



ANNUAL REPORT 2009

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Head office of RESO-Garantia in Moscow



## YOU CAN RELY ON US!

Open Insurance Joint-stock Company RESO-GARANTIA was founded on November 18, 1991. It is a composite insurance company with the licenses of the Federal Agency for Insurance Supervision C No.1209 77 for 102 types of insurance services and П No.1209 77 for reinsurance.

The Company was registered by Moscow Registration Chamber on 22.09.1993 under No.005.537. INN 7710045520. It was entered into the unified state register of legal entities under number 1027700042413 on July 19, 2002.

RESO-GARANTIA is a recognized leader in insurance of motor transport, property of individuals and legal entities, voluntary health insurance and traveler's accident insurance and occupies leading positions in a large variety of other directions in the insurance activities.

RESO-GARANTIA possesses the authorized capital of 3.1 billion rub., one of the largest among insurers.

Since 2002 the audit of RESO-GARANTIA has been carried out by Grant Thornton, a member of Grant Thornton International (GTI), one of the four world's leading auditing corporations ranking among the leaders in the world market of audit. The auditing firm was approved by the annual meeting of shareholders, minutes No. 33 dated June 30, 2009.

RESO-GARANTIA is an agent-based company; its insurance services are sold by over 19 thousand professional insurance agents and dozens of brokers. The Company has over 8.5 million corporate and retail customers throughout Russia.

RESO-GARANTIA is among the leading national insurance companies according to the amount of gained premiums and is one of the leading companies in the field of retail insurance. The Company is among three largest Russian insurance companies operating in the competitive market segment. According to the data of FISS in 2009 RESO-GARANTIA took in general the fourth place within the country according to the amount of collected insurance premiums out of 702 insurance companies represented on the market (it should be noted here that RESO-GARANTIA was driven out from the third place by the captive company "SOGAZ").

In 2009 RESO-GARANTIA collected insurance premiums in the amount of 30 567 725 000 rub. Total claims paid reached the amount of 18 686 371 000 rub.

The market share of RESO-GARANTIA (not taking into account OHI) is 5.9%.

Since October, 2005 RESO-GARANTIA has been included in «The Expert-400», the most reputable domestic ranked list of the largest Russian companies published by «Expert RA» rating agency. As of the end of 2009 RESO-GARANTIA ranks the 157th in that list of corporations being leaders in terms of turnover of their products or services where enterprise of various branches of economy are represented.

## INFORMATION ON THE SHAREHOLDING STRUCTURE

The main shareholders of OIJS "RESO-GARANTIA" are: Sarkisov S.E. – 27.2%, Sarkisov N.E. – 27.2%, Saveliev A.N. – 2.5%, AXA – 36.7%, whose shares were transferred for keeping to depository LLC "Deutsche Bank" (nominee holder), and EBRD – 6.3%, which shares are kept by CJSC "City Bank" (nominee holder).

Federal Agency for Federal Property Management owns 0.001 % of the Company's shares.





## PUBLIC RECOGNITION

In 2009 RESO-GARANTIA obtained a number of honorary prizes and signs awarded to the Company for its successes.

In particular, in 2009 the Company has become the winner in “People’s Brand /Brand No.1 in Russia” for the second time, awarded to it as a result of the eponymous nationwide competition. Like in 2007 RESO-GARANTIA won in the nomination «Insurance Company».

The emblem of «People’s Brand» is a kind of an analogue of the Soviet «Quality Mark». Under the terms of competition the brands being winners are entitled to place that logo in their promotional and information materials within two years. Since 2007 that symbol of the people’s trust and high opinion professional reputation of RESO-GARANTIA rightfully and continuously accompanies the work of each agent of our insurance company.

“People’s Brand” has been awarded since 1998 and is the most significant prize in the sphere of development of brands on the Russian market, as it is awarded on the basis of consumers’ opinion on the brand nationwide. The contest is organized in form of independent voting of Russian consumers from all regions of the Russian Federation, including small towns. Trademarks, which are mentioned in each category most frequently, become the winners. The contest questionnaires published in most popular newspapers and on key consumer Internet-portals were filled in by more than 112 thousand Russian consumers.

Besides, the reputable business magazine “Finance” granted an award fee to RESO-GARANTIA for “Financial strategy in insurance”. In addition, in April of 2009 this magazine published its own list of 155 “most expensive companies of Russia”, having ranked RESO-GARANTIA on the 51st place among all participants. Although these data is based on the analysis of the magazine’s experts, it is recognized that there are only three insurance companies in that list, and along with that capitalization of RESO-GARANTIA is estimated higher than the value of rival companies.

Earlier, at the end of 2008 (the rating was not updated in 2009) the Company was included into the list of 40 best Russian brands compiled by an international company Interbrand, having come out on the 36th place at once. To be included in that list our trademark had to meet a range of strict requirements. Availability and transparency of financial information on the company, Russian origin of the brand, orientation on the Russian consumer of services were evaluated. Evaluation methodology included financial and marketing analysis and brand stability evaluation: position on the market with regard to main competitors, ability to overcome geographical boundaries and cultural.

Another evidence of the consumers’ recognition of the high reputation of RESO-GARANTIA is the constantly growing recognition ratio of our brand. According to the data of research of the insurance market carried out following the results of 2009 by Profi On-line Research (they use the method of questionnaire survey via online-panel 7 100 Russian citizens in the age of 21-55, making financial decisions or influencing decision-making in the family and residing in 13 largest cities of the country), RESO-GARANTIA not only managed to stand its ground in the rating of “recognition”, but also increase its awareness ratio from 36% to 50%.

## RELIABILITY RATING OF “EXPERT RA”

At the end of 2008 RESO-GARANTIA received from agency “Expert RA” the highest reliability rating A++ possible these days in Russia, which corresponds to an extremely high reliability level.

The largest and most reputable rating agency “Expert RA” compiles individual reliability ratings for leading participants of the Russian market. It is illustrative that the high rating of RESO-GARANTIA was awarded at the moment when rating agencies decreased appraisals made earlier with respect to many financial institutions and companies due to the crisis.

In April of 2010 rating agency “Expert RA” confirmed the reliability rating assigned earlier to RESO-GARANTIA, and thus it emphasized again the Company’s high status on the market.





New office center of RESO-Garantia in Saint Petersburg

## PARTICIPATION IN THE RESO GROUP

RESO-GARANTIA is a member of the RESO Group, a diversified holding combining over 30 companies operating in insurance, development, motor, leasing and medical business in Russia and CIS.

RESO-GARANTIA owns the subsidiary company «OSZH RESO-GARANTIA» (100%) – life insurance.

## MEMBERSHIP IN ASSOCIATIONS

RESO-GARANTIA is one of the oldest private insurance companies in Russia. The Company was one of the pioneers which formed the modern insurance market in the country and now holds leading positions therein.

The leading role of RESO-GARANTIA in the majority of directions in insurance and its expert potential have been appreciated far back by experts in the sector. Sergey Sarkisov, Chairman of the Board of Directors of the Company, is the Vice President of All-Russian Union of Insurers (AUI) and a member of the Presidium and the Managing Board of Russian Union of Motor Insurers (RUMI). Dmitry Rakovschik, General Director, is a Member of the Presidium of RUMI and the Union of Insurers of St.-Petersburg and the North-West.

RESO-GARANTIA takes an active part in the activities of the following professional associations and public organizations:

#### **ALL-RUSSIAN UNION OF INSURERS (AUI)**

It is the largest insurance association in Russia. More than 180 insurance companies and 11 associations of insurers are members of AUI.

#### **Russian Union of Motor Insurers (RUMI)**

An association of insurance companies carrying out compulsory liability insurance of motorcar owners. Membership in RUMI is an indispensable condition of operation in the OSAGO market. 141 companies are members of the Union.

#### **National Union of Liability Insurers (NULI)**

NULI unites Russian insurers carrying out insurance of civil liability for infliction of harm upon maintenance of dangerous objects. 33 largest insurance companies are members of the Union.

#### **Russian Union of Tourist Industry (RUTI)**

The largest association in the tourist industry, among members whereof are over 650 organizations engaged in tourism, hotel industry, sanatorium-resort complex, as well as transportation and consulting companies. 18 insurance companies, including RESO-GARANTIA, are members of the RUTI.

#### **Moscow Chamber of Commerce and Industry (MCCI)**

MCCI is one of the largest regional chambers of commerce and industry in Russia, it unites over 2400 enterprises in various branches of economy.

#### **Chamber of Commerce and Industry of France in Russia (CCIFR)**

It unites 260 companies representing a wide range of enterprises of agro-industrial complex, motor and aviation industry, electric power industry, enterprises engaged in equipment manufacturing, hotel business, tourism and entertainment industry, mass media, public health service and transport, as well as numerous enterprises in sales and services sector. It has been carrying out its activity in Moscow since 1997. In 2006 it joined the Union of Chambers of Commerce and Industry of France abroad (UCCIFE) – the first private network of French enterprises in the world represented in 78 countries and uniting over 25.000 enterprises.

#### **Union of Insurers of St.-Petersburg and the North-West**

The Union was established in 1992 for promoting of insurance in the North-West of Russia. Presently there are 42 insurance companies therein, operating in St.-Petersburg and in the North-West federal district.

#### **National “Green Card” Bureau**

Russia became a participant of the system “Green Card” on January 1, 2009. 11 insurance companies, including RESO-GARANTIA, are members of the Russian “Green Card” bureau.

#### **Russian Corporate Club of the World Wildlife Fund (WWF)**

#### **Agency for Mortgage Housing Crediting (AMHC)**

RESO-GARANTIA was accredited by the AMHC, implementing the state policy in the field of formation and development of the mortgage lending market in Russia.

#### **Russian Pool for Insurance of Liability of Ship-owners (The Russian P&I Pool)**

At the present time 12 leading insurance companies having license for this type of insurance and one reinsurance company are members of the Russian P&I Pool.

#### **Union of Marine Insurers**

The Union was created in March of 2010 for promoting of marine insurance in Russia. 8 insurance companies, including RESO-GARANTIA, have become founders of the Union.

#### **Association for Countermeasures to Hijacking of Means of Transport**

#### **Association «Russian Automobile Dealers» (ROAD)**

ROAD – is a professional union of official dealers for foreign and national car manufacturers. It includes over 60 companies engaged in sales and repair of motorcars, as well as companies in related industries.

#### **National Union of Agroinsurers**

#### **Sochi Insurance Pool**



## RESO-GARANTIA IN THE RUSSIAN INSURANCE MARKET IN 2009

### MARKET IN GENERAL

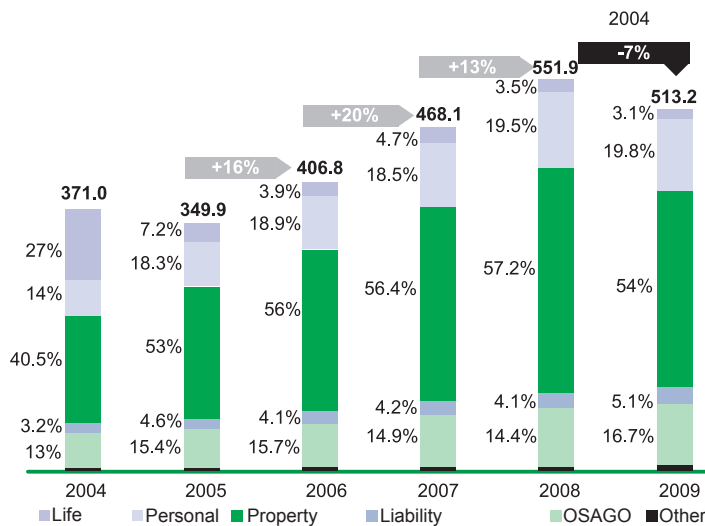
World economic crisis having burst out at the end of 2008 had a significant influence on the Russian insurance market throughout 2009. If before that the market had been growing steadily over a number of years (with the growth being up to 20% per annum), 2009 saw the slump in the amount of 7%.

The causes for it are obvious: consumer demand for certain insurance services reduced, volumes of banking crediting traditionally accompanied by pledge insurance declined, and volumes of sales of new vehicles by car dealers decreased.

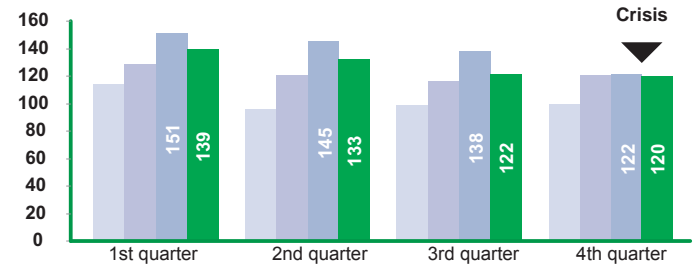
It should be noted here that the slump still turned out to be less than we could expect: although the overall charges of all companies represented in Russia (except for OHI) in total figures were less than in the previous reporting period, they still were higher than in quite "cloudy" 2007.

### Changes in charges of insurance market (without OHI) 2004-2009, Billion rub.

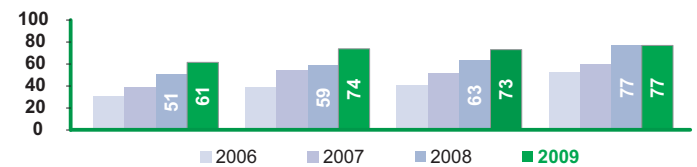
### Influence of the financial crisis on the insurance market On the basis of quarterly statistics of FSIS for 2006-2009



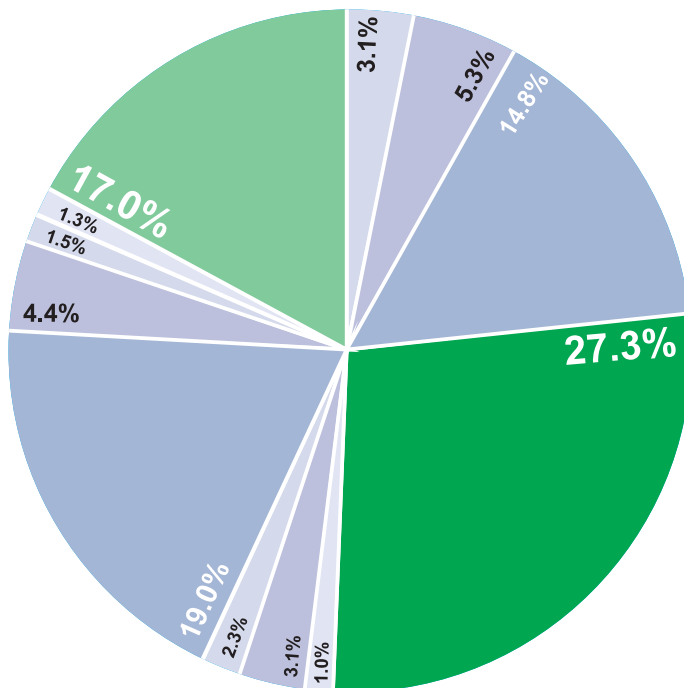
### PREMIUMS (without OHI), Billion rub.



### PAYMENTS (without OHI), Billion rub.



### Charges of insurance market in 2009 according to types of insurance



type of insurance	%
Insurance of overland transport, except for railway means of transportation	27.3
Insurance of property, except for means of transportation	19.0
Insurance of CL of vehicle owners	17.0
Health insurance	14.8
Accident and illness insurance	5.3
liability insurance	4.4
Life insurance	3.1
Cargo insurance	3.1
Agricultural insurance	2.3
Insurance of other types of liability	1.5
Obligatory life and health insurance of military persons	1.3
other transport insurance	1.0

## RESO-GARANTIA AND THE MARKET

Negative processes in the field are significantly smoothed over by the concentration of the insurance market. In 2009 the pace of that concentration grew: the number of insurance companies registered in the country reduced from 786 to 702 over the year (while in the previous year 71 companies withdrew from the market), along with that the proceeds of the top “twenty” Russian insurers amounted to 67.5% of the total market.

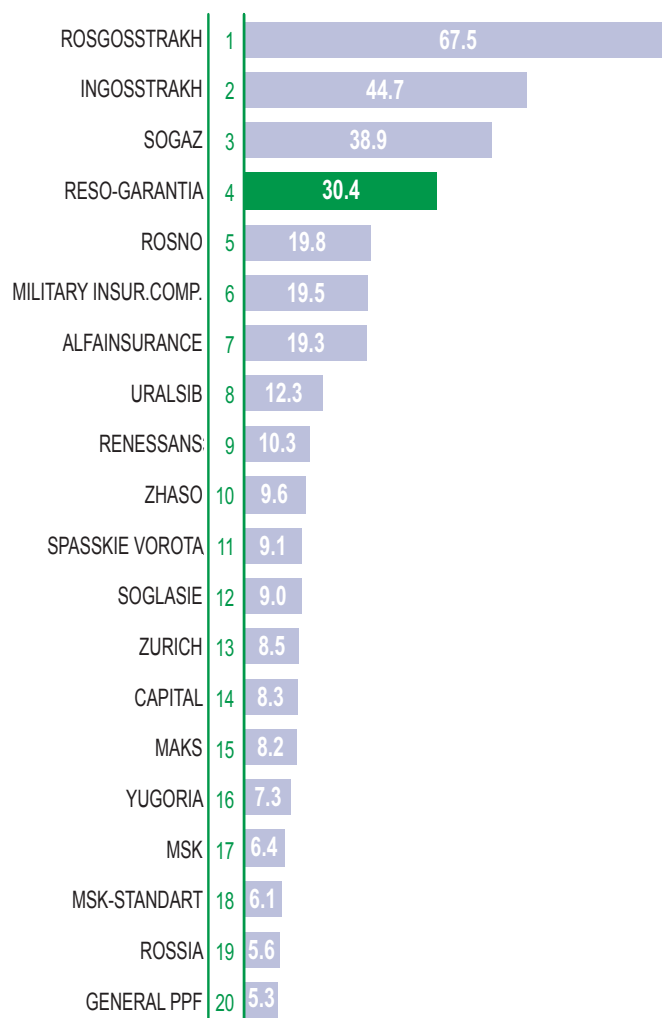
With the general market breakdown the position of RESO-GARANTIA in the industry did not only deteriorated, but improved in many market sectors: due to the balanced tariff policy and a wide and qualified agency network the decline in charges in key types of insurance turned out to be less than that of the competitor companies'. It was the resistance to the crisis of agency sales channel that played the important positive role. Besides, the Company achieved a significant reduction of its expenses.

In 2009 the Company retained the main features of development inherent to it over all recent years: balance and high degree of insurance portfolio diversity – both by industrial structure and geographic allocation of risks, orientation solely on classical insurance types, highly professional underwriting, priority attention to the reinsurance protection of the portfolio, as well as on control of correspondence to standards.

RESO-GARANTIA is a retail company having a well-balanced insurance portfolio with large relative density of individual customers. Providing services in the retail segment accounts for the most relative density in the total volume of offered insurance services.

In such a way 67 percent out of the total volume of insurance services rendered under agreements of voluntary insurance fall on retail sales. Under agreements with individuals agreements for the amount of premiums of 20,073,454 thousand rubles were concluded. 83 percent from the total amount of concluded agreements of obligatory insurance of civil liability of vehicle owners fall on agreements concluded with individuals.

Insurance premiums without OHI, billion rub.



RESO-GARANTIA occupies the 4th place among the companies according to the charged of insurance premiums (without taking into the account OHI)

The share of RESO-GARANTIA – 5.9%

702 insurance companies represent the insurance market in Russia

Market concentration:  
TOP-20 – 67.5% of the market proceeds

Charges proceeds of TOP-20 insurers have grown by 3% in comparison to the previous year.

Source: Federal service of Insurance Supervision, the 18 March, 2010. [www.fssn.ru](http://www.fssn.ru)

## LARGEST INSURANCE COMPANIES OF RUSSIA REFLECTED BY MEANS OF STATISTICS\*

No.	Company	Total proceeds (Million rub.)	Share of pro- ceeds for volun- tary types, %	Total payments (million rub.)	Share of payments for voluntary types of insurance, %	Payments / Proceeds, %
1	ROSGOSSTRAKH	67 503.81	56.8%	35 195.61	51.1%	52.1%
2	INGOSSTRAKH	44 665.33	86.8%	30 758.88	89.2%	68.9%
3	SOGAZ	38 931.48	97.6%	19 383.49	97.5%	49.8%
4	<b>RESO-GARANTIA</b>	<b>30 426.75</b>	<b>75.0%</b>	<b>18 551.29</b>	<b>80.3%</b>	<b>61.0%</b>
5	ROSNO	19 831.41	84.9%	10 563.64	84.9%	53.3%
6	MILITARY INSUR. COMP.	19 525.07	81.9%	11 307.03	76.5%	57.9%
7	ALFAINSURANCE	19 308.76	87.0%	10 927.32	87.2%	56.6%
8	URALSIB	12 293.61	77.6%	10 728.34	81.4%	87.3%
9	RENESSANS	10 334.34	89.0%	7 884.49	91.4%	76.3%
10	ZHASO	9 630.94	91.5%	6 723.57	95.3%	69.8%

\*According to FSIS data as for 18 March, 2010

## RESO-GARANTIA AND COMPETITORS

RESO-GARANTIA is among the market leaders on all principal types of insurance

### PLACE IN RATINGS

#### CASCO/ Motor transport

1. Ingosstrakh	15.7%
2. Rosgosstrakh	10.8%
<b>3. RESO-GARANTIA</b>	<b>10.0%</b>
4. Military Insurance Company	4.8%
5. UralSib	4.4%

#### OSAGO

1. Rosgosstrakh	29.7%
<b>2. RESO-GARANTIA</b>	<b>8.9%</b>
3. Ingosstrakh	6.9%
4. Spasskie Vorota	4.3%
5. ROSNO	3.5%

#### Property of Individuals and legal entities

1. SOGAZ	16.8%
2. Rosgosstrakh	15.3%
3. Alfainsurance	5.6%
4. Ingosstrakh	5.3%
5. ROSNO	4.0%
***	
<b>8. RESO-GARANTIA</b>	<b>3.7%</b>

#### VHI

1. SOGAZ	17.6%
2. ZHASO	7.7%
3. Ingosstrakh	7.3%
4. ROSNO	6.7%
<b>5. RESO-GARANTIA</b>	<b>4.4%</b>

#### Accident and illness insurance

1. Дженерали ППФ	16.6%
2. Rosgosstrakh	6.3%
3. Military Insurance Company	5.8%
4. ZHASO	4.0%
5. SOGAZ	4.0%
***	
<b>10. RESO-GARANTIA</b>	<b>2.7%</b>

#### Liability insurance

1. Ingosstrakh	11.4%
2. SOGAZ	8.4%
3. Garant-polis	5.6%
4. Military Insurance Company	4.9%
5. Rosgosstrakh	3.8%
***	
<b>10. RESO-GARANTIA</b>	<b>2.4%</b>

Source: Federal service of Insurance Supervision (FSIS)



## DYNAMICS OF SALES FOR MAIN TYPES OF INSURANCE (PRODUCTS)

### MOTOR INSURANCE

Insurance of motor transport, including OSAGO, covers today about 71% of the RESO-GARANTIA portfolio. In 2009 charges for voluntary types of motor insurance reached 13 billion 887 million rub., having decreased in comparison with 2008 by almost 6.7%. It is important to note here, that due to objective reasons charges on the market of voluntary motor insurance within the country in general have decreased almost by 15% over a year.

Within the last five years RESO-GARANTIA hold a stable position among three leaders in motor insurance. Along with that RESO-GARANTIA holds the 2nd place according to CASCO premium proceeds in Moscow region, and the 1st place in St.-Petersburg. At the year-end of 2009 the share of RESO-GARANTIA in the market of CASCO insurance was over 10%. Market concentration is an important factor influencing the work of RESO-GARANTIA in that sector: the share of the top ten companies in the amount of charges is almost 65% of all proceeds from CASCO insurance. If in 2008 this insurance service was offered to the clients by 360 insurance companies, it is 344 companies in 2009. Thus, RESO-GARAN-

TIA has all prerequisites for further expansion of its presence in the market of voluntary motor insurance.

In 2009 the market of motor insurance experienced the influence of the world financial crisis: sales in car showrooms, as well as amounts of consumer loans issued by banks reduced, which couldn't help affecting the sales of CASCO. Nonetheless, the agency network to a greater degree managed to substitute the sales reduction via banking channels.

The sales leaders are still sales directorates and agencies of Moscow (in aggregate they provided 39.4% of the company's proceeds in this type of insurance). Sales directorates that operate mostly through car showrooms provided 17.4% of all premiums in motor insurance collected by the Company. Another 22% of CASCO sales were provided by agencies in Moscow. Agency networks in Moscow region gave 8.3% of CASCO sales to the Company.

Regions now occupy an important place in the "motor" portfolio of the Company - 29.6% (without taking into account St.-Petersburg). St.-Petersburg provides another 22.6%. Therefore, more than half (52.2%) of our CASCO portfolio today are formed outside the region of the capital.

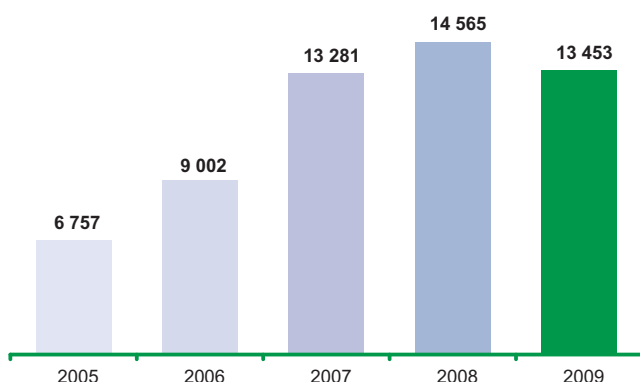
In voluntary liability car insurance following the results of 2009 RESO-GARANTIA occupies the 2nd place within the country. The Company's share in this market amounts to about 11% (according to FSIS data),

435 million rub. of premiums were received, which is 38% more than in the previous year. Every fifth OSAGO agreement (20.4%) in RESO-GARANTIA is concluded "with an extension" - policy of voluntary civil liability.

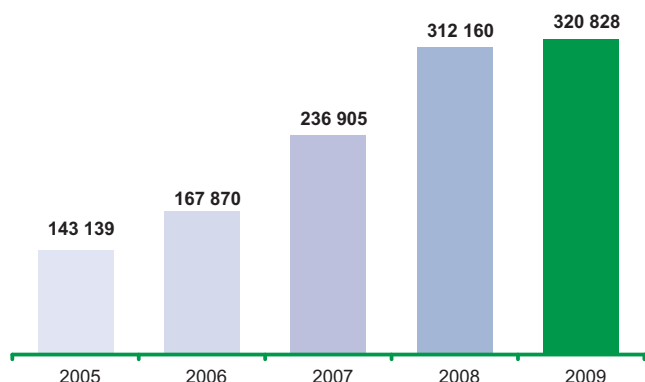
Another additional insurance products offered by RESO-GARANTIA to its clients in motor insurance is the policy "RESOmotor-Help". Sales of this complex product innovative for the Company, which provides the high level of services (services of average commissioner, evacuation in case of accident or breakdown, breakdown service on the road and ambulance call-out) began already in 2008. In 2009 the coverage of this service was extended – in the end of 2009 Krasnodar was added to the region of capital and St.-Petersburg, and so was Nizhny Novgorod not long ago. In aggregate 33 554 policy "RESOmotor-Help" have been sold over 2009 (14 272 in Moscow and 19 282 in St.-Petersburg), the premiums thereof amounted to 74.7 million rub. In the region of Moscow 18% of CASCO clients have policy "RESOmotor-Help", and 35% have it in the North capital.

From January 1, 2009 another new product was launched – "Green Card" policy. RESO-GARANTIA has become one of the 11 Russian insurance companies – full participants of the international system of civil car liability insurance. For the purpose of all-inclusive services for their clients the Company offers this product, in the first place, to individual persons. Premiums for 2009 amounted to 102.2 million rub.

CASCO Premium collection, million rub.



Amount of CASCO agreements



## OSAGO

During 2009 140 insurance companies licensed to carry out OSAGO collected insurance premiums in the amount of 86 billion 951 million rub. RESO-GARANTIA occupied again second place in ratings, being inferior only to the «Rosgosstrakh» system.

In 2009 RESO-GARANTIA collected OSAGO insurance premiums in the amount of 7 billion 643 million rub. If we compare it with 2008 the charges have increased by 12.4%, although this segment of insurance market in the country has grown only by 6.7% over the year. The share of RESO-GARANTIA in this segment of insurance market has increased by 0.5% and amounted to 8.79%.

Advertising campaign promoting the unique offer of RESO-GARANTIA carried out in autumn of 2009 boosted the sales. The Company guarantees to its assured, who had a road traffic accident by fault of another participant and who addressed RESO-GARANTIA pursuant to the procedure of direct indemnification, to effect payment within 7 days after submitting all documents and obtaining bill of acceptance from the Company of the party in fault (in that case the law requires to settle the payment within 30 days, that is four times slower). Under the circumstances of crisis the opportunity to receive money sooner is a significant advantage and many people decided to use it.

In general, RESO-GARANTIA is the leader in the market of direct indemnification in Russia, while it was better prepared to introduction of this novelty (direct indemnification (DI) is addressing for payment to your own insurance company and not to the insurer of the party in fault, provided that certain conditions are observed – in force since March 1, 2009) than other companies. The Company carried out an extensive explanatory work among its customers and potential assured (including placement of outdoor advertising in largest cities of the country, publication of informational materials on DI in central and regional periodicals and newspapers, placement of promos on television and radio, banner and viral advertising in the Internet), to make owners of motorcars understand the importance of informed choice of the OSAGO insurer.

Over 10 months of DI operation in 2009 17 773 people (11% from the total amount of OSAGO applications). From September (active phase of the advertising campaign) the share of DI applications increased significantly and in December the share of DI applications amounted to as much as 30% from the total amount of OSAGO applications. As for allocation of DI applications, over 52.5% falls on Moscow and Moscow region, 13.5% - on St.-Petersburg, 34% on other subjects of the RF.

In 2009 Moscow gave us 27% OSAGO charges (it is 204 million rub. more than in 2008), Moscow region provided 16.6% (95 million rub. more), St.-Petersburg provided 12.3% (173 million rub. more), Sales Directorates and the headquarters subdivisions provided 9.7% (57 million rub. less than in 2008). Regional branches collected 34.4% of premiums (376 million rub. more than last year).

In 2009 changes in the structure of the participants of the voluntary civil car liability market played a major role in the situation on the market. 17 insurers have withdrawn from the OSAGO market over the year. Market concentration has grown: the share of TOP-10 increased by 5 percentage points and the share of top ten participants according to the amount of charges in 2009 reached 66% from all proceeds under the civil car liability insurance. The charges share of top 30 companies amounts to 85% of OSAGO market.

Besides new opportunities to occupy the place cleared after the withdrawal of bankrupt companies, for RESO-GARANTIA these events also mean a large amount of work for effecting compensatory payments to the persons affected. RESO-GARANTIA is the official representative of Russian Union of Motor Insurers (RUMI) at effecting these payments.

Our Company is authorized to assist (render assistance in preparation of documents for RUMI) the victims of road traffic accidents, in which the parties in fault have OSAGO policies in insurance companies with revoked licenses.

In 2009 RESO-GARANTIA accepted for consideration and forwarded to RUMI more than 3 200 payment cases of the persons affected for effecting compensatory payments.

## INSURANCE OF PROPERTY OF INDIVIDUALS

In 2009 premiums for insurance of property of individuals occupied about 40% of the Russian insurance market, the major part thereof being obtained from CASCO insurance. The share of insurance of property of individuals in the Company's portfolio is equal to 41%. The main part of that share (91%) is motor insurance.

The main sales channel of insurance of property of individuals (apartments, individual constructions) is the agency network. The sales are actively developing in the selling subdivisions with quality agency network.

Growth of sales of policies of insurance of property of individuals is partly connected with cross-selling of policies: for instance, in 2009 social discounts for apartment (15%) and house (5%) insurance were offered for CASCO assured.

**Apartments.** Charges for that direction amounted to 368 million rub., which is 15% more compared to 2008. Moscow still sets the pace in the sales - 31%, regional branches brought to the money-box 28% of charges for apartments, Saint Petersburg - 20%, Moscow region - 16%, Sales Directorates and the headquarters subdivisions – 5%.

**Houses.** We collected 718 million rub., which is larger by 11% than the amount collected in 2008. The share of Moscow region in the total amount of charges is 37%, the share of Moscow is 22%, the share of regional branches is 22%. Saint Petersburg and Leningrad region provided 15% of the charges, and the share of Sales Directorates is 4%.

## INSURANCE OF PROPERTY OF LEGAL ENTITIES

Collection of charges in 2009 amounted to 2 billion 437 million rub. Sales Directorates give a significant share of charges in the industry – about 76%. In 2009 regional branches provided about 10%, Mos-

cow branches -7%, Saint Petersburg – 5%, Moscow region – 2%. Insurance of property of legal entities is the direction in insurance where we would like very much to have a break-through. We cooperate actively with several dozens of banks, including those accredited by the Savings Bank of the RF, however, due to the complicated situation in the economy the banking sales channel of insurance products (insurance of pledged assets of enterprises) has not yet restored its pre-crisis level.

RESO-GARANTIA also actively promotes insurance products for small and medium business through the selling network – policies “RESO-Office” and especially actively – “RESO-Entrepreneur”.

At the end of 2008 within the frameworks of partnership relations AXA CS made a strategic decision of changing their partner in the territory of Russia. The new partner is RESO-GARANTIA.

AXA CS decided to transfer its portfolio with amount of premium of around EURO 4 000 000 to RESO-GARANTIA for the purpose of developing long-term, promising and mutually profitable cooperation. For work with this direction of business, coordination and optimization of business processes a special-purposed Directorate VIP-AXA was established at the beginning of 2009.

The directorate provides quality insurance and first-rate services for Russian representative offices of foreign companies within the frameworks of international programs for different types of insurance (property, liability, bankers blanket bond, builder's risks), as well as cooperates closely with branches of AXA CS all over the world.

Among the clients of AXA/ RESO-GARANTIA there are world-known companies: DANONE, Renault, Siemens, Peugeot, BMW, Fm Logistic, Danfoss, Michelin, Societe Generale, Pernod Ricard, Lafarge, Sanofi Aventis, Chanel and many others.

## MORTGAGE INSURANCE

The crisis has led to significant reduction in the amount of new mortgage agreements and caused a wave of termination of earlier concluded policies. According to data of AMHC, issue of mortgage credits in 2009 in Russia reduced in terms of volume by 4.3 times (from 655.7 billion rub. in 2008 to 152.5 billion rub. in 2009).

Nevertheless, the decline in charges in the company under this type of insurance turned out to be less dramatic than it was expected, among the rest due to the fact that many selling structured had the opportunity to prolong agreements of a range of insurance companies that had lost the clients' and banks' confidence to RESO-GARANTIA.

9 361 new customers were attracted in 2009 under mortgage insurance, 3250 of them obtained the mortgage credit in 2009 (35%), the rest of them became clients of RESO as a result of transfer from other companies.

Accrued premiums for 2009 amounted to 804 million rub. RESO-GARANTIA insured mortgage credits for the amount of USD 572 million, of them credit issued in 2009 for the amount USD 172.6 million.

According to charges of mortgage insurance Moscow region takes the lead – 64% (the largest contribution to the sales of product “Mortgage” was made by Moscow – 55%), the share of regional branches amounts to 29%, the share of Saint Petersburg is 7%.

## LIABILITY INSURANCE

In 2009 RESO-GARANTIA concluded 15,2 thousand agreements under insurance of all types of liability (with the exception of liability of car owners), which is 40% more than in 2008, when over 10,8 thousand of such agreements were concluded. Insurance charges under these agreements amounted to 178 million rub. The liability insurance portfolio consists of agreements of liability insurance of apartments owners (8.5% of agreements), of liability insurance of enterprises – the sources of increased danger (31.7%), of insurance of professional liability (appraisers, auditors, notary publics and so on) - 10%, of insurance of other liability types – 49.8%.

## CARGO INSURANCE

According to ranking compiled following the data of FSIS at the year-end of 2009, RESO-GARANTIA occupies 18th place among the Russian cargo insurers, with the market share of 1.6%.

Premium proceeds under this insurance type in 2009 amounted to 253.5 million rub. In comparison with the results of 2008 (339.4 million rub.) the amount of collected premiums reduced by 25%. This was caused by a decline of economic activity explainable under the circumstances of crisis and by reduction in import of goods to Russia, and as a result of it, it was also caused by the reduction in amount of goods traffic in the country. Along with that the total amount of agreements reduced less significantly – from 23 676 to 23 106 policies.

In 2009 the significant contribution to this portfolio segment of the Company was made by Sales directorates and selling subdivisions of Moscow - 59%, Saint Petersburg branches provided 23%, regions - about 16%, Moscow region – less than 2%.

An important advantage of RESO-GARANTIA in cargo insurance is its cooperation with well-established independent experts and surveyors (for example, TPP of the RF, “Lars Krogus” and others).

## VOLUNTARY HEALTH INSURANCE

Most part in the personal insurance portfolio falls on voluntary health insurance (80%).

The market of voluntary health insurance developing actively before the crisis was one of the first to experience the slump in 2009. Many enterprises abandoned their social programs and packages for their employees. On this basis we expected almost a catastrophic slump in charges from VHI, even our most optimistic scenario was based on charges in the amount of 80% from the last year result. Nevertheless, we managed to keep the charges on the level comparable to that of the previous year (3 billion 300 million rub. compared to 3 billion 780 million rub. in 2008, the difference is 13%) and avoided substantial decline. Along with that the share of legal entities in total charges from medicine has even increased from 82% to 89%.

Despite the expectations of analysts, only a small part of enterprises reduced their items of expenditure on VHI having deprived their employees of opportunity to receive medical aid not only at the place of their registration. The rest of assured do their best to keep VHI as part of their social package: it is the influent of the ingrained habit to attend medical institutions with high level of medical aid and excellent service.

Many of our assured pursuing to keep VHI have to change their programs for those with a less high level than they used to have. To make the insurance program cheaper we can use different methods: among them there is choice of clinics from less expensive categories and narrowing the amount of rendered services by means of excluding those most unclaimed or most expensive, reduction of number of insured employees of an enterprise and various "anti-crisis" special offers from patient care institutions. Being able to understand the needs of our clients, the Company has been actively developing actual versions of insurance programs for its customers taking into the account the current situation in the market.

Sales of VHI product for individuals "Doctor RESO" launched a year ago in Moscow and St.-Petersburg continued to unfold in 2009. All this time the product was undergoing customization in these regions: we

carried out an active training of VHI sales agents, additional marketing campaigns for stimulation of sales of this product (in particular in St.-Petersburg).

In 2009 "Doctor RESO" appeared in regions – sales of this product were launched in Nizhny Novgorod and bordering areas of Nizhny Novgorod region.

In 2009 the sales volume for VHI for individuals amounted to over 65 million rub. (38 million rub. in 2008).

One of the main advantages of RESO-GARANTIA is its own medical centers where services rendered to the assured of RESO-GARANTIA. In the reporting year their network included one more policlinic in Moscow – special-purposed clinic for children of "Medswiss" network opened in Leninsky prospekt.

As for the regional aspect of spreading the VHI products, sales Directorates and headquarters subdivision traditionally take the lead here in sales – 57% from all proceeds, Moscow agencies - 25%, branches in St.-Petersburg - 13%. The contribution of Moscow region and faraway regions still remains insignificant - about 5%.

All the aforesaid allows RESO-GARANTIA for several years to be among TOP-5 (and among retail companies in TOP-3) insurance companies being leaders in voluntary health insurance in Russia. In 2009 the Company occupied in aggregate 4.4% of this segment in the insurance market.

## TRAVEL INSURANCE

Despite the crisis, the market of insurance of individuals departing abroad continued to develop in 2009. Against all expectations the tourist low did not reduced substantially, and thus, individuals continued to be in need of insurance of their unforeseen medical costs during their journeys. The market share of RESO-GARANTIA amounts to over 12% - the Company being one of the actual leaders of this insurance segment. In 2009 the charges volume in this direction of insurance activity amounted to 401 million rub. Compared to the previous year, it is 23% more. Over 1.8 million tourists were insured.

Overwhelming majority of tourist insurance agreements was concluded in Moscow and Moscow region (73%), St.-Petersburg holds the second place (21%). The participation share of regional branches is insignificant - 6%. Insurance of expenses caused by cancellation of the journey abroad or changes of period of staying abroad ("insurance against cancellation of departure»). Premium proceeds from this product amounted to around 40 million rub. in 2009.

Insurance of tour operator liability in case of their not fulfilling their obligations to tourists continued to develop. In 2009 this insurance service was in growing demand by tour operators being partners of RESO-GARANTIA, all the more so that shortly before the beginning of the year substantial changes were introduced to the legislation on financial guaranties that the tour operators are obliged to provide.

These days tour operators approach choosing the company to insure their financial liability as responsibly as they choose whose policies they shall offer to their tourists. The market witnessed the sad experience of bankruptcy of insurance surety company, which partners in tourism had to by new policies of liability insurance from more reliable insurers to continue their business.

RESO-GARANTIA is one of the actual leaders in this insurance segment. The Company seriously approaches acceptance for insurance of new tourist organizations: new stricter underwriting requirements were developed, tariffs were reconsidered in order not to allow the growth of loss ratio in the product.

The measures taken yielded good results: charges under liability insurance in 2009 were 586.4 thousand rub., and there were no payments under insurance events.

## ACCIDENT AND ILLNESS INSURANCE

In 2009 RESO-GARANTIA provided 2 million 377 thousand assured with accident and illness insurance coverage.

Charges from accident and illness insurance amounted to 301.2 million rub in 2009, which is 7.3% less than in 2008. The decrease in charges is connected with reduction of mortgage insurance with regard to life and health insurance of borrowers.

Moscow region takes the lead in accident group insurance – 62% (the share of Sales directorates is 50% of premium proceeds in this type of insurance), regions collect 25% of premiums, St.-Petersburg - 13%.

Employees of over 8500 enterprises from various business areas were insured in 2009, including large industrial enterprises (maximum amount of assured in one enterprise was over 75 000 people), public services (maximum amount of assured in one of the organizations is 65 000 people), employee collectives of Russian and international banks, hotel chains and other economic fields.

Regional branches take the lead in individual accident and illness insurance- 60%, Moscow and Moscow region collect 25% of premiums, St.-Petersburg – 12%, Sales directorates – 3%.

## REINSURANCE COVERAGE

Due to well-balanced underwriting 2009 did not caused any severe losses to the Company. Nonetheless, reinsurers compensated a share in payments of RESO-GARANTIA amounting to over 75.8 million rubles.

The basis of the reinsurance system of RESO-GARANTIA consists of obligatory reinsurance treaties, each of which protects from several classes of insurance risks.

For example, obligatory reinsurance covers up to USD 100 million of losses under property and builders' risks for one facility. As for insurance of cargo, sea vessels, ships under construction and other classes relating to marine insurance, the limit of reinsurance coverage in 2009 amounted to USD 10 million for each policy, and if one accident included several policies of different insurance classes, it comprised USD 15 million.

Obligatory treaties also covered losses in motor insurance in the amount of up to USD 10 million sustained as a result of natural cataclysms.

The Company has programs for reinsurance of large insurance amounts under risks connected with life and health insurance of credit borrowers, general civil, professional and other types of liability to third persons, under "Green Card" policies.

If insurance amounts or coverage under separate insurance agreements exceed the capacity of our obligatory coverage, we conclude optional agreements for such risks.

The partners of RESO-GARANTIA in obligatory and optional reinsurance are largest world reinsurance companies, among which there are: Munich, Hannover reinsurance companies, SCOR, Sirius, Partner re, Gen re, Lloyd's Syndicates and many others.

Years long mutually profitable cooperation in the field of reinsurance connects RESO-GARANTIA with a

range of Russian insurance and reinsurance companies. We provide dozens of companies with reinsurance coverage, among which there are Ingosstrakh, COGAZ, Alfainsurance, Military Insurance Company, ROSNO and others.

A clearly arranged system of relations with Russian and international brokers helps us to work efficiently with incoming and outgoing reinsurance.

Cooperation with AXA in the field of reinsurance was greatly developed in 2009. Policies of RESO-GARANTIA, under which the global partners of AXA group are our clients, are reinsured pursuant to a special program in this group. The capacity of this business is growing steadily, we plan to conclude several thousand reinsurance agreements in 2010.





## INVESTMENTS IN QUALITY OF SERVICE

To all customers of RESO-GARANTIA we guarantee impeccable service, strict observation of insurance rules, prompt payments and a lot of related services that make life significantly easier in case of occurrence of loss (assistance in collection of documents, personal managers, direct procedure of certain claims settlement without coming to the Company and so on).

In 2009 the Company became one of the leaders in Russia in implementation of direct indemnification (DI) procedure under OSAGO, within the frameworks of which the person suffered from actions of another participant of a road traffic accident may address for payment to their insurance company and not to the insurance company of the party in fault of the road traffic accident. Over the year of validity of this procedure the Company has settled 15.6 thousand of claims under DI having offered a genuinely European level of service to its clients. In particular the Company offered to its assured the unique opportunity to obtain the insurance settlement payment under DI within 7 days after receiving all necessary documents (taking into the account that the Law allows 30 days for settlement of the claim). This became possible due to a well-adjusted and accurate payment system of the Company.

High-technology round-the-clock center of call processing continues its work, you can also reach it via the free of charge hot-line number. The opera-

tors in the center render qualified assistance to the Company's clients, as well as to those, suffered from the actions of our OSAGO assured, on a twenty-four-hour basis. A range of selling subdivisions in Moscow now also operates on a round-the-clock schedule basis: it is now possible to take an insurance opinion, draw up a policy and effect another payment under an agreement at any time convenient for our clients.

RESO-GARANTIA has a unique actuary database reinforced by high-capacity information resources. A centralized procedure of keeping accounting records and accounts of branches was introduced due to the transfer of the whole Company to electronic data processing and work in online mode.

In 2009 RESO-GARANTIA launched new projects and actively developed the projected launched earlier in the sphere of quality customer service.

As in the previous year we conducted another survey of client satisfaction with the service quality in RESO-GARANTIA, which revealed among the rest the growth of the satisfaction and loyalty of the Company's clients in 2009. Compared to 2008 the growth was 4 points – 71.2 versus 67.2.

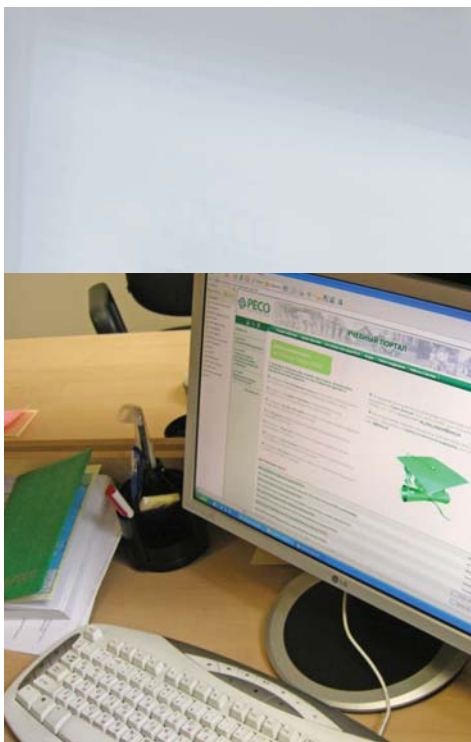
Operation of Call processing system with regard to calls that did not reach the addressee guarantying that the client would receive a detailed consultation with a specialist within a strictly fixed period of time

was extended. In 2009 agencies of Moscow and Moscow region obtained the opportunity to use that System. In total 4979 clients' messages were processed during the year, 14% of which represented questions relating to OSAGO and 86% of messages were from clients insured under CASCO.

The research of client satisfaction by method of "Mystery shopping" being carried out on a regular basis covered the whole territory of Russia in 2009. We conducted 450 inspections in 225 agencies and branches of RESO-GARANTIA located in over 100 cities. On the basis of the research results we determined the further directions in perfecting the quality of client servicing.

Management of quality of client servicing developed and implemented a training course in the Standard of client servicing. All new agents of RESO-GARANTIA take it during their studying at the RESO Insurance School.

We also started a project for optimization of client servicing process in offices of RESO-GARANTIA.



## INNOVATIVE TECHNOLOGIES

Strategy of development of innovative technologies adopted in RESO-GARANTIA envisaged the use of freely distributed program products where it was reasonable from economic point of view and taking into the account the products quality.

A thorough analysis of processes and technologies in 2008 allowed us to discover significant resources for optimization of business processes. In 2009 we managed to implement a range of initiatives in this direction.

The main project in innovations was the transfer of RESO-GARANTIA to using a free office software package. It allowed to substantially reduce the cost of owning an employees' working place and exclude dependency on a certain manufacturer of software. At the time-being the office package OpenOffice, which we install on every new computer sent to the branches of RESO-GARANTIA or installed in the headquarters was accepted as a corporate standard of the Company.

As for the basis server platform, the Company uses OC Solaris, on the basis of which server components of critical importance operate. The corporate web-site of the Company and several web-sites oriented for work with clients and partners: "RESO-express" (<http://express.reso.ru>), "RECO-OSAGO-Online" (<http://market.reso.ru>), "RESO-TourPolicy-Online" operate on the basis of free solutions with open code OpenCMS.

The next important link in the development of IT-infrastructure is e-mail. Earlier it was totally based on open technologies, but due to substantial growth the Company decided to acquire the industrial solution Sun Communication Suite, which uses open technologies but partly. Nonetheless, the cost of the implemented product turned out to be substantially lower than introduction of similar proprietary solutions.

Another part of technological development was creation of complex information protection of the Company. We recognized the system for centralized protection of workstations, file and mail servers, Kaspersky Work Space Security designed in the "Kaspersky Laboratory", as the most optimal solution for the Company. We have been cooperating with its creator for several years and in 2009 we installed almost 4000 licensed version of the program on computers of RESO-GARANTIA. This antivirus provides effective protection of corporate computers from viruses, spy programs, hackish attacks and spam.

In 2009 we realized a major project that gave opportunity to motorcar owners to draw up and order OSAGO policy via Internet or phone. For that purpose we created a special website "RESO-OSAGO-On-line", besides the free of charge federal number **8-800-100-63-65** was also widespread. One of the selling subdivisions of RESO-GARANTIA ensured the control over the operation of new sales channels being able to respond to clients' requests via the website or by phone. Over seven months of the project being active we sold over 800 OSAGO policies. Along with that 260 people extended their liability limits by means of VCL policies and 70 people protected their motorcars from "theft" and "damage". The total amount of premiums collected in this period by new sales channels comprised almost 6.8 million rubles.

Development of telephone communication also affected the internal communication. One of the effective means of optimization of the Company's expenses was communication between branches by means of IP telephony. Its application allowed to unload telephone lines, which is very important taking into the account the great amount of external calls in the Company and substantially reduced our communication costs - up to 60-70%.

The new communication method was implemented in RESO-GARANTIA at the beginning of 2008, when IP-communication connected Saint Petersburg with the headquarters of the Company. Its active implementation took place in 2009. Following the last year results, 33 branches in Moscow region and 57 branches in other regions of the country were plugged to IP telephony apart from the headquarters of RESO-GARANTIA, two Moscow Sales directorates and Saint Petersburg.

Last year we continued to actively use SMS-channel for communication with customers. The Information system of RESO-GARANTIA automatically forms the list of mobile numbers of our clients for SMS-notification according to the following characteristics: expiry date of the policy, accrual of payment under the insurance event, need to effect next scheduled payment under policies with installment plan. Delivery of SMS-notification is carried out on a daily basis.

For purposes of innovative development several important projects were realized on the corporate website of the Company. Among them a special application form for arranging an appointment with a physician may be pinpointed. This service is available for the Company's customers under voluntary health insurance. Another interesting development was a calculator for accident insurance allowing customers to calculate the cost of individual policy under the program "Personal protection". It should be noted that RESO-GARANTIA is one of the few insurance companies having a calculator for that type of insurance on its website.



## INSURANCE SERVICES DISTRIBUTION NETWORK

Over 6669 staff members work in the Company's headquarters, branches and agencies.

The total amount of personnel of RESO-GARANTIA as of the end of 2009 was 25 804 people, of them 30% are members of staff and 70% are agents. Men account to 28% of the personnel and agents of the Company, and women account to 72%. The average age of employees is 38 years. The average record of service in the Company is 3 years.

In 2009 personnel turnover amounted to 13%, which was substantially less than that index in other insurance companies.

The company has one of the most developed agency network, where over 19 000 insurance agents are employed. The stake on improvement and extension of the very agency sales channel is the advantage and difference of the Company from most national insurers. Even under the circumstances of the economic crisis the agency channel of promoting insurance services keeps stable (and in many cases growing) amounts of charges. All agents of RESO-GARANTIA are certified in accordance with the strict internal rules and standards of rendering insurance services and take annual re-attestation in agencies and branches. Besides, the Company has an effective system of remote training and testing of insurance representatives of the Company.

## CREAM OF THE CROP

RESO-GARANTIA has an efficient reward scheme for selling structures and successful agents.

Despite the crisis of 2009, 735 agents received additional bonuses following the results of their personal portfolios for the total amount of 164 million rubles. For reference, in 2008 705 agents received bonuses following the results of their personal portfolios, they received 164 million rubles.

There are 264 agents from Moscow, 168 agents from Moscow region, 166 agents from faraway regions and 137 from Saint Petersburg among those awarded.

At the solemn yearly settlement that took place in Moscow "Cinema House" this year honorary goblets and commemorative medals for high professional skill and best work results in 200 were given to: regional branches in Omsk, Perm, Novosibirsk, Sales directorate of VIP-Auto, Sales directorate VIP-1, Sales directorate Triumfalnaya, Sales directorate Moscow-South, Sales directorate Moscow-East, Sales directorate Moscow-North, RESO-01, RESO-01 Mor-skoe, RESO-04 Nevskoe, RESO-27 (Zelenograd), RESO-14 (Odintsovo), RESO-19 (Pushkino), Sales directorate "Moscow region-South", Sales directorate "RESO-Schelkovo" and Sales directorate "RESO-Khimki".

We also summed up the results of operation of branches and agencies in separate directions of professional activity.





## FEDERAL COMPANY

An extensive network of branches makes RESO-GARANTIA a nationwide company. Today the federal network includes 800 sales offices in different regions of the Russian Federation. Besides, several dozens of brokerage companies sell policies of RESO-GARANTIA.

The Company is actively present not only in capital mega-cities, but also in the province, it makes substantial investments in development of branches in all most promising regions of the RF from the viewpoint of economic potential and opportunities for insurance activity. As of December 31, 2009, 212 new selling structures with formed insurance teams operated out of those opened by the Company under the special program "Development". Besides, we opened second and even third branches in many regions, which allows us to increase the expansion of RESO-GARANTIA in local markets (earlier the principle of plurality of independent selling structures implemented only in Moscow and St.-Petersburg).

Due to the agency network branches of RESO-GARANTIA provide rendering reliable and modern insurance and other services to any categories of assured. Priority direction in the work of most ranches is insurance of motor transport, small and medium business, life, health and property of individuals.

Federal status of the Company is confirmed by the structure of its insurance charges and payments. For instance, in 2009 Moscow and Moscow region representative offices of RESO-GARANTIA col-

lected 56.9 percent of insurance premium, while the regional branches (including Saint Petersburg and Leningrad region) collected 43.1 percent in the total amount of premiums. As for the insurance payments, the region's share (including Saint Petersburg and Leningrad region) is 44.9 percent and Moscow and Moscow region's share is 55.1 percent.

All branches and subdivisions of the Company operate in a real-time mode – online in the unified corporate information system. This allows us to render services to clients at the highest possible level, ensures promptness of payment of insurance indemnity, allows us to swiftly make adjustments in the tariff policy and make other current decisions in management and business. In this case not only our branches, agencies and other subdivisions but also individual agents and brokers have the opportunity to gain a confidential and safe remote access from their personal computers to the corporate system by means of “Modern agent” software.

In 2009 new office premises were added to branches in the cities of Dmitrov, Cheboksary, Kolchugino, Chelyabinsk, Yaroslavl. The total area of new premises amounted to 775.5 sq.m., besides the branches obtained new computer engineering, acquired means of transport necessary for production purposes and increase in sales. In 2010 we plan to bring into operation new real estate unit in Omsk, Orekhovo-Zuevo, Samara, Elektrostal, Surgut. The total area of these acquisitions will amount to 2249 sq.m. In the short term most of all branches will be located in our own premises and not in rented ones.





## «RESO SCHOOL»

Continuous professional education and monitoring of career advancement of the agency network is carried out by the Training center of RESO-GARANTIA («RESO School»). This is one of the best insurance schools in Russia twice being the prize-winner of national award in the field of insurance “Golden Salamander”.

Over 10 years of its existence “RESO School” has taught over 56 500 people. Currently 55 various training courses on insurance products and sales technique are taught at the PDC and branches of the School by over 77 vice-principals, teachers and business trainers

“RESO School” prepared 44 educational video-films in insurance products, manager competence and sales techniques. In 2009 we carried out the attestation of the agency network. There are 10 00 active users in the database of “Educational portal” of PDC, and over 6 000 agents passed the attestation in electronic form. The attestation took place in 35 branches of Moscow and Moscow region and in 14 regional branches. During 2009 we conducted 40 000 tests. Seven product courses and tests for the system of remote education (SRE) were prepared and implemented.

In 2009 we published another issue of magazine «RESO University», being the first internal corporate magazine about education and development of personnel in an insurance company.

From the beginning of 2009 we actively implement videoconferencing by means of POLICOM system in the education of the regional agency network. During the year videoconferencing took place in over 45 cities. We successfully implemented multilateral videoconferencing and teleconference bridges with participation of several geographically remote branches at the same.

Movement “Manager as an internal trainer” developed actively. At the present time there are over 200 managers in the Company competent to be internal trainers successfully working in 80% of selling subdivisions of Moscow and Moscow region. Along with that two-third of internal trainers give lessons to agents from 1 to 2 times a week.

In 2009 we held two refresher courses for head persons (directors, deputies, managers and specialists) in the competence field of “internal trainers” and four conferences on education and development.

Managers, directors and deputy directors regularly give lessons on the basis of “RESO School” (40 internal trainers gave lessons to 100 newcomer agents during 2009).

We have created and supplement a video archive of lessons given by managers, directors and deputy directors inside the branches and in the video-class of “RESO School”. We have created an educational video film for the “Manager as an internal trainer». Section “Internal trainer” appeared on the internal website of the Company. In this section one can obtain all information on the project, read the news, reviews and to have a look at all archives.





## MAIN RISK FACTORS CONNECTED WITH THE COMPANY'S BUSINESS

The ongoing financial crisis may have a certain influence on the results of the Company's activities in 2010. It is likely that consumer demand for certain services will not restore on the pre-crisis level: in particular, it relates to amount of bank crediting, which is traditionally accompanied by pledge insurance, as well as amounts of sales of new vehicles by auto dealers. All the aforesaid cannot help affecting the sales volume of insurance services. However, these negative processes are significantly smoothed over by the concentration of the insurance market. Resistance to the crisis of agency sales channel also plays the important positive role. Besides, the Company achieved a significant reduction of its expenses. The complex of taken anti-crisis measures will allow the Company to overcome the negative consequences of the crises with maximum efficiency.

Methods of estimation of statistical data, reinsurance, limitations with respect to the amount and number of insurance agreements to be entered into, procedures of transactions approval, pricing strategy and permanent monitoring of the appearance of new risks are used to overcome the key factors affecting negatively the Company's activities.

To implement the Reinsurance strategy the Company uses optional reinsurance and reinsurance of excess of loss to reduce insurance payments under each agreement. The issuer conducts continuous monitoring of financial stability of reinsurers and from time to time renews its reinsurance agreements. It takes appropriate measures for seasonal growth of the level of payments (for example, payment under contracts of different types relating to insurance of vehicles and material responsibility before third parties in connection with the beginning of winter months with their difficult weather conditions) not to inflict any substantial damage.

## INVESTMENT POLICY

The basic activity of OIJS «RESO-GARANTIA» is insurance, the high level liquidity of the Company's assets being based on the substantial amount of own means and well-balanced investment portfolio

Management of investment risks upon allocation of insurance reserves in the Company is based on principles of diversification, recoverability, profitability and liquidity. Main means and methods of managing these investment risks are given in detail in the investment policy of OIJS «RESO-GARANTIA».

Upon allocation of funds of insurance reserves, RESO-GARANTIA follows conservative investment policy and invests the insurance reserve in low-risk investment financial instruments, such as ruble and currency bank deposits and bills of exchange of highly reliable banks, bonds of largest Russian and foreign issuers (Gazprom, Savings Bank, VTB, Russian Railways). Funds are invested in strict compliance with the portfolio structure for insurance reserves established by legislation and approved by the RF Ministry of Finance

Insurance reserves are invested by own investment department.

The Company follows the policy of waiving from taking currency risks, in connection with which hedging operation for currency liabilities and claims is carried out on a daily basis to keep the open currency position at the zero level.

## Resolutions of the Board of directors OIJS «RESO-GARANTIA»

The annual meeting of shareholders taking into the account recommendations of the Board of directors adopted a resolution to pay annual dividends following the results of 2008 at the rate of 13 rub. per share.

403 million rubles out of the net income gained by the Company in 2008 were allocated for payment of annual dividends.

The total amount of retained income for 2008 comprised 878 725 518 rub.

### INFORMATION ON AMOUNT OF REMUNERATION, BENEFITS AND/OR COMPENSATION FOR EXPENSES FOR EACH MANAGEMENT BODY

Information on amount of remuneration paid to the members of the Board of directors of the Issuer during 2009:

Over the reporting period remuneration for participation in the work of the Board of directors, Audit committee and compensation for incurred expenses envisaged by the resolution of the general meeting of shareholders were paid in the amount of 7 million rub.

Salary and bonuses pursuant to the staffing table and their position were paid to members of the Board of directors occupying other positions in the Issuer.

No agreements were concluded with regard to payments to the members of the Board of directors in 2009.

The Corporate Code of Conduct of OIJS «RESO-GARANTIA» was adopted on the General meeting of shareholders of OIJS «RESO-GARANTIA» on June 25, 2004.



## Members of the Board of Directors of OJSC «RESO-GARANTIA»

### 1. Rakovshchik Dmitry Grigorievich

Year of birth: 1965

Education: higher economic, higher medical

Positions occupied by the person at the issuer's company and other organizations over the last 5 years and now in chronological order, including the same occupied pluralistically:

Period: 1998-2004

Organization: OJSC «RESO-GARANTIA»

Position: Deputy General Director for the North-Western Direction

Period: 1999 - 2007

Organization: LLC «SMK «RESO-MED»

Position: General Director

Period: 2004 - until now

Organization: OJSC «RESO-GARANTIA»

Position: member of the Board of Directors, General Director

Period: 2005- until now

Organization: LLC «KORIS assistance (Saint Petersburg)»

Position: Member of the Board of Directors

Period: 2006- 2007

Organization: LLC «SMK «RESO-MED»

Position: Member of the Board of Directors

Period: 2006- 2009

Organization: LLC «Autohouse» (Saint Petersburg)

Position: Member of the Board of Directors

Period: 2006- until now

Organization: LLC «OSZH RESO-GARANTIA»

Position: General Director

- Participatory interest of the person in the issuer's authorized capital, portion of the issuer's ordinary shares held by the person: **does not have any interest.**

- The number of the issuer's ordinary shares which may be purchased by the person as a result of exercise of the rights under the issuer's options held by him: **no options are provided for.**

- Participatory interest of the person in the authorized capital of the issuer's subsidiary and associated companies: **does not have any interest.**
- Ordinary shares in any subsidiary and associated company of the issuer held by the person: **does not have any shares.**
- The number of shares in any subsidiary or associated company of the issuer which may be purchased by the person as a result of exercise of the rights under options of any subsidiary and associated company of the issuer held by this person: **no options are provided for.**
- The nature of any kinship with another person included in the issuer's management bodies and/or the bodies of control over financial and economic activities of the issuer: **does not have any kinship.**
- Information about bringing of the person to administrative responsibility for violations of law in the field of finance, taxes and dues, securities market or criminal responsibility (existence of previous convictions) for crimes in the field of economy or crimes against public authorities: **was not brought to any responsibility.**
- Information about occupation by the person of any positions in management bodies of any commercial organizations within the period when any bankruptcy proceedings and/or one of bankruptcy procedures stipulated by the Russian Federation legislation on insolvency (bankruptcy) were initiated with respect to the said organizations: **did not occupy.**

## 2. Emmanuel de Talhouet

Year of birth: 1961 r.

Education: higher

Positions occupied by the person at the issuer's company and other organizations over the last 5 years and now in chronological order, including the same occupied pluralistically:

Period: 2001-2007

Organization: AXA, Northern & Eastern Region

Position: General Director

Period: 2007 - until now

Organization: GIE AXA

Position: Vice-President

Period: 2008 - until now

Organization: OJSC «RESO-GARANTIA»

Position: Member of the Board of Directors

- Participatory interest of the person in the issuer's authorized capital, portion of the issuer's ordinary shares held by the person: **does not have any interest.**
- The number of the issuer's ordinary shares which may be purchased by the person as a result of exercise of the rights under the issuer's options held by him: **no options are provided for.**
- Participatory interest of the person in the authorized capital of the issuer's subsidiary and associated companies: **does not have any interest.**
- Ordinary shares in any subsidiary and associated company of the issuer held by the person: **does not have any shares.**
- The number of shares in any subsidiary or associated company of the issuer which may be purchased by the person as a result of exercise of the rights under options of any subsidiary and associated company of the issuer held by this person: **no options are provided for.**
- The nature of any kinship with another person included in the issuer's management bodies and/or the bodies of control over financial and economic activities of the issuer: **does not have any kinship.**
- Information about bringing of the person to administrative responsibility for violations of law in the field of finance, taxes and dues, securities market or criminal responsibility (existence of previous convictions) for crimes in the field of economy or crimes against public authorities: **was not brought to any responsibility.**
- Information about occupation by the person of any positions in management bodies of any commercial organizations within the period when any bankruptcy proceedings and/or one of bankruptcy procedures stipulated by the Russian Federation legislation on insolvency (bankruptcy) were initiated with respect to the said organizations: **did not occupy.**

## 3. Kruglyak Vladimir Petrovich

Year of birth: 1944

Education: higher

Positions occupied by the person at the issuer's company and other organizations over the last 5 years and now in chronological order, including the same occupied pluralistically:

Period: 2002 - 2007

Organization: LLC «IC «National Insurance Traditions»

Position: Chairman of the Board of Directors

Period: 1993 — until now

Organization: OIJS «RESO-GARANTIA»

Position: member of the Board of Directors

- Participatory interest of the person in the issuer's authorized capital, portion of the issuer's ordinary shares held by the person: **does not have any interest.**
- The number of the issuer's ordinary shares which may be purchased by the person as a result of exercise of the rights under the issuer's options held by him: **no options are provided for.**
- Participatory interest of the person in the authorized capital of the issuer's subsidiary and associated companies: **does not have any interest.**
- Ordinary shares in any subsidiary and associated company of the issuer held by the person: **does not have any shares.**
- The number of shares in any subsidiary or associated company of the issuer which may be purchased by the person as a result of exercise of the rights under options of any subsidiary and associated company of the issuer held by this person: **no options are provided for.**
- The nature of any kinship with another person included in the issuer's management bodies and/or the bodies of control over financial and economic activities of the issuer: **does not have any kinship.**
- Information about bringing of the person to administrative responsibility for violations of law in the field of finance, taxes and dues, securities market or criminal responsibility (existence of previous convictions) for crimes in the field of economy or crimes against public authorities: **was not brought to any responsibility.**
- Information about occupation by the person of any positions in management bodies of any commercial organizations within the period when any bankruptcy proceedings and/or one of bankruptcy procedures stipulated by the Russian Federation legislation on insolvency (bankruptcy) were initiated with respect to the said organizations: **did not occupy.**

## 4. José León Lasserott

Year of birth: 1966

Education: higher

Positions occupied by the person at the issuer's company and other organizations over the last 5 years and now in chronological order, including the same occupied pluralistically:

Period: 1997-2006

Organization: «Chupa Chups Holding GmbH»

Position: Financial Director

Period: 1996 - until now

Organization: OIJS «RESO-GARANTIA»

Position: Member of the Board of Directors

- Participatory interest of the person in the issuer's authorized capital, portion of the issuer's ordinary shares held by the person: **does not have any interest.**
- The number of the issuer's ordinary shares which may be purchased by the person as a result of exercise of the rights under the issuer's options held by him: **no options are provided for.**

- Participatory interest of the person in the authorized capital of the issuer's subsidiary and associated companies: **does not have any interest.**
- Ordinary shares in any subsidiary and associated company of the issuer held by the person: **does not have any shares.**
- The number of shares in any subsidiary or associated company of the issuer which may be purchased by the person as a result of exercise of the rights under options of any subsidiary and associated company of the issuer held by this person: **no options are provided for.**
- The nature of any kinship with another person included in the issuer's management bodies and/or the bodies of control over financial and economic activities of the issuer: **does not have any kinship.**
- Information about bringing of the person to administrative responsibility for violations of law in the field of finance, taxes and dues, securities market or criminal responsibility (existence of previous convictions) for crimes in the field of economy or crimes against public authorities: **was not brought to any responsibility.**
- Information about occupation by the person of any positions in management bodies of any commercial organizations within the period when any bankruptcy proceedings and/or one of bankruptcy procedures stipulated by the Russian Federation legislation on insolvency (bankruptcy) were initiated with respect to the said organizations: **did not occupy.**

## 5. Sarkisov Sergey Eduardovich

Year of birth: 1959

Education: higher

Positions occupied by the person at the issuer's company and other organizations over the last 5 years and now in chronological order, including the same occupied pluralistically:

Period: 1993 - until now

Organization: OIJS «RESO-GARANTIA»

Position: member of the Board of Directors

Period: 1993-2004

Organization: OIJS «RESO-GARANTIA»

Position: General Director

Period: 2003-2007

Organization: Limited Liability Company «RESO Holding Company»

Position: President

Period: 2004 - until now

Organization: OJSC «NSK»

Position: Member of the Board of Directors

Period: 2004-2007

Organization: OIJS «RESO-GARANTIA»

Position: Director, Directorate of corporate governance

Period: 2004-2006

Organization: LLC «RESO - Re»

Position: General Director

Period: 2004 — 2008

Organization: LLC «KORIS Rus»

Position: Member of the Supervisory Board

Period: 2004 — 2008

Organization: JSIC «RESO-Europe»

Position: Member of the Board of Directors

Period: 2005 — until now

Organization: OIJS «RESO-GARANTIA»

Position: Chairman of the Board of Directors

Period: 2005 — 2007

Organization: CJSC «AMK Finance»

Position: Member of the Board of Directors

Period: 2005 — until now

Organization: LLC «RESO-Leasing»

Position: Member of the Board of Directors

Period: 2006 — until now

Organization: Limited Liability Company «RESO Hotel Investments»

Position: Member of the Board of Directors

Period: 2007 — until now

Organization: Limited Liability Company «RESO Holding Company»

Position: Chairman of the Board of Directors

Period: 2008 — until now

Organization: OJSC Bank «RESO-Credit»

Position: Member of the Board of Directors

- Participatory interest of the person in the issuer's authorized capital, portion of the issuer's ordinary shares held by the person: **does not have any interest.**

- The number of the issuer's ordinary shares which may be purchased by the person as a result of exercise of the rights under the issuer's options held by him: **no options are provided for.**

- Participatory interest of the person in the authorized capital of the issuer's subsidiary and associated companies: **does not have any interest.**

- Ordinary shares in any subsidiary and associated company of the issuer held by the person: **does not have any shares.**

- The number of shares in any subsidiary or associated company of the issuer which may be purchased by the person as a result of exercise of the rights under options of any subsidiary and associated company of the issuer held by this person: **no options are provided for.**

- The nature of any kinship with another person included in the issuer's management bodies and/or the bodies of control over financial and economic activities of the issuer: **the brother of Sarkisov Nikolay Eduardovich, a member of the Board of Directors, Deputy General Director of OIJS «RESO-GARANTIA».**

- Information about bringing of the person to administrative responsibility for violations of law in the field of finance, taxes and dues, securities market or criminal responsibility (existence of previous convictions) for crimes in the field of economy or crimes against public authorities: **was not brought to any responsibility.**

- Information about occupation by the person of any positions in management bodies of any commercial organizations within the period when any bankruptcy proceedings and/or one of bankruptcy procedures stipulated by the Russian Federation legislation on insolvency (bankruptcy) were initiated with respect to the said organizations: **did not occupy.**

## 6. Sarkisov Nikolay Eduardovich

Year of birth: 1968

Education: higher

Positions occupied by the person at the issuer's company and other organizations over the last 5 years and now in chronological order, including the same occupied pluralistically:

Period: 1996 — until now

Organization: OIJS «RESO-GARANTIA»

Position: Deputy General Director

Period: 1996 — until now

Organization: OIJS «RESO-GARANTIA»

Position: Member of the Board of Directors

Period: 2004 — until now

Organization: LLC «RESOTRUST»

Position: Member of the Board of Directors

Period: 2004 — until now  
 Organization: LLC «RESO-Leasing»  
 Position: Member of the Board of Directors

Period: 2004 - until now  
 Organization: OJSC «NSK»  
 Position: Member of the Board of Directors

Period: 2004 — 2008  
 Organization: ACO «RESO-EVROPA»  
 Position: Member of the Board of Directors

Period: 2004 — until now  
 Organization: Limited Liability Company «RESO Holding Company»  
 Position: Member of the Board of Directors

Period: 2006 — 2009  
 Organization: CJSC «AMK Finance»  
 Position: Member of the Board of Directors

Period: 2006 — until now  
 Organization: Limited Liability Company «RESO Hotel Investments»  
 Position: Member of the Board of Directors

Period: 2006 — 2008  
 Organization: LLC «RESO-Leasing-Finance»  
 Position: Member of the Board of Directors

Period: 2008 — until now  
 Organization: OJSC Bank «RESO-Credit»  
 Position: Member of the Board of Directors

- Participatory interest of the person in the issuer's authorized capital, portion of the issuer's ordinary shares held by the person: **does not have any interest.**
- The number of the issuer's ordinary shares which may be purchased by the person as a result of exercise of the rights under the issuer's options held by him: **no options are provided for.**
- Participatory interest of the person in the authorized capital of the issuer's subsidiary and associated companies: **does not have any interest.**
- Ordinary shares in any subsidiary and associated company of the issuer held by the person: **does not have any shares.**
- The number of shares in any subsidiary or associated company of the issuer which may be purchased by the person as a result of exercise of the rights under options of any subsidiary and associated company of the issuer held by this person: **no options are provided for.**
- The nature of any kinship with another person included in the issuer's management bodies and/or the bodies of control over financial and economic activities of the issuer: **the brother of Sarkisov Sergey Eduardovich, a Chairman of the Board of Directors of OJSC «RESO-GARANTIA».**
- Information about bringing of the person to administrative responsibility for violations of law in the field of finance, taxes and dues, securities market or criminal responsibility (existence of previous convictions) for crimes in the field of economy or crimes against public authorities: **was not brought to any responsibility.**
- Information about occupation by the person of any positions in management bodies of any commercial organizations within the period when any bankruptcy proceedings and/or one of bankruptcy procedures stipulated by the Russian Federation legislation on insolvency (bankruptcy) were initiated with respect to the said organizations: **did not occupy.**

## 7. Savelyev Andrey Nikolaevich

Year of birth: 1973  
 Education: higher  
 Positions occupied by the person at the issuer's company and other organizations over the last 5 years and now in

chronological order, including the same occupied pluralistically:

Period: 2004 - 2005  
 Organization: OJSC «MDM-Bank»  
 Position: Chairman of the Managing Board, member of the Board of Directors

Period: 2006 - 2007  
 Organization: LLC CB «Moscommercebank»  
 Position: Chairman of the Board of Directors

Period: 2006 - 2007  
 Organization: Limited Liability Company «RESO Holding Company»  
 Position: Chairman of the Board of Directors

Period: 2006 — until now  
 Organization: OJSC «RESO-GARANTIA»  
 Position: member of the Board of Directors

Period: 2007 — until now  
 Organization: LLC «RESO-Leasing»  
 Position: member of the Board of Directors

Period: 2007 — until now  
 Organization: LLC «RESOTRUST»  
 Position: Member of the Board of Directors

Period: 2007 — until now  
 Organization: Limited Liability Company «RESO Hotel Investments»  
 Position: Member of the Board of Directors

Period: 2007 — 2009  
 Organization: CJSC «AMK Finance»  
 Position: Member of the Board of Directors

Period: 2007 — until now  
 Organization: Limited Liability Company «RESO Holding Company»  
 Position: Director

Period: 2008 — until now  
 Organization: OJSC Bank «RESO-Credit»  
 Position: Member of the Board of Directors

- Participatory interest of the person in the issuer's authorized capital, portion of the issuer's ordinary shares held by the person: **does not have any interest.**
- The number of the issuer's ordinary shares which may be purchased by the person as a result of exercise of the rights under the issuer's options held by him: **no options are provided for.**
- Participatory interest of the person in the authorized capital of the issuer's subsidiary and associated companies: **does not have any interest.**
- Ordinary shares in any subsidiary and associated company of the issuer held by the person: **does not have any shares.**
- The number of shares in any subsidiary or associated company of the issuer which may be purchased by the person as a result of exercise of the rights under options of any subsidiary and associated company of the issuer held by this person: **no options are provided for.**
- The nature of any kinship with another person included in the issuer's management bodies and/or the bodies of control over financial and economic activities of the issuer: **does not have any kinship.**
- Information about bringing of the person to administrative responsibility for violations of law in the field of finance, taxes and dues, securities market or criminal responsibility (existence of previous convictions) for crimes in the field of economy or crimes against public authorities: **was not brought to any responsibility.**
- Information about occupation by the person of any positions in management bodies of any commercial organizations within the period when any bankruptcy proceedings and/or one of bankruptcy procedures stipulated by the Russian Federation legislation on insolvency (bankruptcy) were initiated with respect to the said organizations: **did not occupy.**

## 8. Alfred Boukaert

Year of birth: 1946

Education: higher

Positions occupied by the person at the issuer's company and other organizations over the last 5 years and now in chronological order, including the same occupied pluralistically:

Period: 2005 - until now

Organization: AXA Group

Position: General Manager for Northern part of Europe

Period: 2006 - until now

Organization: AXA Group

Position: Sole executive body for Northern and Eastern part of Europe

Period: 2007 - until now

Organization: AXA Belgium

Position: Chairman of the Board of directors

Period: 2008 - until now

Organization: OIJS «RESO-GARANTIA»

Position: Member of the Board of Directors

- Participatory interest of the person in the issuer's authorized capital, portion of the issuer's ordinary shares held by the person: **does not have any interest.**

- The number of the issuer's ordinary shares which may be purchased by the person as a result of exercise of the rights under the issuer's options held by him: **no options are provided for.**

- Participatory interest of the person in the authorized capital of the issuer's subsidiary and associated companies: **does not have any interest.**

- Ordinary shares in any subsidiary and associated company of the issuer held by the person: **does not have any shares.**

- The number of shares in any subsidiary or associated company of the issuer which may be purchased by the person as a result of exercise of the rights under options of any subsidiary and associated company of the issuer held by this person: **no options are provided for.**

- The nature of any kinship with another person included in the issuer's management bodies and/or the bodies of control over financial and economic activities of the issuer: **does not have any kinship.**

- Information about bringing of the person to administrative responsibility for violations of law in the field of finance, taxes and dues, securities market or criminal responsibility (existence of previous convictions) for crimes in the field of economy or crimes against public authorities: **was not brought to any responsibility.**

- Information about occupation by the person of any positions in management bodies of any commercial organizations within the period when any bankruptcy proceedings and/or one of bankruptcy procedures stipulated by the Russian Federation legislation on insolvency (bankruptcy) were initiated with respect to the said organizations: **did not occupy.**

## 9. Noel Richardson

Year of birth: 1964

Education: higher

Positions occupied by the person at the issuer's company and other organizations over the last 5 years and now in chronological order, including the same occupied pluralistically:

Period: 2001-2007

Organization: AXA Concern AG, Kohn

Position: Director

Period: 2007 - until now

Organization: AXA Belgium, Brussels

Position: Director

Period: 2008 - until now

Organization: OIJS «RESO-GARANTIA»

Position: Member of the Board of Directors

- Participatory interest of the person in the issuer's authorized capital, portion of the issuer's ordinary shares held by the person: **does not have any interest.**

- The number of the issuer's ordinary shares which may be purchased by the person as a result of exercise of the rights under the issuer's options held by him: **no options are provided for.**

- Participatory interest of the person in the authorized capital of the issuer's subsidiary and associated companies: **does not have any interest.**

- Ordinary shares in any subsidiary and associated company of the issuer held by the person: **does not have any shares.**

- The number of shares in any subsidiary or associated company of the issuer which may be purchased by the person as a result of exercise of the rights under options of any subsidiary and associated company of the issuer held by this person: **no options are provided for.**

- The nature of any kinship with another person included in the issuer's management bodies and/or the bodies of control over financial and economic activities of the issuer: **does not have any kinship.**

- Information about bringing of the person to administrative responsibility for violations of law in the field of finance, taxes and dues, securities market or criminal responsibility (existence of previous convictions) for crimes in the field of economy or crimes against public authorities: **was not brought to any responsibility.**

- Information about occupation by the person of any positions in management bodies of any commercial organizations within the period when any bankruptcy proceedings and/or one of bankruptcy procedures stipulated by the Russian Federation legislation on insolvency (bankruptcy) were initiated with respect to the said organizations: **did not occupy.**

## 10. Orlov George Nikolaevich

Year of birth: 1969

Education: higher

Positions occupied by the person at the issuer's company and other organizations over the last 5 years and now in chronological order, including the same occupied pluralistically:

Period: 2002-2004

Organization: European Bank for Reconstruction and Development

Position: Principal Banker

Period: 2004-2008

Организация: European Bank for Reconstruction and Development

Должность: Senior Banker

Period: 2008 – until now

Organization: European Bank for Reconstruction and Development

Position: Director, Department for financial institutions for Russia

Period: 2009 – until now

Organization: OIJS «RESO-GARANTIA»

Position: Member of the Board of Directors

- Participatory interest of the person in the issuer's authorized capital, portion of the issuer's ordinary shares held by the person: **does not have any interest.**

- The number of the issuer's ordinary shares which may be purchased by the person as a result of exercise of the rights under the issuer's options held by him: **no options are provided for.**

- Participatory interest of the person in the authorized capital of the issuer's subsidiary and associated companies: **does not have any interest.**
- Ordinary shares in any subsidiary and associated company of the issuer held by the person: **does not have any shares.**
- The number of shares in any subsidiary or associated company of the issuer which may be purchased by the person as a result of exercise of the rights under options of any subsidiary and associated company of the issuer held by this person: **no options are provided for.**
- The nature of any kinship with another person included in the issuer's management bodies and/or the bodies of control over financial and economic activities of the issuer: **does not have any kinship.**
- Information about bringing of the person to administrative responsibility for violations of law in the field of finance, taxes and dues, securities market or criminal responsibility (existence of previous convictions) for crimes in the field of economy or crimes against public authorities: **was not brought to any responsibility.**
- Information about occupation by the person of any positions in management bodies of any commercial organizations within the period when any bankruptcy proceedings and/or one of bankruptcy procedures stipulated by the Russian Federation legislation on insolvency (bankruptcy) were initiated with respect to the said organizations: **did not occupy.**

## 11. Shibaev Sergey Viktorovich

Year of birth: 1959

Education: higher

Positions occupied by the person at the issuer's company and other organizations over the last 5 years and now in chronological order, including the same occupied pluralistically:

Period: 2001-2004

Organization: 50plus Expeditions Inc.

Position: Director

Period: 2004-2007

Organization: Roland Berger Strategy Consultants GmbH

Position: Partner, Deputy Head of Moscow/CIS Representative office

Period: 2007 - until now

Organization: JSC BARS Bank, Kazan

Position: Chairman of audit committee

Period: 2008 - until now

Organization: OIJSC «RESO-GARANTIA»

Position: Member of the Board of Directors

- Participatory interest of the person in the issuer's authorized capital, portion of the issuer's ordinary shares held by the person: **does not have any interest.**

- The number of the issuer's ordinary shares which may be purchased by the person as a result of exercise of the rights under the issuer's options held by him: **no options are provided for.**

- Participatory interest of the person in the authorized capital of the issuer's subsidiary and associated companies: **does not have any interest.**

- Ordinary shares in any subsidiary and associated company of the issuer held by the person: **does not have any shares.**

- The number of shares in any subsidiary or associated company of the issuer which may be purchased by the person as a result of exercise of the rights under options of any subsidiary and associated company of the issuer held by this person: **no options are provided for.**

- The nature of any kinship with another person included in the issuer's management bodies and/or the bodies of control over financial and economic activities of the issuer: **does not have any kinship.**

- Information about bringing of the person to administrative responsibility for violations of law in the field of finance, taxes and dues, securities market or criminal responsibility (existence of previous convictions) for crimes in the field of economy or crimes against public authorities: **was not brought to any responsibility.**

- Information about occupation by the person of any positions in management

bodies of any commercial organizations within the period when any bankruptcy proceedings and/or one of bankruptcy procedures stipulated by the Russian Federation legislation on insolvency (bankruptcy) were initiated with respect to the said organizations: **did not occupy.**

## GENERAL DIRECTOR OF OIJSC «RESO-GARANTIA»

### Rakovshchik Dmitry Grigorievich

Year of birth: 1965

Education: higher economic, higher medical

Positions occupied by the person at the issuer's company and other organizations over the last 5 years and now in chronological order, including the same occupied pluralistically:

Period: 1998-2004

Organization: OJSC «RESO-GARANTIA»

Position: Deputy General Director for the North-Western Direction

Period: 1999 - 2007

Organization: LLC «SMK «RESO-MED»

Position: General Director

Period: 2004 - until now

Organization: OIJSC «RESO-GARANTIA»

Position: member of the Board of Directors, General Director

Period: 2005- until now

Organization: LLC «KORIS assistance (Saint Petersburg)»

Position: Member of the Board of Directors

Period: 2006- 2007

Organization: LLC «SMK «RESO-MED»

Position: Member of the Board of Directors

Period: 2006- 2009

Organization: LLC «Autohouse» (Saint Petersburg)

Position: Member of the Board of Directors

Period: 2006- until now

Organization: LLC «OSZH RESO-GARANTIA»

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## CORPORATE GOVERNANCE

RESO-GARANTIA traditionally maintains high standards of corporate governance. Improvement of relative internal procedures is a matter of great importance for the Company.

RESO-GARANTIA is seeking to devise a system of corporate governance that would make it possible to maintain effective system of internal controls and to create a transparent and comprehensible system of corporate governance procedures, ensuring strict observance of the rights and interests of shareholders. We are confident that a high standard of corporate governance makes the Company more reliable, worthy of the client and shareholder confidence and, consequently, makes the Company more attractive and provides new opportunities for development.

The supreme management body of the Company is the General meeting of shareholders. During the period between the General shareholders' meetings, overall management of the Company is supervised by the RESO-GARANTIA Board of Directors. It exercises vital management functions: defining the Company's development strategy, setting strategic goals for executive management and monitoring their implementation, appointing key managers and developing corporate governance standards

Committees – the Audit committee, the Remuneration committee and the Investments committee act as expert bodies of the Board of directors; they were

formed at the beginning of 2007 and carry out preliminary examinations of the most important activity issues of the Company and submit their recommendations the Board. The active work of the Committees reflects the pursuit of RESO-GARANTIA for continuous improvement of standards and procedures of corporate governance and is an effective tool for communication and interaction between the Board of directors and the management of the Company.

Pursuant to the generally accepted international best practice standards of corporate governance the Board of directors is formed with independent directors being top-ranked specialists and well-respected in their professional field. In accordance with the international practice the independent members of the Board of directors are not involved in the Company's activities, their sole task being to defend the interest of shareholders by giving professional opinions on key issues of the Company's development. Independent directors head the Committees of the Board of directors, which gives the additional guarantee to the shareholders in the issue of protection of their interests while making strategic decisions.

The Board of Directors evaluates long-term programs and plans devised by Company subdivisions, analyses the investment and financial strategy of the Company on a whole, makes recommendations on relations with shareholders and investors and gives a preliminary assessment of all major transactions entered into by the Company. The main aim of the Board of Directors is to help to improve the efficiency of RESO-GARANTIA in the long run.

One of the key principles of the corporate governance of RESO-GARANTIA is to make internal procedures and processes in the Company open and transparent to shareholders, business partners, state regulatory bodies and personnel. The Company regularly informs the parties concerned of all aspects of its activity. RESO-GARANTIA is undeviating in its observance of legislative requirements for the publication of information that must be disclosed.

We also follow the same high requirements for transparency in our intra-corporate relations. Top-management of the Company communicates with the staff of all subdivisions of the back-office on a regular basis and visits several regional branches in the course of a year, the heads of all branches also visit the Head Office regularly. Videoconferencing involving the heads of the Company's largest branches has been introduced as from 2007.



## INFORMATION POLICY

The Company responds in good time to requests for information from the mass media, and holds regular press conferences and other public events aimed both at keeping all parties concerned informed as fully as possible about its work and at receiving regular feedback with a view to further improvements in the structure of corporate governance.

In 2009 with active participation of RESO-GARANTIA the general public and the Mass media unfolded the discussion on the importance and convenience for clients of direct indemnification (DI) under OSAGO, which was implemented way back in European countries. It is no coincidence that one of the main slogans of the Company is the phrase “OSAGO with human approach”. Along with that the Company undertook the commitment within the frameworks of DI to effect payments within 7 days.

Another important project was implemented on the corporative website of RESO-GARANTIA for development of the feedback – “Questions and Answers on OSAGO”. Within its frameworks owners of motor cars may ask questions they are interested in and receive an expert response: every day specialists of the Company prepare several comments like that.

Besides, articles under the title “Questions and Answers on OSAGO” were published in print mass media in about 30 Russian regions.

Another important additional information channel is corporate mass media “RESO Magazine” and “RESO Newspaper” published in the total press-run of 25 000 copies. Corporate publications give everyone an opportunity to receive first-hand information on all events taking place in the Company.

Since 2005 information on the Company is also available to all employees on the internal corporate website of RESO-GARANTIA (Intranet).

Intranet is constantly updated. Besides up-to-date information and documents for current activity of all subdivisions of the Company it also provides the opportunity of online discussion of current problems and tasks. For instance, in 2009 we created the section “Hotline”, in which the branches of the Company discuss the problems of client servicing quality with the Head office in the format of Internet-forum.

As far back as 2006 RESO-GARANTIA became the winner of the prize «Golden Salamander» in the nomination «Development and popularization of insurance», having won the prize in the nomination «Corporate Publication». The corporate «RESO Newspaper» is published since November, 2005, and the «RESO Magazine» intended to inform not only employees, but the Company’s customers, partners as well, is published since 2000. In 2008 a new supplement for the «RESO Magazine» named by us the «RESO University» was added to the family of corporate mass media. The advertising agency publishing the RESO corporate publications places a part of the published articles in public news-lines and Internet mass media.

The Company’ corporate name “RESO” and the Company’s logo are registered as a trademark (service mark) by the Federal Service for Intellectual Property, Patents and Trademarks. The Name “RESO-GARANTIA” is legally protected as the corporate name of the Company.

The trademark is used in advertising and marketing campaigns to increase the recognition ratio of the Company’s services, being an integral part of promotional materials. RESO-GARANTIA grants non-exclusive right to use its trademark to the companies of the RESO group pursuant to license agreements.

The period of the trademark registration expires in 2014 and the Company will take all necessary actions to extend it.

The popularity of the corporate representative office of RESO-GARANTIA itself in the Web is not at all a less important aspect. The website promotion program allowed it to occupy leading positions in main search engines in Russia - Yandex, Google and Rambler on key search requests as “osago”, “casco”, “buy osago” and others. In “Rambler top-100” rating RESO-GARANTIA occupies the first place in the section “Insurance” among web-representative offices of insurance companies, being inferior only to the website of Social Insurance Fund of Russia and Internet-publication “Insurance in Russia”. About 4 thousand unique users visit the website of RESO-GARANTIA daily.

The Company is a regular participant of industry ratings and rankings prepared by leading publications and rating agencies of the country: RBC, “Expert” magazine, agency “Expert RA” and others. To participate in them RESO-GARANTIA not only provides statistical data on its activities, but offers expert evaluations on the market development in general and of certain types of insurance as well.

The principle of transparency is one of the basic principles of modern civilized business. OIJS “RESO-GARANTIA” seeks to inform in good time the general public of all events in the life of the Company and respond as promptly as possible to requests from the mass media and the general public.



## SOCIAL RESPONSIBILITY

For our Company charity is not only a commitment to tradition, but also a natural extension of our daily activities. We try to render targeted assistance to those who are really in need of it: environmental organizations, children's funds, scientific associations.

### RESO-Ecology

RESO-GARANTIA has been for many years an active partner of the World Wildlife Fund (WWF). From every CASCO policy, the Company makes a contribution to the WWF program to protect the environment in Russia. So every car owner insured with RESO-GARANTIA is able to feel that he is involved in the noble case of protection of his country's nature. Our Company not only sponsors WWF, but also lends it informational support – each car owner receives a booklet with information on various activity aspects of the Fund and can moderately involve themselves in the work of the Fund if they wish.

### RESO-Donations

Last year we actively promoted our cooperation with the international charity fund CAF (Charities Aid Foundation). Within the frameworks of the program "They need you help" over 400 thousand rubles were collected during 2009. These funds were

sent to the Center of humanitarian programs, Fund “Detskie Domiki” (“Children’s Little Houses”), aid fund for the elderly “Dobroe Delo” (“Kindness”), shelter for rescuing stray animals “EKO”.

### RESO – For Children

RESO-GARANTIA pays special attention to children. We support social projects and campaigns that help children to grow and develop their talents. Within the frameworks of the program “Illustrated books for little blind children” the Company allocated about 50 thousand rubles. These editions enable children with visual impairment to see the beauty of the illustration and make the learning process fascinating.

Ministry of Internal Affairs of the RF is another address where RESO-GARANTIA constantly provides assistance. Like last year our Company helped to organize a New Year’s charity event for the children of deceased military men and for children from the South Ossetia – for those affected by war. With our help orphaned children all over Russia received sweets and mobile phones as presents for the holiday.

### RESO – For Science

We also pay attention to science. Thus, RESO-GARANTIA donated 350 thousand rubles for the organization and conducting of the First Russian economic congress (REC - 2009). Among the participants of the congress there were over 100 economists employed at institutes, research centers and universities of Russia, postgraduates and senior students. The congress became a major event in the intellectual life of the country.

### RESO-Donors

However, RESO-GARANTIA not only lends financial support to socially vital programs, but also sets the example of civil conscience. On our Company’s birthday hundreds of employees of the Head office, branches in Kazan, Kolomna, Nalchik and other cities came to mobile blood donor centers. This blood ensured carrying out many most complex surgeries, including five surgeries with extracorporeal circulation and cardiac failures on children. Many donors declined the compensations envisaged by law and donated them to charity.

### The Sergey Sarkisov’s Foundation

In 2009 the foundation named after Sergey Sarkisov, the founder and Chairman of the Board of directors of RESO-GARANTIA continued its activities. Many employees supported the work of the foundation with their contributions.

Special-purpose receipts for rendering charity assistance amounted to 2 318 169.36 rubles in 2009. For the most part these funds were sent for rendering aid to ill children. Besides, the foundation responded to the appeal of International Charitable Foundation of Vladimir Spivakov and paid for the journey of Tigran Muradyan, a young talented cellist, to the International congress of cellists.



# ACCOUNTING BALANCE SHEET

as of December 31, 2009 (thousand rubles)

ASSETS	As of the beginning of fiscal year	As of the end of reporting period	LIABILITIES	As of the beginning of fiscal year	As of the end of reporting period
<b>I. Assets</b>			<b>II. Capital and reserves</b>		
Intangible assets	102	84	Authorized capital	3 100 000	3 100 000
Investments	20 353 198	21 567 786	Additional capital	728 401	727 992
buildings	613 256	559 789	Reserve capital	851 262	851 262
financial investments in subsidiary, dependent companies and other organizations	7 451 063	2 743 024	Undistributed profit (uncovered loss)	3 244 611	5 181 107
other investments	12 288 879	18 264 973	<b>Total of section II</b>	<b>7 924 274</b>	<b>9 860 361</b>
Share of reinsurers in the insurance reserves	222 019	798 491	<b>III. Insurance reserves</b>		
reserves for life insurance	-	-	Reserves or life insurance	488 962	465 952
unearned premium reserve	174 568	254 672	Unearned premium reserve	13 318 254	12 932 336
loss reserves	47 451	543 819	Loss reserves	6 583 545	7 590 397
Insurance, coinsurance receivables	6 000 332	5 060 027	Other insurance reserves	2 828 429	4 050 807
the insured	5 984 334	5 044 444	<b>Total of section III</b>	<b>23 219 190</b>	<b>25 039 492</b>
insurance agent	15 998	15 583	<b>IV. Liabilities</b>		
Reinsurance receivables	165 372	295 462	Deferred tax liabilities	-	8 205
Other accounts receivable expected to be repaid later than in 12 month after the reporting date	346 896	344 877	Short-term loans and credits	-	-
Other accounts receivable expected to be repaid within 12 month after the reporting date	2 629 041	2 085 403	Insurance, coinsurance payables	2 044 265	1 673 508
Fixed assets	2 483 162	2 676 116	Reinsurance payables	139 957	181 654
Construction in progress	284 969	210 760	Other accounts payable	535 593	404 632
Deferred tax assets	138 641	255 204	Deferred revenue	3 498	3 688
Inventory	205 009	173 307	Reserves for costs to be incurred	-	-
Monetary assets	962 401	3 626 631	Preventive measures reserves	5 727	6 043
Other assets	81 362	83 435	Other liabilities	-	-
<b>Total of section I</b>	<b>33 872 504</b>	<b>37 177 583</b>	<b>Total of section IV</b>	<b>2 729 040</b>	<b>2 277 730</b>
<b>BALANCE</b>	<b>33 872 504</b>	<b>37 177 583</b>	<b>BALANCE</b>	<b>33 872 504</b>	<b>37 177 583</b>

## PROFIT AND LOSS STATEMENT

for the year 2009 (thousand rubles)

DESCRIPTION	2009	2008
<b>I. Life insurance</b>		
Insurance premiums-net reinsurance	126 496	122 174
- altogether	126 496	122 174
delivered to reinsurers	-	-
Incomes from investments	23 158	32 670
interest receivable	23 158	32 670
share in revenue of other companies	-	-
change of cost of financial investments as a result of correction of the estimation	-	-
Payments under insurance contracts - net reinsurance	(83 010)	(38 969)
- altogether	(83 010)	(38 969)
share of reinsurers	-	-
Change of reserves for life insurance - net reinsurance	23 010	(57 630)
- altogether	23 010	(57 630)
Change of share of reinsurers in reserves	-	-
Expenses for conducting insurance operations - net reinsurance	(14 506)	(13 937)
expenses for entering into insurance contracts	(14 506)	(13 937)
other expenses for conducting insurance operations	-	-
consideration and royalties for reinsurance contracts	-	-
Expenses for investments	-	-
change of cost of financial investments as a result of correction of the estimation	-	-
<b>Result of operations on life insurance</b>	<b>75 148</b>	<b>44 308</b>
<b>II. Insurance other than life insurance</b>		
Insurance premiums-net reinsurance	29 353 637	30 009 427
insurance premiums - altogether	30 441 229	30 452 019
delivered to reinsurers	(1 087 592)	(442 592)
Change of unearned premium reserve - net reinsurance	466 022	1 104 463
- altogether	385 918	1 010 315
change of reinsurers' share in reserve	80 104	94 148
Losses which took place - net reinsurance	(19 038 047)	(16 601 412)
Payments under insurance contracts - net reinsurance	(18 527 563)	(15 576 227)
- altogether	(18 603 361)	(15 628 459)

share of reinsurers	75 798	52 232
Change of loss reserves - net reinsurance	(510 484)	(1 025 185)
- altogether	(1 006 852)	(938 001)
change of share of reinsurers in reserves	496 368	(87 184)
Change of other insurance reserve	(1 222 378)	(1 691 936)
Deductions from insurance premiums	(230 424)	(204 988)
deductions in guarantee reserve	(152 861)	(125 223)
deductions in reserve of current compensation payments	(76 430)	(78 838)
Expenses for conducting insurance operations - net reinsurance	(9 869 256)	(9 353 435)
expenses for entering into insurance contracts	(5 307 810)	(5 496 170)
other expenses for conducting insurance operations	(4 577 798)	(3 868 392)
consideration and royalties for reinsurance contracts	16 352	11 127
<b>Result of insurance operations other than life insurance</b>	<b>(540 446)</b>	<b>3 262 119</b>

<b>III. Other revenues and expenses not included in sections I and II</b>		
Revenues from investments	3 348 872	1 716 562
interest receivable	2 117 269	1 523 023
share in revenue of other companies	10 697	41 565
change of cost of financial investments as a result of correction of the estimation	77 028	151 974
Expenses for investments	(7 901)	(2 525 134)
change of cost of financial investments as a result of correction of the estimation		(1 733 553)
Managements expenses	(1 509 409)	(1 093 396)
Other income except those connected to investments	6 470 740	6 331 455
interest receivable	48 660	27 402
Other expenses except those connected to investments	(4 996 291)	(6 094 350)
interest receivable	-	-
Profit (loss) before tax	2 840 713	1 641 564
Deferred tax assets	(170 304)	127 788
Deferred tax liabilities	11 560	-
Current profit tax	(602 453)	(890 626)
Correction of accumulated tax liabilities 2008	310 948	
<b>Net profit (loss) for the reporting period</b>	<b>2 390 464</b>	<b>878 726</b>

**CONCLUSION  
OF AN INDEPENDENT  
AUDIT COMPANY  
ON ACCOUNTING  
(FINANCIAL)  
STATEMENTS**



**Auditor**

CJSC "Grant Thornton" registered at the legal address:  
123007, Moscow, Khoroshevskoe Shosse, h. 32A.  
OGRN 1027700115409

CJSC "Grant Thornton" is a member of a Non-commercial partnership  
"Auditor Chamber of Russia". Number 10201018972 in the register  
of auditors and audit organizations

**Auditee**

Open Joint-Stock Company  
"RESO-Garantia"  
117105, Moscow, Nagorny  
pr-d., h. 6  
OGRN 1027700042413

**Licenses**

Of Federal Insurance  
Supervision Service  
C No. 1209 77  
for insurance activity  
dated December 9, 2005  
Validity: Life insurance, retirement  
insurance, rent insurance till July  
1, 2007, other types of insurance  
–unreserved.  
Registration number 1209.  
П No. 1209 77  
For reinsurance activity  
Validity: unreserved.  
Registration number 1209

**To the shareholders of  
Open Joint-Stock Company  
"RESO-Garantia"  
117105, Moscow  
Nagorny pr., h. 6**

Closed Joint-Stock Company "Grant Thornton" has carried out an audit of the attached  
accounting (financial) statements of the Open Joint-Stock Company "RESO-Garantia" for  
the period from January 1 till December 31, 2009 inclusively. The accounting (financial)  
statements of the Open Joint-Stock Company "RESO-Garantia" consist of balance  
sheet; income and loss statement; appendices to the balance sheet and income and loss  
statement; explanatory notes. These statements were prepared by the management of  
the Open Joint-Stock Company "RESO-Garantia" based on the legislation of the Russian  
Federation. The management of the Open Joint-Stock Company "RESO-Garantia" is  
responsible for the preparation and presentation of the statements. Our duty is to express  
our opinion of these statements based on the carried out audit.

We conducted the audit in accordance with the Federal law of December 30, 2008 No.  
307-ФЗ "On auditing activity". The audit was planned and carried out in accordance with  
federal rules (standards) of the auditing activity and internal auditing standards in such  
a way that we could be reasonably sure that the accounting (financial) statements are  
free of material misstatement. The audit was conducted on a sample basis and included  
examination on the basis of testing evidence proving the index numbers of the accounting  
(financial) statements and disclosure of information on financial and operational activities  
in it, evaluation of observance of the accounting principles and rules used while preparing  
the accounting (financial) statements, considering major estimated figures, received by the  
management of the Auditee, as well as the evaluation of the presentation of the accounting  
(financial) statements. We suppose that the conducted audit provides sufficient grounds  
for expressing our opinion on the accuracy of the accounting (financial) statements.

In our opinion, the accounting (financial) statements of the Open Joint-Stock Company  
"RESO-Garantia" give a true view in all material respects of the financial situation in the  
Open Joint-Stock Company "RESO-Garantia" as of December 31, 2009 and of the results  
of its financial and operational activities for the period from January 1 till December 31,  
2009 inclusively in accordance with the requirements of the legislation of the Russian  
Federation with regard to preparation of accounting (financial) statements.

General Director /signature/ A.B. Malkov

(Qualification certificate of the right to carry out audit in the sphere of auditing of insurers  
No. K 042306 issued by Auditing Committee of Ministry of Finance of Russia on February  
28, 2002)

Auditor /signature/ E.V. Yurasova

(Qualification certificate of the right to carry out general audit No. K 000129 issued  
by Auditing Committee of Ministry of Finance of Russia on July 09, 2002)

City of Moscow  
March 29, 2010

**Accountants, Tax and Legal Advisers**

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