gelio-Pax

GUM

Independence

ING Group

Integrated Energy Systems

Interregional Distributive Grid

Companies Holding

Basketball Club Khimki

Kirovenergosbyt

KMB BANK

Kuzbas Fuel Company

Lactalis

Lenenergo

LG Electronics

LUKOIL-Energoseti

The Magnitigorsk Iron and Steel
Works

Mannheimer Swartling Ryssland
Advokataktiebolag

Marsh

MDM Bank

Media Markt

MegaFon

Mercury

METALLOINVEST

METRO Cash & Carry

METROWAGONMASH

Ministry of Internal Affairs of the
Republic of Dagestan

Miratorg

MIRAX GROUP	The Russian Museum of Ethnography
Mobikom	Russian Steam-Ship
Mobile TeleSystems	Severstal
Mobilnye GTES	Sevmorneftegeofizika
Mondi Syktyvkar	Shchekinoazot
MORDOVCEMENT	Sheremetyevo International Airport
The Moscow Kremlin	Siber
Moscow United Electric Grid Company	Sibselmash
News Outdoor	SIBUR Holding
Norilsk Nickel	Siemens High-voltage
NOVATEK	Slavneft
OFIS PREMIER	Solar products
Omskvodokanal	Sony Ericsson
Philips	Sovtransavto
Pirogov National Medical Surgical Center	Spartak
Polyplast	St. Isaac's Cathedral
PRODO	State ATM Corporation
Razgulay Group	The State Kremlin Palace
Rigla	Stroytransgaz
Robert Bosch	Swedbank
ROSMORPORT	Syrian Arab Airlines
Rosneft	System Operator of the United Power System
Rusagro	TAIF
RusHydro	TELE2
RusLine	Temryuk Maritime Transportation
RUSSDRAGMET	Territorial generating company No.14
Russian Agricultural Bank	Territorial generating company No.2
Russian Federation Pension Fund	Territorial generating company No.5

Territorial generating company No.9

Territorial generating company No.6

TNK-BP

TNT

TogliattiAzot

Transbunker

TransContainer

Transmashholding

Tsarskoye Selo

Tuapse Merchant Seaport

Twentieth Century Fox Film Corporation

Twinstore

Ufa Airlines

United Depository Company

Ural Airlines

URALCHEM

VAMIN Tatarstan

Vnesheconombank

Vnukovo Airport

VympelCom

Wimm Bill Dann

X5 Retail Group N.V.

Aircompany Yakutia

Yamal Aviation Transport Company

RECOGNITION

Expert RA, the leading Russian rating agency, has given rating A++ «Exceptionally high level of reliability» to AlfaStrakhovaniye for the sixth time confirming that the company will carry out all its financial obligations to the client in time. In the mid-term the company will carry out its obligations even under conditions of quite adverse changes of macroeconomic and market values according to the assessment of Expert RA.

In 2009 AlfaStrakhovaniye group became a winner of the All-Russian Insurance Award «Zolotaya Salamandra» for the third time: Vladimir Skvortsov, CEO of AlfaStrakhovaniye, was recognized as a Head of the insurance company of 2009; the project on creating a network of multi-field medical clinics «Alfa-Tsentr Zdorovya» was recognized as a Social project of the year; the project of integration of the unified human resources management system «BOSS-kadrovik» became the Best IT project of 2009.

TOP managers of AlfaStrakhovaniye are at the head of the annual rating «TOP-1000 of Russian managers» which recognizes the most professional managers in their branches for the sixth time.

AlfaStrakhovaniye was recognized as an Attractive Employer of 2009 according to the results of the survey carried out by SuperJob.ru portal.

AlfaStrakhovaniye got a «gold» prize of the Fourth National Award «HR-BRAND» which is presented to the best Russian employers by HeadHunter.ru portal, in nomination for Federation every year.

AlfaStrakhovaniye became a winner of the First All-Russian Public Purchase Award «GOSkontrakt» in nomination for Rendering of service.

MARKET SHARE

Segment	Market share				
	2005	2006	2007	2008	2009
life insurance	0,5%	0,3%	0,3%	2,8%	5,8%
personal insurance	1,1%	1,3%	1,7%	2,8%	4,0%
property insurance	2,7%	2,8%	2,7%	4,5%	4,4%
responsibility insurance	1,1%	1,2%	1,5%	2,0%	2,6%
Compulsory Motor Third Party Liability Insurance	1,7%	1,9%	2,0%	2,5%	2,7%
Compulsory Health Insurance	0,0%	0,0%	0,0%	0,0%	0,6%
Other compulsory kinds	0,02%	0,03%	0,04%	0,2%	2,9%
Total	1,4%	1,5%	1,4%	2,2%	2,4%
Total at the «target» market (except Compulsory Health Insurance)	2,0%	2,2%	2,2%	3,7%	4,0%

Since 2005 till 2009 the market share of AlfaStrakhovanie Group has increased by two times. The segment of health insurance has increased by more than 11,5 times, personal insurance segment – by more than 3,5 times, property insurance segment – by more than 1,5 times, responsibility insurance segment – almost by 2,5 times, the segment of Compulsory Motor Third Party Liability Insurance – by 1,5 times. Thus, AlfaStrakhovanie Group has been constantly growing for five years developing its business in all directions of the insurance activity.

High rates of growth of the AlfaStrakhovanie market share were in 2008 – nearly by 70%. High rates of growth were also in the main segments of the target market in 2008: in the health insurance segment – nearly by 835%, in the personal insurance segment – nearly by 65%, in the property insurance segment – by more than 65%, in the responsibility insurance segment – nearly by 35%, in the segment of Compulsory Motor Third Party Liability Insurance – by 25%. Thus, AlfaStrakhovanie Group showed an essential growth of proceeds for the last five years in 2008.

According to the results of 2005 AlfaStrakhovanie Group is still stable at the open market of voluntary risk insurance: the Group takes the 5th place and has the market share of 2,0%.

According to the results of the survey carried out by Expert RA rating agency, AlfaStrakhovanie Group was in the TOP 10 leaders of the bank insurance market being the leader of some of the kinds in 2006.

In 2007 the Russian market of voluntary insurance and compulsory motor third party liability insurance increased by 18%. The insurance portfolio of AlfaStrakhovanie has increased by 34%, the market share – 2,2%.

The insurance portfolio of AlfaStrakhovanie has increased by 90% – or nearly by two times – in 2008 in comparison with 2007 and was more than 20 billion RUB. The Group market share increased from 2,2% in 2007 by up to 3,7% in 2008.

In 2009 AlfaStrakhovanie Group showed positive dynamics unlike the «target» market – its proceeds for 2009 increased by 1% as compared with 2008. The Group market share increased from 3,7% in 2008 by up to 4,0% in 2009.

REGIONAL DEVELOPMENT

In 2009 regional development remains AlfaStrakhovanie Group's priority direction of activity. As a number of regional players left the market due to the financial crisis, a potential has been created for the expansion of major federal companies, AlfaStrakhovanie being among them.

Table 1
AlfaStrakhovanie Group Regional Network Development Rates in 2003–2009

	2003	2004	2005	2006	2007	2008	2009
Number of branches and regional offices	150	210	236	300	350	380	380

Table 2
Insurance Premium Receipts of AlfaStrakhovanie Group Regional Offices in 2003–2009 (RUR mln)

	2003	2004	2005	2006	2007	2008	2009
Insurance premium receipts regional network	1 191	1 812	2 617	3 843	4 771	9 446	10 756

In 2009 году AlfaStrakhovanie Group reached the 5th place in terms of receipts in Siberian Federal District. The Siberian Regional Center's market share in 2009 reached 4,7% against 3,9% in 2008. Such good results could be reached due to the insurer's active participation in the major federal companies' tenders and the development of the regional business.

AlfaStrakhovanie Group ranks 11th in terms of receipts in Northwestern Federal District. The Northwestern Regional Center's market share in 2009 reached 2,8% against 1,9% in 2008.

The company's growth can be observed in Ural Federal Region – in 2009 AlfaStrakhovanie ranks 4th with a market share of 5,8% against 4,1% in 2008.

AlfaStrakhovanie strengthens its positions in Volga Federal District. In spite of the general tendencies in Russia for the receipts to reduce in key segment, the market share of AlfaStrakhovanie in this region increased in 2009 and reached 3,6% against 2,8% in 2008.

AlfaStrakhovanie Group ranks 6th in terms of receipts in Southern Federal District. The Southern Regional Center's market share reached 4,1% in 2009 against 3,1% in 2008.

In 2009 the Central Black Earth Regional Center ranks 4th in the region with a market share of 5,8% against 2,9% in 2008.

AlfaStrakhovanie Group ranks 6th in terms of receipts in the Republic of Tatarstan. The Kazan Regional Center's market share in 2009 reached 4,1% against 3,7% in 2008.

In 2009 the Far Eastern Regional Center ranks 13th in terms of receipts in the region with a market share of 2,0% against 2,3% in 2008.

PORTFOLIO STRUCTURE

In 2009 AlfaStrakhovanie strengthened its positions among the Russian insurance market leasers. The Company shows 1% increase in receipts despite the general reduction in receipts in the market (without compulsory medical insurance) by 7,3%. The market share of one of the Russian market leaders is 4,0% against 3,7% reached in 2008.

AlfaStrakhovanie Group has increased the development rates in the key sectors of the target market. In the life insurance segment the Group's share reached 5,8% in 2009 as compared 2,8% in 2008. This result was reached due to the active development of AlfaStrakhovanie-Life LLC that entered the top 5 market leaders, having gone 3 positions up as compared to the 2008 result. In the compulsory types of insurance, excluding compulsory motor third party liability and compulsory medical insurance, AlfaStrakhovanie increased its market presence more than 10 times – the market share increased from 0,2% in 2008 to 2,9% in 2009.

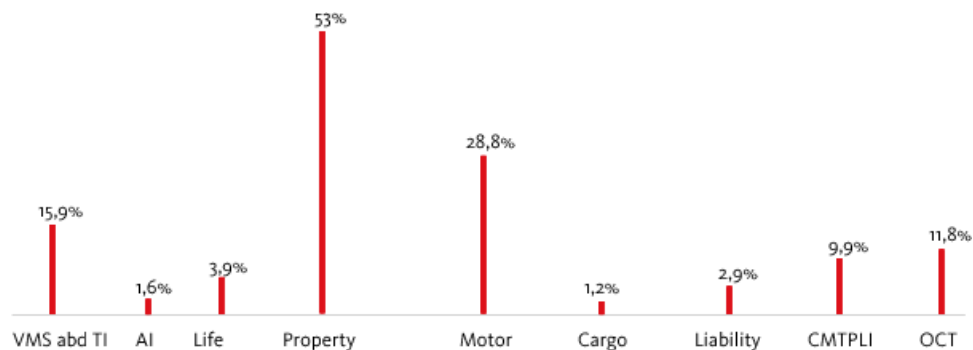
Due to the experience and reputation of a reliable insurance company, AlfaStrakhovanie Group has secured an excellent dynamics in the personal insurance segment (+33%), having increased the market share from 2,8% in 2008 to 4,0% in 2009. The major part of the personal insurance portfolio still belongs to the corporate segment.

Generally in the market the most significant growth in 2009 could be observed in the compulsory medical insurance segment – almost 18%. AlfaStrakhovanie Group has successfully entered the compulsory medical insurance market: the Company's portfolio already contains 1,3 mln of insured persons within the framework of the compulsory medical insurance program. The offices of AlfaStrakhovanie-MS LLC have been opened in Murmansk, Tver and Cheliabinsk regions.

Property insurance traditionally accounts for the portfolio's major part – 53% of the Group's receipts.

Portfolio Structure, 2009, %:

- Personal Insurance – 17,5%
 - o Voluntary Medical Insurance and Travelling Insurance – 14,2%
 - o Accident Insurance – 3,3%
- Life Insurance – 3,9%
- Property Insurance – 53%
 - o Property Insurance – 26%
 - o Motor Insurance – 25,9%
 - o Cargo Insurance – 1,1%
- Liability Insurance – 2,9%
- Compulsory Motor Third Party Liability Insurance – 9,9%
- Compulsory Medical Insurance – 11,8%
- Other compulsory types - 1,0%



LIFE INSURANCE AND ACCIDENT INSURANCE

In 2009, the group AlfaStrakhovanie showed a high growth momentum in the segment of life insurance. The Group's share AlfaStrakhovanie in 2009 on the life insurance market grew by more than 2-fold, to 5,8% in 2009 compared to 2,8% in 2008. This company became one of the three market leaders, rising according to the Federal Insurance Supervision Service, to third place, or three steps up, compared with the results of 2008 and 35 places compared with 2007.

Charges life insurance companies in 2009 totaled 931 million rubles, or 71,6% more than last year. Charges for insurance against accidents and diseases - 327.7 million rubles.

Since the beginning of the year thanks to well coordinated work of a team of professionals portfolio AlfaStrakhovanie-Life "has increased by more than 400 thousand contracts, including the expense of big victories in the corporate sector, both regionally and at the federal level.

Thus, under the protection of AlfaStrakhovanie-Life "from 2009 are members of the Russian representation of one of the leading companies in the world of analytical Fitch Ratings, staff," Robert Bosch ", SITRONICS Telecom Solutions, a leading international provider of innovative technologies and services, concert band Oleg Gazmanov, crew members of a regional regatta, held in the Volga region. In 2009, AlfaStrakhovanie-Life "the winner of the open competition OAO Sberbank of Russia at the choice of insurance companies for partnership in programs funded life insurance from 10 leading insurance market participants.

In 2009 AlfaStrakhovanie-Life "fokusirovalals on improving areas of life insurance savings. The company presented its market special features of this type of insurance, providing solutions for various situations in the life of the customer.

Line of products continues to be updated and refined. An important step in the development of the company also has launched a mid-year with the Alfa-Bank's unique technology products "income protection, life and health", which provides customers with Alfa-Bank's current day protection from job losses and has no analogues in the Russian market.

AlfaStrakhovanie-Life "is a socially-oriented company and in 2009 the company's employees together with the "Give Life "and the initiative group" Donors - Children took part in the donor action to save children from serious diseases.

In 2009, the company also implemented an active regional expansion: eight were discovered independently operating branches and representative offices in the most economically important regions. The positive changes made possible and through the active development companies in the regions: the growth of the regional portfolio of the Group amount to more than 25%.

Good results in this segment has been achieved largely thanks to the active development of the company AlfaStrakhovanie-Life ". In 2009, the CEO of one of the fastest growing structures Groups AlfaStrakhovanie by Vladimir Sorokin, who continued the line of active business development, begun in 2008.

In 2009 AlfaStrakhovanie-Life "has continued to improve their own business by building regional expansion, the growth of the portfolio of corporate clients, expanding the pool's largest banks-partners. In 2009, the company signed a cooperation agreement with the world's largest insurance broker and consultant in the field of risk management company Marsh.

Against the backdrop of rapid business growth in the segment of the life insurance company in the beginning of the year has presented its own web page AlfaStrakhovanie-Life ", which provides rapid feedback from customers and partners.

In 2009, AlfaStrakhovanie-Life "has introduced an updated operating system platform INSIS, which will automate business processes and significantly improve customer service.

PROPERTY INSURANCE

Despite the unfavourable economic situation AlfaStrakhovanie Group continues successfully developing the property insurance segment. The Group took the 7th place among large companies operating at the property insurance market in 2009. Reliable reinsurance coverage, efficiently-built system of risks assessment and also an individual approach to making property insurance programs are attractive for clients who have high requirements to an insurance company.

The total premiums earned under property insurance amounted to about 12,3 billion RUB in 2009, the market share - 4,4%.

The total claims paid under property insurance amounted to more than 7,2 billion RUB in 2009, exceeding the previous year by 46%.

Today AlfaStrakhovanie protects the property of large Russian enterprises. There are The Magnitigorsk Iron and Steel Works, GK Akron, Temryuk Maritime Transportation, Integrated Energy Systems, Omskvodokanal, Rigla, ENGEOCOM, Alfa-Bank, and SELA, Razgulay Group and others among clients.

AlfaStrakhovanie Group continues developing cultural values insurance segment and has one of the leading positions in this segment of the Russian insurance market. In January, 2009 AlfaStrakhovanie was conferred with a title of the honorary member of the Moscow Kremlin Museums Friends Society. The company insured a number of Museum exhibits: exhibition «Kings and East» in Washington, «Free imperial city Augsburg. Centuries of greatness» in Moscow and others. Also the company insured Christian relics from the collection the Moscow Kremlin Museums which were temporarily kept in the Christ the Saviour Cathedral. Active development of the cultural values insurance segment allowed the company to achieve great success in this segment of the market and conclude a large number of contracts, both of the private art collections insurance and contracts of exhibitions and artworks transportation insurance.

AlfaStrakhovanie offers new terms and makes bonus programs in a retail segment as well. Since January, 2009 the Group has been cooperating with Aeroflot by the Aeroflot Bonus programme having bought by which a property insurance policy or a comprehensive insurance one clients of AlfaStrakhovanie can have bonus miles.

MOTOR INSURANCE

Motor insurance continues to be one of the leading directions of AlfaStrakhovanie activity. According to the data of the Russian Association of Motor Insurers, AlfaStrakhovanie is in the TOP 10 leaders in the compulsory motor insurance segment with market share of 2,7% and amount of insurance proceeds of 2,3 billion RUB in 2009.

In 2009 the company developed new motor insurance products, made modernization in the tariff system taking into account the hard crisis period. High level of individual service and customer-oriented tariff policy are a priority for the company that allows it to develop this insurance direction.

Table 1
Premium Income in Motor Insurance and Liability Insurance Segments of AlfaStrakhovanie Group for 2003–2009 (RUR mln)

	2003	2004	2005	2006	2007	2008	2009
Motor Insurance and Liability Insurance	849,4	1 326	2 504,30	4 477,60	4 423,40	6 299,60	8 189

According to the results of 2009 the total premiums earned under motor insurance and liability insurance in 2009 increased by 30% and amounted to more than 8,1 bln RUR.

Table 2
Claim Payments in Motor Insurance and Liability Insurance Segments of AlfaStrakhovanie Group for 2003–2009 (RUR mln)

	2003	2004	2005	2006	2007	2008	2009
Motor Insurance and Liability Insurance	527,7	666	1 170,80	1 815,20	2 958,80	3 838,10	6 225M

The total claims paid under motor insurance and liability insurance in 2009 exceeded the previous year results by 62% and amounted more than 6,2 bln RUR.

Large corporate clients of the Group on motor and liability insurance: X5 Retail Group N.V., TNK-BP, METROWAGONMASH, Government of the Omsk region, Department of Internal Affairs in Omsk region, Adidas Group, Department of Internal Affairs in Smolensk region, Department of Internal Affairs on Railway Transport of the Ministry of Internal Affairs of the Russian Federation and others.

Since 2009 Compulsory Motor Third Party Liability Insurance policy can be bought through Alfa-Click Internet-bank that allows to significantly save time for drawing up or extending this policy and makes the purchase procedure more comfortable because it does not require a client to be in the insurance company's office.

Individual programs which give clients an ability to manage their costs and complete an insurance package with additional options at their choice were developed at the end of 2009. For these purposes a Chestnoye KASKO concept including the products differentiated by the price and scope of extra services was developed – Goloye KASKO, AlfaBUSINESS», AlfaALL INCLUSIVE.

AlfaStrakhovanie is one of 11 Russian insurance companies which have a license for transactions with a Green Card. High competitiveness in some regions (Northwestern Federal District) and high price of the license – guarantee fee for reinsurance is 500 thousand EUR and deposit in Russ-Bank is about 1 million EUR – require additional business solvency from insurers-participants of the program. According to the results of successful launch of the Green Card product, AlfaStrakhovanie made a decision to increase the proceeds plan by 15% for 2010 – from 135 to 155 million RUB.

VOLUNTARY MEDICAL INSURANCE

The segment of voluntary medical insurance became one of the most successful ones in the portfolio of AlfaStrakhovanie Group in 2009 despite general decrease of proceeds at the personal insurance market. In 2009 the Group fortified its positions at the market of voluntary medical insurance, having risen from the 7th to the 5th place among the main players of the segment. Rates of proceeds growth regarding 2008 were 56%. As a result the market share of AlfaStrakhovanie Group increased from 3,2% up to 4,9% for a year.

Priority directions in the development of the voluntary insurance segment are still the following: improvement of the client service, development of individual insurance programs and new products. In 2009 the Group increased its client base, more than 57 000 contracts of voluntary health insurance were concluded. More than 500 000 people are owners of voluntary health insurance policies of AlfaStrakhovanie.

As part of business development and expansion of the list of services rendered AlfaStrakhovanie Group continues implementing the large and unique project on creating a federal network of clinics Alfa Health Center Clinics. In 2009 Alfa Health Center Clinics network were opened in Perm and Kirov. The balanced pricing policy of medical centers will allow making all achievements in the modern medicine available to people of the Russian regions, first of all to the clients of AlfaStrakhovanie on voluntary medical insurance.

Table 1

Premium Income in the segment of Voluntary Medical Insurance, AlfaStrakhovanie Group, 2007–2008 (RUR mln)

	2007	2008	2009
Voluntary Medical Insurance	968	2 079	3 246

According to the results of 2009 the total premiums earned under voluntary medical insurance increased by 56% and amounted more than 3,2 bln RUR.

Table 2
**Claims Payment in the segment of Voluntary Medical Insurance,
 AlfaStrakhovanie Group, 2007–2008 (RUR mln)**

	2007	2008	2009
Voluntary Medical Insurance	706	1 421	2 326

The total claims paid under voluntary medical insurance in 2009 exceeded the previous year results by 63% and amounted more than 2.3 bln RUR.

As well as before, basic sales are made in a corporate segment. There are such companies on the voluntary medical insurance as TNK-BP, Interregional Distributive Grid Companies Holding, Integrated Energy Systems, The Magnitigorsk Iron and Steel Works, Slavneft, Alfa-Bank, GE, Lenta, Zarubezhneft, Svenska Cellulosa Aktiebolaget, OTKRITIE, Federal Grid Company of Unified Energy System, Young&Rubicam, METRO Cash & Carry, ING Group, Swedbank and others among clients of AlfaStrakhovanie Group. Thus, AlfaStrakhovanie proves it to be a reliable and stable partner meeting the requirements of the highest working standards of Russian and foreign companies.

Constant work on service improvement and new products and service introduction and also implementation of the long-term project on creating a network of clinics are a guarantee of the company's success in the voluntary medical insurance segment and trust of its clients.

LIABILITY INSURANCE

In 2009 AlfaStrakhovanie Group increased its rates of growth in the liability insurance segment. As well as before development of the segment mainly depends on corporate sales.

Table 1
**Premium Income in the segment of Liability Insurance,
 AlfaStrakhovanie Group, 2003–2009 (RUR mln)**

	2003	2004	2005	2006	2007	2008	2009
Liability Insurance	0,2	141,1	183,1	304,9	341,1	489,5	840

The total premiums earned under liability insurance in 2009 exceeded the previous year indicators by 71% and amounted more than 840 mln RUR.

Table 2
**Claims Payment in the segment of Liability Insurance,
 AlfaStrakhovanie Group, 2003–2009 (RUR mln)**

	2003	2004	2005	2006	2007	2008	2009
Liability Insurance	0,06	24,6	20	21,7	36,4	61,5	250

The total claims paid under liability insurance in 2009 exceeded the previous year results by more than 300% and amounted more than 250 mln RUR.

There are TNK-BP, TAIF, NOVATEK, Slavneft, Strategic Rocket Forces, RusHydro, Alfa-Bank, Integrated Energy Systems and others among clients of the Group.

FINANCIAL RISKS' INSURANCE

AlfaStrakhovanie is actively developing the financial risks' insurance segment in its portfolio. Presently the company protects the financial risks, which are connected with enterprising, including the insurance of trade (commercial) loans.

Table 1

Premium Income in the segment of Financial Risks' Insurance, AlfaStrakhovanie Group, 2007–2009 (RUR mln)

	2007	2008	2009
Financial Risks' Insurance	272,8	546	338,4

The total premiums earned under financial risks' insurance in 2009 declined by 38% and amounted more than 338 mln RUR compared with the previous year.

Table 2

Claims Payment in the segment of Financial Risks' Insurance, AlfaStrakhovanie Group, 2007–2009 (RUR mln)

	2007	2008	2009
Financial Risks' Insurance	27,2	45,5	109,4

The total claims paid under financial risks' insurance in 2009 exceeded the previous year results by more than 140% and amounted more than 109 mln RUR.

There are Alfa-Bank, Mondi Syktyvkar, ELECTROLUX, CHANEL, JVC, Sony, Pfizer and others among clients of the Group.

CARGO & SEA RISKS' INSURANCE

Cargo insurance and liability carriers become the more and more demanded service of AlfaStrakhovanie Group. This insurance segment is initially related with high risks, while under conditions of the financial crisis its role for customers has grown larger.

Table 1

Premium Income in the segment of Cargo and Sea Risks' Insurance, AlfaStrakhovanie Group, 2007–2009 (RUR mln)

	2007	2008	2009
Cargo & Sea Risks' Insurance	313	385	402

The total premiums earned under cargo and sea risks' insurance in 2009 exceeded the previous year by 4.5% and amounted 402 mln RUR.

Table 2

Claims Payment in the segment of Cargo and Sea Risks' Insurance, AlfaStrakhovanie Group, 2007–2009 (RUR mln)

	2007	2008	2009
Cargo & Sea Risks' Insurance	38	152	122

The total claims paid under cargo and sea risks' insurance in 2009 declined by 20% and amounted to 122 mln RUR compared with the previous year.

In 2009 the Group continued holding the leading positions in the above insurance segment. The crucial factors of success were: reliable overcautious protection, qualified underwriting as well as the experience of AlfaStrakhovanie Company in development of individual programs, which enable the clients to have a quality product at the acceptable price. AlfaStrakhovanie Group offers the insurance cover of almost all the types of risks, which are connected with shipment of cargoes, professional liability of the customs shipper, civil liability of ship-owners as well as under the KASKO (hull insurance) agreement of ships.

In 2009 the amount of charges on insurance of water transport grew up, on average, for 18.5%, cargoes – for 4%, meanwhile the insurance of the shippers' liability went down for 30% as compared with the year of 2008. The amount of payments on cargo insurance grew up 28%, on the insurance of the shippers' liability – for 13%, meanwhile payments on insurance of water transport reduced for 40% as compared with 2008.

Continuous development is seen within the railroad transport and container shipments insurance segment. In 2009 we concluded agreements on insurance of railroad carriages with the companies of METALLOINVEST: Metalinvestleasing and Metalloinvesttrans.

The Company is regularly increasing the level of service to clients and expanding the spectrum of the services rendered, therefore it is no surprise that such large companies as VympelCom, Sovtransavto, X5 Retail Group N.V., Daimler AG and others go on to be permanent customers of the Company as for insurance of cargoes and liability of shippers. Leading positions in this segment of market belong to AlfaStrakhovanie Group also thanks to the expansion of the client base. In 2009 more than 16 000 agreements were concluded on insurance of cargoes, 368 agreements – on insurance of water transport. Among the customers of the Group one may single out such companies as: Murman-TransFleet, Novosibirsk River Port, Volgotanker, etc.

We continue cooperating with Russian and foreign shipping companies: Yenisey River Shipping Company, Transbunker, TransContainer, FESCO Transportation Group, Pirelli, Rusagro, Prime Shipping, Baltic State Academy of Fishing Fleet, Sevmorneftegeofizica, Atlantic Ro-Ro Carriers, BALT TRANS, RWD-Services, Scan Global, The North Caspian management of rescue and underwater technical works, Tuapse Merchant Seaport, Volgograd River Port and others companies. Prolongation of agreements is the evidence of a high level of the services rendered by AlfaStrakhovanie.

Goods and shipments insurance segment remains to be the priority in work of AlfaStrakhovanie Group in 2010. Development of individual programs of insurance protection on shipments, timely payments on insured accidents, growth of the clients' portfolio, prolongation of agreements are the tokens of a high level of the Company's reliability.

BANCASSURANCE

With AlfaStrakhovanie working with banks on almost all areas of insurance. To date, the Group is accredited by the Savings Bank of Russia, Vneshtorgbank, Gazprombank, Russian Agricultural Bank, Bank of Moscow, VTB 24, Alfa-Bank, UniCredit Bank, Raiffeisenbank, Promsvyazbank, Rosbank, MDM Bank, Uralsib, Nomos-Bank, TransCreditBank, Bank Saint-Petersburg "Ak Bars, Citibank and others.

Total charges for retail banking insurance in 2009 amounted to more than ... billion. In the segment of mortgage insurance - ... million rubles, car loans - ... billion rubles, life and health insurance the borrower's consumer credit, including an accident - ... million. Total payments for retail banking insurance in 2009 totaled ... million.

Total charges for insurance entities through banks in 2009 totaled ... million and disbursements - ... million.

In 2009, in cooperation with banks AlfaStrakhovanie implemented several innovative programs. Thus, together with Swedbank Group has developed a profitable offer to their clients: Hull and OSAGO now available simultaneously with registration of a loan on the car. Similarly, while processing the loan accommodation can conclude a contract for mortgage insurance.

Together with the "Banca Intesa" AlfaStrakhovanie released product "AlfaTUR", which provides life insurance, health and property of clients who are going abroad for up to 3 months. In order to protect customers' bank Intesa "from the most common types of fraud - the theft and forgery of cards, signatures, unauthorized debit - is the program" Insurance bank cards.

In 2009, continued fruitful cooperation AlfaStrakhovanie with Alfa-Bank ". A prolonged contract for property insurance of the bank. A branch of Alfa-Bank implemented a number of products: Mortgage insurance, life insurance, property, in August 2009 AlfaStrakhovanie together with Alfa-Bank has launched a new service - "Purchasing policy OSAGO on-line».

Along with the "Savings Bank" in the regions AlfaStrakhovanie works with other companies. Specifically, the Regional Centre of Kazan company had reached an agreement with AIKB Tatfondbank voluntary life and health insurance borrowers of the bank. In September 2009, with Tatfondbank launched a joint program - upon receipt of any consumer credit borrower can arrange insurance directly to the office of the bank.

New joint with the Bank, Delta Credit "program for mortgage insurance started in Samara.

Thus, in 2009 became the year for the Group to strengthen the market position of the banking insurance. Expanded company's presence in the regions. The collaboration with leading financial institutions in the segment of life insurance, property, implemented a number of major joint programs, develop new products and services: the protection of bank cards, mortgage insurance, life insurance client located abroad, the purchase of the policy OSAGO online and a number of other .

RE-INSURANCE

In AlfaStrakhovanie Group re-insurance is afforded by AlfaStrakhovanie, PLC. The Company has the long-term relations with the largest reinsurance corporations in the world and insurance companies in Russia.

In AlfaStrakhovanie has its own, only for the moment among Russian insurers, the method of determining the reliability of the reinsurers. The method takes into account not only the financial performance of the reinsurer, but also its history, underwriting and reinsurance policies. This technique allows us to significantly reduce the risks of cooperation with unreliable partners.

Key reinsurance partners of AlfaStrakhovanie: Munich Re, Swiss Re, Hannover Re, SCOR, GenRe, Partner Re, and Lloyd's of London corporation through international brokers Willis Limited, Marsh, AON Benfield and others.

Obligatory reinsurance contract fire risks

Capacity contract of 100 mln EUR.

Proper retention of 2 mln EUR

Leader - SCOR

Sea obligatory reinsurance contract

Capacity Agreement 12,5 mln USD.

Proper retention of one mln USD

Leader - Munich Re

Obligatory reinsurance contract technical risks

Capacity of the contract - 50 mln EUR.

Proper retention of 1 mln EUR

Leader - Munich Re

Obligatory reinsurance contract liability risks

Capacity of the contract - 10 mln USD.

Proper retention of 500 thousand USD

Leader - Swiss Re

Obligatory reinsurance contract KASCO ground transportation

Capacity contract - 1 mln USD.

Proper retention of 200 thousand USD

Leader - Swiss Re

Obligatory reinsurance contract risk of accident

Capacity contract - 5 mln USD.

Proper retention of 300 thousand USD

Leader - Munich Re

Obligatory reinsurance contract risks of agricultural enterprises

Capacity of the contract – 15 mln USD - 40 mln USD (harvest) - 5 mln USD (animals).

Leader - Swiss Re

Obligatory reinsurance contract risk aircraft hull

Capacity contract - 5 mln USD

Proper retention of 10%

Leader - Partner Re

Obligatory reinsurance contract risk of civil liability of owners of aircraft and air carriers

Capacity contract - 75 mln USD with a priority of 5 mln USD (may be increased to 650 mln USD)

Leader of priority - Partner Re

The leader of excess - Hannover Re

Obligatory reinsurance contract civil liability of owners of airports

Capacity Agreement - 75 mln USD with priority 5 mln USD

Leader of priority - Partner Re

The leader of excess - Hannover Re

All outgoing obligatory reinsurance contract AlfaStrakhovanie Group have indirect sections, according to which our partners (insurance companies) can quickly and reliably deploy its major risks in these instruments through reinsurance.

WSM

AlfaStrakhovanie in cooperation with customers offers a special program of insurance services in the workplace.

Employees of companies that are customers of the AlfaStrakhovanie Group offers insurance on favorable terms for the following types:

- **vehicle insurance**
- **property insurance (including mortgage)**
- **medical insurance in Russia and abroad**

All the conditions are developed for each partner individually and include not only subsidized employees, but also full support for the period of insurance. Specialists of the Department of WSM have the highest qualifications, as they are in addition to advising on insurance products and insurance contracts shall assist customers in resolving loss.

Today, WSM represented in regions such as Moscow, St. Petersburg, Yekaterinburg, Rostov-on-Don, Samara, Nizhny Novgorod, Ufa, Novosibirsk, Kemerovo, Irkutsk.

In general, channel WSM for 2009. achieved an increase in gross charges at 270%. WSM in AlfaStrakhovanie cooperates with more than 600 companies in Russia. Our major partners are: City Bank, TNC, Altima, Mian, Beeline, S7 Airlines, Gazprom, Rusfinance, a group company Norilsk Nickel, MetallInvest, a group of companies TNA, Megapolis, KMB Bank, etc.

DIVERSIFIED MEDICAL CLINICS OF ALFA-CENTRE ZDOROVYE

Along with the development of voluntary medical insurance and improvement of the standardization system in the health care area, we see a significant growth of need in quality medical services. Therefore “AlfaStrakhovanie” company decided to create its own network of diversified clinics across Russia named “Alfa-Centre Zdorovye”.

The project’s aim is satisfaction of needs of the patients, in the first line the customers of “AlfaStrakhovanie” on voluntary medical insurance, as per quality medical services through use of advanced medical and informational technologies.

In 2009 2 clinics of “Alfa-Centre Zdorovye” were opened in Perm and Kirov. By the end of 2010 the network will include 10 clinics, including in Samara, Saratov, Nizhniy Novgorod, Tumen, Yaroslavl and Murmansk. In total the network will consist of 60 clinics, located across Russia in the cities, which population exceeds half a million of people.

Our clinics have the consulting department for adults, paediatric department, dentists departments, diagnostics department and also the day in-patient department.

Diversified medical centres are equipped with the most up-to-date medical equipment made by GE Healthcare, Olympus, Schiller, Melag, Covidien, Fimet, etc.

Employees of clinics are employed after the multi-step selection, which guarantees a high professional and ethic level of our specialists.

The unique motivation system for doctors is based on the quality of services rather than on the amount, which enables our customers to optimize their expenses and save time for treatment, avoiding unnecessary prescriptions.

The clinic provides for regular advanced training of medical staff, alongside our doctors may have training in Boston Medical Academy.

Professional liability of doctors is insured in “Alfa-Strakhovanie”.

OBLIGATORY MEDICAL INSURANCE

The insurance medical organization LLC “AlfaStrakhovanie-MS” renders the services on obligatory medical insurance to employed and unemployed.

LLC “AlfaStrakhovanie-MS” possesses the license for obligatory medical insurance in the territory of 75 entities of the Russian Federation. The License of the Insurance Supervision Federal Service is C N° 4186 77.

The major objective of LLC “AlfaStrakhovanie-MS” is to provide the people with timely and quality medical service, control over the quality of the medical aid given and protection of rights of those, who are insured in the obligatory medical insurance system.

LLC “AlfaStrakhovanie-MS” is actively opening its affiliates and expanding the activity on obligatory medical insurance in the regional markets, including in Murmansk, Tver and Chelyabinsk regions. The Company enriches the regions with the supreme standards of service to population, long-term experience in the obligatory medical insurance system at the regional level, financial stability of the largest federal insurer in the Russian Federation.

We carefully perceive the staff recruitment as the major factor of provision of the best and quality performance of our job and execution of our obligations. The team of “AlfaStrakhovanie-MS” consists of experienced staff, having a grave job experience in the companies-participants of the obligatory medical insurance market at the federal level.

In 2009 LLC “Medical Insurance Company VIRMED” became the member of the Group. VIRMED works in the obligatory medical insurance system since 1993 and serves for more than 55% of all the insured in Tula Region. The Company is one of the largest in the obligatory medical insurance system not only in Tula Region but in the Central Area of Russia. MIC “VIRMED” has taken part in founding of the country’s obligatory medical insurance system at various stages, it has a permanent staff of high qualified specialists and long-term well-worked technologies to protect the rights of the insured and expertise on the quality and amounts of medical aid.

The advantage to cooperate with “AlfaStrakhovanie” is the opportunity to have a complex insurance protection, including voluntary medical insurance, within the bounds of a single company, which allows the employer saving the resources, time and optimizing the documents circulation.

DEVELOPMENT

In 2009, the Group AlfaStrakhovanie continued innovation development and launch, most meet the needs of program clients in many areas. As a result, the company has increased fees in many segments of the insurance market.

In 2009, the Group AlfaStrakhovanie started in a new direction - the insurance in the sports industry. As a result, the company took a significant part of the existing market of sports insurance and has attracted clients from various areas of sports - professional football, hockey and basketball teams, "Equestrian Federation of Russia, various societies for sports and ballroom dancing. In addition, the project was launched on insurance student sports schools throughout the country.

With AlfaStrakhovanie continues to develop the direction of insurance cultural values and takes a leading position in this segment of the Russian insurance market. In January 2009 AlfaStrakhovanie awarded the title of honorary member of the Society of Friends of the Moscow Kremlin Museums. The company provides insurance protection for a number of activities, which are exhibits of the Museum: the exhibition "The kings of the East and in Washington," Free Imperial City of Augsburg. Centuries of greatness "in Moscow and others. The company also insured Christian relics from the collection of the Moscow Kremlin Museums, temporarily stored in the Cathedral of Christ the Savior. Active development of the areas of insurance of cultural values has allowed the company to achieve significant success in this market segment and to conclude a significant number of contracts, among them - as contracts of insurance of personal collections of art and insurance policies exhibitions and transport of works of art.

With the development of voluntary health insurance and improved standardization in health care significantly increased the demand for quality health care services. Therefore AlfaStrakhovanie "decided to create its own network of multidisciplinary clinics across Russia - Alfa Health Centre. In 2009 the clinic opened 2 Alfa Health Centre "in Perm and Kirov. By the end of 2010 the network has to be composed of 10 clinics, including the Samara, Saratov, Nizhny Novgorod, Tyumen, Yaroslavl and Murmansk. In total, the network will consists of 60 hospitals located throughout Russia in the cities with a population of 500 thousand people.

Success AlfaStrakhovanie in 2009 helped to expand the product line, bringing to market new and unique offers.

Thus, for borrowers loan was offered the new service “income protection, life and health”, which gives customers the company confidence that in case of dismissal or disability, they do not fall into the stalemate.

December 1, 2009 started another program in the field of motor insurance - “bare hull” designed specifically for customers who do not want to overpay for additional options to the policy (such as emergency commissioner, settlement of insurance claims without references, etc.). The cost of such a policy - a 15% lower than the cost of standard hull policy. For customers who prefer the additional services and the maximum coverage, the company offered comprehensive program AlfaBIZNES “and” AlfaVSE ON “.

In August 2009, AlfaStrakhovanie and Alfa-Bank launched a joint project - Purchase policy OSAGO on-line, through which you can subscribe or renew a policy OSAGO site AlfaStrakhovanie, pay for it in the on-line through the Internet bank “Alpha- Click.

Since January 2009, the company AlfaStrakhovanie “joined the program, Aeroflot Bonus”: clients, who buys the policy or CASCO OSAGO, accrued bonuses (bonus) miles.

In 2009, CEO AlfaStrakhovanie Vladimir Skvortsov was elected to the Board of the All-Russian Union of Insurers. The jurisdiction of the new governing body - a preliminary examination and solution of the main issues of the Bureau of SCD, including the preparation of the budget office, membership in the alliance, cooperation with authorities and international cooperation.

INFORMATION TECHNOLOGY

Effective management of business processes - the key to success of the company AlfaStrakhovanie on the market. Develop and maintain high quality service insurer is inextricably linked to the introduction to the work of the company effective information technology.

Annually AlfaStrakhovanie actively introducing new technologies to the company. So in 2008, successfully operating system of Customer Relationship Management (CRM-system) SalesLogix and specialized system of accounting data on voluntary medical insurance (AVIS). Also, in the Moscow Regional Centre has a new integrated system of accounting Property and Liability Insurance (UNICUS). In cooperation with Fadata (Bulgaria) introduced a new information system of life insurance (INSIS), which allowed much more efficient business organization.

Intensive development of the company AlfaStrakhovanie identify new and more stringent requirements in the IT sector. To meet the new demands of the business was reorganized the management of IT companies on a regular basis, the company earned UKIT - the new governing body, responsible for effective investment in IT sredvts company and provide the most high returns from these investments. Also in 2008, were rebuilt processes of interaction between IT and business units. In particular, it was the start of the transition process in the internal interaction with busi-szakazchikom to internal service level agreement (SLA),.

A new level of development in 2009, demanded that the insurer's introduction of new IT technologies, and how was the software package Oracle Hyperion Planning. It is possible to increase the quality and efficiency of the formation of plans and budgets. Particular attention is paid to the analytical unit, as introducing a system of analysis and to compare the budget cuts of the data the company managed to significantly improve the reliability of operations and reduce the time searching for possible mistakes and inaccuracies in the byuzhetnoy company.

In 2009 AlfaStrakhovanie first time in Russia with "Inline Group has successfully completed the migration from HP OV Service Desk 4.5 on Omni-Tracker ITSM Center. Based perspective of the project lay the challenge of business units, the appropriate level of IT services within the new business requirements to information technology.

For a company AlfaStrakhovanie improving IT technology is one of the key performance objectives. In addition to the practical renewal of obsolete information technology, the company pays great attention to the theoretical aspect of this issue. In 2009, the insurer became a member of the largest conferences dedicated to the development of IT technologies.

AlfaStrakhovanie took part in the II Conference «IT in the insurance business», held in Moscow. One of the best speakers of the event was recognized by Andrew Pedorenko, Director of Information Technology company AlfaStrakhovanie. In its report on the topic: “Change IT-strategy in a crisis”, he drew colleagues’ attention to optimizing internal processes aimed at improving the efficiency of IT-departments and reduce costs associated with the ongoing support of the business.

In June 2009, the AlfaStrakhovanie participated in the Second Conference «ITSM-2009. AlfaStrakhovanie “, as a speaker, was represented by Alexander Ognitsev, Head of Service Support. In his speech, Officer AlfaStrakhovanie told his colleagues on the experience of the company to introduce a new system to support ITSM - a modern customer-centric model of governance IT infrastructure company. In contrast to traditional concepts of control IT-processes, ITSM focuses on the client and his needs, rather than information technology itself.

Bring the results to improve IT technologies for 2009 AlfaStrakhovanie able at the meeting of the club 4CIO.ru. Experience in the IT sector in its report presented Andrew Pedorenko, Director of Information Technology company AlfaStrakhovanie. He spoke about the changes in the company in 2009. Speaker of the company also noted that, despite the crisis, which makes many minimize some of the planned IT projects, in general, the market there is increasing interest in top management to the development of information technology.

Due to the timely restructuring of key business processes, including the introduction of new internal IT-standards AlfaStrakhovanie “shows the steady growth of the whole 2009 in all groups of insurance products. Even against the background of general decline of the market leading company in the “complex” segments of insurance, such as property insurance and voluntary medical insurance.

HIGH QUALITY SERVICE

Customer service, along with famous brands, the company reliability and flexibility of supply, is one of the dominant factors in selecting an insurance company. During the period of market instability importance of customer service is multiplied.

Client - our all

Client - a basic value AlfaStrakhovanie. We make every effort to ensure that our client was satisfied.

We always near - 24 hours a day, 7 days per week, 365 days a year, in any manner that is convenient for customers: telephone, fax, electronic mail, the official website www.alfastrah.ru, any of the 380 offices AlfaStrakhovanie.

We are competent

AlfaStrakhovanie - it is always competent advice and responsible attitude to the result.

We analyze

Detailed analysis of the client's application, regular external study - "Service Audit", "Mystery Shopper" - enable us to meet the needs of our customers.

We will promptly respond

Yes, sometimes we make mistakes. But a clear system of work with customer complaints allows us not only as quickly as possible to eliminate error, but also to forestall its occurrence in the future.

We love each Client

Individual approach to clients - one of the basic principles of AlfaStrakhovanie. The company offers insurance programs that best meet the needs of not only clients, but also optimally suited to them at cost. When working with corporate customers, experts AlfaStrakhovanie always take into account the profile, scale and specifics of the insured.

... you can move on ...

All this, together with long-term strategy of the company, allows us to always meet customer expectations.

ALFASTRAKHOVANIE BRAND

Brand AlfaStrakhovanie exists in the market for 8 years. The basis of the brand AlfaStrakhovanie based on the principle of convenience and simplicity of interaction with the client insurance company. This problem is not only subject to external communication with the client, but the marketing policy of the company, the system of organization of employees of the insurer.

In 2009, the Group AlfaStrakhovanie with Alfa-Bank has launched a unique service "income protection, life and health, which specifically protects the interests of the borrower: the face of falling income levels and high unemployment, borrowers want to be sure not to fall into the no-win situation in the event of dismissal or disability.

In marketing a shining example of building customer-brand was launched in the segment of motor insurance in 2009, the product line "Upon Hull. At its core - providing the client with the full protection of Hull, for which no need to overpay, and still be sure that the payments on a regular occurrence will be fair and on time, and the cost of such a policy is significantly lower.

HR POLICY

Professional staff - a key to the success of the company AlfaStrakhovanie. To date, our company is the most attractive employer in the insurance industry. The system of selection and recruitment, training and employee development, opportunities for career growth and corporate culture allows employees AlfaStrakhovanie take their place of work one of the best.

Any crisis - is, above all, new opportunities. Saving jobs for company AlfaStrakhovanie became one of the priorities of the company in 2009, opening new distribution channels, the company is engaged in conversion of in-house expertise. However, the path of intensive, proactive development requires not only retain existing staff, but also to involve new and quality professionals.

Experience in the market shows that talented professionals should be present in all key areas, and their commercial and managerial competence should be optimally balanced. Therefore natural that the leaders AlfaStrakhovanie stable part of the ratings of the best managers in all industry categories, because every day proving their high level of professionalism and competence in insurance matters.

The annual ranking of "Top 1000 Russian Managers", identifying the most professional managers in their respective industries, the sixth time led by top managers AlfaStrakhovanie. AlfaStrakhovanie recognized as "Best Employer 2009" following a study conducted by the portal SuperJob.ru. AlfaStrakhovanie received "gold" award of the Fourth National Award «HR-BRAND», presented annually the best employers in Russia portal HeadHunter.ru, in the category "Federation".

SOCIAL RESPONSIBILITY

AlfaStrakhovanie traditionally maintained an active social policy through projects to support and sponsor various cultural, sporting and charitable events.

AlfaStrakhovanie pays great attention to support sports and cultural events taking place in the capital and regions. In the first quarter of 2009, the company took part in the World Dance Olympiad in Moscow, Russia competitions in yachting in Gelendzhik and the All-Russian sailing regatta "Sails of autumn 2009 in Taganrog. One of the priority activities undertaken with the support AlfaStrakhovanie, became a holiday "Territory of the Commonwealth". The company became a partner of the youth folk theatrical event dedicated to the preservation of cultural traditions of the peoples inhabiting the Southern Federal District.

For more than three years, AlfaStrakhovanie support funds to save children "life line". During all this time the company participated in the most ambitious campaigns of the Fund: "The Red Nose - Good Heart", "Big city for young children" and «SOS! Saving easy! ".

In September 2009, viewers hockey match "Dinamo - CSKA in Luzhniki had the opportunity to help children by sending SMS to number 7099 with the word" children ". Company AlfaStrakhovanie also supported this action and contributed to the recovery of seriously ill children by paying part of your cellular service provider, which made it possible to transfer 100% of SMS in the fund "life line".

AlfaStrakhovanie together with Save the sick kids "Life Line" took part in the charity business competition "Somebody's life - is no small thing." For five days special branded "piggy bank" fund, established in the office of AlfaStrakhovanie, collected 71 906.5 rubles "trifle".

Employees AlfaStrakhovanie-Life "together with the" Give Life "and the initiative group" Donors - Children took part in the donor action to save children with serious illnesses. Team AlfaStrakhovanie-Life "has contributed to the recovery of seriously ill children, offering fund" Give Life "donor blood.

Putting into practice a unique charitable projects, the Group AlfaStrakhovanie proves once again that any activity, especially large companies should be socially responsible.

AVIATION INSURANCE

Aviation insurance today - one of the growing market segments. Sustained growth in this direction is associated with upgrading the airline's fleet, the emergence of new players and projects in the airline industry. C growth of the industry and a rise in service sectors related to the servicing industry, including insurance. Successful integration of the company "Avikos-AFES" in the AlfaStrakhovanie opened the opportunity for the Group to develop aviation insurance and strengthen its position in the airline industry.

The value of joining "Avikos-AFES for AlfaStrakhovanie - a unique portfolio of aviation risks and professional team of companies. The main components of the insurance portfolio "Avikos-AFES" - auto insurance, including OSAGO and aviastrahovanie, including protection of passengers. According to the results of 2009 ...% of the portfolio companies are aviastrahovanie ...% - personal insurance, ...% - Mandatory Liability Insurance. A total of 2009 actual gross premiums totaled ... billion rubles, which ... compared with 2008. Among the key clients "Avikos-AFES" - Ural Airlines, the airline "Yakutia", Federal State Unitary Enterprise "State Corporation for Air Traffic Management in Russia", "AVIANOVA" airport "Vnukovo" and "Domodedovo" and others.

Integration of "Avikos-AFES" in the structure AlfaStrakhovanie be realized in the shortest possible time. Branch networks "Avikos-AFES and AlfaStrakhovanie in many regions do not overlap but complement each other. In regions where "Avikos-AFES" is presented as AlfaStrakhovanie - no, will form a joint subsidiary based branch and structure "Avikos-AFES. The integration is aimed at maximizing the preservation of existing portfolios and to further develop the combined business in the regions.

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 3.7%). Expansion is planned 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 AlfaStrakhovanie brand awareness;**
- **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.**

The strategic objective of AlfaStrakhovanie Group has not changed, i.e. increasing market share and strengthening competitive advantages. A key success factor to achieve this goal is to provide better service and competitive prices on products that enables building up a client's database and maintenance a high level of client loyalty. Increased sales will be achieved, as well, through entering new and promising market segments.

CONSOLIDATED PROFIT-AND-LOSS-REPORT on 2009

AlfaStrakhovanie Insurance Group

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

ASSETS	Line Code	At the beginning of the reporting period	At the end of the reporting period
I. ASSETS			
Intangible assets, including:	110	30.401	18.409
Investment, including:	120	8.157.320	8.448.974
land	121	0	11.000
buildings	122	75.954	83.393
financial investments in subsidiaries, related and other companies, including:	130	1.446.941	727.713
shares of subsidiaries and associated companies	131	0	0
shares in subsidiaries and affiliated companies	133	0	0
shares in other organizations	134	1.068	2.954
debt securities of other companies and loans granted	135	1.437.858	706.034
interest in other organizations	136	8.015	18.725
other investments, including:	140	6.634.425	7.626.868
government and municipal securities	141	6.577	0
bank deposit	142	6.627.848	7.626.868
other investments	143	0	0
Depot in reinsurance premiums	150	0	0
Reinsurer's share in reserve, including:	160	5.140.400	5.908.697
life insurance reserves	161	809	1.770
unearned premium reserves	162	1.625.654	1.292.119
loss reserves	163	3.513.937	4.614.808
Account receivable on insurance, co-insurance operations, including:	170	3.714.500	2.671.323
insureds	171	3.276.609	2.426.616
agents and brokers	172	195.345	205.670
other debtors	175	242.546	39.037
Accounts receivable on reinsurance operations	180	478.453	410.226
Other accounts receivable due over 12 months of the reporting day	190	55.794	59.064
Other accounts receivable due within 12 months of the reporting day	200	633.716	863.257
Fixed assets	210	377.196	299.779
Construction in progress	220	1.445	1.641
Deferred tax assets	230	54.825	59.118
Stock, including:	240	102.913	114.793
Materials and other similar valuables	241	6.208	6.887
Expenses of the future periods	242	92.333	104.066
other stock and costs	245	4.372	3.840
Cash	260	5.332.822	6.786.685
Other assets	270	79.814	109.192
Total of Section 1	290	24.159.599	25.751.158
TOTAL	300	24.159.599	25.751.158

CONSOLIDATED PROFIT-AND-LOSS-REPORT on 2009
AlfaStrakhovanie Insurance Group

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

LIABILITIES	Line Code	At the beginning of the reporting period	At the end of the reporting period
II. CAPITAL AND RESERVE			
Authorized capital	410	5.245.500	5.607.957
Treasury stock	415	0	0
Additional capital	420	128.836	213.460
Reserve capital, including	430	10.658	51.485
reserves formed in accordance with the law	431	0	0
Reserve capital, including:	432	10.658	51.485
Retained earnings (retained loss)	470	750.394	1.146.640
Total of Section 2	490	6.135.388	7.019.542
Goodwill	491	179.862	0
Minority interest in authorized capital	492	1.780	2.043
Minority interest in retained profit	493	2.192	2.565
III. INSURANCE RESERVES			
Life insurance reserves	510	267.634	331.757
Unearned premium reserve	520	8.383.334	7.348.375
Loss reserve	530	6.560.053	8.741.574
Other insurance reserves	540	504.176	656.158
Reserves for compulsory health insurance	550	0	0
Total of Section 3	590	15.715.197	17.077.864
IV. LIABILITIES			
Arrears of premiums to reinsurers Depot	610	0	0
Long-term loans and credits	615	0	0
Deferred tax liabilities	620	1.519	2.198
Short-term borrowings and loans	625	17.000	0
Accounts payable on insurance, co-insurance operations, including:	630	427.145	462.641
insureds	631	322.727	347.026
agents and brokers	632	102.124	115.568
other debtors	635	2.294	47
Accounts payable on reinsurance operations	640	1.454.755	866.040
Other accounts payable, including:	650	190.686	284.941
due to company's employees	651	3.223	2.388
due to state extrabudgetary funds	652	1.469	4.430
outstanding taxes and charges	653	13.168	11.839
other creditors	655	172.826	266.284
Debts to participants (founders) for the payment of income	660	0	0
Deferred income	665	30	0
Outstanding expenses reserves	670	631	0
Preventive measures reserves	675	33.414	33.324
Other commitments	680	0	0
Total of Section 4	690	2.125.180	1.649.144
TOTAL	700	24.159.599	25.751.158

CONTACTS

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PLC AlfaStrakhovanie

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AlfaStrakhovanie-Life Ltd.

License C No 3447 77 dated April 3, 2006

AlfaStrakhovanie-MS Ltd.

License C No 4186 77