

ANNUAL REPORT 2010

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Dear clients, partners and colleagues!



What you see are the results of AlfaStrakhovanie's work in 2010. The annual report format supposes specifics — figures and facts, so I would like to proceed to our achievements for 2010. We managed to considerably strengthen the Company's positions in quite a few key areas. At 2010 year end, the fees collected by AlfaStrakhovanie Group exceeded 25 billion rubles and its market share reached 4.5%. We outstripped the plan for underwriting result and profit. In particular, the growth of the fees collected in the segments was as follows: by 70.5% in the liability insurance segment, by 52.4% in the segment of insurance against accidents, by 25.8% in CMTPL segment, by 21.3% in the segment of voluntary health insurance (+ travel insurance) and by 11.7% in the property insurance segment except for CNC insurance, with more than twofold increase in the business of AlfaStrakhovanie-Life.

In 2010, AlfaStrakhovanie entered the market of compulsory health insurance — in Tula, Murmansk, Tver, Chelyabinsk and Rostov-on-Don. In 2010, integration of the business of AVICOS-AFES Insurance Group was completed, and as a result AlfaStrakhovanie took the third place in the aviation insurance market. In 2010, AlfaStrakhovanie created its Single Financial Settlements Center and Federal Record Center for our business operations.

At the end of October 2010, documents on cooperation with China Life, a Chinese state-owned company, were signed in Moscow, and this allowed providing health insurance for Russian tourists in China and Chinese tourists in Russia.

In 2010, we kept developing the network of Alfa-Health Center multi-field medical clinics. In November 2010, a clinic was opened in Nizhny Novgorod, in October a center started working in Yaroslavl, and in summer — in Saratov.

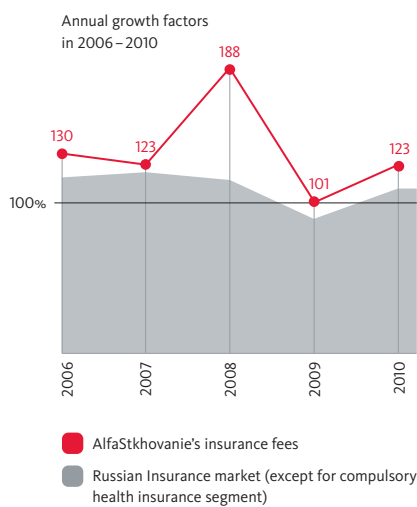
In general, the year of 2010 was successful for our company, as we were growing faster than the market. However, the market is getting more technological and innovation-based, so only highly productive and high performance companies can operate in it. Therefore our key target for 2011 is to become even more efficient, to develop the business and to be among five best insurers in Russia.

Truly yours,
Vladimir Skvortsov
Chief Executive Officer
of AlfaStrakhovanie PLC

A handwritten signature in blue ink, appearing to be 'V. Skvortsov', written in a cursive style.

AlfaStrakhovanie Group

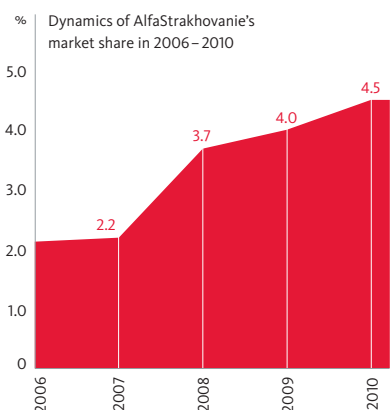
At 2010 year end, insurance fees collected by AlfaStrakhovanie Group amounted to over 25 billion rubles, and its market share reached 4.5%.



AlfaStrakhovanie Group includes AlfaStrakhovanie PLC, AlfaStrakhovanie-Life LLC, CJSC AVICOS, Unified Insurance Aviation Fund (AFES) Insurance Company PLC, AlfaStrakhovanie-MS LLC, VIRMED Medical Insurance Company LLC, Medicine AlfaStrakhovanie LLC, AlfaMedProject LLC, AsStra Medical Insurance Company LLC and Insurance Company Moscow PLC.

At 2010 year end, the insurance market share controlled by the Group reached 4.5%, and insurance fees collected by AlfaStrakhovanie amounted to 25.1 billion rubles. A year earlier, these figures were equal to 4% and 20.5 billion rubles, respectively. The growth of insurance volumes, as compared to 2009, was attained in all market segments except for CNC insurance (collected fees reached 5.8 billion rubles versus 6 billion rubles in 2009).

The largest part in the general structure of AlfaStrakhovanie Group's insurance portfolio is commanded by property insurance (28% at 2010 year end), CNC insurance (23.3%) and health insurance (15.8%).



AlfaStrakhovanie Group's own funds exceed 8.5 billion rubles. The Group offers more than 100 products in the insurance market, and its regional network consists of over 400 representative offices.

AlfaStrakhovanie Group ranks among ten leaders of the open insurance market. In January 2011, Expert RA Agency confirmed the highest rating of reliability of the Group, A++. Fitch Ratings, an international rating agency, changed the forecast for the ratings of AlfaStrakhovanie to 'Stable' and confirmed A+(rus) national rating.

Currently, about 3.3 million private clients and over 323 thousand companies employ the Group's services.

Board of Directors

Petr Aven	Member of Alfa Group Consortium Supervisory Board President of Alfa-Bank Member of the Board of Directors of Alfa-Bank Chairman of the Board of Directors of AlfaStrakhovanie
Andrei Baranov	Managing Partner of Prinston Partners Group
Hans Falk Bjerke	Partner of Droege & Comp. Deutsche Investors' Capital
Ildar Karimov	Member of the Board of Directors of Alfa-Bank Corporate Development, Planning and Control Director of Alfa Bank Chairman of the Management Board of Alfa-Bank
Andrei Kosogov	Chairman of the Board of Directors of Alfa Capital Partners Member of the Board of Directors of Alfa-Bank
Vladimir Skvortsov	Chief Executive Officer of AlfaStrakhovanie
Maxim Pershin	Co-Head of Corporate-Investment Banking of Alfa-Bank
Oleg Sysuev	First Deputy Chairman of the Board of Directors of Alfa-Bank
Sergey Guriev	Rector of New Economic School
Elena Kataeva	Deputy General Director of Gazpromregiongaz

Management Board



Vladimir Skvortsov

Chairman of the Management Board
Chief Executive Officer



Mikhail Bershadskiy

President



Alexander Gorin

Deputy Chief Executive Officer
Retail Insurance Director



Andrey Ryzhakov

Health Insurance Deputy Chief Executive Officer



Alexey Slyusar

Chief Executive Officer of AlfaStrakhovanie-Life LLC

Management Board



Ilya Olenin

Deputy Chief Executive Officer
Director of Underwriting and Methodology Department



Vera Volkoun

Chief Financial Officer
Deputy Chief Executive Officer



Irina Alpatova

Deputy Chief Executive Officer
Corporate Insurance Director



Ilya Kabachnik

Aviation Insurance Deputy Chief Executive Officer

Recognition



Expert RA, the leading Russian rating agency, rated AlfaStrakhovanie as A++ 'Extremely High Rating of Reliability' confirming that the Company will ensure timely performance of the whole of its financial obligations to the clients.



AlfaStrakhovanie Group became laureate of 'Golden Salamander' All-Russia Insurance Award in four nominations. AlfaFINANCE project by AlfaStrakhovanie-Life Company was recognized as the best marketing project of 2010 in 'Innovation of the Year in Insurance' nomination. AlfaTRAVEL project offering the service of insurance policy purchase for those going abroad, on alfastrah.ru, was declared the best Internet project of 2010. Federal Record Center project, with a unified corporate information system and infrastructure created, was recognized the best IT project of 2010. Besides, AlfaStrakhovanie was awarded 'Management of Insurance Reserves', a special out-of-contest prize to be given to a company demonstrating the most efficient management in investment market.



AlfaStrakhovanie Company won the prize of SPEAR'S Russia Wealth Management Awards 2010 in 'Insurance Company of the Year' nomination.



AlfaStrakhovanie Company was awarded 'Financial Elite of Russia 2005–2010', the main Russian prize in the area of finance, as the insurance company of the quinquennial in 'Client Recognition' nomination.



Золотая Колесница

AlfaStrakhovanie Company was declared winner in the contest of 'Golden Chariot', a national public award of Russia's transport sector, in 'Leader of Insurance of Organizations and Enterprises of Russia's Transport' nomination.



АССОЦИАЦИЯ
МЕНЕДЖЕРОВ

Managers of AlfaStrakhovanie Company have taken the first positions in a reputable annual rating, 'Top 1000 Russian Managers', a joint project of Managers Association and Kommersant Publishing House, in the following categories: top executive manager, chief financial officer, commercial director, marketing director, HR director, public and corporate relations director.



AlfaNEWS, AlfaStrakhovanie's corporate newspaper, was declared the winner of 'Best Corporate Media 2010' Annual All-Russia Contest, in 'Printed Internal Corporate Newspaper' nomination.



AlfaStrakhovanie Company became laureate of CourseLab 2010 contest and was given a prize-winning place for creation one of the best training materials with the help of WebSoft CourseLab, an editing program for electronic courses.



Red Apple MiXX
Фестиваль интерактивной рекламы

AlfaStrakhovanie's 2009 Annual Report was included in the list of the best projects of Red Apple MiXX 2010, a contest in the area of interactive advertisement and marketing. 'Lucky Insurance Policy', an animation flash video created by AGIMA Internet Marketing Agency for AlfaStrakhovanie's Annual Report, won Russian Flash Awards Contest in 'Animation' nomination.



AlfaStrakhovanie Company became a leader of the rating of Russian insurers' business reputation, according to the results of the reputational audit conducted by Romir Holding.



AlfaStrakhovanie Company became laureate of the VI Annual Prize 'Auto Dealer of the Year 2010' in 'Insurance Company' nomination. The prize was awarded at the XIII All-Russia Auto Forum 'Death March Amidst Unstable Demand'.



ПРЕСС-СЛУЖБА ГОДА
Всероссийский конкурс среди пресс-секретарей, сотрудников пресс-служб и специалистов по связям с общественностью

AlfaNEWS, AlfaStrakhovanie's corporate newspaper, became laureate of 'Press Service of the Year 2010' All-Russia Contest. The newspaper was recognized as one of the best in 'Corporate Media' nomination.

Clients

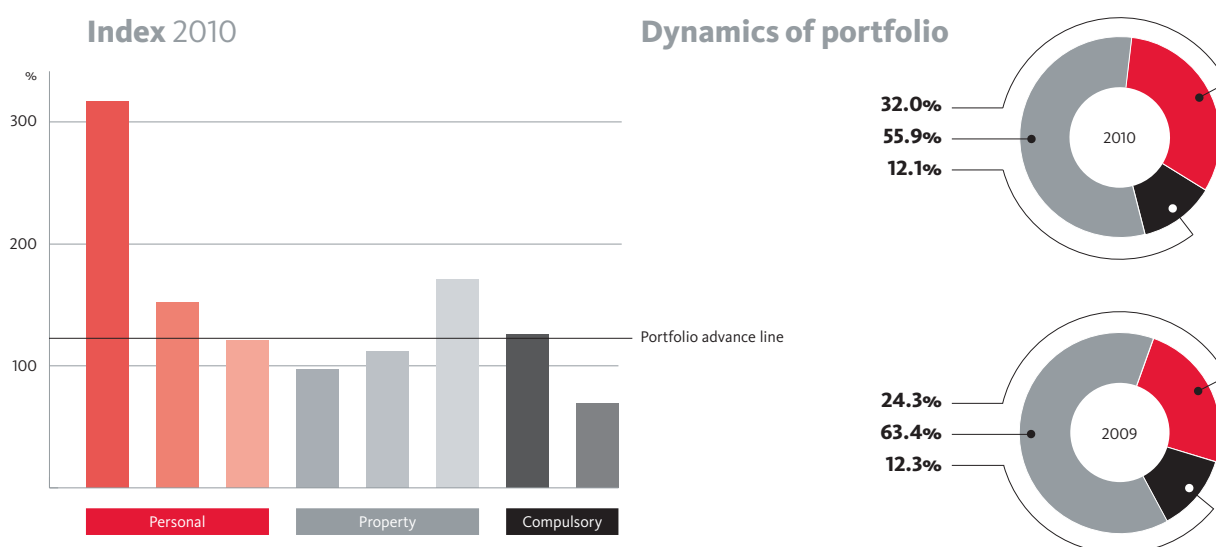
- > Alfa-Bank
- > Avianova
- > Balt-Trans
- > Baltic Fishing Fleet
State Academy
- > Domodedovo
- > Don Stroy
- > Eurosib
- > Federal Grid Company
- > FESCO
- > Interregional Distribution
Grid Company
- > Katekavia
- > KavMinVodyAvia
- > Kazanorgsinrez
- > Krasavia
- > Magnitogorsk Iron and Steel
Works
- > Mercedes-Benz Rus
- > Metalloinvest
- > Ministry of Foreign Affairs
- > NizhnekamskNeftekhim
- > Norilsk Nickel
- > Novatek
- > Novotrans
- > Orenair
- > Protek
- > Rosneft
- > Rusagro
- > Rusair
- > RusHydro
- > Russian ATC
- > Sevtechnotrans
- > Sheremetievo
- > Somon Air
- > Sovtransavto
- > Syrian Air
- > TNK-BP
- > TNK-Oil
- > Transbunker
- > Transnefteproduct AK
- > Ural Airlines
- > UTair
- > Vnukovo
- > Volgotanker
- > Vypelcom
- > Wimm-Bill-Dann
- > Yakutia
- > Yamal
- > Yokohama

Key performance results. Portfolio structure

Dynamics of portfolio and market share of AlfaStrakhovanie in insurance market segments, 2007–2010¹

Segment	Fees collected, mln rub.				Fees growth in 2010	CAGR 2007-2010	2009		2010		
	2007	2008	2009	2010			Market share	Rank*	Market share	Rank*	Segment share
Life insurance	59	531	911	2 885	216.8%	267%	5.8%	5	12.8%	2	9.6%
Accident insurance			774	1 180	52.4%		2.9%	8	3.2%	9	3.9%
Voluntary health & travel insurance	1 557	3 043	3 277	3 975	21.3%	49%	4.4%	7	4.6%	7	13.2%
CNC insurance			6 001	5 847	-2.6%		4.4%	8	4.2%	9	19.4%
Property insurance (ex. CNC)	7 515	14 290	6 313	7 051	11.7%	20%	4.5%	5	4.8%	4	23.4%
Liability insurance	312	451	682	1 163	70.5%	55%	2.6%	11	4.4%	7	3.9%
CMTPL	1 411	2 025	2 306	2 902	25.8%	27%	2.7%	8	3.2%	7	9.6%
Other compulsory insurance types	2,6	14,3	200	139	-30.6%	277%	2.9%	7	2.0%	7	0.5%
Total except for compulsory health insurance	10 856	20 355	20 465	25 142	22.9%	32%	4.0%	7	4.5%	7	83.5%
Compulsory health insurance	0	0	2 737	4 978	81.9%	—	0.6%	27	1.0%	20	16.5%
Total	10 856	20 355	23 202	30 120	29.8%	41%	2.4%	9	2.9%	8	100%

* ranking of groups and systems of insurance companies (with a glance to mergers and acquisitions)



¹ In 2008–2009 fees collected by Insurance Company Moscow are included, in 2009–2010 fees collected by VIRMED-Reserve and VIRMED Medical Insurance Company are included, in 2010 fees collected by AVICOS-AFES are included.

The Company was growing faster than the market: fees collected in the market, except for compulsory health insurance, in 2010 increased by 23% as compared to 2009. The Company's market share grew from 4.0% in 2009 to 4.5% in 2010.

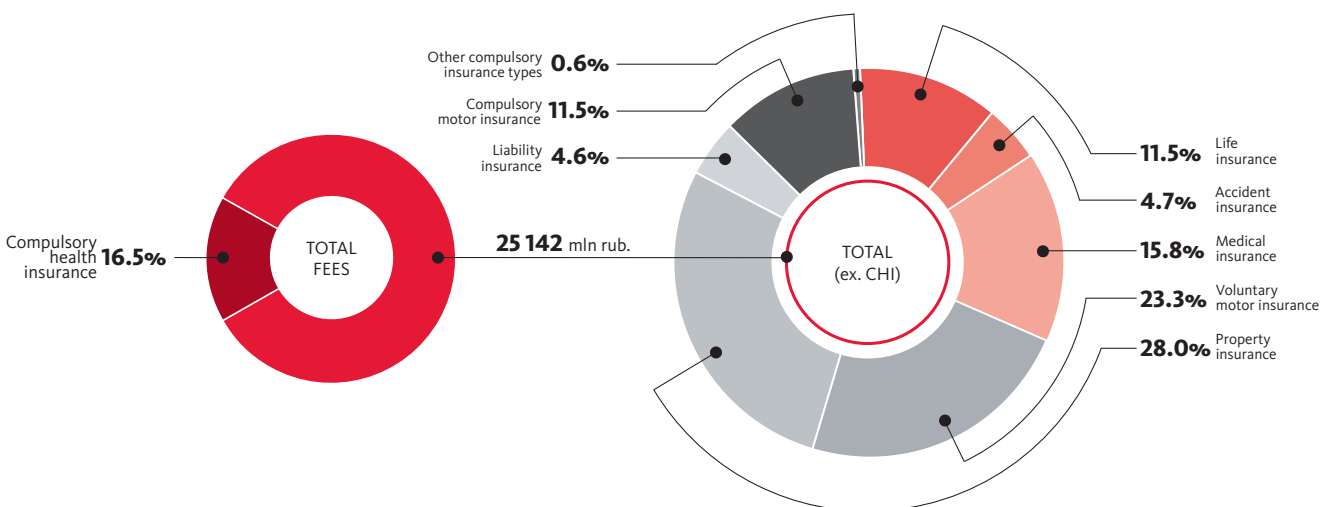
The Company's share was growing in almost all main segments of the market. The greatest growth was observed in life insurance (from 5.8% in 2009 to 12.8% in 2010) and liability (4.4% in 2010 versus 2.6% in 2009) segments.

However, the fees collected by the Company reduced in a large segment, CNC insurance (-2.6%), and in other compulsory types segment (-30.6%).

Good dynamics was also demonstrated by the Company in accident insurance segment (index — 152%) in which the market share reached 3.2% versus 2.9% in 2009, and CMTPL segment (index — 126%) in which the market share increased from 2.7% in 2009 to 3.2% in 2010.

In compulsory health insurance, the Company has improved its position: in 2010 the fees collected in this segment grew by 82%, and the share in the segment increased up to 1.0%.

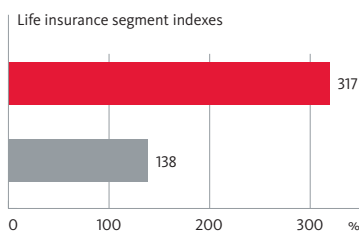
Portfolio structure 2010



Life insurance and insurance against accidents

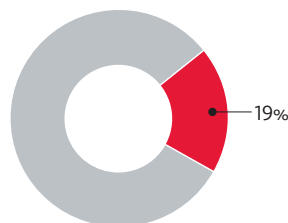
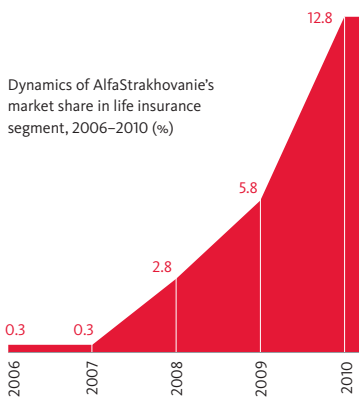
Fees collected by AlfaStrakhovanie in life insurance segment increased by 217%.

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AlfaStrakhovanie
Russian Insurance market

Dynamics of AlfaStrakhovanie's market share in life insurance segment, 2006–2010 (%)



AlfaStrakhovanie's life insurance structure

Накопительное страхование жизни
Кредитное страхование

At 2010 year end, in terms of the market as a whole, AlfaStrakhovanie took the second place for the life insurance volumes, while a year before the Company ranked only the fifth. In 2010 the Company attained positive profitability.

Total fees collected by AlfaStrakhovanie in life insurance segment exceeded 3 billion rubles which is by 217% more than in 2009. This includes the fees for accumulative life insurance equal to 549 million rubles, and 2.3 billion rubles of the fees for credit insurance. More than 1.8 million contracts were signed during the year, the largest of which amounted to 15.7 million rubles.

New insurance products which appeared in 2010 include the AlfaFINANCE Investment Insurance Program. It allows investing the money so that even in case of an unfavorable market situation the client could recover 100% of investment. AlfaFINANCE has the form of AlfaStrakhovanie-Life insurance policy, which both guarantees recovery of investment and ensures coverage of the client.

The client is to select one of three investment options:

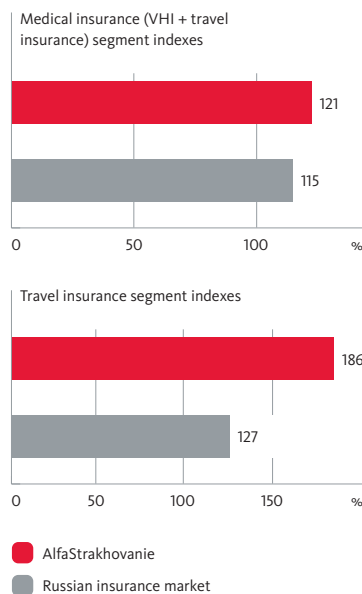
- > 'Precious Metals' — investment into gold, silver, platinum, nickel and other precious metals;
- > 'Blue Chips' — investment into the shares of MTS, Norilsk Nickel, Lukoil, Severstal and other leading Russian companies;
- > 'BRIC' — investment into the shares of promising companies in Brazil, Russia, India and China.

According to the experts, currently life insurance involves less than 5% of the population in Russia and, in accordance with the expert estimates, this promising segment of insurance market will be one of the most rapidly growing ones in the sector during the next several years. AlfaStrakhovanie-Life plans to continue its sustainable growth in 2011, by way of developing corporate life insurance and introducing new products.

Voluntary health insurance and travel insurance

In 2010, AlfaStrakhovanie Company kept successful development of the voluntary health insurance (VHI) segment.

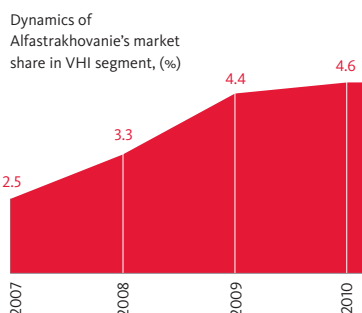
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At 2010 year end, the Company's portfolio in VHI segment grew by another 30% and reached almost 4 billion rubles.

The Company is constantly working on improvement of the quality of the rendered services and strains after increase in the number of its clients. In 2010, the Group considerably expanded its client base by concluding over 41 thousand voluntary health insurance contracts. Such companies as Danone, General Electric, Henkel, Nycomed, Mary Kay, Kodak, Otkritie Bank, Inteza Bank, Capital Group, SHELL Group, Eurasia Group and many others became new clients of AlfaStrakhovanie in VHI segment.

AlfaStrakhovanie, jointly with the Administration of Perm Territory, has developed and launched a special program that invites all public sector employees to avail themselves of the voluntary health insurance opportunities. This unique project was developed to improve the quality of public medical service, and the Government of the Perm Territory allocated the total of 250 million rubles for the project implementation. The project allowed the public sector employees to use, during the year, high-quality medical services of private healthcare facilities involved in the project.



Permanent work on improvement of the service quality, development and introduction of new products and implementation of the project for creating a network of Alfa-Health Center multi-field clinics were fundamental to success of AlfaStrakhovanie Company in VHI segment.

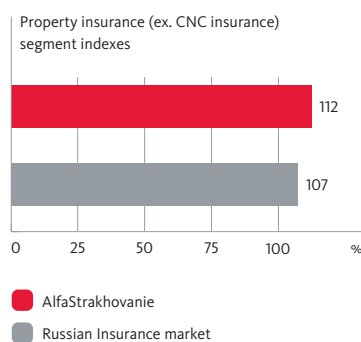
In 2010, AlfaStrakhovanie appeared among top five leaders of travel insurance segment by increasing its market share to 6.2%. As a whole, during the year, the travel insurance market grew by 27% and reached 3.8 billion rubles. Amid the general growth of the market in 2010 AlfaStrakhovanie showed the greatest augmentation of portfolio by increasing its collected fees by 86%.

In 2010, AlfaStrakhovanie launched a new service — online purchase of Alfa-TRAVEL insurance policy for those going abroad. One may pay for the policy both through Alfa-Click Internet-bank and by any other bank's plastic card. AlfaTRAVEL-online project won 'Golden Salamander' Award as the best Internet project of 2010.

Property insurance

In 2010, amidst general downturn of the market of insurance of natural persons' and legal entities' property, this business segment keeps growing hence remains a priority for AlfaStrakhovanie.

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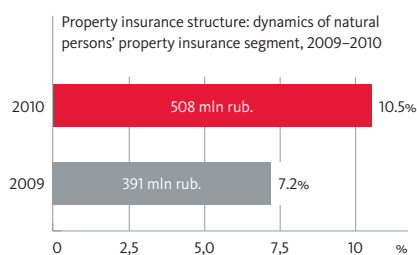


The policy of AlfaStrakhovanie, aimed at developing mutually advantageous cooperation with regular corporate clients and improving the product and service quality, allows the Company to be the property insurance market leader.

Insurance of natural persons' property is actively developing: the volume of the fees collected in 2010 reached 508 million rubles showing 30% growth. The number of contracts also increased considerably.

In 2010, the Company won the tender for insurance of plastic cards of SBERBANK OF RUSSIA and expanded the cooperation as related to insurance of plastic cards of the Holders of bank cards of SBERBANK.

As for the segments of natural persons' property insurance, standing out is the project for insurance of Alfa Bank's plastic cards of the Holders of bank cards of Alfa Bank. The volume of the fees collected under this project in 2010 reached 68 million rubles, showing 180% growth.



AlfaStrakhovanie is introducing new products for natural persons' property insurance. Currently, the Company offers a wide range of products for all segments of the population.

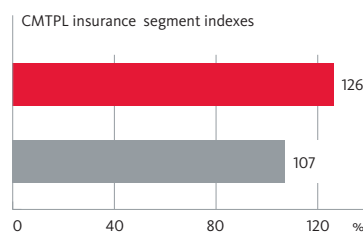
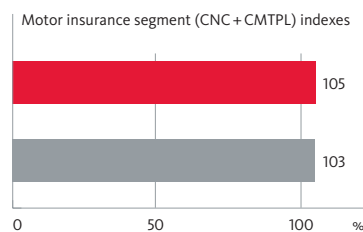
In 2010, legal entities' property insurance against fire and other perils became one of the most stably developing business lines for AlfaStrakhovanie. The volume of the fees collected in the segment of legal entities' property insurance amounted to 4.131 billion rubles.

AlfaStrakhovanie Group also keeps developing the market of agricultural property insurance. During the past year, its portfolio structure changed, and the share of agro-industrial insurance increased with the collected fees growing by more than 40% as compared to 2009. This allowed making this type of insurance a separate business line.

Motor insurance

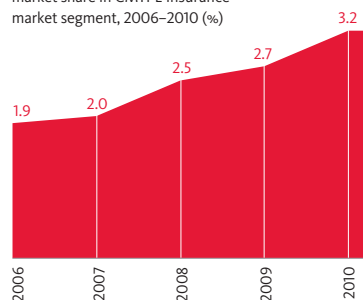
For AlfaStrakhovanie Company, motor insurance is a key line of business development. As a result of the completed Company restructuring, motor insurance has formed a part of AlfaStrakhovanie's retail block. During 2010, the Company managed to achieve good performance through efficient work of its team, optimization of the business processes and structuring the management system.

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■ AlfaStrakhovanie
■ Russian insurance market

Dynamics of AlfaStrakhovanie's market share in CMTPL insurance market segment, 2006–2010 (%)

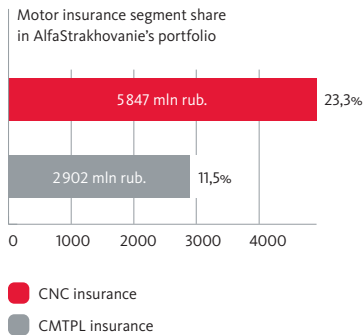


In September, AlfaStrakhovanie Company was declared the winner of 'Golden Chariot', a national public award of Russia's transport sector, in 'Leader of Insurance of Organizations and Enterprises of Russia's Transport' nomination. In November, the Company became the best insurer in the area of motor business, in 'Insurance Company' nomination of the VI Annual Prize 'Auto Dealer of the Year 2010'.

At 2010 year end, the Company's total motor insurance collected fees increased by 7.5%, as compared to 2009, reaching 8 617 million rubles. Of special note is the 26% growth of collected insurance fees in compulsory motor insurance segment. Meanwhile, total volume of the payments for motor transport and liability insurance amounted to 5 419 million rubles in 2010, which is by 1.5% more than in the previous year.

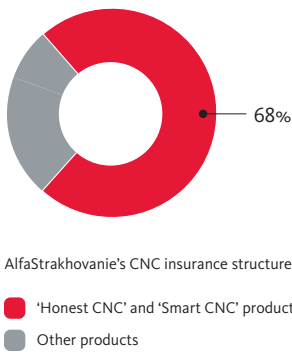
In 2010, AlfaStrakhovanie Company continued its cooperation with many large automobile dealerships throughout Russia, including Avilon, 'Major' Automobile Holding, Avtodom, AutoSpecCenter, Musa Motors, Nezavisimost Group of Companies, Panavto, DaimlerChrysler Avtomobili RUS.

During 2010, the Company considerably expanded the auto dealers' client base — the following automobile holdings became new partners of AlfaStrakhovanie: Mega-Avto Group of Companies, Concept Car Group of Companies, KMCh Group of Companies, Gedon Group of Companies and AAA Motors Group of Companies. In 2010, AlfaStrakhovanie Company became an official partner of Kia Motors RUS, Hyundai Capital, Toyota Bank and BANK PSA FINANCE RUS. It kept active cooperation with Volkswagen Group Finance and other representative offices.



In 2010, the Group conducted 'Alfa Formula: First Among Equals' campaign which resulted in considerable growth in sales of CNC and CMTPL insurance policies through auto dealers' showrooms in Moscow.

Expansion of the product line contributes to success of AlfaStrakhovanie in automobile business segment. Thus, in July 2010 the Company launched 'Smart CNC', a new program designed for those who run their car little during the year and have low annual mileage. The insurance policy opens up the opportunities for individual insurance so that the automobilists could optimize their expenses on motor insurance.



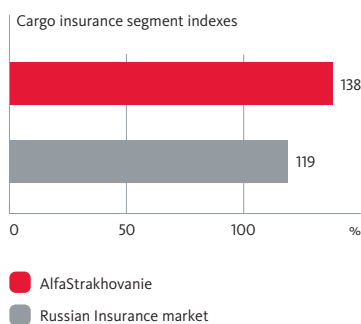
At the end of 2010, AlfaStrakhovanie Group summarized the work of 'Honest CNC' product line launched in 2009 and 'Smart CNC' product — the fees reached 68% of AlfaStrakhovanie's CNC segment.

Thereby, in 2010 AlfaStrakhovanie Company obtained significant results in motor insurance and keeps on a strong track. The Company's share in automobile insurance market reached 4.2%. The Group's activities during the past year resulted in strengthening of its positions in motor insurance area and improvement of its key financial indicators in the segment.

Transport and marine risks insurance

In 2010, the fees collected for cargo insurance increased by 38% as compared to 2009 figures, and reached 359.4 million rubles. The payments in the segment amounted to 91.0 million rubles which exceeds the figures for the previous year by 52%.

Index 2010



The Company is constantly improving the level of client service, expanding the range of its services, and offering individual programs of cargo transportation insurance coverage to its clients. AlfaStrakhovanie's clients include the largest companies in their areas, such as VimpelCom, GK Sovtransavto, X5 Retail Group, CJSC Mercedes-Benz RUS, LLC Yokohama Rus, LLC RusAgro-Sakhar etc. The client base of AlfaStrakhovanie Group is constantly expanding thus allowing it to preserve the leading positions as an insurer in this market segment.

Transport operators' liability insurance, insurance of railway transport and container shipments also keep developing. In 2010, the fees collected for insurance of railway vehicles reached 55.7 million rubles exceeding the previous year's figure by factor of 1.2. AlfaStrakhovanie's clients include such major holdings as Metalloinvest, Novotrans and Balt-Trans.

The Company's marine portfolio shows stable growth and development. The insurer's clients include such major companies as PLC Volga Oil-Loading Shipping Company (Volgatanker), GK Transbunker, LLC Prime Shipping, LLC Palmali, PLC Ob-Irtysh Steamship Line, PLC NPP Vega, PLC Sevmorneftegeofizika, LLC Baltiysky Flot, LLC Baltic Towboats, LLC Griffon etc.

Besides, AlfaStrakhovanie is the exclusive Russian insurer of sailing vessels. Two largest training sailing vessels are insured with the Company: the barks of 'Krusenstern' (Kaliningrad) and 'Sedov' (Murmansk), as well as the ship-owners' liability with respect to 'Mir' sailing vessel (St. Petersburg), which demonstrates recognition of the Company's expertise by the leading marine educational institutions of Russia.

AlfaStrakhovanie's Department of Transport and Marine Risks Insurance has once again successfully passed recertification for compliance with the requirements of updated international standard ISO 9001:2008. AlfaStrakhovanie's transport and marine risks insurance quality management system is regularly certified starting with 2001 by the Russian Register Certification Association.

The Company's activities in the area of transport insurance were recognized by the national and international transport community. In September 2010, the Company became laureate of 'Golden Chariot', a national public award of Russia's transport sector, in 'Leader of Insurance of Organizations and Enterprises of Russia's Transport' nomination.

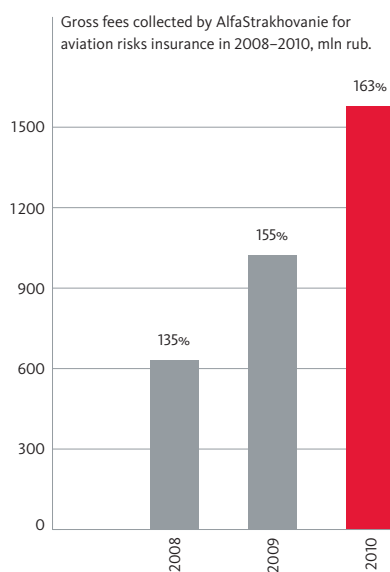
Besides, last year the Company was among the initiators of creating the national Union of Marine Insurance as part of IUMI (International Union of Marine Insurance), an international professional organization, and this testifies to the Company's intention to improve the quality of its insurance products and be in line with the best world practices.

Aviation insurance

AlfaStrakhovanie Group considers aviation sector as the most important area for development. After integration with AVICOS-AFES Group of Companies, AlfaStrakhovanie holds the leading position in the market of aviation risks insurance.

At 2010 year end, gross fees collected by AlfaStrakhovanie for aviation risks insurance, including the fees for incoming reinsurance and passenger insurance, amounted to 1.578 million rubles.

Annual growth factors



Currently, the Company is an insurance partner of many leading Russian and foreign companies, as well as of the major Russian airports: Sheremetyevo, Vnukovo, Domodedovo and Tolmachevo (Novosibirsk).

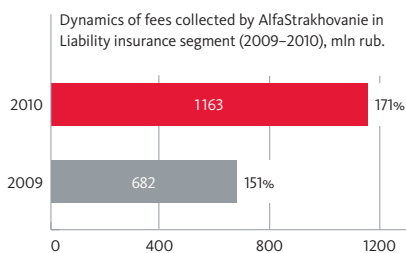
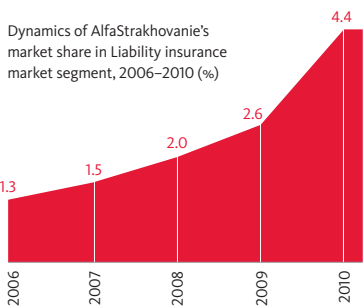
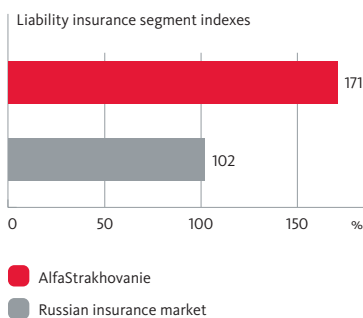
In 2010, AlfaStrakhovanie launched, jointly with the Air Company Ural Airlines, a new unique project for online sales to the passengers of Ural Airlines of AlfaStrakhovanie insurance policies covering the flight. The policy is issued at booking of an air ticket paid with a credit card on the Air Company's website. After the booking is paid, the insurance policy formed by the system and the electronic ticket itinerary receipt are sent to the passenger's email.

AlfaStrakhovanie's specialists take an active part in the life of the professional aviation community. The insurer is a member of the International Union of Aviation Insurers (IUAI), 'Airport' Association of CIS Civil Aviation, Russian Association of Air Transport Operators and Society of Air Accident Investigators.

Having picked up the slack of AVICOS-AFES Group, AlfaStrakhovanie Company acted as a sponsor of 'Wings of Russia 2010' award and keeps supporting the national sector award this year.

Liability insurance

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Liability insurance is one of the most dynamically developing segments of the insurance market as a whole and in AlfaStrakhovanie portfolio in particular. Liability insurance of large and medium-size enterprises accounts for the greater share of the collection.

The share of AlfaStrakhovanie in the liability insurance segment grew significantly — up to 4.4% in 2010 as compared to 2.6% in 2009.

An event which is to affect the development of the liability insurance market in the near future occurred in 2010: the Federal Law “On obligatory liability insurance of the owner of a hazardous industrial facility for injury and damage in case of an average at the hazardous facilities” is to come into force on January 1, 2012.

Passing of the law will significantly raise the level of social security system of citizens of the Russian Federation (including the workers and employees of hazardous industrial facilities): the law envisages multiple expansion of the insurance settlement, which is to be paid to the injured party in case a loss occurs, i.e. an average at the hazardous industrial facilities.

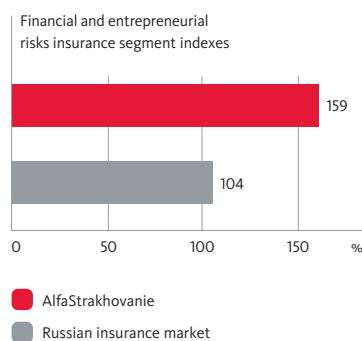
The law will also affect the development of business; the owners of the hazardous industrial facilities will be able to attribute payments under liability insurance policy to costs.

AlfaStrakhovanie is one of the leaders in the market segment and is paying valuable contribution to prepare the mentioned law to be implemented in 2012.

Financial risks insurance

In 2010, the share of AlfaStrakhovanie Company in the Russian market of financial and entrepreneurial risks insurance approached 10%.

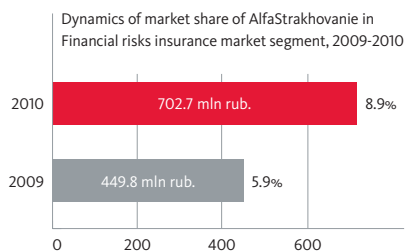
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In 2010, AlfaStrakhovanie Company was intensively developing the programs for insurance of both natural persons' and corporate clients' financial and entrepreneurial risks.

The Company attained considerable results in the area of financial risks insurance in retail banking segment. 'Protection against Loss of Job and Income' (so called 'unemployment insurance'), an innovation product for natural persons first offered to the clients in 2009, as early as in 2010 allowed to protect financial interests of thousands of borrowers throughout Russia.

In 2010, AlfaStrakhovanie was actively developing its comprehensive program for insurance of financial institutions, and this work resulted in making contracts with the largest Russian retail banks, Alfa-Bank and OTP Bank. Simultaneously, the Group successfully implemented a number of insurance programs in the market, both in corporate and retail segments, including the contracts for insurance of trade credits, financial institutions' liability and risks of ownership loss.



The goal-oriented and balanced policy pursued by the Company in the market of financial and entrepreneurial risks insurance in 2010 resulted in increase of the collected fees to 702.7 million rubles. By this indicator, the share of AlfaStrakhovanie Company in the Russian market of financial and entrepreneurial risks insurance has come close to 10%.

Bank insurance

At 2010 year end, gross fees collected by AlfaStrakhovanie in banking segment reached 4.9 billion rubles.

In 2010, AlfaStrakhovanie obtained accreditation with the leading Russian banks including VTB, Bank of Moscow, Rosbank, NOMOS-BANK, B&N Bank, Uniastrum Bank, Sobinbank, Toyota Bank, and also with Trust Bank, Globex Bank, Credit Europe Bank etc. In general, total gross fees of AlfaStrakhovanie in banking channel amounted to 4.9 billion rubles in 2010.

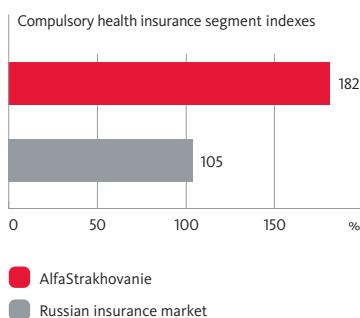
Particularly active growth was observed in indirect sales of banking insurance that are conducted through partners. Here, the gross fees reached 139 million rubles in 2010. The Bank of Khanty-Mansiysk, B&N Bank, MDM-Bank, Alfa-Bank, Banca Intesa, Orient Express Bank, TCB, OTKRITIE Bank, Tatfondbank and others became AlfaStrakhovanie's clients under these programs.

In 2010, AlfaStrakhovanie won the tenders, held by Sberbank of Russia, for insurance of bank cards and accumulative life insurance. In its turn, Sberbank started selling AlfaStrakhovanie's insurance products in its offices.

Compulsory health insurance

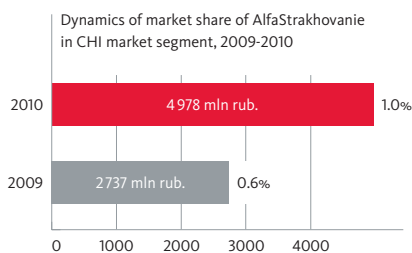
In 2009, AlfaStrakhovanie Group resolved to enter the market of compulsory health insurance (CHI). Strategic objective is to take the leading positions also in this segment which accounts for about half of the whole Russia's insurance market. To attain this objective, AlfaStrakhovanie-MS, a specialized company, was created.

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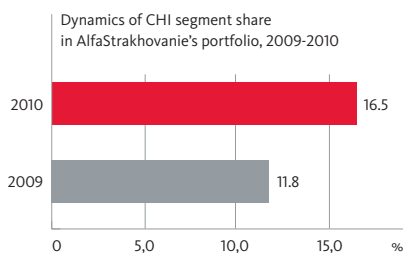
The license of AlfaStrakhovanie-MS allows performing the activities in CHI market in 75 constituent entities of the Russian Federation. The main task of AlfaStrakhovanie-MS is to render timely medical assistance to the public, to control the quality of the provided medical aid and to protect the rights of those insured with the CHI system.

Today, AlfaStrakhovanie-MS is one of the leading insurance companies which is actively opening its branches and developing the activities within CHI system in the country's regional markets. The Company actively works in Murmansk, Chelyabinsk, Tula and Tver Regions, as well as in Perm Territory.



During 2009 and 2010, several companies of the regional leaders in compulsory health insurance joined the Group: LLC VIRMED Medical Insurance Company operating in Tula and Tver Regions, and LLC AsStra Medical Insurance Company performing compulsory health insurance activities in Rostov Region.

LLC VIRMED Medical Insurance Company has been working in CHI system since 1993 and services over 55% of all people insured in Tula Region. VIRMED is one of the largest companies in CHI system in the central region of Russia.



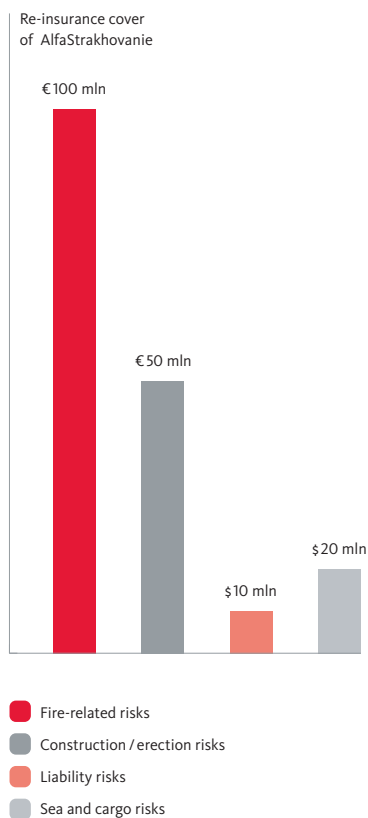
LLC AsStra Medical Insurance Company has been working in CHI system in Rostov Region since 1994. By the number of insured persons, the company is among the top five insurers of Rostov Region.

The companies forming part of AlfaStrakhovanie Group and conducting activities in the area of CHI introduce to the regions the highest standards of public service and financial sustainability of a major federal insurer of the RF.

In December 2010, AlfaStrakhovanie-MS Company won an open tender of the Ministry of Public Health of Chelyabinsk Region for the right to provide the services of compulsory health insurance to the Region's nonworking population. Over 2 million people were thus insured.

At 2010 year end, the Company took the 9th place, by the number of insured persons, among over 70 insurance companies operating in CHI market, with the total of 4 million people insured under compulsory health insurance.

Re-insurance



In December 2010 AlfaStrakhovanie completed the re-insurance cover for 2011. The volume of mandatory insurance has been maintained in general at the level of the last year, and in some cases it has increased.

The limits of fire-related risks re-insurance of legal entities were fully retained in the volume of €100 mln, construction / erection risks — €50 mln, liability risks — \$10 mln.

The mandatory insurance policy on sea and cargo risks re-insurance has been successfully renewed, the limit of it was increased up to \$20 mln. The agreement was concluded with the western re-insurance companies with the maximum reliability rates. Though with a greater volume of re-insurance cover, there was no significant growth of the re-insurance cost.

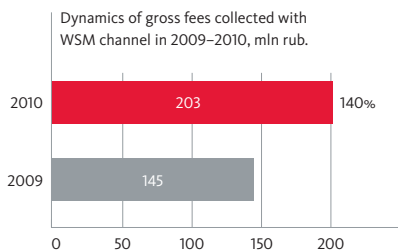
The sea and cargo re-insurance policy also covers risks when insuring Fine arts. It makes the re-insurance cover of AlfaStrakhovanie more attractive, expands insurance opportunities and gives the company a competitive advantage when bidding for tenders.

Munich Re Group, Swiss Re, Hannover Re, SCOR, GenRe, Partner Re and Lloyd's of London are among foreign business partners of AlfaStrakhovanie in the field of re-insurance.

WSM — Work site marketing

In 2010, the number of clients insured with AlfaStrakhovanie under work site marketing (WSM) program tripled, as compared to 2009.

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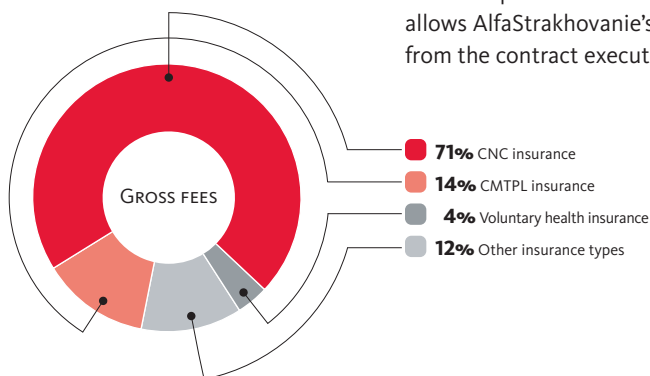
At 2010 year end, work site marketing (WSM) channel of AlfaStrakhovanie attained payback and began earning profit. Gross volume of the collected fees grew by 140%, as compared to 2009, up to 203 million rubles.

In 2010, the number of clients insured with WSM channel reached 20 000, which is three times more than in 2009. The number of partners working with WSM division exceeded 1000, among them there are Alfa-Bank, MDM-Bank, VTB-24 Bank, RosBank, TransCreditBank, Raiffeisen Bank, UniCredit-Bank, TNK-BP, Rosneft etc.

In order to facilitate work with corporate clients and optimize the business processes in WSM channel, AlfaStrakhovanie created www.alfastrahwsm.ru website.

When clients turn to WSM service for the first time, they are offered an opportunity to fill in the insurance application right on the website. So called “member areas” are assigned to the Company’s existing clients for obtaining details about current performance of the contracts and basic parameters on-line. The website operation considerably accelerates execution of WSM contracts and allows AlfaStrakhovanie’s clients to get the necessary consultations promptly, from the contract execution to getting the insurance payment.

WSM retail division



Alfa-Health Center multi-field medical clinics

Alfa-Health Center is a unique project of AlfaStrakhovanie Company for constructing a network of its own multi-field medical centers in the Russian Federation.

In 2009, the first clinics were opened in Perm and Kirov. In 2010, the network expanded due to the new centers opened in Samara, Saratov, Yaroslavl and Nizhny Novgorod. The project goal is to satisfy the community needs for high-quality medical services with advanced medical and information technologies applied, and also to improve the VHI medical service for AlfaStrakhovanie's clients.

In 2010, proceeds of Alfa-Health Center clinics increased by 82%, as compared to 2009.

Alfa-Health Center clinics offer the whole range of ambulatory and outpatient assistance for all categories of population.

The multi-field medical centers are fitted with advanced medical equipment manufactured by GE Healthcare, Olympus, Schiller, Melag, Covidien, Fimet etc.

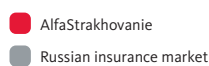
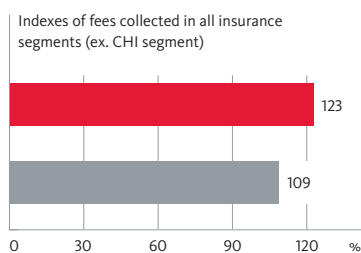
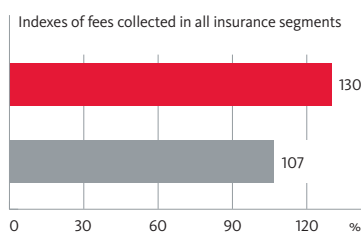
Employees of the clinics are hired after passing a multistage selection system — this guarantees a high professional and ethical level of the specialists. Professional liability of the doctors is insured with AlfaStrakhovanie Company.

Business development

The fees collected by AlfaStrakhovanie Group in 2010 exceeded 25 billion rubles, while the premium income for voluntary health insurance and CMTPL insurance increased by 21.3% and 25.8% respectively, and the total share of the market reached 4.5% which exceeds the 2009 figure by 0.5%. In 2010, the plan for underwriting result and profit was outstripped, with more than twofold increase in the business of AlfaStrakhovanie-Life.

AlfaStrakhovanie is the best employer in insurance sector — it ranks first in HR-BRAND rating. In 2010, AlfaStrakhovanie establishes itself as a leader in terms of client service quality, for four years in succession.

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In 2010, AlfaStrakhovanie implemented such significant projects as AlfaTRAVEL which allows ещ purchasy insurance policies for travelers online. Besides, 'Honest CNC' product line was expanded due to appearance of 'Smart CNC' product with the cost directly depending on the planned mileage of the car; and AlfaStrakhovanie-Life launched AlfaFINANCE, a new product enabling the clients to invest their money without a risk of loss.

The year of 2010 was marked for AlfaStrakhovanie by opening of four new clinics of Alfa-Health Center, to add to the previously opened medical centers, and also by creation of its Single Financial Settlements Center and Federal Record Center for business operations. Besides, the Company strengthened its positions in compulsory health insurance segment by entering the CHI market in Tula, Murmansk, Tver, Chelyabinsk and Rostov-on-Don.

At the end of October 2010, documents on cooperation with China Life, a Chinese state-owned company, were signed in Moscow, and this allowed to implement the project for health insurance of Russian tourists in China and Chinese tourists in Russia. Also, in 2010, the integration of business of AVICOS-AFES Insurance Group and AlfaStrakhovanie was completed, enabling the Company to take the third place in the aviation insurance market.

In 2010, AlfaStrakhovanie won a number of awards including 'Golden Salamander', an annual all-Russia insurance award, 'Financial Elite of Russia 2005–2010', the main Russian prize in the area of finance, SPEAR'S Russia Wealth Management Awards 2010, 'Golden Chariot' award and others.

Information technologies

In 2010, the Company's IT developed in two principal areas: enhancement of efficiency in using the existing technologies, and introduction of new systems significant for the business.

The following may be referred to the year's main results in the first area:

- > Completion of replicating Unicus, the basic system for actuarial accounting, to all Company's regions, which allowed to centralize and optimize the processes of actuarial operating accounting, reduce the operating expenses, increase transparency of the operating processes throughout the Company, and created the necessary prerequisites for the Federal Record Center deployment in the Company;
- > Completion of the project for consolidating on a single software and hardware platform and creating AVIS, the single software system for support of the business processes of VHI (voluntary health insurance) block, which allowed to enhance efficiency of the employees' work and created the necessary prerequisites for optimization of the business processes both in regional network of VHI and in the Moscow region;
- > Transition of another two regions (Kazan Regional Center and Southern Regional Center) to servicing with AVAYA Federal Contact Center, which allowed to improve the quality of servicing our clients;
- > Transition of about 60% of new computing facilities of the Company to VMWare virtual environment, which ensures up to 30% saving on costs for its further support.

In the second area, the following should be given prominence:

- > Completion, within the agreed period, of implementing the first stage of SAP FS-CM, a claim settlement system, for the benefit of motor insurance business line, which allowed to optimize the CMTPL claim settlement process;
- > Deployment, throughout the Company (including the branches), of LanDocs+Cap-tiva, an electronic document management system, to ensure prompt interaction between the Federal Record Center and all regional divisions of the Company;
- > Transition to a new integration IT architecture based on Fuse ESB Corporate Integration Service Bus which allows to unite all IT resources of the Company into the single information field, in spite of the differences in technologies, data format and data processing principles.

High-quality service

The insurance company's reliability, ease of processing and settlement of insured events, promptness of payments and also the opportunity for including additional options with an optimal final cost of the insurance program are among the key factors in selecting an insurance company.

The Company's financial consultants regularly meet the clients, discussing the situation with each of them and choosing the best solution jointly with the client.

If a client has any additional questions, he/she can consult an agent of AlfaStrakhovanie, get the advice through the website or call the single Federal Contact Center.

AlfaStrakhovanie values each client, therefore the Company has its Service Quality Control System which reviews each complaint in detail and settles it. Along with this, the causes of the complaint are analyzed and eliminated.

Owing to constant analysis of the clients' needs, in addition to consideration of the tendencies, the team of AlfaStrakhovanie can offer innovation solutions to the clients. In 2010, AlfaStrakhovanie was the first in the Russian insurance market to present an insurance product that can be purchased without walking away from the computer.

Personnel policy

In 2010, the personnel policy of AlfaStrakhovanie Group was focused on pursuance of its long-term strategy and attainment of the business goals through the active personnel development.

Strong corporate culture, excellent prospects for professional and career growth make it possible for the Company to engage the best specialists of the insurance market. With the help of its improved system for personnel assessment and continuous staff audit, the Company permanently observes the employees' qualification level, revealing inefficient personnel, developing and motivating the best ones.

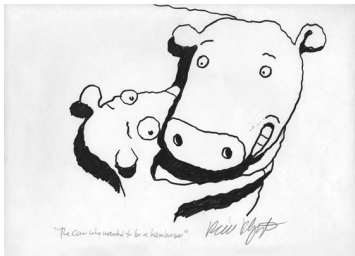
By enabling the employees to develop their careers through functional and geographical rotation, the Group improved its workforce capacity and managerial team of the regional network. The corporate conferences regularly held in various regions of the country have allowed the employees, apart from exchanging the best experience, to be involved in the process of formation of AlfaStrakhovanie Group's corporate culture based on sharing the corporate values.

In 2010, AlfaStrakhovanie's management team also received a high appraisal from external experts: in September 2010, Kommersant newspaper published results of 'Top 1000 Russian Managers', the annual rating of the Managers Association to determine the most professional executives in their sectors. The managers of AlfaStrakhovanie topped the rating in the following categories:

- > Chief Executive Officer
- > Chief Financial Officer
- > Commercial director
- > Marketing director
- > HR director
- > Public & corporate relations director.

Social responsibility, support of art and culture

In 2010, with the assistance of AlfaStrakhovanie, significant cultural events and large art exhibitions took place in Moscow, St. Petersburg, Perm, Samara and other cities of Russia.



Bill Plympton.
The Cow who wanted to be a hamburger. 2010

In March 2010, AlfaStrakhovanie was a general insurance partner of 'Russia and the Global Cezanne Effect, 1900-1950', an international scientific conference organized by Petr Konchalovsky Foundation and held in Boris Yeltsin Presidential Library in St. Petersburg. In September, the Company provided insurance coverage and sponsorship for 'Petr Konchalovsky. To the Evolution of Russian Avant-Garde' exhibition.

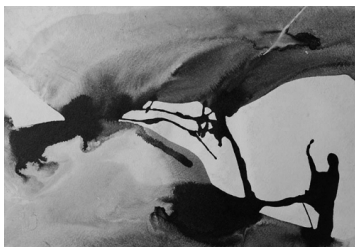
During 2010, AlfaStrakhovanie Company repeatedly acted as the insurer of the largest cultural events. In spring 2010, 'Alice Through the Looking Glass', and exhibition organized by InArtis Gallery, was held in Moscow. 'ЯКЦО/ЕСЛИ/ІІ' exhibition of Ukrainian contemporary art was displayed in PERMM Museum of Contemporary Art (Perm). In summer, 'The Desert is Not Silent', an exhibition of Libya's ancient and contemporary art, took place.



«And Water Flows Beneath the Ice».
The exhibition of North Korean contemporary art.

In autumn 2010, 'The Wandering Multitudes', personal exhibition of Evgeny Mikhnov-Voitenko, was held in St. Petersburg; 'Workers and Philosophers', an exposition of contemporary art works, in Moscow School of Management Skolkovo; and 'PLYMPTOONS', Bill Plympton's exhibition, in the 'Gallery on Solyanka'.

At the end of the year, AlfaStrakhovanie was the insurance partner of 'Graphic Pre-Raphaelites. The Last Knight of the Victorian Era', an exhibition presented by INARTIS Gallery, as well as of 'And Water Flows Beneath the Ice', an exhibition of North Korean contemporary art that took place in WINZAVOD Centre for Contemporary Art in Moscow.



Evgeny Mikhnov-Voitenko.
'The Wandering Multitudes', personal exhibition.

Apart from that, AlfaStrakhovanie Company sponsored the exposition of 315 projects nominated for Kandinsky Prize, a national award in contemporary art.

In 2010, AlfaStrakhovanie was traditionally cooperating with 'Line of Life' Foundation for saving seriously ill children. Jointly, they managed to hold 'Celebration of Life' charity party and 'Someone's Life is not a Trifle' campaign.

