

Full Company name:

Открытое акционерное общество "Финансовая корпорация УРАЛСИБ"
(hereinafter – the "Company").

Full Company name in English:

Open Joint Stock Company "Financial Corporation URALSIB".

Abbreviated Company name:

ОАО "Финансовая корпорация УРАЛСИБ"

Abbreviated Company name in English: OJSC "Financial Corporation URALSIB".

The Company was founded in March 2007 as a result of the transformation of Limited Liability Company Financial Corporation URALSIB to Open Joint Stock Company Financial Corporation URALSIB. The Company is a holding company that owns shares and stakes in its subsidiaries and dependent companies.

The Report's boundaries and scope

OJSC FC URALSIB is the parent company in the structure of the bank holding company. The Report on the Company's sustainable development activities (hereinafter – the Report) is prepared based on consolidated information on the activities of OJSC FC URALSIB and its subsidiaries and dependent companies that form the Financial Corporation URALSIB Group of Companies (FC URALSIB).

Information on the Company and its issued and issuing securities is available at:
<http://www.e-disclosure.ru/portal/company.aspx?id=12480>

**Data presented in the Report is valid for the period
from January 1st to December 31st, 2010**

Information and indicators contained in the Report correspond to the maximum level of (A) Reporting Guidelines for Sustainable Development (Sustainability Reporting Guidelines) the Global Reporting Initiative GRI 3.1 and branch applications for financial institutions FSSS.

Information presented in the Report is certified by third parties:**KPMG**

The report is generated based on FC URALSIB 2010 consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) and certified by KPMG Auditor Firm (www.uralsib.ru/investor_relations/financial_reports).

GRI

The procedure for certification GRI Application Level Check of the report on FC URALSIB sustainable development activities in 2010 was assured. The Global Reporting Initiative (GRI) has confirmed that 2010 indicators for the effectiveness of Financial Corporation URALSIB have been disclosed in full compliance with requirements of GRI G3.1 and branch-specific applications for financial institutions FSSS. The standard level for GRI 3.1 is A (maximum).

The Corporation's history, its services and social programs are available at www.uralsib.ru. Electronic versions of the 2010 Report, as well as those for previous periods, are available at: www.uralsib.com/about_us/responsibility/csr_reports/index.wbp

Comments, suggestions and requests for additional information on the Report's contents can be sent to the Social Reporting Division, External Communications Department of Financial Corporation URALSIB at: csr@uralsib.ru

We would appreciate it if you take the time to answer a questionnaire, which is in its final report page. Your opinion will be taken into account when planning for the FC URALSIB in the field of sustainable development.
Completed forms can be submitted to the Social Reporting Division, External Communications Department of Financial Corporation URALSIB.

Address: 8 Ephremova Street, Moscow, Russia, 119048. Fax: +7 (495) 723-7006
E-mail: csr@uralsib.ru

Illustrations by Michael Yashin

2010 SUSTAINABILITY REPORT

FOR URALSIB FINANCIAL CORPORATION



JSC URALSIB is a member of the United Nations Global Compact and of the Russian Network of the Global Compact (www.unglobalcompact.org).

Adopted names of the companies

For the purpose of this Report, the following have been adopted:
 "URALSIB Financial Corporation" Group of Companies is also referred to as FC URALSIB, the Financial Corporation, the Corporation, URALSIB and the Group.
 "URALSIB Bank" Open Joint Stock Company is also referred to as JSC URALSIB, the Bank and URALSIB Bank;
 "URALSIB Financial Corporation" Open Joint Stock Company is also referred to as JSC FC URALSIB and the Company.

The priorities of the Report include the following:

Corporate culture development
 Formation of a value-based corporate governance system
 Development of socially-oriented product lines
 Upgrading asset quality and management processes

Statements concerning the future

Statements concerning the future include statements on plans, goals, tasks and strategies of future activities and indicators of FC URALSIB, as well as implications on which said statements concerning the future are based. The statements may contain such words and expressions, as "expects," "estimates," "assumes," "considers," "intends," "plans," "could do," "would do," "shall do" and the like, especially in sections concerning future plans, prospects, forecasts, tendencies and predictions. These statements do not constitute any warranties for future indicators, as they are based exclusively on the vision shared by the management of the Corporation on the date such statements concerning future events and financial performance were made. The statements reflect a precise judgment of the Corporation's management, but are liable to risks and uncertainty factors, which may lead to considerable differences between actual and planned results forecast in the statements in question. Uncertainty and risk factors among others include the ability of FC URALSIB to implement its strategic initiatives; economic and market conditions; State regulations; interest rate risk and competition. Taking these uncertainties into account, the reader should not rely on the statements concerning the future. FC URALSIB is not liable for updating statements concerning the future, as well as corresponding estimates and implications, taking into account the events or circumstances, as well as modified expectations or the occurrence of expected events after the date when such statements were originally made.



Statement GRI Application Level Check

GRI hereby states that **URALSIB Financial Corporation** has presented its report "THE 2010 SUSTAINABILITY REPORT FOR URALSIB FINANCIAL CORPORATION" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 22 September 2011


 Nelmara Arbex
 Deputy Chief Executive
 Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 5 September 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

CONTENTS

Message from the Chairman of the Board of Directors of FC Uralsib	4	3. RESPONSIBLE BUSINESS	62
Message from the Chief Managing Officer of FC Uralsib	5	Marketing and product promotion	62
1. GENERAL INFORMATION	6	2010 marketing campaigns	64
FC URALSIB history	8	Social advertising	65
FC URALSIB infrastructure	10	Indirect economic impact	66
Geographical scope	12	Customer privacy protection	67
Brands	14	Customer product safety assessment	67
Markets	16	Practices intended to take into account customer requirements for products already in circulation	67
URALSIB Bank (retail segment)	16	Quality management system	68
URALSIB Bank (corporate segment)	16	Legal compliance	68
Private Bank	17	Working with suppliers	68
Asset management	18	Access of the poor to financial services	69
Leasing	19	Socially-oriented financial products	69
Key Economic Indicators	20	Support for small business development	69
Consolidated management statements on key FC URALSIB activities	24	Retail customer projects	71
Data on major clients	24	“Social card of the region” and “Universal electronic card” project development stages	73
Key business segments	24	4. HUMAN RESOURCES MANAGEMENT AND INTERNAL SOCIAL POLICY	74
Tax payment (per management statements)	26	Structure of FC URALSIB’s Human Resources Service	74
Volume of state support accepted by FC URALSIB member companies	27	Personnel structure	76
An interview with Denis Korobkov, a member of FC URALSIB’s Board of Directors, Chairman of the BoD’s Committee for Strategy and Investments	28	An interview with Yekaterina Uspenskaya, HR Department Manager	78
2. CORPORATE GOVERNANCE	30	Workplace health and safety	85
The Company’s Code of Conduct and value-based management project	30	Measures for upgrading working conditions and health	86
Corporate value, support points and operating principles	32	Social guarantees and benefits	89
Corporate governance structure	34	Initiatives to prevent discrimination	90
General Shareholders Meeting	34	Personnel training	92
Board of Directors	36	2010 Priority training areas	93
Changes in the membership of JSC FC URALSIB’s Board of Directors	36	Personnel assessment	95
Remuneration	37	5. PUBLIC RELATIONS	96
Executive body	40	Social investments and charitable programs	96
Management	41	Charity	98
An interview with Michail Molokovsky, CEO of FC URALSIB, Manager of “Corporate Center” strategic division	42	Charitable aims and objectives	98
Strategies	44	Principles for managing charitable projects	98
Complex strategic plan	44	2010 key charitable projects involving FC URALSIB	100
Business strategies	44	Healthy generation strategic direction	100
Functional strategies	45	Corporate volunteering strategic direction	101
Dynamic scenario modeling system	46	Establishing a partner network strategic direction	102
Disclosure policy	47	Public-private partnership and sponsorship projects	106
An interview with Alexey Sazonov, Vice President, Chief of the Risk and Control Division of FC URALSIB	48	6. ENVIRONMENTAL IMPACT	108
Risk management system	50	Climate change	110
Internal control	52	Risk reduction for environmental contamination	110
Internal audit system	53	Responsible approach	111
Compliance control	53	Environmental security expenditures	112
Interacting with stakeholders	54	Resource consumption	113
Participation in associations and external initiatives	58	Emissions	113
Structure of FC URALSIB shareholder capital	59	7. 2010 KEY EVENTS AND AWARDS	114
An interview with Ilya Filatov, First Vice President of FC URALSIB, Manager of “Financial Supermarket” strategic division	60	8. ABOUT THE REPORT	122
		The scope and boundary of the Report	124
		Table of standard GRI elements	125
		The Report’s compliance with other reporting systems	130



Dear Ladies and Gentlemen!

Today's world is just about to launch an in-depth re-thinking of the essence and meaning of an enterprise. A new archetype is about to be born, based on responsibility to fellow entrepreneurs, the public, the environment and responsibility exceeding the frameworks of strategic business plans, as it concerns the well-being of future generations. Philanthropic ideas and supporting humanitarian activities accumulate tremendous amounts, meaning the energy and will to actively participate.

In Russia, this stage can be defined as the period when eternal human ideals are applied to the tough business environment. Previously, ignorance towards the highest spiritual values guaranteed success. Life has taught us that it is time to change the sphere for applying accumulated wealth.

Today, when assessing investment attractiveness, many investors pay significant attention to how well-balanced a Company's business model is and whether it applies responsible business conduct principles and a value-based governance system.

URALSIB started to implement a social responsibility strategy from the date of its establishment. We began by signing a collective agreement with our employees and continuously upgrade corporate social programs. We encourage career and occupational growth, a healthy lifestyle and provide comfortable and safe workplaces. The Corporation's success is based on caring about the well-being of the families of 14 thousand URALSIB employees, as people confident about their future guarantee the quality of services offered and the potential that facilitates the development and growth of our business, making it competitive and interesting for customers and partners.

2010 was the year when we first implemented the corporate culture management system based on the awareness value. Now, we are ready to proceed and focus our attention on building a spiritually-balanced business. This does not mean that the material component is left out of our priorities, otherwise this would contradict shareholders' policy. On the contrary, once we acquired some experience in governance based on objectives and values, we are ready to embark on a new development level, via spirit and self-awareness, which is of paramount importance for business efficiency. This forms the groundwork for our revamped governance conduct. This model will help us to define the Corporation's integral mission and the responsibility of each employee for decisions made, for as it is put in the Bible, "what is inside is what is outside."

I am convinced that adjusting the development strategy will contribute to updating the Corporation's sustainability, no less than management's decision on developing specialized business units in the asset and well-being management spheres, or a successfully launched reform of the banking network. All this taken together will enable us to become more specific in our dialogue with customers, partners and a broad circle of other stakeholders.

Today, leading global companies are trying to build their business on the basis of creativity and strong motivation, treating enterprises as an art form. And I am pleased to note that FC URALSIB's development trend is the same. We are strengthening the synergy of our own material and non-material assets for the public and private good.

Nikolay Tsvetkov

Chairman of the Board of Directors
of URALSIB Financial Corporation



Dear partners, customers and colleagues!

2010 was a crucial year for upgrading asset quality. The balanced approach to formulating our business model and a diversified sales network provided for flexibility in the Corporation's income base and stability.

During the reporting period, an integrated program for upgrading organizational structure efficiency and corporate governance was launched, which will last for years to come.

In 2010, we switched from an objective-based governance to a more progressive value-based governance. The internal social policy was adjusted to meet new development standards adopted by the Corporation. The adjusted internal policy envisages a new system of non-material motivation and personal development, with corresponding changes in the performance efficiency assessment system and the business concept. More than 13 thousand corporate employees (or approximately 90% of the total workforce) were trained in professional and personal development. Healthy lifestyle programs, including "A Non-Smoking Office," "Healthy Weight" and "Weekly Physical Exercise" have been considerably upgraded.

We have implemented numerous major initiatives, including participating in the development of federal law, setting a procedure for providing State services in electronic form. Federal law makes up part of the Universal Electronic Card Federal Project. In conjunction with the Savings Bank of Russia (Sberbank) and AK Bars Bank, we established JSC Universal Electronic Card, which is to be the sole operator of the national system for issuing universal electronic cards. We also proceeded with developing our own project in the Republic of Bashkortostan, involving the development of a regional social card. In addition, in 2011, we plan to issue social cards in the Krasnodar Region.

Charitable activities have traditionally been one of our priorities. Our long-term partners in charitable initiatives are the Victoria and Meta Funds. The Corporation's own initiative entitled "URALSIB for a Healthy Generation" deserves special mention. We purchased medical equipment for children's homes and medical institutions. More than 20 thousand children received support. The Decent Homes for Children Program contributed to upgrading housing conditions in 13 boarding schools in the Kaluga and Chelyabinsk Regions, and in the Karelia and Udmurtia Republics. Our volunteers also support children's boarding schools, more than four thousand corporate employees volunteered in 2010.

Another promising corporate project is "URALSIB Gives Hope: Education, Work and Housing." The project provides orphaned children with opportunities to enter higher education institutions, to get jobs or to purchase housing with favorable conditions. Other efficient programs include "URALSIB for Equal Opportunities" and "URALSIB – the Road to Success." The programs are intended to support children with disabilities and to arrange for the practical training of students. In 2010, 577 graduates were trained in 43 corporate branches, out of these 112 became full-time employees of the Corporation, which deserves special mention. I hope they also become our teammates, as all our achievements are possible due to the professional and spirited efforts of our employees.

Ildar Muslimov

Chief Managing Officer of FC URALSIB



1

General information

14,782

employees

RUR 257 million

channeled for implementing internal social policy

49%

of employees participate in Healthy Way of Life

114

hours of training per employee per year

131

charitable projects in 44 Russian subjects

URALSIB Financial Corporation is a multi-product financial structure which operates in 52 Russian regions.

The Corporation's first-rate asset is URALSIB Bank, which was formed via the consolidation of the banking business from 2001 to 2010. Twelve more Russian banks joined the Group at different stages of its development, including: JSC UralSib, JSC JSCB AVTOBANK-NIKOIL, JSC JS CB Bryansky Narodny (People's) Bank, JSC JSB IBG NIKoil, JSC JSCB Kuzbassugolbank, JSC JSCB URALSIB-YUG BANK and JSC JSCB Sroyvestbank (an umbrella brand that integrated six regional banks).

Apart from the Bank, the Group is composed of URALSIB Leasing Company, URALSIB – Asset Management, URALSIB Private Bank, URALSIB Capital, and "URALSIB Financial Corporation" Holding Company, along with other subsidiaries and dependent companies (a full list of the Group's companies is available at www.uralsib.ru in the "Annual Report" section). All Group companies are guided by the common corporate culture standard based on the Corporate Code of Conduct.

Interaction among companies concerning the essential issues of risk management, external and internal social policy and environmental safety is carried out in compliance with ethical business practices of common corporate culture, Russian legal requirements and internal normative documents. Integrated corporate governance enables the adequate solution of social and environmental issues within FC URALSIB.

The priority in interacting with subsidiaries and dependent companies is coordinating internal social policy, which is intended to motivate and develop personnel. As rated by CNews Analytics, FC URALSIB is one of the top ten major financial companies in terms of information system development and the use of advanced IT strategies.



To improve the manageability of financial products within the Corporation, all products are consolidated into five key sub-holdings, namely the following: commercial banking, leasing, private banking, asset management and investment banking. This sub-holding management principle was implemented in 2006. As compared with 2009, this sub-holding structure remains essentially the same.

The Corporation's financial statements are prepared according to Russian Accounting Standards (RAS) and International Financial Reporting Standards (IFRS). Meetings with analysts related to IFRS/RAS financial results are held on a regular basis, according to the approved procedure for preparing statements. IFRS standards were first used by URALSIB Bank in 2004. Annual consolidated financial statements according to IFRS have been prepared by FC URALSIB since 2007 (www.uralsib.ru/investor_relations/financial_reports).

Segmental financial reporting is meant to reflect the Corporation's key performance indicators (KPIs), based on the performance of its sub-holdings. As compared to the previous reporting period, the composition of segmented financial reporting remains essentially the same. KPMG Company was approved to audit FC URALSIB's 2010 consolidated financial statements.

FC URALSIB HISTORY

1988

Establishment of JSCB Avtobank, which provides services for the automotive industry;

1993

Establishment of NIKoil Investment Company;

1996

Establishment of the NIKoil Group of Companies. The Group is joined by Rodina Commercial Bank;

1998

The Group is joined by RINAKO Plus Brokerage Company;

1999

Establishment of a department of NIKoil, responsible for developing the factoring business;

2000–2001

Re-organization of the NIKoil Group in the form of a multi-product financial corporation completed;

2002

Purchase of Avtobank and development of an insurance business via the acquisition of Promyshlennno-Strakhovaya Kompaniya Open Joint Stock Insurance Company;

2003

Acquisition of Uralo-Sibirsky Bank with a broad branch network;

2004

Re-branding of the Group under the name URALSIB;

2005

Establishment of the universal federal level network URALSIB Bank, as a result of integrating the five banks of the Corporation. Apart from URALSIB Bank, the Corporation's banking group unites numerous regional banks;

2006

Implementation of the strategic management system based on the Balanced Scorecard (BSC) system;

2007

Establishment of FC URALSIB Open Joint Stock Holding Company;

2008

Approval of the Bank's strategy till 2014, developed in cooperation with Boston Consulting Group. Deutsche Bank and Morgan Stanley each purchased 2.1% of URALSIB Bank shares;

2009

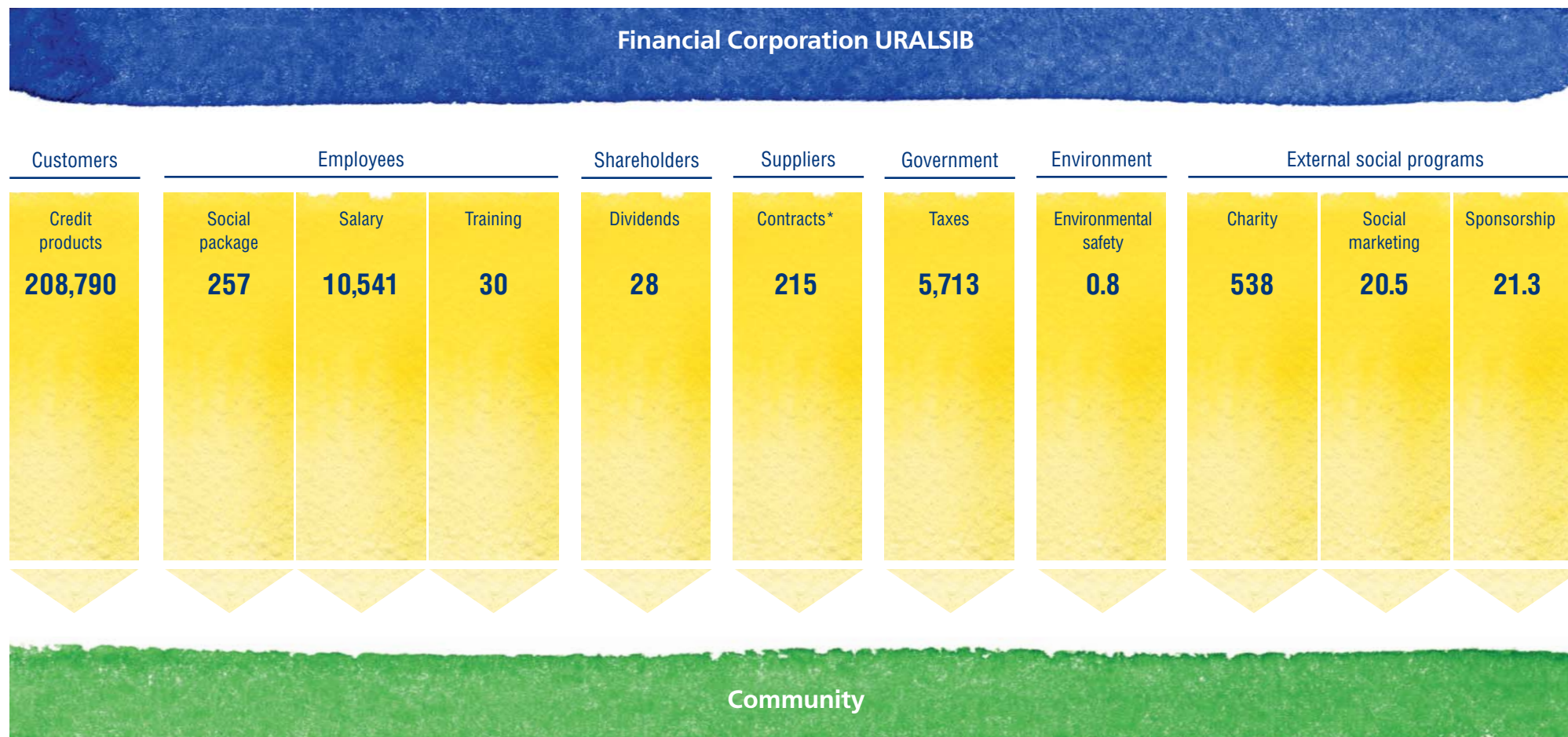
The Bank's charter capital increased 30% and reached RUR 26.5 billion, as a result of the additional share issue. The Collective Bargaining Agreement with employees of JSC URALSIB was concluded;

2010

JSC URALSIB was joined by JSCB Stroyvestbank and URALSIB-Yug Bank. JSC URALSIB became a member of the UN Global Compact and the Russian network of the Global Compact. The Bank's charter capital increased 10.4% (or RUR 2.7 billion) and reached RUR 29.3 billion.

GENERAL INFORMATION	30 CORPORATE GOVERNANCE	62 RESPONSIBLE BUSINESS	74 HUMAN RESOURCES MANAGEMENT AND INTERNAL SOCIAL POLICY	96 PUBLIC RELATIONS	108 ENVIRONMENTAL IMPACT	114 2010 KEY EVENTS AND AWARDS	122 ABOUT THE REPORT
------------------------	-------------------------------	-------------------------------	---	---------------------------	--------------------------------	---	----------------------------

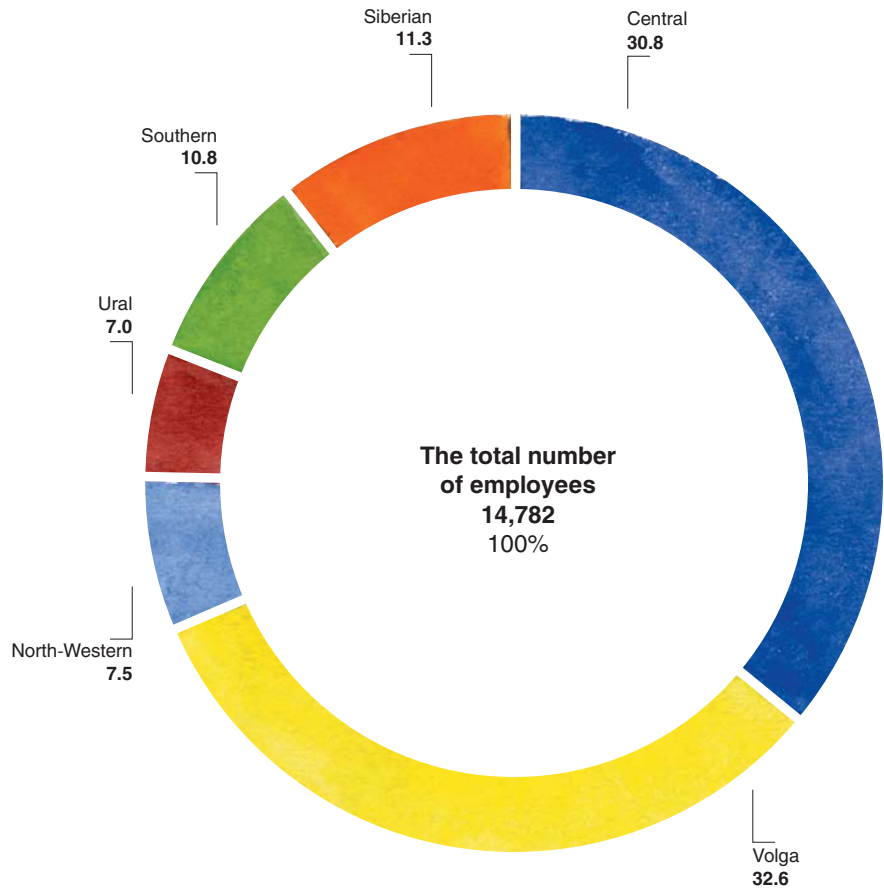
Total economic contribution of FC URALSIB to the community in 2010, RUR million.



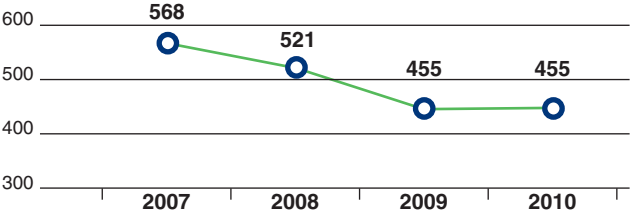
* Data taken from the consolidated financial statements of FC URALSIB (IFRS), see Article "SPA Settlements."

FC URALSIB INFRASTRUCTURE

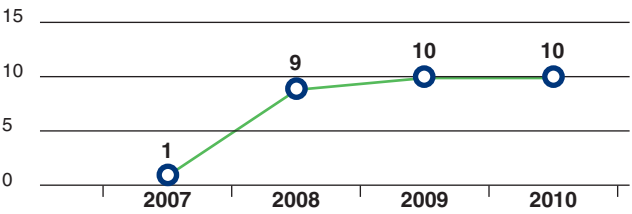
Regional allocation of personnel, %



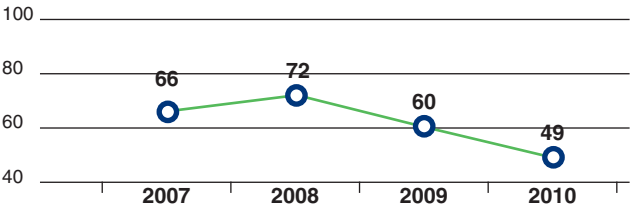
Points of Sale, Bank



Points of sale, Bank 121



Points of Sale, Leasing





GENERAL
INFORMATION

30
CORPORATE
GOVERNANCE

62
RESPONSIBLE
BUSINESS

74
HUMAN
RESOURCES
MANAGEMENT
AND INTERNAL
SOCIAL POLICY

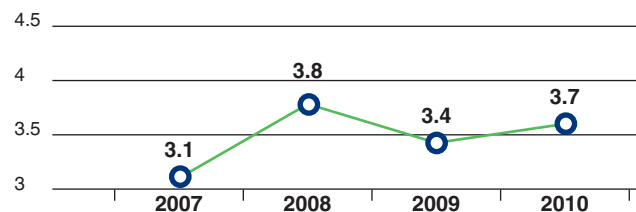
96
PUBLIC
RELATIONS

108
ENVIRONMENTAL
IMPACT

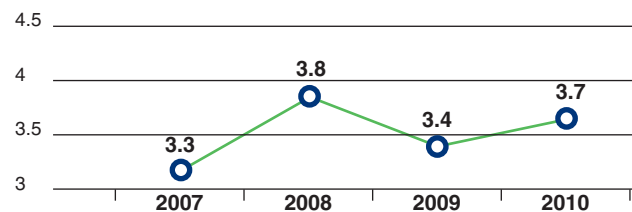
114
2010 KEY
EVENTS
AND AWARDS

122
ABOUT
THE REPORT

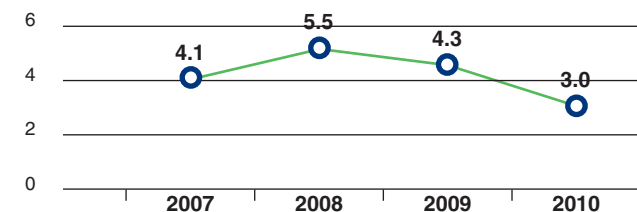
Plastic cards, Bank, millions



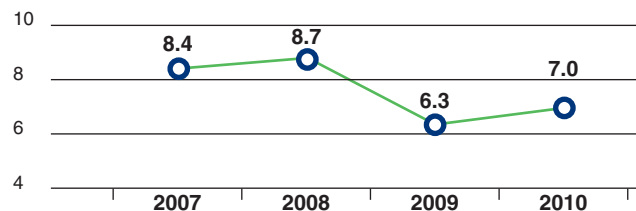
Customer base— physical persons, Bank, millions



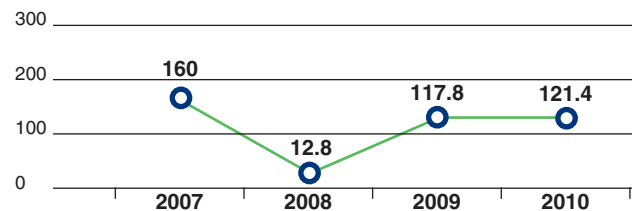
Customer base – legal entities, Leasing, thousands



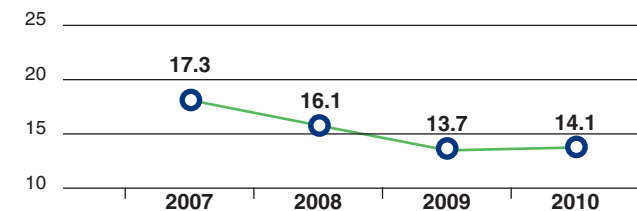
Payment terminals, Bank, thousands



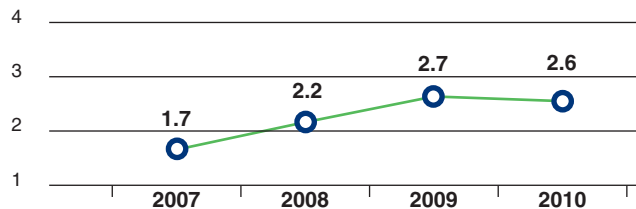
Customer base– legal entities (incl. SME), Bank, thousands



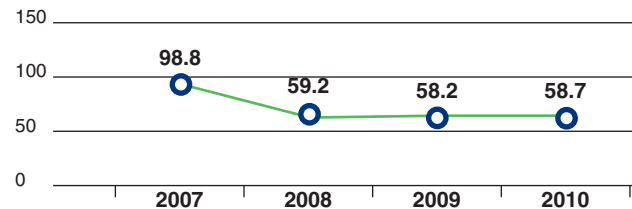
Employees, FC Uralsib, thousands



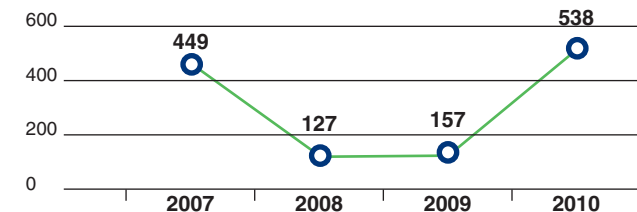
Automated cash-points, Bank, thousands



Customer base, Group of Management Companies, thousands



Charity-related costs (as stated in the consolidated statements of FC URALSIB, IFRS), RUR million



GEOGRAPHICAL SCOPE

URALSIB FC's activities are coordinated via two management centers. The Moscow-based center is responsible for implementing strategies on a corporate scale, while the remote center in Ufa controls regional development.

The regional network is managed via seven regional divisions: the Volga Region Division, the North-Western Region Division, the Southern Region Division, the Siberia-Far East Region Division, the Ural Region Division, the Central Region Division and the Moscow Division.

In the Republic of Bashkortostan, the Krasnodar Region and the Kemerovo Region, the Corporation plays an important role in forming the financial infrastructure of these territories, providing access to a range of up-to-date financial services for the population and all economic agents.

Of eight Russian federal districts, only the North Caucasus Federal District does not have a representative office of URALSIB Bank.

By the end of 2010, representative offices of URALSIB Bank were in 52 of 89 Russian regions. In 2010, the Bank opened its operations office in the city of Nakhodka, in the Far East Federal District.

The joining of JSC JSCB Sroyvestbank to URALSIB resulted in the opening of a branch of JSC URALSIB in Kaliningrad, with the offices of Sroyvestbank becoming subordinate to the branch in question.

The joining of JSC JSCB URALSIB-YUG BANK to URALSIB resulted in the opening of the Southern Branch of JSC URALSIB; the offices of URALSIB-YUG BANK became subordinate to the branch in question.

All sales office closures carried out in 2010 were due to low efficiency. All closures were designed to upgrade the efficiency of the Bank's regional network.

URALSIB Private Bank has a presence in 10 Russian cities (Moscow, Yekaterinburg, Krasnodar, Nizhny Novgorod, Rostov-on-Don, St. Petersburg, Surgut, Tyumen, Ufa and Chelyabinsk). The regions were selected based on an integrated assessment of branch potential. The assets are managed from the Corporation's Central Office in Moscow.

During 2007-2008, the branch network of URALSIB Leasing Company LLC was extended considerably. The Company had established a presence in all Russian federal districts by the end of 2008. The total number of corporate branches, including in Azerbaijan, was 72. Starting in 2009, the number of branches began to decline and by the end of 2010, the Company's

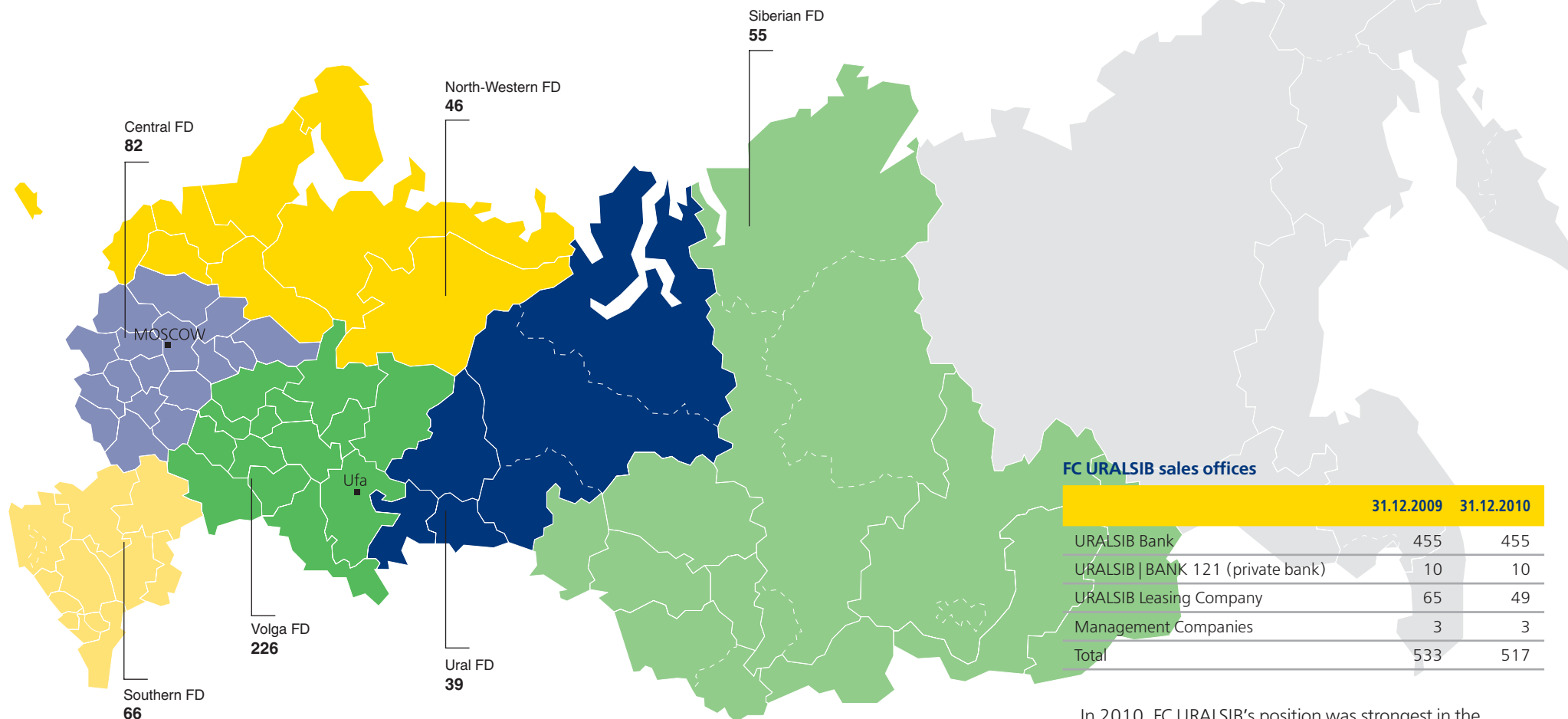
URALSIB Bank's Integrated Sales Offices

	Opened	Closed	31.12.2010
North-Western FD	4	4	36
1 The Vologda Region	0	0	4
2 The Novgorod Region	0	0	2
3 Saint Petersburg	0	0	19
4 The Murmansk Region	0	0	1
5 The Komi Republic	0	0	1
6 The Republic of Karelia	0	0	1
7 The Arkhangelsk Region	0	0	2
8 The Republic of Tatarstan	0	0	2
9 The Kaliningrad Region	4	4	4
Southern FD	43	44	53
10 The Krasnodar Region	43	44	45
11 The Stavropol Region	0	0	3
12 The Rostov Region	0	0	3
13 The Astrakhan Region	0	0	1
14 The Volgograd Region	0	0	1
Volga FD	0	4	208
15 The Republic of Bashkortostan	0	2	166
16 The Orenburg Region	0	0	1
17 The Nizhny Novgorod Region	0	2	14
18 The Republic of Chuvashia	0	0	1
19 The Republic of Mordovia	0	0	1
20 The Perm Region	0	0	8
21 The Samara Region	0	0	2
22 The Republic of Udmurtia	0	0	8
23 The Saratov Region	0	0	6
24 The Penza Region	0	0	1
Siberian and Far East FD	1	0	50
25 The Krasnoyarsk Region	0	0	5
26 The Omsk Region	0	0	6

branch network consisted of 49 branches in the Central, the Ural, the Volga, the Southern, the North-Western and the Siberian and Far East federal districts.

URALSIB Capital has offices in Moscow, New York and London.

	Opened	Closed	31.12.2010
27 The Altai Region	0	0	4
28 The Irkutsk Region	0	0	3
29 The Primoriye Region	1	0	1
30 The Kemerovo Region	0	0	20
31 The Novosibirsk Region	0	0	7
32 The Tomsk Region	0	0	4
Ural FD	0	1	32
33 The Kurgan Region	0	0	2
34 The Sverdlovsk Region	0	0	8
35 The Chelyabinsk Region	0	1	12
36 The Khanty-Mansiisk Autonomous Region – Yugra	0	0	7
37 The Tyumen Region	0	0	1
38 The Yamalo-Nenets Autonomous Region	0	0	2
Central FD	5	0	76
39 The Smolensk Region	0	0	3
40 The Vladimir Region	0	0	6
41 The Ivanovo Region	0	0	1
42 The Ryazan Region	1	0	4
43 The Belgorod Region	0	0	2
44 The Voronezh Region	0	0	1
45 The Lipetsk Region	0	0	1
46 The Tambov Region	0	0	1
47 The Bryansk Region	0	0	5
48 The Orel Region	0	0	1
49 The Tver Region	0	0	2
50 The Tula Region	0	0	1
51 The Moscow Region	0	0	10
52 Moscow	4	0	38
	53	53	455



In 2010, FC URALSIB's position was strongest in the Republic of Bashkortostan, the Omsk Region, the Krasnodar Region, the Moscow Region, the Kemerovo Region, the Nizhny Novgorod Region, the Novosibirsk Region, Saint Petersburg and the Leningrad Region, the Sverdlovsk Region and the Khanty-Mansiisk Autonomous District.

BRANDS

All businesses of URALSIB FC were united under the URALSIB umbrella brand in 2004. This unification allows the Corporation to optimize the marketing budget when marketing new products, and to upgrade customer loyalty. The common brand simplifies the cross-sales of different products of the Corporation, as cross-sales constitute one of the Corporation's strategic development trends.

In 2010, the Bank placed 6th among Russian banks in a rating compiled by ROMIR Research Holding. The rating was compiled using the international Global Reputation Index method, which takes into account the customer awareness of individual brands, the customer's attitude towards brands and the quality of information coverage (the volume and tone by which a company is referred to in mass media). The rating covered the most famous Russian banking brands. The number of respondents participating in the survey were 3,563 financially responsible people from seven federal districts ranging in age from 21 to 55.

In 2010, URALSIB remained among the top three leaders in the Information Favored Index (IFI) compiled by Medialogia Company. IFI is a qualitative index of media presence, which takes into account the significance of media sources, size and location, as well as the importance and the nature (positive/negative) of referencing. In a year, URALSIB's IFI index grew 5%.

According to data contained in the All-Russian Survey conducted by ROMIR, in 2010, URALSIB Bank ranked third in the consumer confidence index. During the two crisis years, the degree of consumer confidence increased 5 points.

URALSIB Bank also improved its position in the annual rating of the world's major banks prepared by The Banker Magazine. The rating is prepared based on a method used by Basel Bank for International Settlements. The principal ranking criterion is the amount of first tier capital. The rating has been published since 1970. Russian banks first entered the rankings in 1997. As ranked by first tier capital (charter capital plus undistributed profit), which stood at USD 1.74 billion, the Bank moved from 386th position to 353rd. As ranked by this index, URALSIB was one of the top ten Russian Banks.



URALSIB Bank (RTS-USBN) www.bankuralsib.ru

URALSIB Bank is one of the top ten Russian banks, providing its retail and corporate clients with a variety of banking products and services in 52 Russian regions.

The Bank's operation is based on the principle of the financial supermarket. The common brand is used to provide services for private customers, SMEs, corporate clients and financial institutions. The range of services consists of more than 40 products, including: deposits, mortgage, consumer and automotive lending, investment services and shares of mutual funds.

In May 2011, Standard and Poor's confirmed the B+/B long- and short-term ratings of JSC URALSIB. The outlook was upgraded from "negative" to "stable." Moody's Investors Service rating agency also upgraded the Bank's outlook to "stable" and confirmed the Ba3/D- financial stability rating of JSC URALSIB. Commenting on the reviewed outlook in its press release, Moody Investors Service explained the change by highlighting the considerable decrease in aggregate amounts invested into related parties in the form of loans and investments in securities, as well as by stabilizing the quality of the credit portfolio.

URALSIB Bank's rating as of 31.12.2010 (based on RBC Rating data)

Indicator	Rating Position
SME credit portfolio	2 nd
Number of automated cash points	3rd
Mortgage portfolio	4th
Number of cards in circulation	5th
Car loan portfolio	8th
Deposit portfolio	9th
Credit portfolio for physical persons	10th
Unsecured consumer loan portfolio	15th



URALSIB Bank 121 www.bank121.ru

URALSIB Corporation's private bank entered the financial services market for well-to-do customers 17 years ago. The Bank's "One to One" concept means that every customer is unique. According to Euromoney, URALSIB Bank 121 was recognized as the Leading Private Banking Bank in Russia in 2006, 2007 and 2008.

The founder of the Russian private banking industry, URALSIB Bank 121 is today's leader in the elite financial services sphere. In 2010, URALSIB Bank 121 led the Private Banking in Russia – 2010 rating. The rating was prepared by the Russian FM-Direct Agency, which specializes in financial marketing. The brand's motto is: "to preserve and multiply customer funds." The Bank's success is based on its in-depth knowledge of the Russian private capital market, as well as on the availability of the best investment products in Russia and abroad.

The Bank's accumulated experience lets it develop individual capital management programs for each customer. The "open architecture" model used by the Bank ensures the use of the best European private banking service standards, keeping in mind efficient long-term cooperation with customers. "Open architecture" implies the deposition of customer funds using the most profitable financial instruments currently available in Russia, as well as on foreign financial markets (structural products, western funds, etc.).

Providing family capital management services, the Bank successfully implements a unique Heritage program intended to educate the customers' children. During the education program, an heir is able to frequent the Bank's office and get instructions from his/her mentor selected from among the Bank's employees. At the final stage of the program, an heir can acquire valuable experience in managing family funds in compliance with the strategy developed jointly with the head of the family.



URALSIB Management Company Management Companies

www.am.uralsib.ru

www.wealth-management.uralsib.ru

www.uralsib-asset.ru

Member management companies of the Corporation have operated on the financial market since 1996. The largest member companies include: URALSIB Management Company, URALSIB Asset Management and URALSIB Capital Management. URALSIB Management Company offers a broad range of asset management services, including investments in mutual funds, closed mutual funds, asset management of non-government pension funds, trust management of securities and the development of investment strategies for different categories of investors. Assets managed by URALSIB Management Company include: a family of LUKOIL Fund mutual funds, URALSIB Fund industry mutual funds and the largest on the Russian market of collective investment and funds of the State Russian Pension Fund. URALSIB Management Company also manages the reserves of seventeen non-governmental pension funds out of the fifty largest Russian non-governmental pension funds. In 2010, the URALSIB Group of Management Companies confirmed its top position in reliability ratings prepared by the major Russian rating agencies. The Group has been ranked as highly reliable by Expert RA (A++) and NAUFOR (AAA) rating agencies ever since the rating system was first used in the Russian asset management sector.

In 2010, Expert RA rating agency rated the following funds as assets managed with the highest degree of quality: URALSIB the First Fund, URALSIB Industry Investments Fund, URALSIB Promising Investments Fund, URALSIB Energy Perspective, URALSIB Communications and IT Technologies, URALSIB Russian Metals, URALSIB Professional Fund and URALSIB Conservative Fund.

URALSIB MC's web site was recognized as the most convenient for customers at a competition held within

the framework of the Third Public Contest "Financial Pearl of Russia – 2010," which was conducted at the end of 2010. As rated by Investfund Portal, the web site was recognized as second in terms of the value of net assets for open and interval mutual funds and third in the rating of the largest MCs in terms of managed amounts.

URALSIB MC is one of the top five management companies, based on pension savings under management (RUR 10.5 billion) (as rated by Investfunds).

According to data provided by RBC Rating, URALSIB MC is also one of the top five companies in terms of the profitability of interval mutual funds under management: number 1 is Promising Investments Fund (65%), number 2 is Industrial Investments Fund (61%), number 3 is Communication and IT Technologies Fund (59.12%), and in fifth place is Energy Perspective Fund (55.08%).

In the end of 2010, URALSIB MC Group was nominated by Expert RA Agency as the largest open mutual fund and for leadership on the collective investments market. The Company demonstrated stable positive dynamics in the growth of assets under management. The aggregate amount of assets managed by the Company grew from RUR 101,697 million to RUR 118,154 million (+ 16% y-o-y). The growth in the number of customers serviced was insignificant (0.8%) and stood at 58.7 thousand as of December 31st, 2010.



URALSIB Leasing Company www.leasing.uralsib.ru

URALSIB Leasing Company is one of the largest and most diversified leasing companies on the Russian market. The Company offers two types of products: standard leasing products for SME organizations and corporate products for large- and medium-sized enterprises. The Company has been cooperating with foreign and Russian financial institutions and providers for ten years. The credit

rating for URALSIB Leasing Company is one of the highest among Russian leasing companies.

Fitch Ratings Agency confirmed the "B+" international credit rating of URALSIB Leasing Company ("stable" outlook). Expert RA agency rated the Company's financial stability at the highest level of A+.

URALSIB Leasing Company is the only Russian leasing company whose bonds are included in the "A" level quotation list of JSC MICEX. In addition, all bonds issued by the Company are included in the Lombard List of the Bank of Russia.

The Company's risk management system was granted an A.Rm rating from Expert RA agency for highest quality.

Since 2009, URALSIB FC Leasing Company has represented Russia in the International Finance and Leasing Association (IFLA).



URALSIB Capital www.uralsibcap.ru, www.uralsibweb.ru

Since its founding in 1998, the Company has held a leading position in the Russian stock market and offers both domestic and international clients a full range of investment and finance services, focused on issuing debt securities, trade transactions and advising on capital market transactions (particularly in the mergers and acquisitions sphere in Russia and abroad). URALSIB Capital operates offices in Moscow, London and New York.

In the national ranking of professional market participants, compiled by NAUFOR Association, the Company received the high reliability rating of AAA. According to RBC Rating, based on 2010 results, URALSIB Capital ranked 13th among Russia's largest brokers.

The Company consistently ranks among the fifteen leading stock market operators in MICEX and RTS Classica ratings, and is also a leader in terms of RTS Board trading. URALSIB Capital's leading position is confirmed by an award from Thomson Reuters Extel Survey Extel Pan-Europe 2010 in the category "Best Brokerage Company" (Best Broker: Leading Brokerage Firm – Russia,

13th place). The Company was named the winner of the "Stock Market Elite – 2009," established by NAUFOR in the category "Stock market company." According to Cbonds ranking, URALSIB Capital is one of the top five investment companies – organizers of ruble-denominated bond placements on the market, as well as one of the most active operators on the secondary bond market and for repo transactions.

URALSIB Capital focuses on domestic medium- and small-cap companies that are geared to rapid organic growth. As co-lead-manager or as co-manager, the Company participated in the IPOs of the largest Russian issuers totaling USD 11.7 billion. In 2010, the Company organized the largest-ever Russian M&A deal in the food retail segment, with a value of RUR 51.5 billion. The Company organized 12 bond issues for eight issuers totaling RUR 29.9 billion, and also acted as the underwriter for 18 issues totaling RUR 22.7 billion.

URALSIB Capital's analyst team is regularly ranked among the industry best, according to Institutional Investor magazine. In the 2010 All-Russia Research Team ranking, the Company's analytical team ranked 6th in a weighted result. Along with in-depth stock market analysis, the Company pays significant attention to the debt and derivatives markets.

Since 2006, the Company has developed its online trading. URALSIB Capital Internet trading system offers access to all of Russia's leading trading sites on the QUIK platform and allows investors to make independent, efficient and flexible investment solutions. In 2010, the Company's customer base reached 6,000 private investors. In 2010, the total trade volume (MICEX + FORTS) for Internet trading was RUR 1,284.7 billion.

MARKETS

URALSIB BANK (RETAIL)

URALSIB Bank offers retail banking services on the markets to attract and allocate funds and settlement operations. The range of products in each retail banking segment covers basic client needs and complies with market practices implemented by the systemic federal-level banks.

When working out a development strategy for the retail banking market, the Bank takes into account the key needs of the mass segment of retail clients, which are closely inter-related with societal needs.

Thus, the development of crediting of physical persons is focused on the balance between the profitability of operations and the availability of credit facilities for the population. Therefore all basic crediting products (consumer, automotive, mortgage credits, and credit cards) are issued on the basis of moderate interest rates. The Bank does not generate surplus profit in this market segment and its credit portfolio contains no risks associated with crediting of obviously risky borrowers.

The Bank does not offer over-estimated interest rates on deposits, when attracting funds from the population. The main priority in this sector is to preserve the funds of clients who endowed the Bank with their savings. The maximum interest rate on deposits complies with the maximum interest rate of the top ten banks, as published by the Russian Central Bank each decade.

As of the end of 2010, the total number of active clients (physical persons) was 3.7 million. Compared with 2009, this value grew 8.9%, nearing its pre-crisis level.

Market Share of URALSIB Bank as of 31.12.2010

	Natural value		Market share, %	
	31.12.2009	31.12.2010	31.12.2009	31.12.2010
Number of automated cash points (thousand)	2.7	2.6	2.8	1.7
Number of cards in circulation (million)	3.4	3.7	2.9	2.6
Mortgage lending (billion rubles)	40.2	34.18	3.98	3.4
Automotive lending (billion rubles)	12.55	11.55	3.05	2.5
Credits to physical persons (billion rubles)	77.14	69.06	1.97	1.5
Unsecured credits to physical persons (billion rubles)	16.32	12.71	0.82	1.9
Deposit portfolio (billion rubles)	76.7	87.24	1.34	1.0

URALSIB BANK (CORPORATE SEGMENT)

The Corporation strives to develop a comprehensive approach to client policy, based on analyzing actual demand and expectations.

The target audience here is SME with its share growing (91.7% in 2009 vs. 91.9% in 2010).

Market share of URALSIB Bank (corporate segment) as of 31.12.2010

Market	Share, %
Lending to SME	6.0

In 2010, services in demand among corporate clients included the following: settlement and cash services, foreign exchange controls, depositing funds, trade financing, crediting, bank cards, investment operations and operations with precious metals. A special range of services was developed for financial organizations, including: correspondent accounts, loan participation and trade finance, operations on the inter-bank market, security services, sponsorship programs in international payment systems and operations with precious metals.

Regional structure of the credit portfolio (corporate segment), RUR million

Region	31.12.2009	31.12.2010	Dynamics, %
Moscow	54,234	56,003	4
The Central FD	6,197	7,044	13.6
The North-Western FD	7,075	11,564	63.4
The Volga FD	24,474	27,519	12.4
The Southern FD	10,790	12,467	15.5
The Ural FD	7,190	11,010	53.1
The Siberian FD	11,900	11,826	(0.6)
Total	121,860	137,433	12.7

In 2010, the regional diversification of the corporate clients sector became more pronounced — with the Moscow share of the credit portfolio decreasing to 4%. The highest growth rate for the credit portfolio was registered in the Ural Federal District (due to considerable portfolio growth in the Sverdlovsk and Chelyabinsk Regions) and in the North-Western Federal District (due to active portfolio growth in Saint Petersburg).

Regional structure for the attraction of corporate client funds, RUR million

Region	31.12.2009	31.12.2010	Dynamics, %
Moscow	42,820	67,640	57.9
The Central FD	5,136	6,776	31.9
The North-Western FD	7,271	9,688	33.6
The Volga FD	84,251	35,117	(58.3)
The Southern FD	12,091	15,626	29.2
The Ural FD	17,409	19,270	10.7
The Siberian FD	5,981	7,015	17.3
Total	174,959	161,132	(7.9)

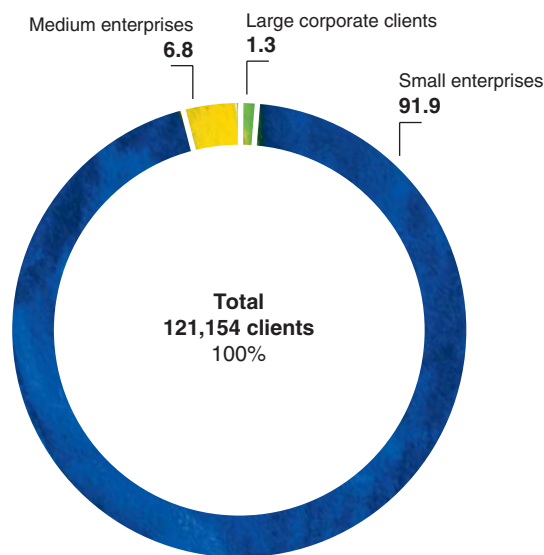
In 2010, the Bank used the corporate client deposit portfolio management strategy to diversify its portfolio. The Bank implemented the displacement of the deposit of the major depositor, which resulted in an increase in the Moscow share and a decrease in the Volga FD share in the corporate funds attraction portfolio.

Corporate client composition

	31.12.2009	31.12.2010	Dynamics, %
Small enterprises	107,992	111,421	3.2
Medium enterprises	8,246	8,300	0.6
Large corporate clients	1,489	1,433	(3.7)
Total	117,727	121,154	2.9

In 2010, the corporate client base remained essentially unchanged, with the Bank focusing on portfolio quality. To upgrade the efficiency of client relationships, the small enterprise segment will be transferred to the retail segment in 2011, with corporate banking focusing on medium- and large-sized companies.

Corporate client composition 31.12.2010, %



During the reporting year, the Bank continued to develop cooperation with partner banks. The Bank extended the framework of cooperation in the field of sponsorships and settlements in the Visa International and Master Card International payment systems. Special attention was paid to claims related to card operations, the on-going processing of card operations and the commissioning and support of terminals owned by partner banks.

PRIVATE BANK

The Private Bank works with clients who are prepared to deposit a sum equivalent to at least USD 1 million, using different financial instruments. The minimal sum for clients in the Bank's regional offices is equivalent to USD 500 thousand. The Bank offers customized programs of family capital management, which includes the following:

- Financial services — banking services;
- Investment services — investment solutions;
- Multiple family office (MFO) — family capital management and legal and tax consulting services;
- Legal and tax consulting;
- Lifestyle — non-financial services pertaining to real estate, art dealing and travel.

Assets managed by the Private Bank, RUR billion

	31.12.2009	31.12.2010
Deposits made by private banking businesses	9.7	9.1
Client funds in fiduciary management	7.0	8.8
Deposits made by customers in retail banking (regions)	3.8	5.6
Other assets under management (precious metals, loans and leasing, etc.)	7.3	3.3
Total	27.8	26.8

In 2010, the volume of client assets managed by the Private Bank grew 10%. Another priority for the year consisted in upgrading regional operations.

Number of Private Bank clients

Volume of client funds under management	31.12.2009	31.12.2010
> 20 million US dollars	8	8
10–20 million US dollars	14	11
1–10 million US dollars	118	109
Total	140	128

In 2010, the Private Bank focused on reducing risks for clients, as well as on upgrading the efficiency of business processes. The range of products was extended to satisfy the needs and expectations of the target audience. The product range was extended based on the open architecture model, which implies depositing client funds using the most profitable financial instruments available on Russian, as well as on foreign, financial markets (structural products and western funds, etc.).

Dynamics of operating costs/ gross income ratio of Private Bank, %

	31.12.2009	31.12.2010
Operating costs/gross income	59	62

In the end of 2010, the operating costs/gross income ratio stood at 62%, which is in line with European private banking standards.

ASSET MANAGEMENT

URALSIB MC Group client base, dynamics

	2009	2010	Dynamics, %
Number of clients	58,269	58,728	0.8

Dynamics of the value of private assets managed by URALSIB MC Group, RUR million

	2009	2010	Dynamics, %
The value of private assets	101,697	118,154	16.2

In 2010, the Russian market for fiduciary management grew 16%, which resulted in the accumulation of some RUR 1.8 trillion in funds owned by minor investors in mutual funds, monies owned by non-State pension funds, the Pension Fund of Russia (PFR), insurance companies and major individual and corporate investors. The Group's share in the Russian asset management market remained practically unchanged at 6.7%.

In 2010, the URALSIB Group of Management Companies was particularly active in the following areas:

- Management of unit investment funds;
- Management of pension reserves of non-State pension funds;
- Management of pension savings;
- Fiduciary management of securities;
- Management of closed real estate funds.

Fiduciary Management

In 2010, the market for fiduciary management services shrank, which affected the volume of the Company's corresponding assets, though its market share grew from 7.1 to 9.1%.

Dynamics of assets under the fiduciary management of URALSIB MC group, RUR million

	2009	2010	Dynamics, %
The value of private assets	19,780	18,624	(5.8)

Unit Investment Funds

In 2010, investors in unit investment funds continued to lock in profits, taking money from unit investment funds. According to data provided by InvestFunds, the net outflow of funds from all types of unit investment funds was RUR 600 million.

URALSIB MC Group managed not only to preserve, but to increase the volume of open and interval funds to RUR 19.4 billion by year end, which is 31% higher y-o-y. The Group's share in this market segment grew from 15.3% to 16.0%. This growth permitted the Group to preserve the leading position in the ranking of management companies based on the value of private assets invested in unit investment funds (2nd place, according to RBC.Rating).

In 2010, the Group managed the assets of 58,656 investors.

By year end, the top of the rankings (four out of the five most profitable interval mutual funds) was occupied by URALSIB MC managed funds. URALSIB Promising Investments Fund was the most profitable, with an earning power of 64.9% per annum.

Mutual fund	Yield, % p.a.
URALSIB Promising Investments Fund	64.9

Pension Program Management

In 2010, the volume of assets owned by non-State pension funds and managed by the Group grew 35%, which allowed the Group to increase its share in this segment from 2.3 to 2.7%. The Group managed assets owned by the fourteen major non-State pension funds, including "Blagosostoyanie," "Transneft," "Norilsk Nickel," "Gazfond," "VEF," "Surgutneftegaz," "Stroykompleks," "Raiffeisen," and "Reso," etc. The Group also manages the assets of the Pension Fund of the Russian Federation.

Dynamics of the assets of non-State pension funds managed by URALSIB MC Group, RUR million

	2009	2010	Dynamics, %
The value of private assets	13,320	18,029	35.3

PFR Asset Management

In 2010, the total growth in the pension savings market to be managed on behalf of the Pension Fund of Russia (PFR) was 54%. The volume of PFR assets managed by the Group during the same period grew 56%, thus allowing the Group to increase its segmental share from 13.9 to 14.1%.

In 2010, the earning power of pension savings transferred by PFR to the Group's management turned out to equal the average weighted profitability of the Group's main competitors, standing at 15.3% (VEB – 7.9%).

Dynamics of PFR assets managed by URALSIB MC Group, RUR million

	2009	2010	Dynamics, %
The value of private assets	1,739	2,718	56.3

In 2010, the stock market became stable and started to grow. According to forecasts made by analysts, the markets will be highly volatile in 2011. Therefore, portfolios need to be actively managed. A developed sales network, highly recognizable brand and an extended product line will make the growth rate of URALSIB MC Group will equal the market average growth rate.

LEASING

According to data provided by Expert RA agency, in 2010 URALSIB Leasing Company ranked 12th among the largest leasing companies in terms of new business (RUR 9,219 million) and 7th in terms of portfolio volume (RUR 25,541 million).

URALSIB Leasing Company continued operating in highly profitable and potentially promising industries, including: truck transport, construction and road building equipment and machinery. Corporate leasing priorities included: railway transport, gold mining equipment and commercial real estate (with a predictable inflow of rental payments).

At present, the portfolio of URALSIB Leasing Company LLC includes the following products:

- *"Leasing motor vehicles and commercial carriers."* This retail leasing product (characterized by a standard set of requirements to the lessee and procedures used to execute the transaction) is intended for SME organizations which need to purchase motor vehicles and commercial carriers (dual purpose vehicles) of foreign (USA, Japan and the EC) make;
- *"Leasing of trucks and special vehicles"* – a retail leasing product for small and medium enterprises in need of purchase of trucks and special vehicles;
- *"Small enterprise leasing facilities."* In 2011, the product line for small enterprise organizations was complemented by new products known as "Equipment Leasing" and "Leasing Partner." The advantage of these new products lies in the ability to lease motor vehicles and commercial carriers to individual entrepreneurs and organizations, using a simplified taxation system. This allowed for skipping the financial condition analysis;

- *"Corporate Leasing Product."* The product is intended for medium- and large-sized organizations that require new equipment (machinery) in large quantities. The product contains two offers – leasing facilities for corporate clients without related financing and leasing facilities for corporate clients with related financing.

Dynamics of the number of clients

	2009	2010	Dynamics, %
Number of clients	4,340	3,007	(30.7)

A reduction in the number of clients occurred due to the fact that from September 2008 to December 2009 the Leasing Company focused its attention on troubled assets and the number of new transactions was rather small.

Financial performance, RUR million

	2009	2010	Dynamics, %
Portfolio volume	41,272	25,541	(38.1)
Payments received	15,354	12,472	(18.8)

A reduction in the leasing portfolio and a decrease in the Company's market share to 2.2% occurred due to implementing a strategy aimed at preserving assets and upgrading their quality at the cost of a decline in the number of new contracts.

KEY ECONOMIC INDICATORS

Data are presented on the basis of FC URALSIB's IFRS consolidated financial statements for 2010, approved by KPMG auditors.

Capital (equity and liabilities), RUR million

LIABILITIES	31.12.2009	31.12.2010	Dynamics, %
Funds of credit organizations	47,059	49,824	5.9
Settlements with broker and investment companies	8,599	8,514	(1.0)
Trade portfolio liabilities	950	2,145	(125.8)
Client accounts	275,937	279,714	1.4
Issued promissory notes and deposit certificates	11,584	7,354	(36.5)
Other borrowed funds	16,832	19,610	16.5
Deferred tax liabilities	1,168	—	(100.0)
Other liabilities	3,309	3,395	2.6
Total liabilities	365,438	370,556	1.4
EQUITY			
Charter capital	1,146	1,146	0.0
Added capital	29,275	27,209	(7.1)
Paper profit (loss) on operations with securities available for sale	162	748	361.7
Buildings revaluation fund	4,660	4,912	5.4
Foreign currency revaluation fund	(1,459)	(1,306)	(10.5)
Share of other total income of associated companies	(11)	38	(445.5)
Retained profit	34,624	34,944	0.9
Total equity due to the shareholders of the holding company	68,397	67,691	(1.0)
Minority shareholders stake	2,654	3,716	40.0
Total equity	71,051	71,407	0.5
Total equity and liabilities	436,489	441,963	1.3

Profit, RUR million

	2009	2010	Dynamics, %
Retained profit	34,624	34,944	0.9
Net profit for the year	960	119	(87.6)
Due to:	822	17	(97.9)
Majority shareholders of the Group			
Minority shareholders	138	102	(26.1)

Assets, RUR million

31.12.2009	31.12.2010	Dynamics, %
436,489	441,963	1.3

Volume of funds directed to external socially significant projects, including environmental and charitable initiatives (total for all assets), RUR million

	2009	2010	Dynamics, %
From the profit of the reporting year	157	60	(61.8)
Charitable contributions made on behalf of the shareholder (from past years' profit)	—	478	100.0
Total	157	538	242.7

Consolidated financial statements data are presented in Russian rubles. The Russian ruble is the presentation currency of the Group. Each member company of the Group defines its own functional currency and the financial performance indicators of a corresponding company are calculated in this functional currency.

Consolidated financial statements were prepared on the basis of actual cost accounting, except for land and buildings, trade securities available for sale, derivative financial instruments and investment property, which are reflected at fair value.

Changes in the membership of the Group of the main operational companies

The subsidiaries of JSC JSCB Stroyvestbank (hereinafter referred to as Stroyvestbank) and JSC JSCB URALSIB-YUG BANK (hereinafter referred to as Yug-Bank) joined the Bank in May 2010. Data on Stroyvestbank were integrated in the Bank's consolidated financial statements starting from 2001, whereas the data on Yug-Bank were integrated in the same starting from 2009, after the Group, being the majority shareholder for JSC URALSIB, as well as for Yug-Bank, decided to merge Yug-Bank with the Bank by exercising full control over Yug-Bank and limiting the appropriation of profit by Yug-Bank till the merger is complete. The merger put a stop to the existence of both banks as independent legal entities in May 2010, with all their operations and assets becoming part of the operations and assets of JSC URALSIB.

On June 9th, 2010, "OFK URALSIB-Factoring" (hereinafter referred to as URALSIB-Factoring) was sold to an unrelated third party. The total sum of assets, liabilities and negative net assets of URALSIB-Factoring as of the date of the sale was RUR 4 million, 7 million and 3 million, respectively. The selling price for 100% of URALSIB-Factoring was RUR 3 million with settlements carried out in cash.

In March 2010, the Group purchased 100% of the shares of JSC "Zemely Trast" (hereafter referred to as ZT) — a company engaged in dealing with Moscow land plots. The total sum of assets, liabilities and net assets of ZT as of the date of the sale was RUR 71 million — 1 and 70 million, respectively. The purchase price for 100% of ZT was RUR 70 million with settlements carried out in cash.

On June 17th, 2010, "Lizingovaya Kompaniya Nikoil" (hereinafter referred to as LKN) was sold to a third party not associated with the Bank. The total sum of assets, liabilities and net assets of LKN as of the date of the sale was RUR 232 million, 195 million and 37 million, respectively. The selling price of LKN was RUR 4 million with settlements carried out in cash.

During 2010, the Bank decreased its participation in the capital of SportVenture Moscow LLC (hereinafter referred to as SVM) from 74.99% on December 31st, 2009 to 49.99% in December 2010 by selling 25% of SVM shares to a related party. The selling price of the shares was approximately near the fair market price. As of the date of selling its shares, the Bank arranged with the Buyer to buy the same 25% in Q1 2011. On March 11th, 2011, the transaction involving the initial sale was terminated. Taking into account the fact that both parties were resolute about terminating the transaction on the date of selling the shares, as well as the fact that the Bank continued to control the activities of SVM on December 31st, 2010, its CEO being an employee of the Bank, the Bank proceeded with the consolidation of SVM on December 31st, 2010.

During 2010, the Group bought minor packets of shares (0.86% and 2.83%, respectively) of the closed real estate mutual funds URALSIB – Construction Investments and URALSIB – Land Investments.

During 2010, the Bank also purchased 100% of the shares of URALSIB – Lending Technologies closed mutual investment fund and 100% of the shares of URALSIB – Prospect closed mutual investment fund. The shares were bought at their face value.

During 2010, the Group sold its URALSIB-Foods and Business-Café Uralsib Moscow businesses.

In September 2010, the Group acquired 100% of the shares of "Finance-Reserve" LLC (hereinafter referred to as "FR"), a company engaged in securities market dealings. The company was bought from a related party. The total sum of FR assets, liabilities and net assets as of the date of sale comprised RUR 424 million, 339 million and 85 million correspondingly. The purchase price for 100% of the shares of FR comprised RUR 50 million with settlements performed in cash. The difference between the value of net assets on the date of purchase and the purchase price is reflected directly in the capital.

These sales and purchases had almost no effect on Group operations in 2010.

Product portfolio, RUR million

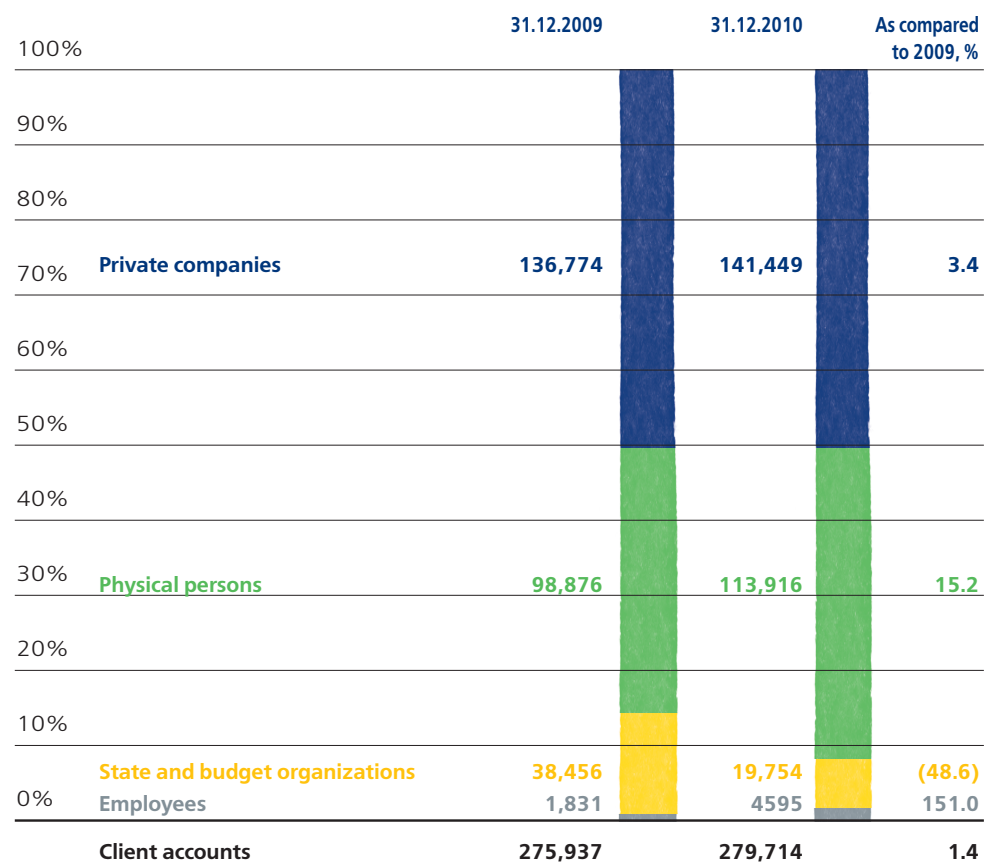
Credit portfolio, RUR million	31.12.2009	31.12.2010	Dynamics, %
Total credits to legal entities	163,461	162,406	(0.6)
Minus impairment reserve	(18,857)	(16,522)	(12.4)
Net credits to legal entities	144,604	145,884	0.9
Total credits to physical persons	77,147	69,060	(10.5)
Minus impairment reserve	(6,781)	(6,154)	(9.2)
Net credits to physical persons	70,366	62,906	(10.6)
Total credits to clients	214,970	208,790	(2.9)

Credits are primarily granted in the Russian Federation to clients engaged in the following economic sectors (credits before impairment reserve), RUR million

	2009	2010	As compared to 2009, %
Physical persons	77,147	69,060	(10.5)
Trade organizations	43,205	59,386	(37.5)
Construction industry	21,062	19,634	(6.8)
Financial services (excluding credit organizations)	38,177	14,653	(61.6)
Industrial production	11,617	14,155	21.8
Food industry	12,261	12,346	0.7
Machine tool	5,591	6,451	15.4
Oil and gas industry	3,261	5,791	77.6
Metallurgy	4,570	5,413	18.4
Gold mining	5,135	5,362	4.4
Agriculture	2,364	3,261	37.9
Power industry	3,200	2,855	(10.8)
Chemical industry	2,105	2,103	(0.1)
Leasing	285	1,229	331.2
Transport	1,697	1,209	(28.8)
Ore mining and processing	1,372	892	(35.0)
Light industry	562	663	18.0
Service industry	837	479	(42.8)
Telecommunications	615	439	(28.6)
State and municipal authorities	399	257	(35.6)
Forestry	393	223	(43.3)
Other	4,753	5,605	17.9
	240,608	231,466	(3.8)

Credits to physical persons per credit class
(before impairment reserve), RUR million

	31.12.2009	31.12.2010	As compared to 2009, %
100%			
90%			
80%			
70%			
Mortgage lending	40,202	34,182	(15.0)
60%			
50%			
40%			
Consumer lending	16,328	12,715	(22.1)
30%			
Automotive lending	12,553	11,557	(7.9)
20%			
Credit cards	2,219	257	15.8
10%			
Other credits to physical persons	5,845	8,036	37.5
0%			
	77,147	69,060	(10.5)

Composition of client accounts, RUR million**Client funds, RUR million**

	31.12.2009	31.12.2010	Dynamics, %
Term deposits	186,422	137,179	(26.4)
Fixed-term deposits of legal entities	109,716	49,934	(54.5)
Fixed-term deposits of physical persons	76,706	87,245	13.7
Current accounts	89,515	142,535	59.2
Current accounts of legal entities	65,514	111,269	69.8
Current accounts of physical persons	24,001	31,266	30.3
Client accounts	275,937	279,714	1.4

Operating costs, RUR million

	2009	2010	Dynamics, %
Salary and other remuneration due to employees	10,343	10,541	1.9
Administrative and operating costs	8,302	8,327	0.3
Wear and depreciation	1,350	1,192	(11.7)
Impairment of assets generating no interest	1,166	1,550	32.9
Total operating costs	21,161	21,610	2.1

Personnel training, RUR million

	2009	2010	Dynamics, %
Personnel training costs	12	30	150

Dividends, RUR million

	2009	2010	Dynamics, %
Dividends paid to minority shareholders	26	28	7.7

TTax profit, RUR million

	2009	2010	Dynamics, %
Tax profit expenses	928	1,192	28.4

CONSOLIDATED MANAGEMENT STATEMENTS ON KEY FC URALSIB ACTIVITIES

The financial statement for eight key business activities is the main element of management statements, integrated into the IFRS consolidated annual statement. The management statements consist of the following segments: corporate banking operations, retail banking operations, leasing operations, investment banking operations, private banking operations and asset management, treasury and resource management operations, corporate investment and other operations and inter-segmental operations.

The management statements contain no separate statistics on services with social implications. This is because of guideline limitations concerning the selection of unified criteria for the impact that the Corporation's commercial products have on the social environment. Traditionally, socially-oriented product ranges provided by FC URALSIB include the following: mortgage lending, automotive lending, pension deposits and credit facilities for SMEs.

The range is complemented with products such as regional social cards and "Decent Housing for Children" deposits.

Statements contain no accounts on investment projects with an environmental component. The Corporation assesses the environmental risks of all investment agreements in compliance with Russian legal requirements.

DATA ON MAJOR CLIENTS

Nearly all earnings from external clients are received from residents of the Russian Federation. Practically all non-current assets of the Corporation are located on Russian territory.

KEY BUSINESS SEGMENTS

Corporate banking operations: provision of credit to legal entities, the attraction of deposits, settlement and cash operations, export financing and operations with precious metals.

Retail banking operations: full range of banking services for physical persons, including the attraction of deposits, provision of credits, money transfer and currency exchange operations and bank card issuance and servicing operations.

Leasing operations: provision of leasing facilities to small-, medium- and large-sized enterprises for the purchase of automotive vehicles, special machinery and equipment, real estate and other property.

Investment banking operations: operations on the ECM and DCM primary and secondary markets, the provision of broker services and trade operations with securities, including REPO operations and transactions with financial derivatives.

Private banking operations and asset management: the full range of banking services for well-to-do clients, including managing their savings and financial consulting services, trust management and the attraction of funds owned by major corporate and private clients via forming individual and collective investment schemes.

Treasury and resource management operations: the Treasury engages in placements and borrowings on the money market, funding the Corporation due to the issuance of debt securities, the attraction of syndicated credits and foreign currency operations. This segment is responsible for the accumulation and subsequent re-allocation of resources attracted by other segments.

Corporate investment and other operations: corporate operations not performed by other segments and not attributed to them. This segment accounts for operations with related activities of the Corporation and certain securities operations.

General business operations: unallocated costs borne by the Corporation's central administration. This segment also includes other Central Office costs and indirect overhead costs, such as brand advertising, which are common across all segments. The segment also includes operations not related to the Corporation's core activity, such as real estate management.

As an integral part of management statements, segmental analysis is periodically submitted for consideration to the Corporation's Board of Directors. The analysis is used to assess the efficiency of these activities and make decisions on resource allocation. In accordance with management accounting guidelines, capital is allocated to the "Corporate investment and other operations" segment.

Employee-related costs (except for the salary fund), RUR million

2009	2010	Dynamics, %
2,366	2,570	8.6

KEY INDICATORS PER BUSINESS SEGMENTS (ACTIVITIES)*, RUR MILLION

	31.12.2009	31.12.2010
PROFIT		
Corporate banking operations	2,636	9,183
Retail banking operations	2,483	4,277
Leasing operations	153	422
Investment banking operations	2,888	337
Private banking operations and asset management	2,325	542
Treasury and resource management operations	2,965	676
Corporate investments and other operations	5,225	2,287
Head office and joint services	(14,006)	(13,629)
Inter-segmental operations	(2,059)	21
Total	2,610	4,116
ASSETS		
Corporate banking operations	118,985	142,099
Retail banking operations	68,548	61,795
Leasing operations	33,355	30,692
Investment banking operations	39,641	43,933
Private banking operations and asset management	6,665	3,942
Treasury and resource management operations	95,868	119,778
Corporate investments and other operations	96,135	73,670
Head office and joint services	8,977	8,917
Inter-segmental operations	(22,092)	(12,112)
Total	446,082	472,714
LIABILITIES		
Corporate banking operations	172,455	158,268
Retail banking operations	94,961	116,426
Leasing operations	30,659	26,683
Investment banking operations	13,135	20,710
Private banking operations and asset management	12,269	12,937
Treasury and resource management operations	47,818	52,593
Corporate investments and other operations	27,849	29,110
Head office and joint services	321	425
Inter-segmental operations	(19,364)	(12,134)
Total	380,103	405,018

* Based on data from management statements

TAX PAYMENTS (PER MANAGEMENT STATEMENTS)

Total tax due to budget (federal and regional) and non-budget funds (pension, social insurance and medical insurance funds), RUR million

2009	2010	Dynamics, %
2,969	5,713	92.4

Including profit tax, RUR million
(according to FC URALSIB's IFRS consolidated financial statements)

2009	2010	Dynamics, %
928	1,192	28.4

Payments to the federal budget, RUR million
(including profit tax, personal income tax, VAT and Uniform Social Tax)

2009	2010	Dynamics, %
2,716	3,724	37.1

Payments to regional budgets, RUR million
(including property tax, profit tax, transport and land tax)

2009	2010	Dynamics, %
253	1,989	685.0

See table below

Including regional budgets, RUR million

Region	2009	2010	Dynamics, %
The Altai Region	0.00	9	100
The Arkhangelsk Region	0.3	5	1,555.8
The Astrakhan Region	0.002	2	94,833.9
The Belgorod Region	0.2	4	2,097.3
The Bryansk Region	2	19	674.8
The Vladimir Region	1	1	19.6
The Volgograd Region	0.2	0.2	(10.6)
The Vologda Region	0.5	7	1,158.9
The Voronezh Region	0.3	5	1,572.8
The Ivanovo Region	0.2	3	1,302.5
The Irkutsk Region	2	20	730.5
The Kaliningrad Region	0.001	13	941,698.6
The Kemerovo Region	12	58	387.1
The Krasnodar Region	0.4	124	28,696.9
The Krasnoyarsk Region	0.5	12	2,070.6
The Kurgan Region	0.1	3	2,984.6
The Lipetsk Region	0.2	1	653.0
Moscow	88	633	619.5

Region	2009	2010	Dynamics, %
The Moscow Region	5	40	679.2
The Murmansk Region	0.09	3	3,415.5
The Nizhny Novgorod Region	3	37	1,093.1
The Novgorod Region	0.2	7	2,706.1
The Novosibirsk Region	4	32	611.5
The Omsk Region	0.4	55	12,284.1
The Orenburg Region	0.00	1	100
The Orel Region	0.2	1	80
The Penza Region	0.6	1	116.1
The Perm Region	1	15	930.9
The Republic of Bashkortostan	92	531	474.3
The Republic of Karelia	0.2	4	1,938.5
The Komi Republic	0.3	0.9	186.2
The Mariy El Republic	0.1	0.00	(100.0)
The Republic of Mordovia	0.5	1	206.0
The Republic of Tatarstan	0.9	5	546.3
The Republic of Chuvashia	0.00	1	100

The share of FC URALSIB tax payments in the budgets of the regions with the Corporation maximum presence (2010)

Region	Total volume of regional budget receipts, RUR million	Tax payments made by FC URALSIB, RUR million	Share in the regional budget, %
Republic of Bashkortostan	119,726	531	0.444
The Omsk Region	60,739	55	0.092
The Krasnodar Region	173,501	124	0.072
Moscow	1,000,137	633	0.063
The Kemerovo Region	118,499	58	0.050
The Nizhny Novgorod Region	115,037	37	0.032
The Novosibirsk Region	101,783	32	0.032
Saint Petersburg and the Leningrad Region	384,848	106	0.028
The Sverdlovsk Region	120,721	32	0.027
The Khanty-Mansiisk AD – Yugra	169,014	36	0.021
The Moscow Region	239,257	40	0.017

Region	2009	2010	Dynamics, %
The Rostov Region	0.9	10	1,033.2
The Ryazan Region	0.6	6	852.8
The Samara Region	1	12	779.7
Saint Petersburg	11	106	818.7
The Saratov Region	3	14	365.6
The Sverdlovsk Region	0.9	32	3,482.3
The Smolensk Region	0.4	6	1,646.1
The Stavropol Region	0.8	9	1,043.6
The Tambov Region	0.4	1	272.3
The Tver Region	0.2	4	2,431.6
The Tomsk Region	1	10	683.6
The Tula Region	0.7	2	223.9
The Tyumen Region	2	11	421.1
The Republic of Udmurtia	2	19	716.3
The Khanty-Mansiisk AD Yugra	1	36	1,927.8
The Chelyabinsk Region	3	28	785.4
The Yamal-Nenets AD	0.8	6	667.9
	253	1,989	685.0

THE VOLUME OF STATE SUPPORT ACCEPTED BY FC URALSIB MEMBER COMPANIES

2009–2010 monetary funds received, RUR million

Type of funds	2009	2010
Credits (including intra-day, overnight and secured) received according to the procedure and on conditions set up by Regulation No 236-P of the Bank of Russia	3,000.0 (secured credits)	0.0
Collateralized credits received according to the procedure and on conditions set up by Regulation No 312-P of the Bank of Russia	27,000.0 (collateralized by suretyship)	0.0
Federal budget funds deposited with the Bank according to Decree No 227 of the Russian Government as of 29.03.2008.	23,800.0	0.0
Unsecured credits received according to the procedure and on conditions set up by Regulation No 323-P of the Bank of Russia	108,900.0	0.0
Direct REPO* transactions concluded according to the procedure and on conditions set up by Directive No 1365-U and Regulation No 357-P of the Bank of Russia	97,823.2	44,978.9

* Direct REPO transactions (repurchase agreement) – securities sold according to agreements containing buyback obligations to be performed in a fixed term and at a fixed price.

In 2009, the Bank attracted funds from auctions conducted by the Ministry of Finance and from unsecured auctions conducted by the Bank of Russia. In 2009, the total amount of funds attracted from both sources was RUR 162.7 billion. No funds were attracted in 2010.

In 2009–2010, the direct REPO instrument was used in transactions with the Bank of Russia, because the instrument guarantees the quick attraction of funds. The total amount of transactions is specified in the table above.

In 2008–2009, the Bank attracted State funds primarily from unsecured auctions of the Bank of Russia and from deposit auctions of the Russian Ministry of Finance. Funds

borrowed from the Bank of Russia were repaid completely in 2009. Funds borrowed from the Ministry of Finance were fully repaid in February 2010. The funds were attracted to provide sufficient liquidity and client crediting. In 2009 and in the first half of 2010, the funds specified were the most readily available in terms of both interest rates and volumes.

In the second half of 2010, funds attracted using the REPO instrument were replaced by cheaper resources in the form of deposits made by legal entities and physical persons. The trend is explained by the growing confidence of the population and businesses in the banking sector.

“ONE HAS TO ACCOMPLISH SOMETHING IMPORTANT IN ONE’S LIFE”

An interview with Denis Korobkov, a member of FC URALSIB’s Board of Directors, Chairman of the BoD’s Committee for Strategy and Investments

— Today, as the economy shows signs of revitalization, many companies have stopped thinking about stability as a theory, instead making it their business model. How would you personally define stability?

— Investors determine a company’s stability using a discount rate. The value of the company to its profit gives them a ratio incorporating all corporate risks. The higher the risks are and the more that they negatively affect and impact the company, the less stable the company is and the lower its price. The opposite is true as well – stable companies are more expensive. Quite obviously corporate stability also depends on a country’s social stability, the absence of financial, commercial and legal risks, client loyalty and employee health.

— What stability indicator does FC URALSIB use?

The Company’s integral stability is the focus of the BoD’s Audit Committee. One of the indicators that the Committee applies is the awareness of the URALSIB brand as a socially responsible business. We pay special attention to this trend. It illustrates how truly positively people feel about the Corporation. Their opinion on the social significance of our business demonstrates strategic stability.

— Are corporate social responsibility principles included in URALSIB’s corporate governance model?

— To answer to your question, I will focus on our strategic planning model. In 2006, the fundamental technology for the model was based on strategic maps and the Norton-Kaplan system of balanced indicators. The Norton-Kaplan system traditionally uses four strategic areas, namely: resources, processes, stakeholders and results. The final result of these factors is financial profit. In 2010, following

an initiative by the Corporation’s Board of Directors, we began to complement this system by introducing a fifth “noble” prospect, with the noble being something for which we earn profit.

Therefore, ethical principles were introduced and were supposed to come before financial profit and were to directly influence strategic planning for resources and processes. If some companies state that they have introduced social programs to raise corporate value or to increase profitability, then we try to shift the focus – our goal is to earn a profit so that we can establish and support social programs. And this is exactly the social business model that provides for higher motivation for development.

A manager’s efficiency often depends on the reason that he/she comes to work. Nearly all of us work for money. However, there comes a time, often in the middle of our lives, when it dawns on us that we cannot earn all the money and that we have to accomplish something of value in our lives. So, when one has the opportunity to carry out one’s social mission combined with business creativity, it truly provides an additional impetus for self-development. The Corporation’s top managers and the Board of Directors have higher reasons for acting than simply maximizing profit.

— Does URALSIB form a new enterprise model?

— As time goes by, we will see this. We are trying to find the correct way to practice. And we are not the only ones. I believe, in Russia, that there are a lot of adherents to this approach. Globally, the value-based management model is already almost within the mainstream of management. Potentially, we utilize separate innovations, but the models we use are generally accepted. For example, if we return to strategic planning, using the “noble” prospect in the

balanced indicators model, we can more precisely plan and we can more accurately measure, for the sake of which the Corporation and its each employee work. In due course, the gist of this prospect can change, but meanwhile, we have formulated for ourselves three key areas that enter into it. The first is employees’ personal development. The second is our internal social programs – what we do, on the whole, for our employees. And the third one is what we do for society and citizens’ social programs. In a business format, these prospects are set forth in the form of specific areas so that all business divisions could fill them in with the context. It is only an example of innovations, which allow us, in practice, to introduce a value-based management system. It is possible to show the similar cases not only for strategic, but also for operational management where we use adjusted to the value-based management system the time-management model.

— In your opinion, what corporate governance trends are most promising?

— The purpose of corporate governance is to balance shareholder interests. Successful companies are those that put this idea into practice in a not formalized way. However, this is rare – even in large corporations, a formalistic approach tends to be used rather than real corporate governance. The Boards of Directors include independent members of course and shareholders meetings as well. However, rather than balancing the interests of corporate management and its shareholders, a club law is at work. One opinion suppresses another. This in turn leads to crisis.

Our opinion is that at the current stage of corporate development, there is no urgent need to balance the interests of different shareholders. Our model is designed for



the future, as a preparatory stage before URALSIB goes public. As soon as this happens (going public), the number of our partners and investors will grow significantly. This will make the need to balance interests more urgent. As of now, we select optimal models and create an effective corporate governance system.

Furthermore, in 2009-2010, we established the Corporation's Board of Directors and its relevant Committees. These bodies were absolutely competent. The Board of Directors reviews business plans and strategies and appoints key managers. We have an HR

Committee, a Strategy and Investments Committee and an Audit Committee. We also have an independent director. Therefore, the Corporation's corporate governance system complies with all applicable standards.

However, we have quite enough tasks in the nearest future to boost our efficiency. These tasks are of two principal types – content-driven (the quality of the decision made and their execution) and formal – including, the quality of preparing documents and observing adopted regulations.

— Do you plan to introduce any changes in the Corporation's corporate governance system?

— In addition to increasing our efficiency, our goal is to change the existing corporate governance system to make sure that JSC FC URALSIB is a company that performs management functions in a de-facto manner. We plan to accomplish this transition in the medium-term.

In 2009, we paid significant attention to the Corporation's legal structure and finished consolidating the banking business. In 2010, working in conjunction with McKinsey Company, we developed a new corporate governance system.

— In 2010, the Corporation's Board of Directors conducted 16 meetings. What issues were the most significant?

— The Corporation paid significant attention to developing a universal IT-platform for the integrated banks. The issue of managing troubled assets remained pressing. In my opinion, the most significant issues included: the corporate culture development program and the value-based management system.

Under this program, in 2010, we modified the motivation system for top managers, as well as the strategic planning system.

The 2011 enterprise concept was developed taking into account the new corporate management concept and an additional strategic vision, which incorporates "noble" motives for business conduct.

2

Corporate governance

The 6

support points:



Partner relationships with clients



Efficient and socially responsible business



Positive thinking



Effective and inspired team



Employee commitment



Healthy lifestyle

THE COMPANY'S CODE OF CONDUCT AND VALUE-BASED MANAGEMENT PROJECT

From 2005 to 2008, the Corporation was busy forming its own strategic management system, built on a concept of purpose-based governance and the Balanced Scorecard (BSC) system. The Corporation has always pursued a model of a human-faced corporate culture, a new tool which ensures strategic leadership and the formation of new competencies for managers. Integrating a personal dimension in management practice, the Corporation achieves new competitive advantages based on in-depth motivation.

Developing management's motivation resulted in a gradual transition from traditional purpose-based management to value-based management.

The word "value" in the definition of the Corporation's model is used in the singular, because awareness is the key corporate value. This value was selected during a series of strategic planning seminars held in 2009-2010. If corporate awareness is the essence of business, then for an individual, awareness indicates a clear understanding of his/her internal intentions, his role and his place in life, his occupation and his destiny.

We believe that being aware of one's destiny is a must for both individual self-fulfillment and the organization as a whole. A model based on this value motivates an individual and the Company to act in compliance with the highest human values.

In 2010, FC URALSIB's HR Department updated the Company's Code of Conduct based on the new operating principles, values and support points selected via an employee vote. The new Code of Conduct became effective April 2011.



In 2010, during implementation of the “Big Deal!” project, the value-based management system was integrated in to the corporate model of managers’ competencies. The new corporate business standards became operational.

THE PURPOSE OF FINANCIAL CORPORATION URALSIB AS A CORPORATE CITIZEN IS ARTICULATED IN OUR MISSION

Mission

To upgrade the well-being of the population, to develop its enterprise and to conduct strategy-oriented and value-governed business.

Vision

We see URALSIB as a federal-scale socially responsible financial corporation, which complies with international standards on business efficiency and quality and has a developed sales network; it is one of the top five leaders in key financial market sectors.

CORPORATE VALUE, SUPPORT POINTS AND OPERATING PRINCIPLES

Value

AWARENESS is the Corporation’s key value. This value was uniquely selected and the choice became a milestone in the development of the Company’s corporate culture. Speaking of awareness, we mean that an individual strives to understand

his/her destiny and to make meaningful choices. Corporate awareness consists in the Company understanding and fulfilling its mission.

Support points

Everyone has his/her own points of support which give one an opportunity to achieve a breakthrough, to become enlightened and inspired in the face of resolute actions and to receive assistance during hard times.

The Company has its own support points as well. They form the foundation for decisions made and define the nature of the efforts we undertake to achieve our goals. Implementing the Corporation’s new mission is based on six support points:

The “Big Deal” Project

The Project is intended to upgrade client servicing quality and to establish long-term relationships with clients based on the updated value of corporate development.

Employees of all of the Bank’s regional offices contributed to implementing the Project by offering their visions for client servicing organization. The Project was based on the results of the “Secret Buyer” survey. Out of 33 suggested variants during the qualifying stage, the Corporation only selected those that combined an innovative approach and actuality. Fourteen variants selected during the second stage were presented by the contest commission for assessment by experts from the Bank’s specialized departments.

Final results from the second stage resulted in three leading project initiatives which in the expert opinion were the closest to the corporate principles of client servicing, positive thinking, confidence, partnership and gratitude.

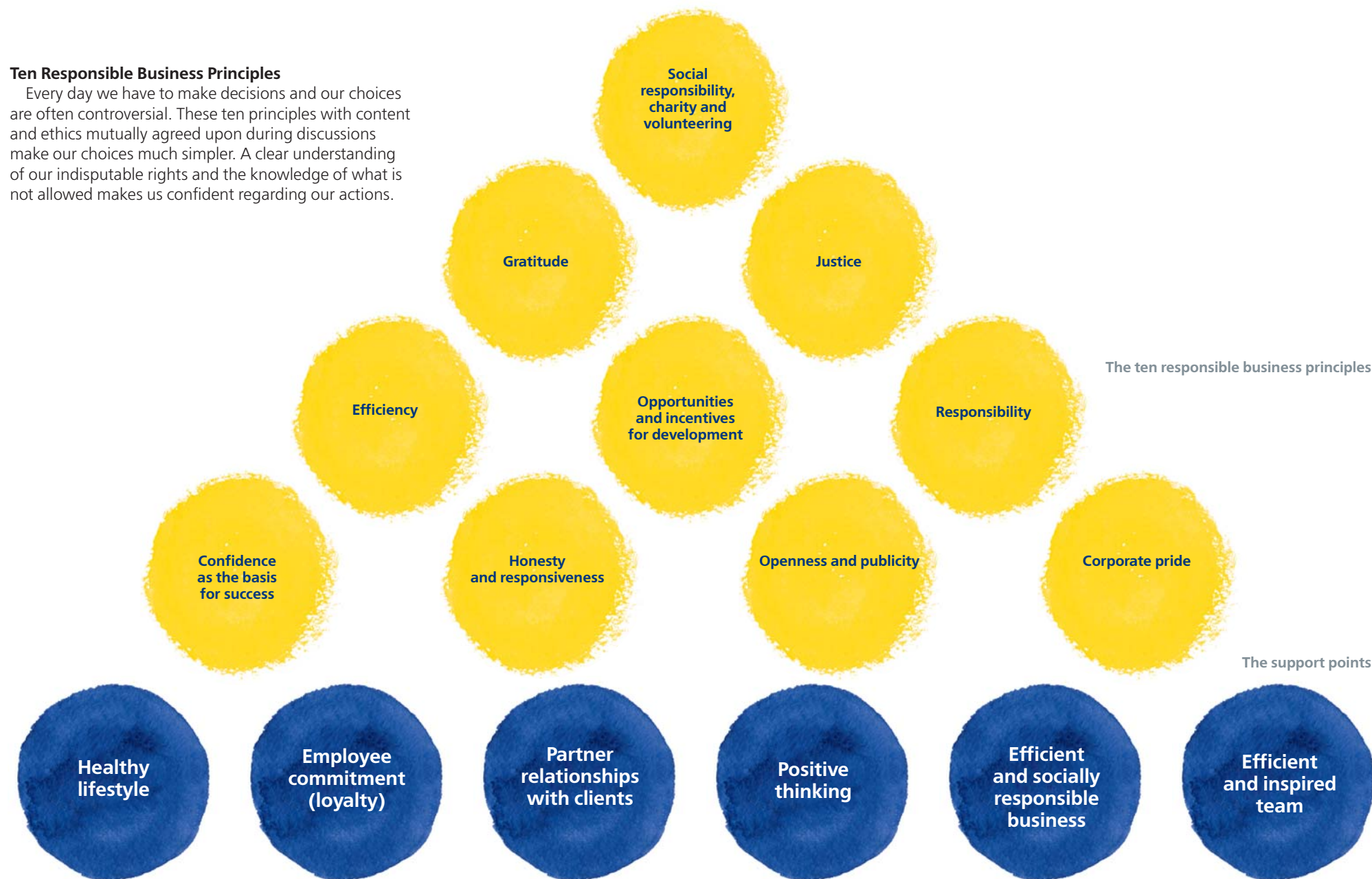
In 2010, numerous initiatives were launched, including the following:

- Client servicing level assessment and control tools – a project that establishes a system for assessing service quality, identifying bottlenecks and upgrading the quality of client servicing;
- SMS messaging during the settlement and cash servicing of legal entities – a project which enables clients (the managers and chief accountants of legal entities), as well as individual entrepreneurs to control cash flow (issue and turn-in operations) via SMS messages.
- URALSIB Bank Entrepreneurs’ Club – a project intended to communicate the value component of the new corporate culture and to facilitate a constructive dialogue with key Bank clients:

Results of initiatives to upgrade the quality of client servicing will be assessed in Q4 2011 during the next large-scale “Secret Buyer” survey.

Ten Responsible Business Principles

Every day we have to make decisions and our choices are often controversial. These ten principles with content and ethics mutually agreed upon during discussions make our choices much simpler. A clear understanding of our indisputable rights and the knowledge of what is not allowed makes us confident regarding our actions.



CORPORATE GOVERNANCE STRUCTURE

FC URALSIB is a group of companies, consisting of Financial Corporation URALSIB and its subsidiaries and dependent companies. The Group is united by common goals and values, as well as by the system of ownership. Being a holding group, URALSIB FC is not an independent subject of law.

In compliance with the Russian Federal Law "On Banks and Banking," OJSC Financial Corporation URALSIB (OJSC FC URALSIB) has all the attributes of a banking holding and forms its parent organization. The Bank of Russia has been informed of this in compliance with Russian legal requirements. OJSC FC URALSIB is a holding company, holding stocks and shares in the charter capital of its subsidiaries and dependent companies. A full list of FC URALSIB's subsidiaries and dependent companies is published in the 2010 consolidated financial statements of OJSC FC URALSIB (www.uralsib.ru/investor_relations).

Along with making a profit, the Company's shareholders want to maximize the total added value by forming a balanced business portfolio. The portfolio is intended to diversify business risks and implement inter-segmental and service synergies, and to acquire considerable market shares in promising business segments (with significant growth or high return potential), in which FC URALSIB and its subsidiaries are more competent and hold a long-term competitive position.

The Company is not engaged in vigorous activities in any individual sector. All sector-related corporate risks are associated with its subsidiaries and dependent companies, which are active in different segments of the Russian financial market.

The dominant activities of the Group's member companies include: the banking business (with OJSC URALSIB as the key participant), leasing (with URALSIB Leasing Company as the key participant) and investment and asset management (with URALSIB MC Closed Company and URALSIB Capital as the key participants).

The Group markets its products to different segments of the Russian financial market. The traditional market focused on Moscow includes: banking, leasing and investment services.

The Republic of Bashkortostan is also a major market for the Group. Subsidiaries and dependent companies of the Group also develop their business in other regions of the country.

To avoid potential risks, FC URALSIB uses the synergistic effect, obtained as the result of the interaction of OJSC FC URALSIB with its subsidiaries and dependent companies in different segments of the financial sphere via cross-sales, product standardization and the implementation of common sales and risk management processes.

THE GENERAL SHAREHOLDERS MEETING

The General Shareholders Meeting is the supreme governing body of OJSC FC URALSIB. Scheduled meetings are held once a year, as stipulated by the Company Charter. To make decisions on emergency issues, the shareholders may be summoned to an extraordinary meeting.

The terms of reference for the General Shareholders Meeting include the following:

- Introducing modifications and additions to the Company Articles of Association, or approving a revised Company Articles of Association;
- Specifying the quantitative membership of the Company's Board of Directors, electing its members and carrying out the early termination of their powers;
- Specifying the number, nominal value, and category (type) of authorized shares and rights granted by them;
- Forming the Company's executive body and carrying out the early termination of its powers;
- Paying (declaring) dividends based on the results of the financial year;

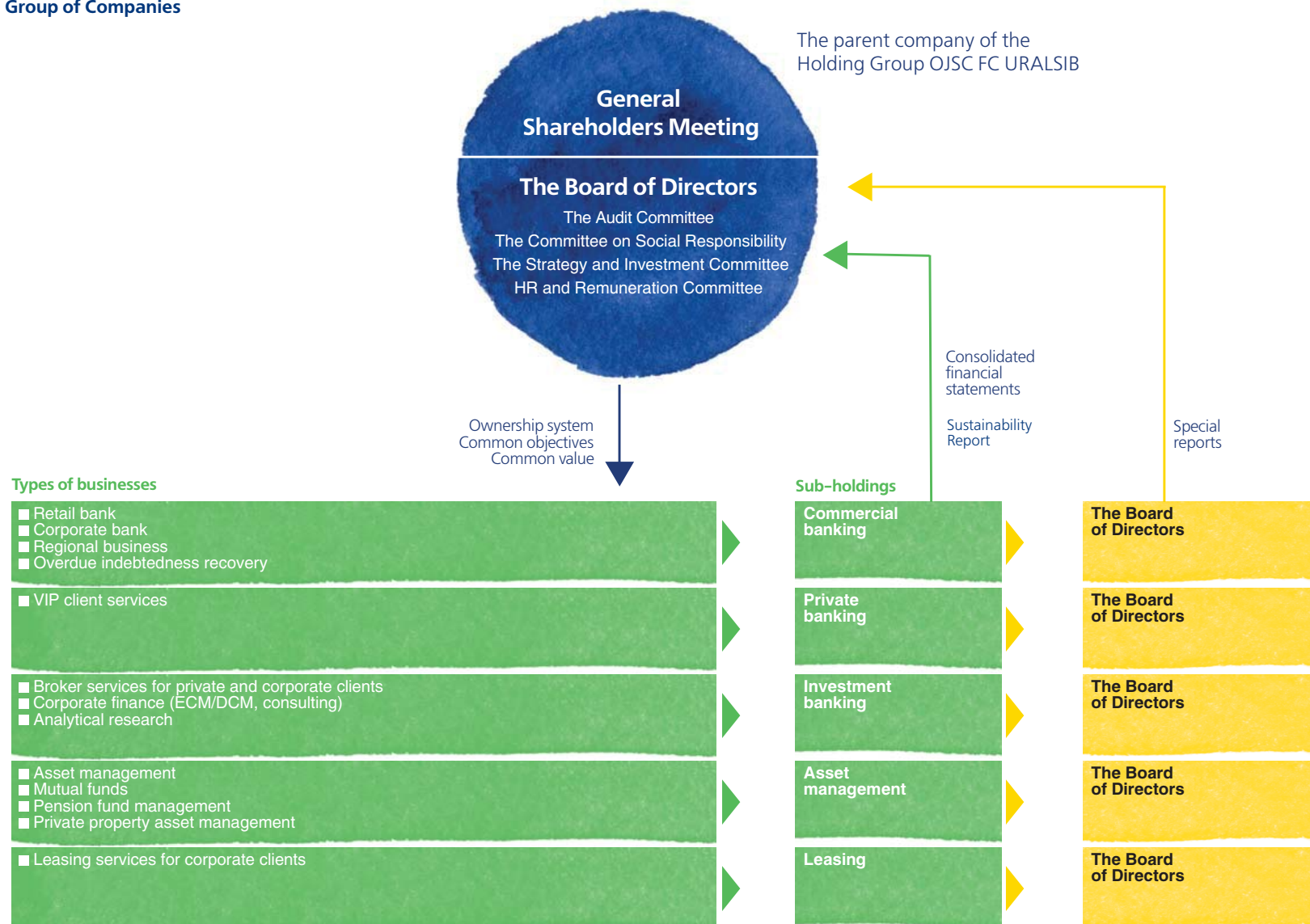
- Making decisions concerning the approval of interested party transactions;
- Making decisions concerning the approval of major transactions;
- Making decisions concerning the participation in holding companies, financial industrial groups, associations and other unions of commercial organizations;
- Re-organizing the Company;
- Formulating decisions concerning other lawful issues.

The Company uses no special mechanisms and procedures for personnel to offer recommendations to the General Shareholders Meeting. At the same time, the governance system has no limitations as to communicating the opinion of employees to Company shareholders. All shareholders, including minority shareholders, can attend scheduled and Extraordinary GSMs at which they can voice their suggestions and recommendations concerning the functioning of the managing body. Company employees can communicate their views via special reports made at meetings of the Board of Directors.

According to the Company Articles of Association, voting on different issues, including economic and social ones, is possible by proxy. In 2009, no voting by proxy on environmental and social issues was performed.

No conflicts of interests were registered throughout the entire period of FC URALSIB's operation, as major shareholders of the Company are united by common interests. Basic procedures pertaining to the operation of the supreme governance body, including cases of conflict of interests, are recorded in the Company Articles of Association, the Provision on the Board of Directors and the Compliance Policy.

FC URALSIB Group of Companies



THE BOARD OF DIRECTORS

The Board of Directors is a collective governance body, which manages the activities of FC URALSIB on the whole, except for issues that under the Articles of Association fall under the competence of the General Shareholders Meeting.

The Board of Directors plans its activities by determining key strategic initiatives to be implemented under the control of the Board of Directors. These initiatives cover all issues essential for corporate development, including social and economic issues.

Periodic meetings (in accordance with the work plan) of the Board of Directors are devoted to management reports on implementing strategic initiatives and related decisions. All issues considered at meetings of the Board of Directors are subject to preliminary reviews by the committees of the Board of Directors, accompanied by corresponding recommendations.

The Company has a system for controlling the execution of the decisions of the Board of Directors, consisting of periodic reports of the Corporate Secretary to the Board of Directors on assignment execution. In addition, assessing the efficiency of managerial solutions is performed within the framework of a balanced scorecard system and the strategic management model based on strategic charts.

FC URALSIB's corporate governance system is based on interactions between the Board of Directors of the parent company and the Boards of Directors of subsidiaries and dependent companies. Thus, the terms of reference for the Board of Directors of OJSC FC URALSIB include setting development priorities and strategies for the Corporation, as well as for its subsidiaries and dependent companies. OJSC FC URALSIB's Board of Directors makes decisions concerning the approval of candidates for election to the Boards of Directors of subsidiaries and dependent companies. The membership of these Boards of Directors includes the most efficient and competent corporate employees, taking into account the specific characteristics of businesses that FC URALSIB is engaged in. The terms of reference for the Boards of Directors of subsidiaries and dependent companies include discussions and decisions concerning the most vital issues pertaining to the activities of said subsidiaries and dependent companies.

The efficiency of the Board of Directors in economic, environmental and social spheres is assessed based on the strategic charts model and the balanced scorecard system, which is used in the Corporation.

The main efficiency criterion consists in fulfilling key indicators of the yearly business plan. In 2010, no special reports on crisis events in the social and environmental spheres were presented for the consideration of the Committee on Social Responsibility and the Board of Directors. Decisions concerning financing social programs out of profit were reviewed at meetings of the Board of Directors.

CHANGES IN THE MEMBERSHIP OF OJSC FC URALSIB'S BOARD OF DIRECTORS

According to a resolution adopted at the General Shareholders Meeting, in 2010, the membership of the Board of Directors was updated. The following persons were removed from the Board: A.M. Donskikh, D.V. Smirnov and S.S. Mitirev. They were replaced by Yu.N. Tchalenko and M. Yu. Molokovsky.

Membership of the Board of Directors by periods:

From 01.01.2010 till 30.06.2010:

1. Tsvetkov Nikolay Alexandrovich (Chairman)
2. Gardner Douglas Wyre
3. Donskikh Andrey Mikhailovich
4. Korobkov Denis Igorevich
5. Muslimov Ildar Ravilievich
6. Smirnov Dmitry Vladimirovich
7. Mitirev Sergey Sergeevich
8. Shabalkina Ludmila Alekseevna

From 01.07.2010 till 31.12.2010:

1. Tsvetkov Nikolay Alexandrovich (Chairman)
2. Gardner Douglas Wyre
3. Korobkov Denis Igorevich
4. Molokovsky Michail Yurievich
5. Muslimov Ildar Ravilievich
6. Shabalkina Ludmila Alekseevna
7. Tchalenko Yulia Nikolaevna

In accordance with Directive No 421/R of the Federal Commission for the Securities Market "On the Recommendation for the Use of the Corporate Conduct Code" as of 04.04.2002, an independent director has been elected to the Board of Directors. In 2010, the independent director was Mr. Gardner Douglas Wyre.



REMUNERATION

Remuneration for members of the Board of Directors of OJSC Financial Corporation URALSIB

Remuneration and compensation for members of the Board of Directors and the Chairpersons of committees of the Board of Directors were approved by a resolution of the Extraordinary General Meeting of Shareholders (August 31st, 2007).

In 2010, total remuneration (salaries, bonuses, commission fees and other advances) for performing the functions of the sole executive body and for participating in the activities of the Board of Directors was RUR 29,174,423.98.

Annual bonuses for the Corporation's top managers depend on the Corporation's financial performance and controlled businesses, as well as on individual Key Performance Indicators (KPIs). Total profit and the profitability of controlled businesses are determined based on the approved managerial reports and the results as of the end of the reporting period.

Individual KPIs are measured within the framework of the annual personnel efficiency assessment procedure, which is mandatory for all categories of employees. In 2010, actual bonuses were calculated based on the Corporation's performance during the reporting period.

Report on the Activities of the Board of Directors

Sixteen meetings of the Board of Directors were held in 2010, which were dedicated to the following high priority issues:

- Approving the Board of Directors' 2010 work plan;
- Approving the 2010 work plan and the report on the activities of the Company's Internal Audit Department for 2009;
- Carrying out the early termination of the CEO's term and electing a new CEO;
- Reviewing shareholders' suggestions concerning candidates for members of the Board of Directors and the Company's Audit Commission;
- Making a decision on increasing the Company's participation in OJSC URALSIB;
- Pre-approval of the Company's 2009 Annual Report;
- Issuing recommendations of the Board of Directors on 2009 profit distribution, and the dividend per Company share and the dividend payment procedure;
- Issuing recommendations to the General Shareholders Meeting on the approval of the Company's Auditor;
- Approving draft resolutions of the Annual General Shareholders Meeting;
- Electing the Chairman of the Company's Board of Directors;
- Reviewing information on operations with troubled assets performed by the Company's subsidiary and dependent companies (dynamics, volume and measures taken);
- Presenting to the Extraordinary General Shareholders Meeting an issue concerning the re-organization of the Company via a merger with CJSC "Delovoi Centr Uralsib" (Business Center UralSib), CJSC "Activ Holding" and CJSC "Strategiya reserve-holding" (Strategy reserve-holding);
- Approving personal membership and committee heads for the Company's Board of Directors and other issues.

**Background profiles of members of the Board of Directors of URALSIB FC
(as of 31.12. 2010)**

TSVETKOV Nikolay Alexandrovich

He has been the Chairman of the Board of Directors of FC URALSIB since 2007.
He is the Advisor of the Chairman of the Management Board of the OJSC URALSIB Bank.
As of December 31st, 2010, he owned 5.33% of the charter capital of OJSC FC URALSIB.
Born in 1960 in Novobratsevo, the Krasnogorsk District, the Moscow Region.
Mr. Tsvetkov graduated with honors from the Tambov Higher Military Air Force Engineering College (named after F.E. Dzerzhinsky), with a major in radio and electronic equipment.
In 1988, he became a distinguished graduate of the Air Force Engineering Academy (named after N.E. Zhukovsky), with a major in radio and electronic equipment.
In 1996, he graduated the Russian Academy of Economics (named after G.V. Plekhanov), with a major in marketing and economics.
Graduated the Moscow International School of Business "MIRBIS" (in the same year) with an MBA.
Mr. Tsvetkov holds a ph.D in economics (1998).

GARDNER Douglas Wyre

Mr. Gardner is an independent director.
He was born in 1962 in Oklahoma.
He graduated from the University of Oklahoma with an MBA, majoring in finance.
He has held the position of Director of Gaspian Group B.V. since 2007.
He owned no Company shares during the reporting period.

KOROBKOV Denis Igorevich

CEO, Chairman of the Management Board of "Evolutsia – Upravlencheskoye I Investitsionnoye Konsultirovanie" (Evolution – Managerial and Investment Consulting).
He was born in 1967 in Moscow.
He graduated from Moscow State University (named after M.V. Lomonosov), with a major in economics and social planning.
In 1995, he completed his ph.D. in economics.
In 2002, he finished his studies at the School of International Business attached to the Academy of People's Economy under the "MBA – professional specialization" program, majoring in strategic management.
He owned no Company shares during the reporting period.

**MOLOKOVSKY Michail Yurievich**

First Vice President of OJSC URALSIB, CEO of OJSC Financial Corporation URALSIB.

He was born in 1962 in Moscow.

Mr. Molokovsky is a graduate of the Moscow Linguistic University (1992) and the All-Russian Corresponding Institute for Finance and Economics (1997).

He owned no Company shares during the reporting period.

MUSLIMOV Ildar Raviljevich

Chairman of the Management Board of URALSIB Bank.

He was born in 1965 in Bakaly, the Bakaly District, the Republic of Bashkortostan.

He graduated from Bashkir State University, with a degree in law.

In 1994, he graduated courses for managerial employees in the Central Institute for Advanced Training (Moscow), majoring in credit operations for commercial banks. In the course of advanced training at the International Moscow School of Finance and Banking, Mr. Muslimov majored in financial analysis and the evaluation of credit risks. During his study at Nasledie (Heritage) Training Center attached to the Association of Russian Banks, Mr. Muslimov majored in credit and settlement operations in a commercial bank. While studying at the International Moscow School of Finance and Banking, Mr. Muslimov majored in the organization of foreign currency crediting.

He owned no Company shares during the reporting period.

SHABALKINA Ludmila Alekseevna

Deputy CEO of OJSC FC URALSIB.

She was born in 1951 in Zaisk, the Moscow Region.

She graduated from the Moscow Financial Institute, majoring in finance and credit, the economist.

In 1990, she graduated from the Institute for Advanced Training of the Academy of People's Economy attached to the Council of Ministers of the USSR, with a major in economic management.

She owned no Company shares during the reporting period.

TCHALENKO Yulia Nikolaevna

Member of the Management Council for the Victoria Children's Fund Endowment, member of the Board of Directors of "Torgovy Dom Kopeika" (Kopeck Trading House).

She was born in 1982 in Novobratsevo, the Krasnogorsk District, the Moscow Region.

Mrs. Tchalenko is a graduate of the Russian Economics Academy (named after G.V. Plekhanov), majoring in finance and credit.

She is also a graduate of the MIRBIS Moscow International Business School (majoring in economics) (2005).

She owned no Company shares during the reporting period.

THE EXECUTIVE BODY

In 2010, OJSC FC URALSIB was managed by a sole executive body in the person of the CEO. The CEO is elected by the Company's Board of Directors in the case of the expiration of the term of the appointment of the acting CEO, or in case of the early termination of the appointment term. The position of the CEO of FC URALSIB FC has been held by the following persons:

Donskikh Andrey Mikhailovich – till February 29th, 2010;
 Molokovsky Mikhail Yurievich – from March 1st, 2010 till the present day.

Committees of the Board of Directors of OJSC Financial Corporation URALSIB

Committees of the Board of Directors are meant to carry out the preliminary analysis of essential corporate issues and to prepare materials for the Board of Directors in order to provide for the most efficient resolution of tasks assigned to the Board of Directors and to upgrade control over the Corporation's executive bodies. All Committees are chaired by members of the Board of Directors. Along with members of the Board of Directors, Committee membership also includes officials that control corresponding activities.

The committees contribute to improving the Corporation's performance in the long run, increasing its earning power and investor attractiveness.

Committees of the Board of Directors are as follows:

- The Audit Committee (Chairman – Gardner Douglas Wyre);
- The Committee on Social Responsibility (Chairman – Tsvetkov Nikolay Alexandrovich);
- The Committee on Strategy and Investment (Chairman – Korobkov Denis Igorevich);
- The HR and Remuneration Committee (Chairman – Shabalkina Lydmila Alekseevna)

The Committee on Social Responsibility assists the Board of Directors in resolving issues related to the Corporation's participation in socially significant and charitable projects, including activities related to the Corporation's operation, social development, environmental protection and employee health safety. In 2010, issues related to the said Corporation's activities were handed over to the functional departments of URALSIB FC – the Human Resources Department and the Initiative Programs Department. No meetings of the Committee on Social Responsibility were held in 2010.

Approval of major transactions (in accordance with the Russian Federal Law "On Joint Stock Companies")

In 2010, no decisions on the approval of major transactions were made by the Company's authorized bodies. All transactions related to the participation/ termination of participation in the charter capital of commercial organizations were approved by the Company's Board of Directors, following the procedure stipulated in the Articles of Association. The most significant transactions approved in 2010 included the purchase of shares of JSC URALSIB and a transaction with the shares of JSC Registrar NIKoil.

OJSC FC URALSIB re-organization

An Extraordinary General Shareholders Meeting held December 31st, 2010 approved the re-organization of OJSC Financial Corporation URALSIB in the form of a merger with CJSC "Delovoi centr UralSib," CJSC "Aktiv-holding" and CJSC "Strategiya reserve-holding." The merger is to be accomplished adhering to the procedure and conditions contained in the merger agreements of the above-mentioned organizations.

The merger will increase the capitalization of OJSC FC URALSIB, upgrading its efficiency and strengthening its competitive position on the financial market. This will allow the Company to move forward to a significant stage of implementing strategic initiatives of the companies in question and the plans of shareholders.

During the corporate re-organization, 70 preferred shares belonging to owners of CJSC "Delovoi centr UralSib" will be converted into additional preferred shares of the Company, resulting in a RUR 7 thousand increase in the Company's charter capital. The remaining 138 preferred shares of CJSC "Delovoi centr UralSib" are owned by the Company and will be redeemed in compliance with p.p.2,4 of Article 17 of the Russian Federal Law "On Joint Stock Companies." All shares of CJSC "Aktiv-holding" and CJSC "Strategiya reserve-holding" are owned by a single shareholder of the Company and will be redeemed in compliance with p.p.2,4 of Article 17 of the Russian Federal Law "On Joint Stock Companies."

On December 31st, 2010, the Company's charter capital was RUR 1,140,947 thousand, consisting of 570,473,500 ordinary registered non-documentary shares with a nominal value of two rubles per share, placed among corporate shareholders. As of December 31st, 2010, the Company's charter capital has been paid-in completely.



THE MANAGEMENT

No significant changes in the Corporation's management have occurred during the reporting period.

MUSLIMOV Ildar Raviljevich

Chief Managing Officer of FC URALSIB, Chairman of the Management Board of URALSIB Bank

Work experience

Mr. Muslimov has worked in the banking sphere for more than 17 years. His career started in 1993 at RICB Bashkreditbank (which was renamed to Uralo-Sibirskiy bank and later became the part of URALSIB Corporation, where he held different managerial positions. In 2004, he was appointed Deputy Chairman of the URALSIB Bank's Management Board. From 2006, his duties have included managing the corporate banking business, the regional network and controlling the Bank's remote Central Office, as well as the Bank's legal support. Mr. Muslimov has held the position of Chairman of the Management Board of URALSIB Bank since December 2009.

DEMENTIEV Alexandr Viktorovich

First Vice President of FC URALSIB, Deputy Chairman of the Management Board of URALSIB OJSC.

Investment Bank, Asset Management, Private Bank, International Business, Direct Investment Funds, Leasing.

Work experience

Mr. Dementiev has started to work in the structures (now part of the Corporation) since 1995. In 2004, he was appointed Deputy Chairman of the Management Board of URALSIB Bank. He has held the position of First Vice President of FC URALSIB since April 2007.

FILATOV Ilya Valentinovich

First Vice President of FC URALSIB, Deputy Chairman of the Management Board of URALSIB OJSC.

Retail Banking, Marketing

Work experience

Mr. Filatov has been in the banking business for more than 13 years. Prior places of employment include: ELBIM Bank, Platina Commercial Bank and the Moscow Credit Bank. He has held the position of First Vice President of FC URALSIB since October 2008.

MOLOKOVSKY Michail Yurievich

First Vice President of FC URALSIB

"Corporate Center" Strategic Division

Work experience

Mr. Molokovsky has worked in the banking sphere for more than 17 years. His prior employment includes: managerial positions at Belkomrus OJSC, Alpha Development CJSC and Ingosstrakh Insurance OJSC. In 2005, he started working at the Corporation, holding the position of Chief Financial Officer of CJSC SG URALSIB. In June 2006, Mr. Molokovsky was appointed Deputy CEO for Insurance of FC URALSIB. Since the end of 2009, he has held the position of First Vice President of FC URALSIB. His responsibilities include: strategy and finance, IT and operational support.

PETUKHOV Yuri Valentinovich

CFO of FC URALSIB

Work experience

Mr. Petukhov's experience in the banking sector spans 16 years. His prior employment includes: managerial positions in MFK Bank, the United Export-Import Bank and Rosbank. He joined the Corporation in 2000. His latest position was Chief Accounting Officer of URALSIB Bank. In April 2010, he was appointed CFO of FC URALSIB.

SAZONOV Alexey Valerievich

Vice President of FC URALSIB, Deputy Chairman of the Management Board of OJSC URALSIB.

Risk Management, Compliance

Work experience

From 2005 till 2007, Mr. Sazonov headed up the Risk Management Department at MDM Bank. He has worked in the banking sector for more than 10 years. His prior employment includes: TRUST Investment Bank and VTB. Since November 2007, he has held the position of Vice President of FC URALSIB.

"CORPORATE STABILITY IS A KEY COMPETITIVE ADVANTAGE"

Interview with Mikhail Molokovsky, CEO, FC URALSIB, Manager of "Corporate Center" strategic division

— Analysts call 2010 a year of recovery. What financial market and economic trends significantly impacted Corporate development in 2010?

— Economic recovery in fact began in the second half of 2009, but this dynamic only became visible in 2010 statistics. For example, in 2010, GDP growth was 4%, whereas in 2009, GDP fell almost 8%. Stabilization of the export environment, as well as growth in demand and prices for Russian export goods, contributed to economic recovery. An increase in Russian consumer and investment demand, coupled with foreign economic factors, also positively impacted the business climate.

In the financial sector, as well as for the economy as a whole, 2010 was a successful year. For example, aggregate banking system assets grew 14.9% against 5% for the previous year. The retained earnings of the banking system reached a record sum of RUR 573 billion. And against that background, URALSIB Bank, the Corporation's main asset, looks good. We succeeded in maintaining leadership among comparable private banks and gained RUR 4.2 billion in net profit.

The positive situation in the economy and the stock market contributed to an increased volume of managed assets. At the same time, URALSIB has been developing "in the market" and the value of managed market assets increased by more than 20%.

At the same time, URALSIB has grown with the market in terms of its broker operations: the volume of trading in shares and bonds rose 11.5%.

— What severe problems did FC URALSIB face in 2010? What did the Corporation do to make itself stable?

— A considerable decrease in the interest margin was one of the year's negative trends. According to our estimates, net interest margin decreased to 4.2% in 2010, compared with

4.4% in 2009 and 4.7% in 2008. This illustrates that bank efficiency is still lower than before the crisis. Despite economic growth, we are principally focused not on extensive growth in volume indicators, but on business efficiency and increased investment attractiveness. We succeeded in achieving some positive results in this area. In 2010, the return on FC URALSIB assets (ROA) increased to 1.6% and the return on equity (ROE) rose to 10.7%.

In 2010, excessive liquidity was a topical issue for the banking system in general. This was caused by an insufficient demand for credit in the situation of a considerable balance of accounts. We followed the general market trend of decreasing interest rates on credits and deposits; our efforts were also aimed at implementing a system of managing the assets and liabilities structure, which allowed us to minimize the current excess liquidity volume and to prevent its future growth.

As with most other Russian credit organizations, in 2010, we also focused on actively working with distressed assets. An independent division for troubled debt collection was formed. In conjunction with consultants from McKinsey, and based on best local and global practices, we developed new hard collection technologies for reducing existing debts and soft collection technologies allowing us to prevent the emergence of new troubled debts. In 2010, we elaborated on a phased plan for implementing the technologies. As a result, the amount of distressed assets decreased RUR 18 billion and their share in the Company's credit portfolio dropped from 26% to 18%.

In 2010, we launched a special division to manage the Corporation's investment assets. Investment assets are formed from two sources: the Corporation's investment portfolio and a list of assets received in the course of our work with troubled debts. After passing the investment portfolio over to the newly formed division, we revalued investments, defined their fair value and planned appropriate reserves for 2011.

We expect that an effect from these changes will be seen in the near future, and we will be able to improve corporate efficiency.

— Did you correct the strategic and operating management procedures of FC URALSIB?

— Of course, the improved economic situation allowed us to move from short-term to long-term strategic planning. In the near future, our principal goal is to provide for a specialization of the Corporation's business in servicing target client segments and to develop unified principles for operating and strategic activities.

Work was carried out in two core directions: business diversification and the re-organization of our sales network. We developed a target business model focused on five basic financial market segments. The integration of business directions into these units was carried out based on the principles of the similarity of business processes and sales technologies. In particular, the small business client segment was moved from the Corporate Bank to the Retail Bank. We plan to integrate asset management and private banking into a separate unit.

In addition to an increased focus on our clients, in 2010, we worked on renewing the cycle of operating and strategic planning. During the first half of 2010, we developed an operating plan. In late 2010, the 2011 operating plans for the Corporation in general and for businesses and functional divisions were developed. In 2011, we plan to continue working on upgrading the strategic planning process; in particular, cascading goals from upper level to lower management levels will be resumed.

— Which competitive advantages allow FC URALSIB to be a market leader?

— Certainly, our key advantages include high quality services and a qualified team which is able to find an approach for any client.

Despite difficulties, in 2010, URALSIB retained its position as a leader in key segments of the Russian financial services market. According to Expert RA, in 2010, URALSIB ranked first among private banks in granting loans to small businesses. FC URALSIB leasing company retained its leading position; it ranked second among private leasing companies



based on portfolio volume. URALSIB is one of the three largest asset management companies on the Russia market. I think this was possible due to our wide regional network and multi-profile business. Now, I can say with certainty: URALSIB met the expectations of our clients and partners who relied on the Corporation's stability during the difficult crisis period.

— In your opinion, what could be the basis for the Corporation's further development and stability?

— URALSIB combines core factors necessary for any business' success: a reputation as a reliable partner, and, accordingly, a high level of client trust in the brand and loyalty, a balanced long-term strategy and flexible operating management which allows it to adapt to quickly changing market situations. Moreover, our ability to provide various financial and consulting products to our clients via cross-sales mechanisms represents another advantage as well.

As already stated, to upgrade the efficiency of business processes, the speed and the quality of the client servicing we made a decision to switch small business servicing to retail sales technologies. This will provide an additional competitive advantage in regard to the accessibility of credit products, given that competition in the small- and medium-size business segment is growing. This means not only short-term decision-making, but also a simplification of credit-scoring procedures and flexible collateral management schemes. In the long-term, it will help us build partner relationships with our clients and will positively impact the entire Corporation's business development.

Coupled with wide geographic coverage (according to RBC, URALSIB ranks third among private banks with the largest number of branches), electronic sales channels help us build long-term strategies. This direction becomes more and more important each year.

— Does FC URALSIB participate in strategic State programs?

— Since June 2010, URALSIB has granted mortgage loans within the framework of standards developed by Russia's Agency for Housing Mortgage Lending OJSC. In addition, the Bank has participated in the 2010-2012 Program of Investments in Affordable Housing Construction and Mortgages, which was launched by Vnesheconombank. I would like to add that in 2011 we have developed and prepared to put into operation a special program "Mortgages for Parents, Present and Future." The program is focused on decreasing mortgage rates for families with children.

In conjunction with the Russian Bank for Development, we also participate in the State Program of Financial Aid to SMEs

jointly with the Russian Bank for Development. In April 2010, we concluded a five-year RUR 1.2 billion loan agreement. To evaluate the needs of small- and medium-sized companies for financial products, we have analyzed the services necessary for small enterprises at each stage of its business development. In the near future, the Bank will introduce a new unique product range for its clients; the range will be developed for all stages of small- and medium-sized corporate development.

— URALSIB introduces new information technologies in the Russian financial market. Could you tell more about your company's achievements in this sphere?

— Firstly, it is worth talking about URALSIB's participation in developing a unified payment and service system "Universal Electronic Card" across the entire Russian territory. This project is being conducted jointly with Sberbank of Russia and AK Bars Bank.

In May 2010, an open joint stock company, Universal Electronic Card, was formed, and URALSIB became one of its shareholders. The Company also takes part in developing a federal law that establishes a procedure for providing state services in electronic format, as well as an order for issuing and using the universal electronic card.

In addition to the federal program, in 2010, we continued to independently develop the Social Card of the Region program in the Republic of Bashkortostan and the Smolensk and Ivanovo Regions. In 2010, the Social Card of Bashkortostan program received the Cards and Payments Europe Award. We also plan to develop this program in the Moscow, Kemerovo and Bryansk Regions.

Furthermore, in 2010, our Yekaterinburg branch began implementing a pilot project "Sphere," we plan to switch all our banking business to Finacle (a unique IT platform). This system is used by leading international financial companies, including: ABN Amro, BBVA and Credit Suisse, and does not have a comparison on the Russian market. Advantages garnered from the newest technological platform will enable us to develop a good reserve of sustainability for future development. By late 2012, we plan to use Sphere project solutions across the Corporation's entire network.

STRATEGIES

In 2010, stable economic recovery trends became clear; which allowed us to analyze the crisis' impact. The large scale multi-profile business format met partners' and clients' expectations of corporate stability even during the crisis, and despite challenges in the post-crisis recovery stage, in 2010, URALSIB retained its positions in lists of leading companies in key segments of the Russian financial services market.

The unstable macroeconomic situation led to a shift in priorities from long— and mid-term strategic planning to the development of tactical schemes for the short-term outlook. In 2009, FC URALSIB switched to a short-term operating model, which allowed it to efficiently react to market situations. At the same time, the Corporation actively used a top-down strategic planning model, in which strict objectives for corporate businesses were set by the Boards of Directors. In 2010, the Corporation retained its position and simultaneously renewed the operating and strategic planning cycle. In late 2010, operating plans were developed for the Corporation as a whole, as well as for separate businesses and functional divisions. In 2011, we plan to continue working on upgrading the strategic planning process. In particular, the Corporation plans to renew cascading goals for upper level to lower management levels.

In 2010, the Corporation's businesses focused on specializing in providing services to target client segments and developing unified principles of operating strategic activities. Meanwhile, the directions of FC URALSIB strategic development are traditionally based on achieving maximum synergy from the activities of all the Group's businesses. Complex cross-product potential is the Corporation's priority when developing new commercial proposals; it allows the Corporation to expand the range of proposed services and products to each client and to provide increasing returns per one client.

In 2008, FC URALSIB Board of Directors adopted a long-term corporate development strategic plan till 2014. The main indicators were calculated based on a predictive model of macroeconomic growth. The 2009 economic

downturn corrected the strategic plan and the Corporation modified its medium-term efficiency indices accordingly. However, the overall vision formulated in "The 2008-2014 Strategy" remained unchanged.

Thus, for 2010, URALSIB's success is determined by a combination of core success factors for any business: a reputation as a reliable partner, and, therefore, a high level of client trust in and loyalty to the brand; the existence of a balanced long-term strategy and flexible operating management, which allows the Corporation to take rapidly changing market conditions into consideration.

COMPLEX STRATEGIC PLAN

In 2010, the Corporation did not change the basic methodology of strategic planning, strategy operationalization and efficiency estimation. For many years, FC URALSIB has used a model of strategic maps and a system of balanced indicators as its foundation (the Kaplan-Norton Model). This method fully complies with the Corporation's development priorities and allows it to consider all aspects of activities in the economic, social and environmental spheres.

In 2010, the Corporation followed a vision described in FC URALSIB Complex Strategic Plan (2008-2014), which includes a combination of strategies focused in two core directions: sustainability and corporate potential provided by functional strategies and the economic efficiency and market share developed by the Corporation based on business strategies.

All key business types and functional divisions have strategic maps that correspond to the Complex Strategic Plan; the maps include priorities, goals, strategic initiatives, implementation mechanisms and key efficiency indicators, as well as to establish personal employee responsibility across all levels for implementing strategy and meeting target indicators.

This model, implemented in 2006 during a period of economic growth, became one of the most significant

factors contributing to the Corporation's stability during the crisis. These processes, tested during both a period of economic growth and the global financial crisis, give the Corporation an essential competitive advantage in post-crisis situations. The processes allow for the renewal of long-term strategic planning without any decentralization. The unified planning methodology based on strategic charts allows for the adjustment, overhaul or improvement of strategic plans in any economic situation, ensuring planning continuity and the completeness of information.

BUSINESS STRATEGIES

Business strategies are developed for all businesses of the Corporation. Business strategies contain detailed descriptions of the mechanisms used to achieve leadership in both scale and profitability for each business. All business strategies have common attributes, as they are strategically targeted, implemented synergistically with related businesses and segmented via specialized client groups.

In 2010, business strategies were developing in two directions: business diversification and the re-organization of the points of sales network.

A target business model was developed; it was based on five major units focused on various financial market segments.

Business unit integration was carried out in accordance with the principles of the existence of complementary business processes, comparable sales technologies and the unity of purposes. In particular, the Small business client segment was transferred from the Corporate Bank to the Retail Bank. The Corporation plans to unify businesses specialized in management and increase client capital: investment management and private banking. Our insurance company and the collection business will remain independent business units.

In late 2010, the Corporation engaged in a project related to specializing sales offices in two directions: retail and corporate. The retail network will combine the



provision of services to individuals and small businesses based on the use of conveyor technologies. The Corporation plans that the corporate network will provide services to customers by suggesting an array of diversified products.

FUNCTIONAL STRATEGIES

Functional strategies determine the development goals and development implementation mechanisms for corporate divisions, which carry out supportive and administrative functions.

The functional strategies complement and support the implementation of business strategies.

Brand management

Development strategies of the URALSIB umbrella brand determine the mechanisms used to position the Corporation and its member-companies in three main target groups: clients, enterprises and the society as a whole. Therefore, strategies are implemented at the level of the Finance Corporation (the parent brand), as well as at the level of individual businesses (sub-brands). In particular, the Corporation promotes the URALSIB brand as positive and socially-oriented by implementing socially significant programs, including programs of the Corporate Charity Fund, by encouraging corporate volunteers and carrying out projects within the framework of the Public Private Partnership. The sub-brands develop responsible business practice principles, adhering to high service standards.

External communications

The strategy for external communication development is targeted at forming long-term relationships between the Corporation and the environment, with the Corporation being a reliable and responsible business unit for the economy, the public and the State. This strategic line includes interacting with federal and local authorities, mass media, associations, unions and the public.

Finance management

The financial strategy is intended to ensure the financial stability and liquidity of the Corporation. In 2009, the financial strategy was developed based on the predictive model of a U-shaped economic revival, development prospects forecast for the financial market, the risks associated with a probable increase in troubled assets, inflation and acts of God.

Risk management

The risk management strategy is intended to decrease the possible risk level while maintaining acceptable earning power.

The priority lies in maintaining a balance between the risk level and the economic interests of shareholders. The strategy takes into account best global risk management practices.

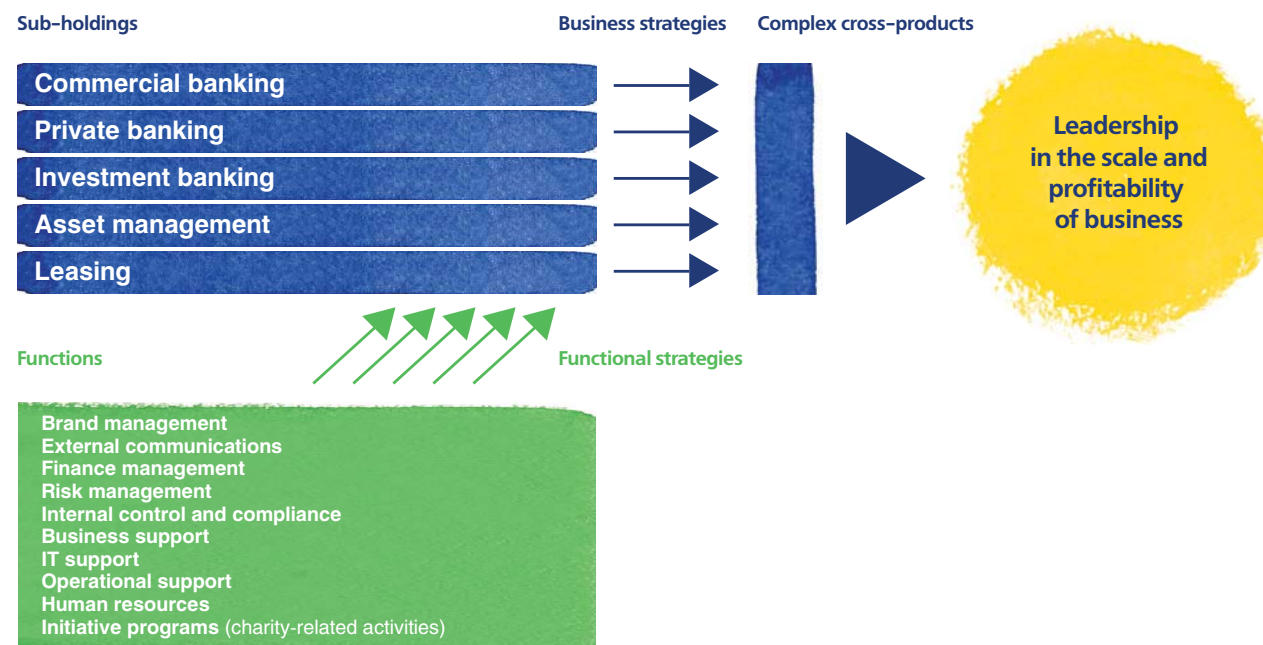
Internal control and compliance

The strategy is designed to develop a system that controls the compliance of FC URALSIB member-companies' activities with Russian legal norms and ensures harmonization with international standards and best practices in internal control. The second purpose of the strategy is to identify possible sources and to prevent conflicts between the Corporation and clients, the Corporation and employees, and between corporate divisions.

Business support

The business support strategy is developed taking into account the implemented business model. The strategy is intended to upgrade business efficiency. In 2009, certain functions of support departments were centralized, which resulted in cost reduction.

Principal strategic planning chart



IT support

The strategy is intended to develop integrated IT systems meeting requirements of the Corporation's business logic and envisages the maximum integration of IT platforms into the system of corporate governance, the provision of a full range of IT services, sophisticated access to existing databases and their protection, the maximum automation of business processes and other systemic and IT solutions based on best global practices. In 2010, the Corporation renewed implementation of numerous long-term projects suspended during the crisis. Major systems re-launched included the Finacl Integrated IT-platform, which has no competitor on the Russian market.

Operational support

The strategy is intended to upgrade the processes of operational support for the business, to ensure the development of said support and to reduce the cost and duration of operation cycles. The strategy envisages establishing common standards of service quality. In 2010, support was focused on upgrading the maturity of key processes and assistance to initiatives that deal with restructuring the regional network.

Human Resources

The Human Resources strategy is based on a synergy of best practice HR technologies, a corporate culture of value management and an inspired team.

Initiative Programs (Charity-Related Activities)

The strategy is intended to develop and upgrade the efficiency of external social and charitable programs. Traditionally, the Company has focused on supporting children in distress, as well as educational activities. The strategy pays significant attention to partnering with corresponding non-profit organizations and developing corporate volunteering.

As the procedures that determine URALSIB FC's strategies in relation to economic, environmental and social issues are the most important directions and development zones for the Corporation, the qualifications and competencies of members of the Management Board will be determined based on the updated model of competencies developed in the Corporation. At present, the Corporation's supreme governing body assesses its own efficiency in regard to economic, environmental and social issues based on the Balanced Scorecards (BSC) system and Key Performance Indicators (KPI).

DYNAMIC SCENARIO MODELING

The unique dynamic scenario modeling system is used by FC URALSIB, developed in conjunction with Oliver Wyman Consulting Company in 2009.

The system enabled the on-line calculation of forecast monthly balances and profits and losses, as well as liquidity and capital adequacy for the Bank and the Corporation as a whole. The system allows for high accuracy predictions based on monitoring key internal data, macroeconomic indices and pre-set strategic initiatives.

Forecast data results are analyzed in numerous possible development scenarios. This opportunity is of paramount importance in conditions of macroeconomic uncertainty.

Actively applying the system of dynamic scenario modeling for the stress test conducting for the Bank and the Corporation enabled the selection of optimal strategic initiatives for each business in 2010.



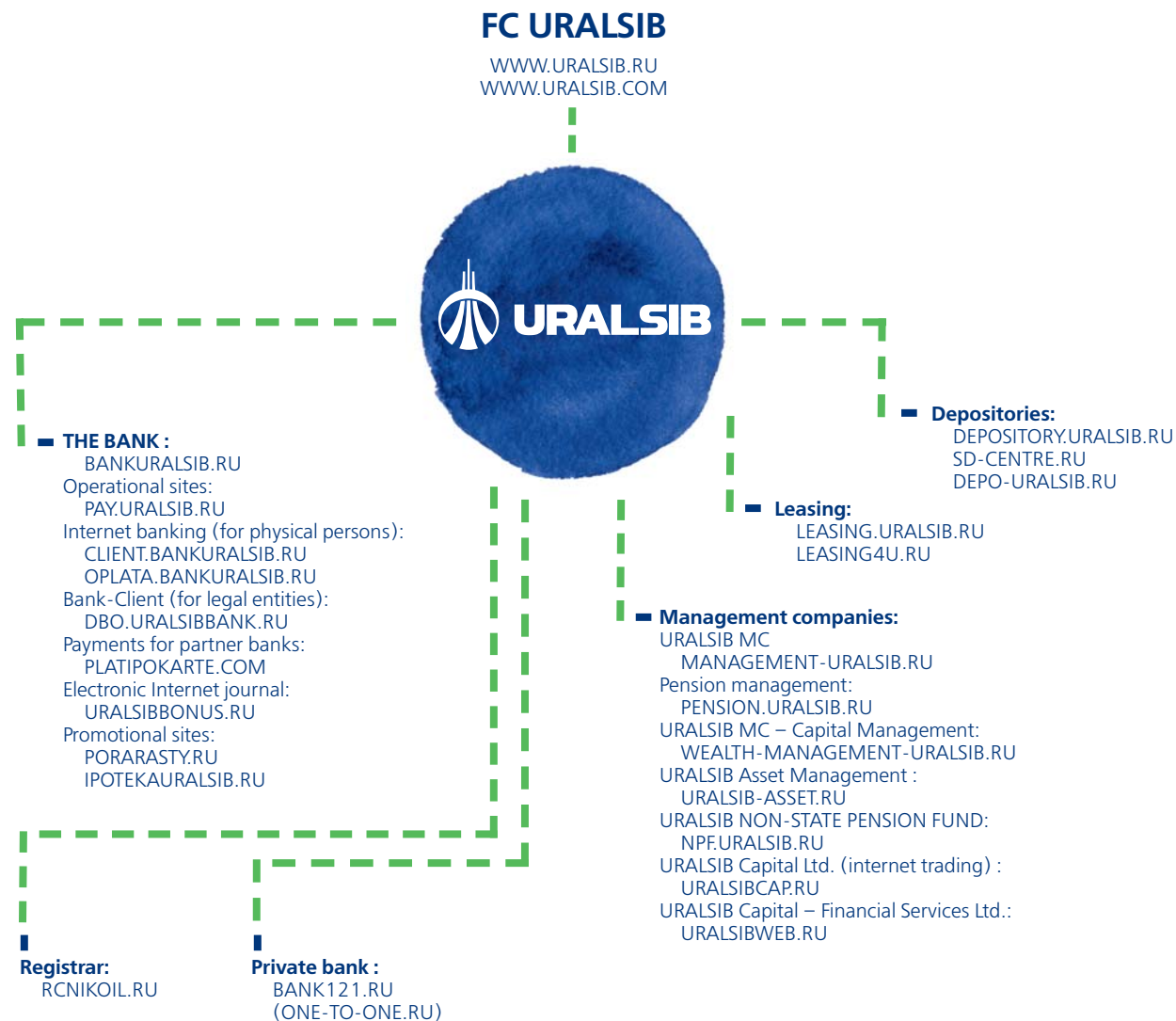
DISCLOSURE POLICY

FC URALSIB PR Department and the corresponding departments of the Group's member companies promptly update journalists, media professionals and the public on key corporate events and news. Information on resolutions of the Board of Directors, the annual and quarterly reports, as well as complete data on offered products and services, can be found on the Corporation's official Internet sites. Each site has a feedback form, as well as a hot line number.

FC URALSIB also publishes a periodical entitled "Corporate News," which contains information on different events and interviews with top managers. The periodical is circulated among the Corporation's employees and partners.

FC URALSIB sustainability report is issued annually. Key data on the activities and composition of FC URALSIB is presented in both Russian and English.

FC URALSIB Information resources



"YOU SHOULD CONSCIOUSLY ACCEPT RISKS"

Interview with Alexey Sazonov, Vice President, Chief of the Risk and Control Division, FC URALSIB

— How do you estimate the measures taken by regulatory authorities to avoid the recurrence of large-scale economic turmoil connected with the economic crisis?

— After every crisis, the regulatory regime always becomes stricter; everybody knows that. The regulatory authorities' reaction is quite natural and explainable. However, this time the regulatory measures were more conscious. Prior to the crisis, Russian monitoring over banking operations was quite strong; when the problems emerged, the government, the Central Bank and the Ministry of Finance did not go the formal route. Instead, they decided to sort things out and understand why it happened, and what had gone wrong. I believe that the key difference was in the dialogue initiated by regulatory authorities with the financial sector. There were plenty of meetings, seminars, discussions, debates and joint work on documents. Some projects are still being discussed, even now, when the situation is already stable and when there is no need to elaborate on the consolidated position. It means that the parties are truly interested in continuing the dialogue.

— Did the criteria for banks' stability change?

— A core stability criterion was total capital and its adequacy. In any situation, a bank's basic stability indicator is the amount of risk that the bank may absorb and cover in crisis situations. Requirements for the amount of capital and its adequacy are constantly growing and the Basel Committee on Banking Supervision acts as a key driver of this process. Russia has adopted neither Basel I, nor Basel II. In due time,

the Russian Central Bank, which actively participates in the Basel Committee, has integrated some requirements in its internal regulatory documents. Regarding Basel II, the Bank of Russia has developed its own recommendations on how, when and via which stages Russian banks may switch to this international standard. At the moment, nine banks, including URALSIB, are members of a working group discussing the transition to Basel II.

Another trend is the more active use of stress testing. In 2010, URALSIB analyzed various scenarios numerous times. Previously, banks did that only occasionally and at their own discretion, but now they know that understanding a bank's sustainability in a certain situation gives them an advantage.

— What was corrected in 2010 in URALSIB's strategic risk management goals?

— We build our risk management strategy based on principles that allow us to consciously manage risks and make balanced decisions.

Every organization determines for itself its so-called risk appetite, the level of risk that it is eager to accept. Therefore, the task of risk management is not to exceed this level. Considering lessons from the crisis, I would re-word the classic task of risk management to read "control the minimum risk level and ensure maximum profit." I would say that our task is to assume risks consciously. The crisis happened to a large extent because major investors took risks which they did not fully understand. In other words, our upgraded strategy is to strive to understand a risk before we take it. A decision to

take it (this risk) or not will depend on our ability to manage the risk.

As a result of the crisis, we received a large volume of statistics and specific case studies connected with defaults. We received an opportunity to analyze the causes of the non-fulfillment of obligations by a borrower and of incomplete risk assessment by our Company. In this respect, the crisis allowed us to receive a sufficient volume of objective information, which we then used to correct the methods for preparing credit reports. This allowed us to upgrade assessment quality and make the system more client-oriented.

— What social risks does the Corporation take into consideration?

— For me, social risks are primarily reputation ones. At this stage of our development, they are practically equal, as reputation risks include social ones. They are connected not only with our activities in the social sphere. Any credit transaction includes reputation risks.

To assess this, we hold multiple expertise, various profile divisions take part in it. For example, the Compliance service assesses if a transaction complies with legal requirements, if it could induce a negative reaction by society, clients and regulatory authorities. The reputation risks related to major social projects are now being considered by the Management Board. But in the long-term, when social investment is increasing, the Corporation may form a special committee which will be responsible for risk expertise connected with the Corporation's social projects.



— Does URALSIB Bank plan to create a system that considers the environmental risks of investment projects?

— The Bank is developing a new credit policy, which is to be adopted in 2011. We will be focusing on certain industries which are good enough for us with regard to the “risk/return” balance. Deeply analyzing the situation in an industry, we are getting close to implementing a system of identifying and managing environmental risks. Environmental risk for us is principally an industry-related risk. The new credit policy will include a section dedicated to assessing environmental risks in investments and credit transactions. Our primary task will be getting experience in assessing and integrating results of the expertise into the decision-making system.

RISK MANAGEMENT SYSTEM

The Corporation has a complex multi-level risk management system including: strategic, tactical and operating management.

Strategic risk management is conducted at the level of the Corporation's Board of Directors and Management Board. For this, priority tasks are determined and internal regulatory risk management documents are approved, including documents related to credit policy and risk management policy.

Tactical risk management is carried out by the Corporation's collegiate governing bodies within the framework of their powers. They approve a procedure for risk identification, assessment and management and decision-making, including decisions made as advised by the risk management service.

Operating risk management is conducted by the Corporation's structural divisions within the framework of their powers, including by specialized independent risk management and internal control services. Responsibility for risk management at the operating level, including operations risk management, is also taken by the Corporation's business divisions, the Treasury, the back office, the settlement center and other services capable of excluding or limiting the Corporation's risks at their levels (business support services and the legal department, etc.).

The Corporation's current risk management system is focused on managing the following types of risks: credit, market, operations, legal and reputational risks. Risk management mechanisms depend on the type of risk and are described in internal methodologies.

FC URALSIB Board of Directors plays a key role in the risk management system. The Board establishes the general principle of system development, monitoring its compliance with the Corporation's business and scale. To monitor the risk management system and determine the basic directions of its development, the Corporation and its subsidiaries attract professional consultants and experts.

The Boards of Directors of subsidiaries and dependent companies (SDCs) carry out implementing the strategy and

approve the risk management policy for the respective companies; the Management Board/sole executive bodies of SDCs allocate risk management functions across the collective bodies and divisions of SDCs, controlling the performance of these functions and approving limits for different types of financial risk and allocating these limits for different activities.

During regular monitoring, a report on the current risk level is performed; the reports allow the Company to quickly make decisions on re-distributing limits to optimize the risk/return ratio.

The Management Boards/sole executive bodies of SDCs have the right to delegate powers to make risk management decisions to numerous collegial bodies. For example, for credit organizations an asset and liability management committee is responsible for implementing the policy for structural risk management, including: price, interest, currency and liquidity risks. The credit committee assesses the risks of corporate borrowers and approves the parameters for credit transactions.

Operating risk management functions are delegated to the profile divisions that have appropriate professional competency. In particular, the assessment of operations risks in financial markets (market, credit and reputational risks, etc.) is conducted by the Risk Management Service in compliance with approved internal regulatory documents. Market risks are assessed using the newest models based on VaR methodology* and via regular stress testing.

All instances of bribery and fraud uncovered by the Corporation are registered in the automated database of operating risk events. Employees of the Risk Management Service thoroughly analyze problems and elaborate on suggestions to prevent them.

When working with the database of operating risk events, incidents connected to gender discrimination, religious discrimination, family status discrimination, wealth discrimination, political discrimination and discrimination based on other issues not related to the professional skills of

a candidate/employee of the Corporation are subject to special inspection.

The Risk Management Service also participates in the process of approving all new products and services to discover weak spots in the Corporation's business processes and the possible risks associated with internal or external fraud, including bribery committed by the Company's managers.

Avoiding Conflict of Interests

The avoidance of conflicts of interests is provided for by including an independent representative in the Management Board. The independent representative is not responsible for any type of corporate business and is not directly interested in financial results.

In the course of crediting, conflict is avoided by strictly dividing roles and powers in compliance with a system of approving decisions on operations and credit risks. In respect to retail risks, in 2010, the Credit Committee of the Corporation's Central Office, a collegial body, approved requirements for borrowers and terms for credit products. Placing these issues in the agenda of a meeting of the Credit Committee is possible only if it is authorized by the Risk Management Service. Representatives of the Risk Management Service are also Committee members.

A system of approving, monitoring and collecting retail credits allows for the minimization of conflicts of interests related to retail credits.

The system is built on the basis of the "credit conveyor" and the "collection conveyor" principles; it includes fully centralized underwriting (since 2009), scoring (since 2010) and centralized credit control, including the early collection stage, which was passed from the retail business units to a separate business unit in 2010, in addition to the description and control of procedures, obligations and norms.

In 2010, to upgrade the credit risk management system, a methodology of developing, verifying and optimizing the internal ratings based system (IRB) was introduced. It includes general principles on developing internal rankings, the division of borrower types and

* A methodology for Value-at-Risk, or VaR, was developed by the Basel Committee on Banking Supervision to assess the risks of potential losses which may emerge due to poor market conditions.



credit product types, the assessment of individual factors and the ratings correction, warning signals, procedures for adjusting the IRB models and price formation with respect to risk.

The rating system allows for the assessment of a contractor's/issuer's internal ranking, which determines its credit quality, and to make decisions on the volumes of operations with a contractor/issuer.

To diversify credit risks, URALSIB Bank began developing a system of limits based on a matrix of an industry's attractiveness in terms of the "risk/returns" ratio. An assessment of industrial risks was based on expertise performed by leading international consultants, using S&P methodology. Based on the assessment results, the Bank's general efforts aimed at business development shall be focused on priority sectors of the economy and the share of investments in risky sectors will be limited.

In 2009–2010, the Risk Management Service participated in developing programs for restructuring and refinancing the overdue and troubled debts of the Corporation's borrowers. They were focused on supporting clients who found themselves in difficult financial situations due to the crisis.

Assessment of the environmental and social risks of investment projects

In 2010, the credit policy did not provide for the mandatory assessment of environmental risks. However, in the course of making a decision on crediting large-scale construction projects or other projects with significant environmental risks, the Risk Management Service analyzed the social significance of financed projects and their possible environmental impact. For instance, internal rating models provide for downgrading a contractor's rating in case there are considerable environmental risks and/or risks related to labor protection. In 2010, the Risk Management Service began analyzing the Bank's current regulatory documents to develop solutions to formalize the process of environmental risk analysis. In 2011, within the framework of actualizing the Bank's credit policy, the Corporation plans to approve unified risk management principles used for socially and environmentally focused investments. In 2010, statistics on numerous investment projects considered by the Risk and Control Division using socially and environmentally oriented investment principles were not compiled.

OJSC URALSIB established a direct ban* on crediting small businesses specializing in the following potentially socially dangerous sectors of the economy:

- Manufacturing and sales of weapons and other military products
- Gambling business and the manufacturing of gambling machines
- Production and export of tobacco products and high proof alcoholic beverages

All environmental risks related to the use of office buildings in which the offices of Group companies are located are taken by public utilities with which appropriate agreements were concluded. Due to the insignificant influence of climate change on the organization's operations, the Corporation did not develop specialized management procedures for this type of risk.

Development prospects

Within the framework of a medium-term strategy for FC URALSIB development, an opportunity for gradually implementing the Equator Principles is** being considered. In the first stage, the Bank's credit policy shall include basic risk management principles for socially and environmentally focused investments. After refining the method for assessing and managing these types of risks, this practice will be used in all FC URALSIB companies.

In 2011, the Corporation plans to completely implement the early warning signal system. The system is designed to identify potentially distressed assets at an early stage in order to react in a timely manner, developing a set of measures to prevent the emergence of troubled debts and to minimize the Bank's potential losses.

* Regulations on credit products for corporate clients of a target client segment "Small Business."

** The Equator Principles are a complex set of principles developed to assess environmental and social risks prior to providing project financing. Using the Principles, banks voluntarily take responsibility for the stability of projects which they finance. The Equator Principles idea is based on environmentally friendly and social standards of the International Financial Corporation (IFC), a World Bank Group member, providing financing to private companies. Organizations which adopted the principles are named EPFI (Equator Principles Financial Institutions).

INTERNAL CONTROL

The Corporation's internal control system includes procedures held by the Board of Directors, collegial bodies, special services, managers and employees. The procedures are carried out to achieve the following goals:

- Strategic: implementation of the corporate mission and meeting target strategic indicators, including complying with the adopted Policy of Corporate Social Responsibility;
- Operating: provision of financial and operating efficiency;
- Information: provision of reliable, full, timely and protected financial and managerial information, including reports, for internal and external users, to efficiently manage internal social and environmental programs;
- Compliance: following legislation and internal rules and codes, including the Code of Corporate Ethics;
- Reputation: maintenance of the Corporation's reputation in society and the business community, including the creation of a friendly environment for interacting with clients, investors and regulatory authorities.

The Board of Directors, the CEO, the Management Board and other collegial bodies of FC URALSIB, and principally the Audit Committee of the Board of Directors, are key bodies that establish general principles for building an internal control system and monitoring its compliance with the nature and scale of business.

Core internal control mechanisms at the corporate level include: centralization, standardization and regulatory actions related to business process management, as well as systems of dividing responsibilities across collegial bodies and delegating powers, controlling the fulfillment of orders, reporting procedures and controlling information flow and protection. They also include mandatory corporate procedures such as document approval and the most important decisions and major transactions, setting cascading goals and personnel assessment.

The range of control procedures includes: automated control, authorization, reconciliation, material and physical control, a check of assets, operations and business processes and monitoring and analysis. Control procedures are conducted in an uninterrupted regime by direct participants

in the process, automated systems and special divisions: internal control services, risk management services, compliance services and the business assistance (economic security) service.

The use of control procedures is established by the internal documents of FC URALSIB and its subsidiary and dependent companies. The content of the documents correspond with requirements of the Bank of Russia, the Federal Service for Financial Markets (FSFM) and the Russian Ministry of Finance, etc. Methodologically, these procedures are based on the best work by Russian business technology specialists (including FC URALSIB own methodologists), as well as on generally accepted international standards, for instance, on the Basel Committee on Banking Supervision (in the banking sphere) and standards developed by the Institute of Internal Auditors (USA).

In accordance with the Concept for Reforming the Corporation's Internal Control System, which was approved by the Board of Directors in 2008 and actualized by a decision of the Corporation's Management Board in 2010,

an international standard COSO-ERM formed the basis for system development. Implementing a system based on the COSO-ERM as a basis for risk management provides for uninterrupted monitoring and control over risk processes to determine the minimum risk level conditioned on retaining acceptable revenues.

To date, analyzing and registering risks and control procedures is a topical direction for developing the internal control system. The analysis is carried out by developing methodology and is conducted by the Internal Control Service for the risk-oriented audit of priority business processes, the development of risk maps and the further optimization of business processes. In 2010, the foundation was laid for the methodology of registering risks and control procedures, for implementing risk-oriented audits. Risk-oriented audits of certain retail business sectors were carried out too.

Key Risk Management Standards Adopted by the Corporation:

1. 2010 credit policy for work with FC URALSIB corporate clients
2. Order for establishing limits on contractors, issues, portfolios and the positions of FC URALSIB
3. Regulations on conducting the underwriting of retail business credit products
4. Regulations on approving decisions on the provision of products that carry a credit risk for FC URALSIB
5. Order for recognizing assets under supervision and the distressed assets of FC URALSIB
6. Order of working with overdue and troubled debts with retail business credit products
7. Order of writing off troubled assets related to the credit products of FC URALSIB
8. Regulations on crediting legal entities for FC URALSIB
9. Regulations on crediting individuals for FC URALSIB



INTERNAL AUDIT SYSTEM

The functions of internal control and internal audit are performed separately. The Internal Audit Department was formed in 2008.

The procedures of internal audit ensure that the Board of Directors is reasonably confident about the certainty of financial reporting, the efficiency of the internal control system, the system of risk management and the corporate governance system.

The independent nature of the internal audit function is based on the following:

- The function is centralized. The Internal Audit Department is a part of the organizational structure of FC URALSIB, therefore its opinions and conclusions are independent from the subsidiaries and dependent companies of the Corporation;
- The function is accountable to Mr. D.W. Gardner, the independent director of the Board of Directors of FC URALSIB;
- The function is accountable to the Audit Committee of the Board of Directors.

The Internal Audit Department operates in compliance with the law of the Russian Federation, the corporate documents and the decisions of its governance bodies, as well as with the Service Regulations, the International Standards of Professional Activities of Internal Auditors and the Code of Conduct (the documents of the Institute of Internal Auditors, USA).

COMPLIANCE CONTROL

FC URALSIB companies strive to work only with reliable partners. They comply with Russian and international laws related to anti-money laundering measures and are not involved in activities that are in the interests of shadow economic agents.

The Corporation's compliance control system allows three priority tasks to be accomplished: minimization of the risk of conflicts of interests between the Corporation and its employees, between employees and corporate clients, and the minimization of compliance risks for Group companies operating in the securities market.

To upgrade the conflict of interest management system, in 2010, the Compliance Service put into operation an information database "Transaction Request." It was designed to automate the approval process by the Compliance Service for securities transactions conducted by the Corporation's employees in their own interests and subject to the risk of conflict of interests in accordance with FC URALSIB Compliance Policy, as approved by the Corporation's President in 2008.

Implementation of the automated system allowed the Corporation to reduce the risk of conflicts of interest by quickly accessing information, using automated procedures and speeding up the decision-making process.

In 2010, the Corporation introduced procedures for disclosing and managing conflicts of interests of its managers and members of FC URALSIB collegial bodies. To manage conflicts of interests, the Corporation set limits and powers on transmitting information between business processes and certain stages of business processes, established rules of disclosure and the management of conflicts of interests, as well as levels for making decisions on conflict management.

The Compliance Service is also responsible for internal control aimed at counter-acting money laundering. In accordance with the Compliance Policy, the following facts must be mandatorily disclosed and analyzed:

- Participation in any mergers or acquisitions at a person's own expense;
- Any type of affiliation with any company or business;
- Membership (including free membership) in the executive bodies of a client of any company of the Corporation;

- Any type of employment in State government bodies or enterprises owned by the State;
- Membership in political parties and movements;
- Interactions related to financial consulting conducted beyond a person's official duties;
- Transactions at a person's own expense related to assets partially owned by FC URALSIB, and others.

Since 2008, FC URALSIB has utilized the Know Your Customer policy; it is focused on protecting corporate interests from the actions of badly-intentioned clients and contractors whose activities are connected with money laundering and the financing of terrorism.

The Know Your Customer policy is part of the corporate governance system and is oriented toward minimizing the following types of compliance risks for the Corporation's companies:

- Risk of license recall or administrative suspension (restraint) of business due to the non-fulfillment of regulatory anti-money laundering requirements;
- Risk of business reputation loss leading to the formation of a negative corporate image in Russian and foreign financial markets;
- Legal risks leading to the prosecution and application of sanctions due to conflicts of interests, a breach in clients' and investors' rights, an improper execution of legal norms aimed at anti-money laundering and counter-financing of terrorism (herein after referred to as AML/CFT).

In 2010, the Compliance Service amended the AML/CFT procedure based on the Know Your Customer policy, international standards and best anti-bribery practice. The AML/CFT system used by FC URALSIB companies complies with legislative requirements related to anti-money laundering and to counter-act the financing of terrorism. Regulations on the Interactions of the Compliance Service with FC URALSIB Divisions, which has been used since 2009 to process the requests of financial market participants, allows the Corporation:

- To receive feedback from clients of companies-professional participants in the securities market to upgrade the quality of services and client loyalty to the Corporation;
- To react quickly to client complaints, to identify and systematize typical complaints filed by clients;
- To upgrade internal procedures (business processes) for the provision of services to corporate clients;
- To maintain consistent procedures for processing complaints.

To counteract bribery, FC URALSIB Internal Control Service, the Compliance Service and the Business Support Service (within the framework of their core zones of responsibility) control the activities of both the Central Office and the Corporation's regional divisions. To uncover the risks of a breach of anti-bribery laws early, regular inspections of the activities of senior managers, key managers and persons responsible for strategic decisions are conducted. In 2010, the Corporation's employees did not conduct any actions that fall within the scope of the Federal Law "On Counter-acting Corruption."

Among the business ethics principles adopted by FC URALSIB is strict compliance with current legislative requirements, other regulatory acts and internal regulatory documents, including anti-monopoly laws, legal norms and decisions by the Russian Federal Anti-Monopoly Service. The Federal Anti-Monopoly Service's instructions to rectify discovered violations received by the Corporations in 2010 were fulfilled in time. During the reporting period, fines and other sanctions for breaching norms that regulate the protection of competition were not imposed on FC URALSIB, and such lawsuits were not filed against the Corporation.

INTERACTING WITH STAKEHOLDERS

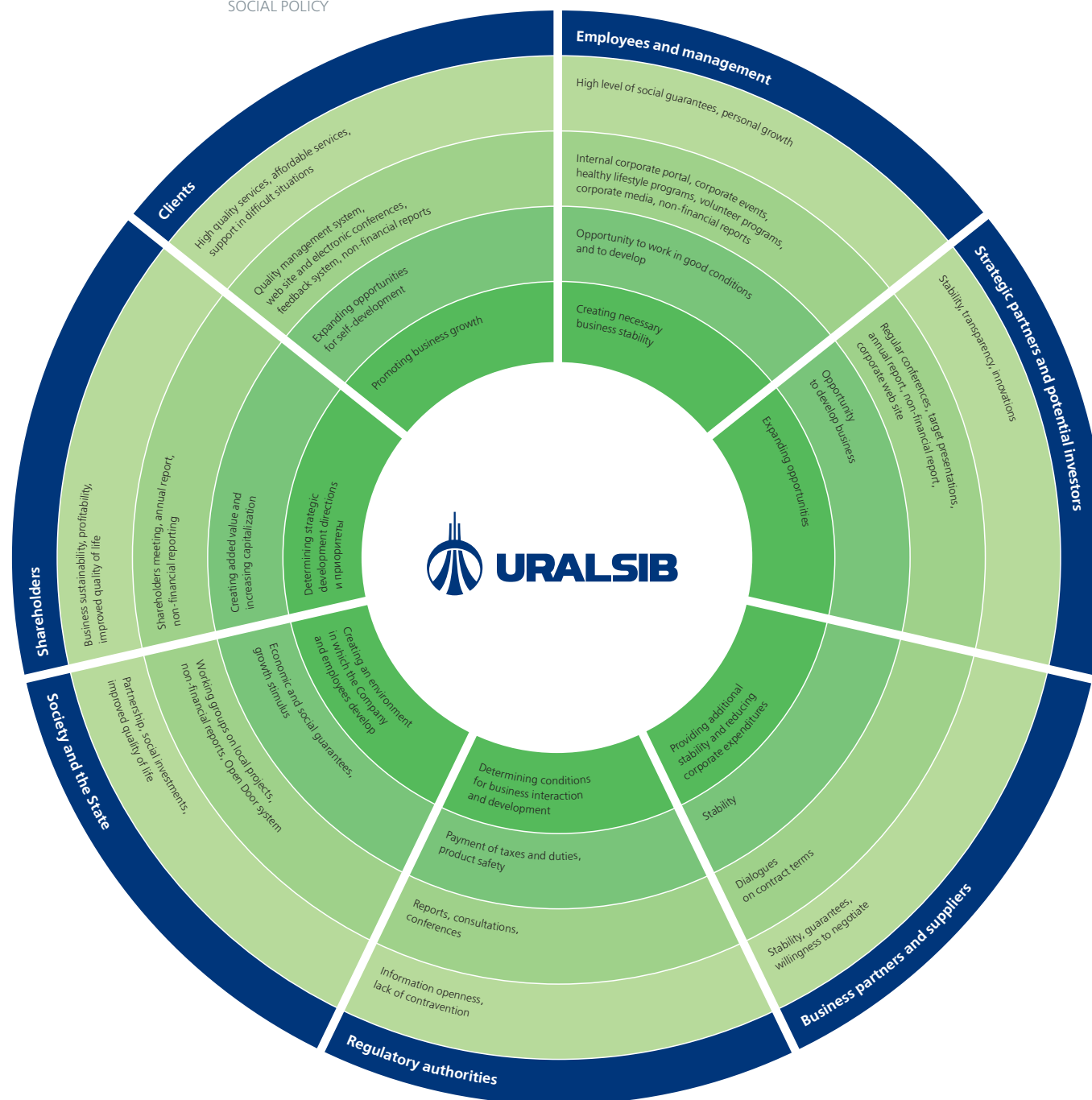
FC URALSIB defines stakeholders as persons, a group of persons or an organization that influences the operation of the Corporation, or experiences the influence of the Corporation's operation or its services and products.

Interactions with key groups of stakeholders are based on Russian legal requirements, the Universal Declaration of Human Rights and the Corporation's vision, mission and current functional and business strategies. Stakeholder structure was determined based on the analysis of operations and charitable activities performed during 2010 strategic development. The stakeholders chart was developed based on a survey of members of the Board of Directors and the heads of the Corporation's key business units.

In 2010, stakeholder structure remained essentially the same. The main priorities and goals of interaction were adjusted for each group of stakeholders, taking into account current social and economic conditions.

FC URALSIB stakeholder chart

- Stakeholders
- Stakeholder expectations
- Communication channels
- Significance of the Corporation
- Significance of the stakeholder



The Corporation strives to organize long-term cooperation taking into consideration the mutual interests of all involved parties. To achieve this, meetings with representatives of the reference groups are held on a regular basis, to identify mutual expectations and to find new forms of interaction, which facilitate the development of the social and economic spheres, and integrated services and products.

The Corporation utilizes a variety of communication tools to ensure efficient interactions with stakeholders, including:

- Meetings, presentations and conferences;
- Employee and client satisfaction surveys;
- Feedback forms on the intra-net and official web sites;
- Mass media;
- Non-financial reporting;
- Initiatives implemented jointly with public and non-governmental organizations.

In 2010, the Corporation held numerous (dialogue) events to identify the expectations of key stakeholders.

Senior Managers

To correct the stakeholder map, the Division for Social Reporting conducted an expert survey of members of FC URALSIB Board of Directors, as well as the heads of its key business divisions.

Retail Clients

In 2010, two "Mystery Shopping" inspections were held; the second one was carried out six months after the first inspection. During the process, 70 points of sales in 11 cities were inspected. The inspections focused on the consumer credit product which was in strong demand in 2010.

Inspection data formed the basis for Important Business, a project focused on enhancing client service quality and building long-term relationships with clients based on the upgraded value of corporate development. Employees across all of the Bank's regional branches took part in the project; they were offered the opportunity to submit ideas related to organizing client servicing.

Employees

In 2010, FC URALSIB HR Division carried on numerous dialogues with employees and carried out open voting to update the Corporate Conduct Code. The dialogues allowed for the establishment of new activity principles based on variants proposed by employees (the new Code of Corporate Conduct came into effect April 2011).

Small Business

To maintain the competitiveness of its product range and its high level of service, URALSIB Bank regularly researches the needs of small- and medium-sized companies and their satisfaction with the Bank's services and products. Adjusting products based on the goals of small companies or independent entrepreneurs is the principal objective of this research. Small business entities' expectations were used as the foundation for a new expanded range of credit products developed for small businesses.

In 2010 a series of seminars "Day of Businessman" focused on an improvement of financial literacy of the SMEs managers was held in 97 cities. At the seminars the heads of the Corporation's branches, sales offices and businessmen were discussing barriers to lending, opportunities to optimize the small companies' costs, as well as financial products necessary for small business development.

The State

FC URALSIB regularly takes part in socially significant events. The heads of key divisions regularly represent the Corporation as speakers at conferences, forums and round tables dedicated to the development of the Russian economy.

Within the framework of developing long-term partner relationships with authorities, the Corporation concluded agreements on social partnership and consulted on issues of the social and economic development of the regions in which the Corporation operates.

In 2010, in the course of conversations with State authorities, the Corporation took part in more than 100 events, including:

- Socially significant events, conferences and forums (approximately 50 events);
- Expanded meetings of governmental authority bodies (6 events);
- Meetings of advisory bodies, expert councils and the working groups of State authorities (approximately 30 events);
- Direct meetings and negotiations (approximately 20 events).

Long-standing cooperation between FC URALSIB and the Republic of Bashkortostan, based on the principles of information openness and equal relations, is an example of the Corporation's responsible work with stakeholders.

The Republic of Bashkortostan represents a strategic territory for URALSIB Bank development, where key projects are being implemented, the newest programs focused on the social and economic development of the region are being introduced here.

The Bank's branches located on the Republic's territory play an active role in implementing national priority programs. In particular, URALSIB participates in social mortgage lending programs. Bashkortostan became one of the first Russian regions in which the universal electronic card was introduced.

Within the framework of the long-term business partnership, the Republic of Bashkortostan and the Corporation gained experience in a mutually beneficial



partnership. The partnership is based on custom-designed agreements which are regularly updated based on new directions of joint development.

From October 2009 – May 2010, URALSIB Bank participated in a preparing the draft Federal Law #210-FZ "On the Provision of State and Municipal Services," including regulations on the universal electronic card and on the organization of card issuance and servicing.

In conjunction with Sberbank of Russia and the Russian Ministry of Communications and Mass Media, URALSIB Bank participated in forming the basic principles of developing a federal system using existence expertise in this field.

At a meeting of the Russian State Commission on Regional Development Issues chaired by Vladimir Putin, Russian Prime Minister, which was held February 8th, 2010, in Ufa, URALSIB Bank and Sberbank of Russia demonstrated how the new unified federal information payment system "Universal Electronic Card" operated. Results of the banks' efforts focused on creating a unified information space that integrates State information resources with a settlement mechanism for universal payment cards were presented to members of the State Commission in Ufa. The presentation was conducted based on the automated information system "Social Card of Bashkortostan."

As a result of the work of the State Commission in Ufa, the Russian Prime Minister set a task to complete the federal pilot project related to transitioning governmental services to an electronic format by the end of 2010 in the following regions: the Republic of Bashkortostan, the Republic of Tatarstan and the Astrakhan Region. URALSIB and Bashkortostan are members of working groups organized by the Russian Ministry of Communications and Mass Media and the Federal Treasury for preparing and implementing the pilot federal project.



The Government of the Republic of Bashkortostan and FC URALSIB Signed a General Cooperation Agreement

On April 5th, 2011, in the Government House of the Republic of Bashkortostan, a cooperation agreement was signed between the Government of the Republic of Bashkortostan and FC URALSIB.

On behalf of the Government, the agreement was signed by Vladimir Balabanov, Deputy Prime Minister, Minister of Economic Development of the Republic of Bashkortostan. On behalf of URALSIB, the document was signed by Ildar Muslimov, Chief Managing Officer of FC URALSIB, Chairman of URALSIB Bank's Management Board.

The parties agreed on contributing to the development and implementation of the newest banking technologies and bank infrastructure in the Republic of Bashkortostan, including the Universal Electronic Card project, as well as on implementing joint investment programs, supporting the innovative development of the industrial complex and the technical upgrading and modernization of enterprises. The agreement provides for the development of URALSIB's operations with regard to granting loans to legal entities and individuals, including within the framework of the regional program for supporting small- and medium-sized companies, as well as for its contribution to attracting Russian and foreign private investment to the Republic. The parties agreed on further cooperation in implementing social and economic development programs and charitable projects in Bashkortostan, including children's aid programs.

PARTICIPATION IN ASSOCIATIONS AND EXTERNAL INITIATIVES

One of the Corporation's main tasks is to contribute to the comprehensive development of financial market institutions and the professional business community.

The Corporation adheres to the principle of fair competition and respects other market players.

FC URALSIB considers interactions with public and professional organizations to be one of the key trends in the development of the Russian banking system. Representatives of the Corporation participate in the committees and commissions of specialized public organizations, as well as in professional associations, contributing to upgrading banking legislation. Numerous projects were implemented to develop the regional banking market. Some of these projects were implemented in conjunction with local banking associations.

United Nations Global Compact

URALSIB Bank joined the United Nations Initiative Contributing to Sustainable Development and Responsible Business Citizenship – the United Nations Global Compact. URALSIB became one of the first Russian banks to join the initiative.

URALSIB's mission includes social entrepreneurship principles; therefore its membership in the Global Compact confirms that URALSIB's business model, corporate culture and values are developing in accordance with international strategic principles of corporate social responsibility. Since 2004, the Corporation has issued reports on its compliance with international sustainable development standards.

International Finance & Leasing Association (IFLA)

Since 2009, URALSIB Leasing Company has been a Russian representative in the International Finance & Leasing Association (IFLA). IFLA membership allows the Company to exchange ideas, knowledge, experience and information with foreign peers.

In 2010, due to joining the Association, URALSIB Leasing Company became an organizer and a host party for the annual IFLA Congress held in Moscow.

OPORA RUSSIA

Cooperation with State institutions and social organizations that support small business development and the promotion of entrepreneurship ideas is one of the Bank's most important spheres of activities. One of URALSIB Bank's partners is OPORA Russia, with which a cooperation agreement was concluded. In 2010, within the framework of the cooperation agreement, the parties held conferences in Kazan, Chelyabinsk, Krasnodar, Samara and Ufa. During the conferences, the Bank's managers spoke as market experts, held seminars on small business crediting programs and consulted on banking products.

Association of Russian Banks (ARB)

The Bank has been a member of ARB since 1991 (AvtoBank). Mr. I.R. Muslimov, the Chairman of URALSIB Bank's Management Board, became a member of the ARB Board in April, 2010.

Within the framework of ARB membership, during 2010, representatives of the Bank participated in the following socially significant events:

- The Congress of the Association of Russian Banks;
- The All-Russian Banking Forum;
- A meeting between the management of the Russian Central Bank and Russian bank managers;
- Meetings of the Inter-Regional Banking Council attached to the Federation Council of the Russian Federal Assembly;
- Conference entitled "Legal Groundwork of the Russian System of the Prevention of the Laundering of Illegal Proceeds and Financial Terrorism;"

- The National Banking Prize;
- The All-Russian Banking Festival in Montenegro.

The Bank's representatives participated in activities of ARB's committees and commissions and working meetings, etc.

In 2010, numerous proposals and initiatives related to upgrading banking legislation and business climate development were prepared:

- Participating in work to prepare laws on collateral, including laws on recovering pledged property;
- Implementing requirements of the Federal law "On Personal Information;"
- Developing an electronic money system;
- Preparing proposals on amending the first and second parts of the Russian Tax Code;
- Participating in work on postponing the replacement of the unified social tax with insurance contributions;
- Preparing proposals on amending the Federal law "On Insolvency (Bankruptcy)" and the Federal law "On Enforcement Proceedings" with regard to upgrading rehabilitation procedures.

Association of Russian Regional Banks (the "Russia" Association)

URALSIB Bank has been a member of the "Russia" Association since August 2008. Mr. I.R. Muslimov, Chairman of URALSIB Bank's Management Board, became a member of the Association's Board in May 2010. Within the framework of Association membership, in 2010, Bank representatives participated in the following socially significant events:

- "Russian Banks – 21st Century" International Banking Forum, Sochi;
- General meeting of members of the Association of Russian Regional Banks;
- Fifth International Practical Conference "Bank Cards as Efficient Business."

The Bank's representatives also participated in activities of the "Russia" Association's committees and commissions, working meetings and round tables, etc.



Russian Union of Industrialists and Entrepreneurs

URALSIB Bank has been a member of the Russian Union of Industrialists and Entrepreneurs (RUIPR) since August, 2008. Within the framework of RUIPR membership, representatives of the Bank took part in the following socially significant events:

- Conference "Russia's Financial System: Development Vector;"
- 8th Tax Conference of RUIPR "Tax and Budget System: Tax and Budget Stimuli for Modernization and Innovative Economics;"
- Conference "Human Capital as a Means of Economic Modernization;"
- Conference "Innovations and Technological Modernization: Changing Landscape of Russian Economics;"
- Meeting dedicated to issues of the innovative development of the Russian economy.

FC URALSIB frequently supports socially significant events aimed at developing the partnership between financial market participants. In 2010, corporate representatives took part in the following socially significant events which were held in federal districts and constituent Russian entities:

- 9th International Investment Forum "Sochi-2010;"
- St. Petersburg International Economic Forum;
- 8th International Bank Forum "Russian Banks – 21st Century;"
- 2nd Inter-Bank Conference "Information Security of Banks;"
- 6th Research-to-Practice Conference "Banks. Processes. Standards. Quality;"
- 8th International Research-to-Practice Conference "Modernization of a System of Anti-Money Laundering and Counteracting the Financing of Terrorism in the Post-Crisis Period;"
- Conference "Russian Regions and Cities: Financing Investment Programs and Innovations in the Current Situation;"

- 19th International Bank Congress;
- 7th Tver Social Economic Forum;
- 8th Russian Regional Congress "Regional Institutions of Development and Investment Attractiveness: Opportunities, Problems, Practice."

Federal Medical-Biological Agency (FMBA of Russia)

In October 2010, FMBA of Russia and FC URALSIB signed a social cooperation protocol for voluntary blood donations. The signed document provides for FC URALSIB initiative to develop blood donation in Russia, and includes the following directions of cooperation within the framework of the State program for blood donation service development:

- Joint efforts in the sphere of voluntary blood and blood component donation and the use of resources to promote voluntary blood and blood component donation;
- Focusing the Corporation's social policy on promoting a healthy lifestyle among its employees and developing blood donation in Russia;
- Attracting corporate employees to participate in the blood donation program;
- Information and organizational support for blood and blood component donation development in Russia.

For two years, URALSIB has held blood donation days in its offices and the number of employees wanting to donate blood has grown. The agreement with the FMBA allows the Corporation to regularly conduct these blood drives, to expand the geography of its actions and to attract new partners and clients to participate in these events. The protocol signed by FC URALSIB and FMBA of Russia will be in effect for three years. This is the third agreement of this type in the Russian blood donation movement; previously, social partnership agreements were signed at the federal level with LG Electronics and the Vester Group.

STRUCTURE OF FC URALSIB SHAREHOLDER CAPITAL

Changes in the shareholder capital structure, %

Shareholders	2009	2010
Campsbay Limited	43.85	43.85
Dalecoast Limited	42.13	42.13
URALSIB-Finance LLC	0.07	0.00
Nikolay Alexandrovich Tsvetkov	5.33	5.33
NIKoil Financial Corporation LLC	1.64	1.71
Other	6.98	6.98
Total	100	100

"THE VALUE OF PARTNERSHIP"

Interview with the First Vice President of FC URALSIB, Manager of "Financial Supermarket" strategic division Ilya Filatov

— Do you notice any changes in the relationships with partners and customers after the crisis?

— Certainly, the level of awareness regarding the actions of responsible executives in various companies rose. Many processes have become more transparent, and relationships have become increasingly accountable. It is one situation when the market is stable and everything is known in advance, and it is quite another when the market is reeling. I believe now that more people have begun to better understand the value of partnership.

We are very grateful to our customers for their persistence. For two years, our offices did not have queues of depositors who would massively withdraw their money. Of course, initially everybody felt alarm. However, after a while, watching how we managed the situation, people calmed down.

— In your opinion, in 2010, what were the prevailing trends in retail banking and how they changed the key directions of development of retail banking?

— On the whole, 2010 can be characterized as a period in which positive financial market trends were strengthened. These trends began in late 2009. 2010 was also marked by the search for "growth points" under new conditions. Demand restoration for credit products was observed; this was undoubtedly driven by labor market stabilization, in which dismissals and salary cuts stopped. The market was also stimulated by the so-called effect of deferred demand for large purchases which clients shifted to a later time. At the same time, the rates of increase in customer funds slowed, as the population began to actively spend money.

It is necessary to note once again in 2010 that it is still early to talk about retail financial markets moving in to a new and stable development trend. Therefore, our key task in 2010 was not volume growth, but improved business efficiency and the development of technologies which help create stable relationships between the State, society and participants in the banking services market. The "Social card" project and our participation in developing the

Universal Electronic Card are priority directions. Together with the "Victoria" Children's Fund, we have continued to develop the "Decent Homes for Children!" project. Both projects should strengthen long-term partner relationships between the Corporation and its clients, which is practically impossible without a strong social component in the Corporation's activities.

— URALSIB Bank is one of the key players in the project to create a "Universal Electronic Card". How is this developing?

— As far as I know, worldwide, there is no such banking product yet. There are banking and identifying applications which exist separately. The latter allows us to store personal data. However, no one has ever combined billing functions and service functions in one card, which would provide the opportunity to receive government services electronically.

URALSIB participated in developing draft laws for the universal e-card (the Universal Electronic Card). We are also involved in developing the regulatory framework, which should launch this law. Likely within two or three years, any Russian citizen will be able to use the integrated high level of service. Recently, Moscow, the Moscow Region, St. Petersburg and several other regions have joined this project. As of January 1st, 2012, all subjects should be ready to accept applications to execute the Universal Electronic Card. Pilot subject areas, in which the Bank will start to issue UEC up to 2012, are the Moscow, Tatarstan, Bashkortostan, the Volgograd Region, Komi, the Krasnodar and Astrakhan Regions.

— Since 2006, URALSIB has implemented its own project "The social map of the region." What is the fundamental difference between the Universal Electronic Card and the social map?

— We have really gained a huge experience in transferring public services in an electronic form. Now, at the regional level, the social card of Bashkortostan provides users with sufficient functionality. In Bashkortostan, URALSIB has implemented 12 non-financial

applications, which allow us to identify a person by his/her personal code in the pension fund and to receive public services, that is, by giving up paper filing and avoiding the endless filling of applications, forms and notes and waiting for a decision. These projects have not only been implemented in Bashkortostan. The social card has successfully been used in the Ivanovo, Krasnodar and Moscow Regions. All of our achievements with the social cards have been consolidated and taken as a basis for developing the federal universal electronic card.

The federal scope of use is the only way that URALSIB's social map differs from the Universal Electronic Card. Now, there is no possibility to receive a complete set of services via the social map in any Russian region. Therefore, one of the principal objectives is to create a social card inter-regional roaming system. It is necessary to unify standards for providing electronic services.

— What benefits for the Bank do you see in participating in the UEC?

— We clearly understand that the Universal Electronic Card is not a profitable project with a short payback period. At the same time, however, under balanced public-private partnership, it can bring a return. The period to reach the profitability level may be more than 10-12 years. It all depends on the final financial model, which will be agreed upon by project participants.

However, I must say that right now, within this project, we see significant opportunities to expand our customer base. For us, it represents a long-term strategic initiative under which we create the foundation for twenty-first century social technology.

— URALSIB develops a model as a socially responsible business. What banking products do you consider to be socially oriented?

— In the sphere of socially-oriented products, we distinguish two main product types: those that support strategic State projects and those that support our corporate mission, vision and values.



The first group includes products aimed at housing improvement and the development of SMEs activities. For example, today, we rank in the top three for small business lending.

Recently, we have started to develop in a second direction. In 2009, the Bank offered its first affinity-project "Decent Homes for Children", which was developed in partnership with the MasterCard Worldwide International Payment System.

Within the program network MasterCard Standard and MasterCard Gold "Decent Homes for Children" cards are being issued, 0.5% of all transactions paid by these cards, the Bank pays from its own funds to the Victoria Children's Fund for the program to upgrade children's homes. Shortly after the card was issued, the eponymous deposit was launched, which delivers payments at a rate of 0.5% per annum on the total amount of the deposit. Thus, we help people make charitable contributions without any extra effort on their part. The spending report for raised funds can be found on the Fund's site.

— In the market, there are various proposals aimed at a particular social group: children, doctors, teachers. Do you think similar products from different banks compete against one another?

— The big banks with high social value recognized the need to introduce these products. For example, Sberbank is the largest federal bank and AK BARS is a leading bank in Tatarstan. The social program that refers to every product distinguishes one product from another. Each bank has its own program. Thus, if the "Give Life" program aims to help sick children, our product is designed to help children left without parental care. People have the opportunity to choose and they do it. Talking about competition is not necessary. It is great that these programs are increasing; this will help us resolve a wider range of social issues.

— In your opinion, what are the principal directions for corporate business development in 2011?

— First, of course, is the issuance of universal electronic cards. This is the most ambitious project aimed at increasing the customer base.

The second very important new direction was developed in late 2010; it is aimed at developing a direct communication system and selling banking products. We have a large customer base – loan holders, depositors and corporate employees who receive their salary via banking cards. We know these clients very well, and they are loyal to us. Therefore, our task is to push the secondary selling mechanism. In addition, since we know our clients, we can recommend a personal offer, which mostly appropriately addresses his/her needs and opportunities. The future goal is to work out a mechanism for address selling to the customer base of all the Corporation's companies, as well as our partners' customer base. This will give us the opportunity to directly interact with customers, using less expensive communication channels as compared with direct advertising.

During the crisis, public banks tightly held the loan product niche. Now, we are trying to return to this market. Our product line is

oriented toward customer needs, principally related to upgrading living standards and satisfying earlier large planned expenses, such as home renovations and auto purchases.

Among priority programs is the development of the mortgage, which provides for volume and consumer lending, which gives us the highest return.

— How does URALSIB respect customers' expectations?

— We hold a leading position among private banks in lending to small businesses and practice numerous innovative approaches. In particular, in 2010, "The Year of the Open Doors" program was launched. This is a club for entrepreneurs, who benefit from educational programs. Business consultants work with them, for example, to help them choose the optimal settlement procedure with suppliers.

Also, our mortgage program is based on real customer needs. To more precisely respect customers' expectations, we have created mortgage lending centers, working on the one window system. Typically, mortgages require filling out a significant number of documents. You need to visit a realtor, a notary and a bank. We have created a convenient format for the client, which saves time and minimizes anxiety and stress.



3

Responsible Business

RUR 74.9

billion was used to finance SMEs

395.6

thousand social banking cards issued

12.8

thousand "Decent Homes for Children" deposits

43.9

thousand pension deposits

MARKETING AND PRODUCT PROMOTION

When promoting deposit products, URALSIB Bank does not offer its customers higher rates. Instead, it emphasizes the Bank's reliability as a federal backbone financial institution.

When promoting credit products, the Bank is oriented toward responsible borrowers who intend to use borrowed funds to implement pre-designed plans.

Campaigns, to promote retail banking services, are tailored to the expectations of the target client group and requirements of the law "On Advertising." In advertising retail products, the Bank specifies all significant transaction terms, which may affect the client's choice, including the size of so-called tariff fees (interest and commissions, etc.).

Booklets and audio and video clips that used in FC URALSIB advertising campaigns are produced with an eye toward possible adverse effects that may occur from using the advertised product. At the same time, the two principal risks for retail banking clients are taken into account: the possible loss of money placed with the Bank, as well as an incorrect estimation of their solvency and a misinterpretation of the rating system for services.



2010 MARKETING CAMPAIGNS

In 2010, URALSIB Bank conducted five major marketing campaigns to support new product offerings.

The campaigns' creative concepts were developed by the Design to Business Agency.

In all advertising materials, the totals for principal payments provided for by credit services are brought to the client's attention via a single block of information that allows them to quickly assess the financial burden from using that service.

1. Consumer credit "Udobnii" (Comfortable) promotional campaign "Tri Bogatirya." Selected advertising medium(s): the metro, banners (Moscow), press and radio (federal placement).
2. Credit card "Aeroflot-bonus" promotional campaign. Selected advertising medium(s): outdoor advertising – superboards, super-sites (Moscow), the Internet, press – "Aeroflot" and "Aeroflot Premium" magazines (federal placement).



1



2

3. Phone card Visa promotional campaign. Selected advertising medium(s): the metro, city-formats, superboards (Moscow), radio, the Internet (federal placement).

4. Loans to small businesses promotional campaign. Selected advertising medium(s): radio, the Internet (federal placement).

5. Consumer credit "Optimalnii" (Optimal) promotional campaign. Selected advertising medium(s): radio, Internet, press (federal placement).

6. POS-materials in the Bank's offices for the program "Decent Homes for Children."



3



4



5



6



SOCIAL ADVERTISING

THE "TRAVEL AROUND RUSSIA" CAMPAIGN IS CONDUCTED TO SUPPORT CO-BRANDING THE "AEROFLOT-BONUS" CAMPAIGN

From March 15th to June 15th, 2010, the campaign took place with the support of the Union of Russian Cities and one of the largest outdoor advertising operators of BigBoard.

The campaign's main idea was illustrated by the slogan: "Look! Be proud! Memorize!". URALSIB Bank not only recommends seeing the real Russia with your own eyes, but he also offers a convenient way to do this with the traveler card World MasterCard "Aeroflot bonus." The concept of the attractiveness of travelling around Russia is demonstrated by images of principal tourist attractions from 10 Russian cities: Moscow, St. Petersburg, Kazan, Ufa, Sochi, Anapa, Volgograd, Krasnoyarsk, Irkutsk and Kemerovo. In the advertising campaign, we were able to incorporate a variety of the country's cultural and historical monuments to attract the attention of potential travelers, the geography of the URALSIB regional network and "Aeroflot" flights.

The campaign was launched in 20 Russian cities: Moscow, St. Petersburg, Arkhangelsk, Ufa, Perm, Krasnodar, Sochi, Anapa, Volgograd, Rostov-on-Don, Yekaterinburg, Chelyabinsk, Tyumen, Surgut, Nizhnevartovsk, Kemerovo, Omsk, Novosibirsk, Krasnoyarsk and Irkutsk.

The campaign used 1,275 advertising mediums (billboards, city-formats, bus shelters and posters, etc.).

СМОТРИ!
ГОРДИСЬ!
ЗАПОМИНАЙ!

Уфа
Памятник Салавату Юлаеву

Путешествуй по РОССИИ

УРАЛСИБ
КАРТА ДЛЯ КОМАНДИРОВАННЫХ И ВЫСОКОМАНОВЕННЫХ

СМОТРИ!
ГОРДИСЬ!
ЗАПОМИНАЙ!

Сочи
Красная Поляна

Путешествуй по РОССИИ

УРАЛСИБ
КАРТА ДЛЯ КОМАНДИРОВАННЫХ И ВЫСОКОМАНОВЕННЫХ

Информационная программа повышения потребительской грамотности при поддержке компании BigBoard и Фонда «Национальная инициатива»

ДЕЛАЙТЕ ПОКУПКИ С УМОМ!

Пластиковая карта для ребенка с функцией родительского контроля – это ваше спокойствие и уверенность.

www.bankuralsib.ru

УРАЛСИБ | БАНК

Информационная программа повышения потребительской грамотности при поддержке компании BigBoard и Фонда «Национальная инициатива»

ДЕЛАЙТЕ ПОКУПКИ С УМОМ!

Для безопасных покупок в интернете, заведите отдельную банковскую карту.

www.bankuralsib.ru

УРАЛСИБ | БАНК

UPGRADING THE FINANCIAL LITERACY OF RUSSIANS "BUY WISELY!" CAMPAIGN

One of the major factors that negatively affect the development of the non-cash transaction market is the low level of consumer literacy among Russians, which leads to unreasonable and spontaneous purchases. Active sales promotion campaigns increased the shares of such purchases in the family budget. As a result, there is no money for necessary purchases. This problem is particularly relevant for long-distance selling, where using a plastic card to pay for goods and services is sufficient.

The URALSIB Bank "Buy wisely!" campaign is aimed at drawing citizens' attention to the need for self-control and analysis when making purchasing decisions.

The selected advertising medium(s): outdoor advertising in 15 Russian cities.

The advertisements were placed in: Moscow, St. Petersburg, Ufa, Yekaterinburg, Novosibirsk, Omsk, Chelyabinsk, Nizhny Novgorod, Krasnoyarsk, Perm, Kazan, Samara, Tomsk, Tyumen and Krasnodar.

INDIRECT ECONOMIC IMPACT

According to RBC.Rating Agency, URALSIB Bank ranked 6th in the 2010 rating “Most branch network banks.” The Group holds the strongest position in the Republic of Bashkortostan, the Krasnodar and Kemerovo Regions. In these regions, the Corporation plays a backbone role in forming the necessary financial infrastructure, providing access for a wide range of economic agents to modern financial instruments and services.

The “Universal Electronic Card” project

Part of the Corporation’s strategy is to develop socially relevant business products, including the social map of the region (SMR) and the Universal Electronic Card (UEC). The introduction of a privileged record-keeping system, granted to various categories of citizens with the assistance of these unique bank cards, providing for the following economic impact:

- Upgrading the efficiency of State control over the use of budgetary funds for social purposes;
- Improving the efficiency and quality of social services in public and commercial organizations;
- Providing targeted social assistance to regional residents;
- Ensuring the provision of government (municipal) services electronically via banking networks (kiosks, ATMs and Internet banking);
- Expanding the general population’s use of banking products.

Supporting small business

URALSIB Bank, based on its knowledge of the needs of small- and medium-sized businesses, has developed a line of seven new credit products that optimally fit market needs. The working capital financing program includes four credit products and is aimed at supporting the current activities of enterprises. The service package on investment financing is designed for customers planning to upgrade and expand existing business and consists of three products. More detailed information about these products is available at www.pora-rasti.ru.

URALSIB has a flexible approach to providing loans and offers various re-payment schemes. Small businesses can count on favorable conditions with the existence of a positive credit history, particularly in terms of lowering interest rates and increasing the maximum loan amount.

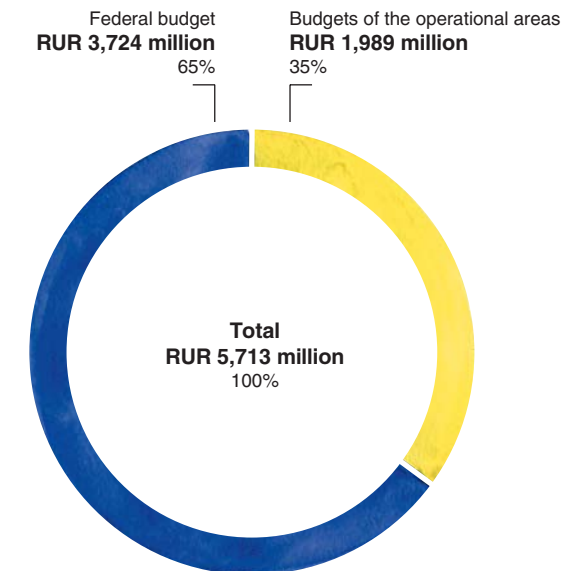
In 2010, URALSIB Bank and the Russian Bank for Development (RBD) extended their cooperation under the Government program to financially support small- and medium-sized businesses. In accordance with program terms, URALSIB Bank is able to provide loans at a reduced interest rate to small- and medium-sized businesses; this rate is equivalent to RBD’s expenses. Under the pilot project, launched in December 2009, the program covered three regions. In 2010, preferential loans became available to borrowers in eleven regions: the Republic of Bashkortostan, the Altai, Belgorod, Irkutsk, Kemerovo, Kurgan, Novosibirsk, Ryazan, Sverdlovsk, Tyumen and Chelyabinsk Regions.

Credit resources may be used to finance the investment targets and working capital of the Bank’s customers. The Bank envisages further expansion of the program and the inclusion of other Russian subjects. Additional information about the program is available at RBD: www.rosbr.ru/ru.

Consulting with regional authorities

Under social partnership agreements, FC URALSIB consults with regional authorities on developing a modern financial system in the regions and also participates in strategic projects aimed at upgrading the quality of life and creating an attractive investment environment for operational areas.

Taxes paid to federal and regional budgets





CONSUMER PRIVACY

Spheres of responsibility for the retail bank include collecting and processing the personal data of client systems. Personal information databases are used for analysis and direct marketing communications. When planning the development of the product offering and service standards, client data is used exclusively in a blind format. The bank performs targeted marketing communications in accordance with Federal law, as well as with the written consent of customers.

Financial Corporation URALSIB ensures compliance with legislative rules and other Russian acts. Internal procedures are fully compliant with Russian federal laws

Phone hot line for customers

8-800-200-55-20

The phone calls are free of charge inside Russia

"On Banks and Banking Activity," "On Personal Data," "On the Protection of Consumers," "On the Protection of Competition," and "On Counter-acting the Legalization (Laundering) of Proceeds from Crime and Financing Terrorism," etc. The Corporation values the privacy and personal data of each of its client. When storing and processing information, complete confidentiality and reliability are guaranteed.

SAFETY ASSESSMENT OF PRODUCTS FOR CONSUMERS

The system of ensuring consumer safety operates at all product life cycle stages and is based on both regulatory acts of the Bank of Russia and the Russian law "On Protection of Consumers," as well as on intra-business procedures and instructions. At the credit product development stage, special attention is focused on defining the target areas of lending and differentiating between the grades of prospective borrowers. This allows us to the greatest degree possible take into account specific required characteristics of the product. The technology of providing of credit product includes the underwriting stage, which allows customers to take out a loan, which is appropriate to its financial capabilities. This significantly reduces the risk of past-due payments and thereby upgrades the level of client's financial stability. At the stage of product promotion, the Corporation seeks to have the maximum segmentation of the target audience. Advertising and marketing activities are directed exclusively at the client segment that the product is intended for. At the sale stage, client safety is provided for by steadfastly implementing the laws and requirements of regulatory bodies. In particular, the Bank is integrated in to the deposit insurance system, follows the recommendations of the Central Bank to limit maximum deposit rates, fulfils the requirements of Rospotrebnadzor on credit agreement tariffing systems and informs consumers of the full value of the credit product.

PRACTICES FOR INCORPORATING CONSUMERS' REQUIREMENTS IN TO ACTIVE PRODUCTS

FC URALSIB adheres to a customer-oriented policy. We strive to ensure that customers repeatedly apply to us to finance facilities and receive bank consulting. Therefore, the Bank focuses special attention on organizing feedback.

Emphasis is placed on remote messaging channels, including electronic ones. In particular, since 2007, the "Red Line Quality" project has been implemented by the Bank. All promotional materials, including billboards, print production and Internet sites have joint information about where a client can submit his/her requests and also includes a single postal address and phone number for the call center. Clients and prospective clients may contact a single information service of the Bank to receive best bank service advice, as well as to leave comments regarding the quality of service. Good consultants will help select products and will provide necessary assistance in problematic situations.

Messages are de-crypted and are then passed on to the appropriate department for processing. The response is developed from systematic facts. In 2010, within the framework of regular procedures for managing service quality in sales offices, a survey of regional network clients and managers of sales offices was conducted. According to the survey, a 2011 efficiency improvement customer service plan was developed.

In 2010, approximately five thousand client references were received and processed. All reasonable claims were settled and mutually beneficial solutions were found, which includes ensuring privacy for every banking product consumer.

QUALITY MANAGEMENT SYSTEM

FC URALSIB continuously monitors and upgrades the quality of customer service. Activities are geared toward researching the quality of various financing activities. The conditions of sales offices are analyzed and resources needed for timely repair are allocated. Employee workspaces and customer service areas are technologized. All offices are adequately lit and are equipped with air-conditioning systems. Each corporate unit follows fire safety requirements. The Corporation monitors financial product quality and the level of customer service. In 2010, 188 Bank offices in 11 cities were tested by the “mystery shopper” technique. These surveys indicated that on the whole service quality is average and good. However, to upgrade service quality, special working groups have been formed in each branch which continuously monitor quality system condition and initiate new activities and projects related to upgrading the service level.

Feedback with customers is regularly maintained by all possible means including: phone, Internet and mail, etc. All customer applications are carefully considered. The professional activities of employees are standardized and systematized. In the Corporation, there are more than 30 standards, rules and regulations, which allow us to support service quality at a highly competitive level. Since 2010, under the auspices of the “Big deal” project, yearly competitions have been conducted on advanced and innovative ideas regarding a quality customer service system (see p. 32).

LEGAL COMPLIANCE

FC URALSIB seeks to build a social business model based on the synergy of strategic interests of the business, State and society. This is the foundation for sustainable development and according to its main principles each product, service and initiative must address customer needs and interests and create value for society. In 2010, there were a few occurrences of inconsistency with marketing communication norms, as well as with norms of awareness for the end-consumer about product attributes. All requirements for rectifying violations discovered by regulatory bodies were fulfilled within the prescribed time period.

There were no occurrences of the failure to comply with norms and codes related to the impact of products on consumer health and safety.

Fines imposed for failing to comply with legislation in the provision and use of products and services, including fines for violating tax laws, RUR thousand

	2009	2010	Change, %
Violation of covenants in loan agreement (except for inter-bank loan agreements)	119,055	295	(99.7)
Violation of conditions for securities trading	239	0	(100)
Fines for other business transactions	49,982	9,698	(80.5)
Violation of tax laws	4,177	6,468	54.8
TOTAL	173,453	16,461	(89.5)

In 2010, activities to upgrade the quality of customer service were carried out in all offices of the Bank’s regional network, as well as in other corporate offices that provide customer service. The results of this work included a significant decline in fines for the provision and use of products and services.

An increase in penalties for tax law violations was due to the failure to provide access in a timely manner to tax authorities on information on the balance of money on the account. To upgrade labor discipline and stop future violations, staff directly engaged in fulfilling tax law requirements were educated.

WORKING WITH SUPPLIERS

The Corporation chooses its suppliers via internal competitions (tenders). All major contracts are agreed upon based on Regulations on the tendering process for choosing contractors for the delivery of goods, work and services. All contracts are agreed upon by the Corporation’s legal service for compliance with applicable laws. Working with suppliers is based on a mutually beneficial long-term relationship. This allows the Corporation to ensure stability, quality, a minimum term and value of supplies. In operational areas, URALSIB purchases from local suppliers (for 80% to 95% of purchases) and other supplies are centralized. In Moscow, all purchases are local.

ACCESS OF THE POOR TO FINANCIAL SERVICES

Uralsib Bank is developing a marketing strategy that is based on common customer service standards, which provides the greatest service availability. The scope, quality and cost of services do not depend on spatial quantity and the development level in operational areas. Within the line of the Bank's deposit products, there exists the "URALSIB Social" deposit which provides the opportunity to earn income from committed facilities and at the same time to freely manage funds with a minimum balance of one ruble.

In 2010, the line of deposit products includes the "URALSIB Pension" deposit that combines excess return on a fixed deposit, a small initial contribution (RUR 5,000) and minimum additional contributions (RUR 3,000) with a convenient schedule of interest payments. The deposit is opened based on one of the following certificates: a pension certificate, a World War II veteran certificate (including: a

veteran of military services certificate, a veteran of internal affairs bodies, procurement bodies, justice agencies and courts certificate and a labor veteran certificate), a veteran of combat operations certificate and a veteran of public service certificate.

SOCIALLY-ORIENTED FINANCIAL PRODUCTS

One of the Bank's business priorities is to create socially-oriented financial products and services. URALSIB is fully engaged in resolving key social and economic objectives, as a leader in the sphere of lending to small- and medium-sized businesses and customer loans. The product line with the largest social component is composed of two strategic directions: supporting governmental programs for social development and supporting the strategic focus of the Corporation's external social policy.

SUPPORT FOR SMALL BUSINESSES DEVELOPMENT

Small businesses development is a priority objective of the State. URALSIB offers entrepreneurs special banking products aimed at growing turnovers during a company's development stage.

In 2010, the Bank held its strong positions in lending to small- and medium-sized businesses and according to a rating by "Expert RA" ranked 3rd in loan portfolio volume. Significant attention is paid to lending resource availability. In 2010, the Bank developed a new line of loan products for small businesses. The main objective was to adjust the product to meet the needs of small business development. In 2010, the Bank also held "Entrepreneur Day" seminars in 97 cities with a view to upgrading the financial literacy of managers of small- and medium-sized businesses. Division managers and sales office managers spoke at these events and discussed how to obtain credits and choose the best products for businesses. Participants could also receive additional advice and immediately complete a loan application.

The specialized site www.porarasti.ru was created for small business entrepreneurs and managers. There is information about loan programs and the package of documents required to obtain credit. It is also possible to receive online advice and make preliminary loan applications.

To upgrade the financial literacy of small business entities, the Bank is fully engaged in thematic conferences and forums, online conferences for small businesses, as well as with advertising media campaigns and free-of-charge expert consulting on specialized sites.

The scope of socially-oriented services

	Thousand			RUR billion		
	31.12.2009	31.12.2010	Change, %	31.12.2009	31.12.2010	Change, %
Mortgage loan portfolio	33.7	30.3	(10.1)	40.2	34.2	(14.9)
Car loan portfolio	47.7	45.0	(5.7)	12.5	11.5	(8.0)
Social regional cards	309.5	395.6	27.8	—	—	—
Deposits in the program "Decent Homes for Children"	3.1	26.6	758.0	0.8	3.4	335.9
Cards in the program "Decent Homes for Children"	10.2	26.6	160.8	—	—	—
Pension deposits	39.8	43.9	10.3	7.3	10.9	49.3
Lending to SMEs	15.8	14.9	(5.6)	61.3	74.9	22.2

“Business-rost” (Business growth) and “Business-razvitiye” (Business development) banking products are the basic offerings for these customers. These products are tailored to meet customer needs and provide a flexible approach to lending and the ability to change service parameters based on regional- and industry-specifics. According to independent research conducted by RBC Rating agency, in 2010 URALSIB Bank ranked 2nd in gross loans (7,100 loans totaling RUR 9.6 billion) among banks that lend to small- and medium-sized businesses in the Russian market.

Interactions with small business funds and specialized NGOs

URALSIB, together with regional small business funds in the Republic of Bashkortostan, the Kemerovo, Sverdlovsk and Perm Regions, the Khanty-Mansi Autonomous District and Moscow and St. Petersburg, carries out programs that enable us to obtain additional surety for customer obligations. The Bank also works with NGOs to promote and develop small- and medium-sized businesses.

Within the framework of the general partnership between URALSIB and the All-Russian Public Organization “Opora Russii” and “Opora-Credit” portal, a credit system for small- and medium-sized businesses is being developed. There is a “loan application” service at www.opora-credit.ru. Under partnership terms, within five working days, URALSIB Bank shall consider the preliminary applications of entrepreneurs running businesses in any of the Bank’s operational areas and in the case of a favorable decision directly contact the prospective borrower. Entrepreneurs can also take advantage of the popular online service “Ask the Expert” and a qualified URALSIB Bank consultant shall answer the questions online.

In 2010, URALSIB Bank and “OPORA-Credit” held a business project competition (“Business Proryv” (Breakthrough)) for participants in the “Youth Entrepreneurship” session at the Youth Forum “Seliger–2010”. Winners were selected in three categories:

- “Business Success” — for unique business idea and solid results;
- “Innovative Business” — for the novelty of business practices and the use of managerial and manufacturing innovations;
- “Social responsibility of businesses” — for public, social and economic importance/profitability of business ideas for districts, cities or regions.

Educational certificates in the amount of RUR 240,000 to study at the Moscow International Higher Business School “MIRBIS”, certificates on concessional landing for a competitive project at the key interest rate in the amount of up to RUR 3 million and for up to 3 years, as well as certificates on settlement account banking at a reduced rate within 6 months were the main prize winners in each category.

The Bank participates in the national program JSC “Russian Bank for Development”* that financially supports small- and medium-sized enterprises.

In 2010, URALSIB Bank and the Russian Bank for Development (RBD) extended their cooperation under the State program to financially support small- and medium-sized businesses. According to the program, URALSIB Bank is able to lend to small- and medium-sized businesses at a reduced interest rate, which is equal to the RBD’s expense. In 2010, preferential credits were available to borrowers in 11 regions: the Republic of Bashkortostan, the Altai, Belgorod, Irkutsk, Kemerovo, Kurgan, Novosibirsk, Ryazan, Sverdlovsk, Tyumen and Chelyabinsk Regions.

Health care and educational institutions, construction firms, food industry enterprises, transportation companies and telecommunication enterprises received access to JSC RBD-based financing. Allocated funds will also be appropriated to public service establishments and other companies that provide services to people and entities, including: car service centers, fuel stations, hotels and public catering establishments.

Thanks to participating in the government program for small- and medium-sized businesses, the URALSIB Leasing Company, in conjunction with JSC RBD, offer favorable financing terms on leasing deals. In 2010, the URALSIB Leasing Company entered into a contract with JSC RBD for a five-year period. Under the contract, JSC RBD via its branches located in all Russian Federal Districts will allocate resources to finance the leasing deals of SME entities. End-lessees include: passenger and cargo transportation, the food industry, trade, the agricultural industry, the electrical energy industry, warehouse logistics, publishing and printing activities, timber and wood-utilizing industries, the metalworking industry, the medical industry, the chemical industry, housing and public utilities and the service industry.

*In August 2011, the Russian Bank for Development (RBD) changed its name to the Russian Bank for Small- and Medium-sized Enterprises (SME Bank). The Bank finances small businesses in the Russian Federation, via its regional partners.
mspbank.ru



RETAIL CUSTOMER PROJECTS

In 2010, URALSIB Bank expanded its range of financial products by issuing credit and debit cards "MasterCard Aeroflot Bonus" and "Visa phone card", as well as contributing to precious metals. A detailed description of these products is available at <http://www.bankuralsib.ru>.

According to the concept of a socially responsible businesses adopted by FC URALSIB, the Bank continued to develop its range of socially-oriented banking products.

"Decent Homes for Children" Program

URALSIB Bank implements its socially-oriented programs in partnership with charitable, non-governmental and social organizations.

For a few years, URALSIB Bank has cooperated with the "Victoria" Children Foundation, which was established in 2004 to help children caught in difficult real-life situations. Since its establishment, children have received support in 42 Russian regions.

In 2009, a joint charitable program of URALSIB Bank and the "Victoria" Children Foundation was launched. The Bank issued a special bank affinity-card MasterCard "Decent Homes for Children" and promised to channel 0.5% of payments made using the card from its own funds to implement "Victoria" charitable projects.

The Bank also provides an opportunity for depositors to open a special deposit "Decent Homes for Children" with a high interest rate. Under deposit terms, the customer instructs the Bank to remit 0.5% per annum of its income deposit to finance the project. The "Victoria" Children Foundation administers the project "Houses for a Decent Life."

In 2010, the "Decent Homes for Children" project allowed us to accumulate and channel funds in the amount of RUR 12,217,293 to upgrading children's institutions (RUR 10,427,080 (85%) from the deposit program and RUR 1,790,213 (15%) from the card program).

The raised funds were used to repair and construct 13 boarding schools in the Kaluga, Chelyabinsk, Karelia and Udmurtia Regions. In particular, unsafe windows were replaced in a boarding school in the village of Veshkelitsa (Karelia) and restroom facilities were renovated in the Lyudinovskoy and Betlitskoy special boarding schools (the Kaluga Region) and a multi-functional sports ground was equipped at the Azarovskii Orphanage School (Kaluga). Information about how raised funds were used is available at <http://www.victoriacf.ru/ddd/index.wbp>.

As of December 31st, 2010, the share of "Decent Homes for Children" cards was 2.8% (with an annual growth of 3.2%) of the total number of cards issued by URALSIB Bank. The card balance grew 352.9%. Customers opened more than 13 thousand "Decent Homes for Children" accounts (annual growth was 262.84%), and the amount of funds in the "Decent Homes for Children" deposit exceeded RUR 3.5 billion (for the year, its share in the total portfolio grew 3.38%).

Mortgage Lending

In 2010, under the Agency for Housing Mortgage Lending (AHML) program, URALSIB Bank began issuing credits to purchase finished housing: apartments, detached houses and units in townhouses. The maximum loan was RUR 8 million for Moscow and St. Petersburg, and RUR 3 million for other cities. The maximum loan term was 30 years. Participation in the AHML program allowed the Bank to reduce substantially interest rates on mortgages and to increase housing accessibility for the general population.

The issuance of loans is made in rubles under acquired property pledge, which should be the only housing used for permanent residence. The minimum size of the initial contribution must be at least 30% of the cost of flats in an apartment building or at least 40% of the cost of detached houses or apartments in a townhouse.

In addition to mortgage products under the AHML program, borrowers can receive a mortgage loan within the framework

Agency for Housing Mortgage Lending (AHML) was founded September 5th, 1997 as an open joint stock company with 100% State capital pursuant to a resolution by the Russian Government.

The Agency works to ensure the liquidity of Russian commercial banks that grant long-term residential loans to individuals at the expense of acquiring rights of demand in these loans by obtained funds from placing the Agency's bonds on the stock market.

As part of the AHML program, the Bank originates mortgage loans at its own expense and then restores resources by re-financing loans from the AHML fund. The Bank is responsible in front of the AHML for the conscientious performance of obligations by the borrower.

of the federal and regional programs that envisage subsidy provisions to purchase the dwelling and the use of maternity (family) capital to re-pay the mortgage loan principal and interest.

Automobile lending

In formulating customer proposals, the Bank always draws attention to the social component, even if these products are exclusively commercial in nature.

In 2010, lower interest rates on automobile lending, the conclusion of an agreement with the automaker LLC Hyundai Motor CIS and the general policy on mitigating borrower requirements allowed the Bank to offer maximum comfort to customers who have decided to get a car loan.

In 2010, the Bank granted more than 14 thousand car loans totaling RUR 6 billion.

As of December 31st, 2010, the loan portfolio was RUR 11.5 billion.

Pension deposits

Within the line of deposits, there are specialized products for senior citizens. The "URALSIB Pension" deposit combines high returns and low initial contributions and a minimum level of additional contributions. Thus, the interest rate on the "URALSIB Pension" deposit for any amount corresponds to the rate for the "URALSIB Stable" deposit in the sum of one million rubles.

The deposit will be opened when the customer presents: a pension certificate, a certificate of World War II veteran, a labor veteran certificate, a veteran of military service, internal affairs bodies or a public prosecutor staff certificate, etc.

As of December 31st, 2010, funds raised in this deposit were RUR 10.9 billion (growth for the year was 51.4%, share in the total portfolio increased 2.9%). As of December 31st, 2010, at URALSIB Bank, 43.9 thousand pension deposits have been opened (as for the number of accounts: annual growth was 11.1%, the share in the total portfolio increased 1.43%).

Credit debt restructuring

In 2010, as part of streamlining and improving the debt collection process, a scheme for centralized consideration of restructuring applications was developed and implemented. This helped reduce the decision-making time to settle issues to reduce the debt burden and to decrease the amount of outstanding debt with no extra costs for compulsory legal collection.

The Bank has an understanding and responsible approach toward its customers whose financial situation has deteriorated for objective reasons. The Bank offers these customers the possibility to restructure their arrears: stopping the accrual of fines and penalties, changing the priority of payments on the loan and converting the credit currency.

The Bank suggests to the borrower ways to restructure arrears which can be effective for each individual case. The Bank's individualized approach allows borrowers to meet their obligations as comfortable as possible and after solvency restoration to return to normal debt service.

Universal Electronic Cards (UEC)

In 2010, integration of the "Social card of the region" project of URALSIB Bank into the federal program "Universal Electronic Cards" (UEC) was launched. The innovative product "Social card of the region" is fully functional in some Russian regions. The card is designated for all categories of citizens who receive social benefits: students, pensioners and service personnel. It allows one to enjoy social benefits and privileges, for example, free public transportation passes, discounts on medicine and social and welfare services. The introduction of this product contributes to the more rational use of budgetary funds, simplifies accounting and reduces the cost of social welfare institutions. With the card one can pay for goods and services; it is accepted at all ATMs.

In 2010, 153,065 cards were issued and 39 informational kiosks were placed in Bashkortostan. In connection with the "Social Card of the Ivanovo Region" project, 14,485 cards were issued.



The Bank plans to issue universal electronic cards in the following pilot regions: Bashkortostan, Tatarstan, Moscow and the Moscow Region.

Membership in the federal "Universal Electronic Card" project will allow to expand the functional capabilities of the card and to use efficiently its unique functional capabilities in socially important regional programs and national priority projects.



"SOCIAL CARD OF THE REGION" AND "UNIVERSAL ELECTRONIC CARD" PROJECT DEVELOPMENT STAGES

2001

A decision was made to start developing the "Social card of the region" project. URALSIB Bank began to develop its own IT-platform for the future "Social card of the region" project. For the social e-cards, we took as the foundation the time-proven technology of banking e-cards MasterCard Worldwide, which can provide the necessary level of functionality and security.

2006

The Government of the Republic of Bashkortostan and URALSIB Bank launched the pilot project "Social card of Bashkortostan" (SCB). Under the pilot project, support for the banking applications for owners of more than 200 thousand social cards was implemented. Public service delivery using social cards within three major applications (pension, tax and the Ministry of Internal Affairs) was organized. Card service is carried out on the basis of the network of the Bank's self-service devices and remote banking services. The function of placing social and pension payments on the cards was implemented.

2007

For purposes of the program and ensuring the expansion of partner company participation, JSC "Bashkir Register of Social Cards" (with a share controlled by the Government of the Republic of Bashkortostan and JSC URALSIB) was engaged in issuing the Bank's social cards. The open (multi-issuer) scheme for issuing social cards has been established.

2008

Development of the regulatory framework for the full-scale introduction of the project in the Republic of Bashkortostan was completed. JSC "Bashkir Register of Social Cards" (BRSC) signed an agreement on cooperation procedures with project participants: the Ministry of Labor and Social Security for the RB, the Compulsory Medical Insurance Fund, the Ministry of Health of the RB, the Ministry of Housing and Building, Architecture and Transportation of the RB and transportation organizations, the Russian Federal Tax Agency Department for the RB, URALSIB Bank and Bashprombank.

2008–2010

The project extended its geographic scope. The social cards were used in the Ivanovo, Smolensk and Moscow Regions.

2009

According to the rules of the MasterCard international payment system, the "Social card of the region" product was registered as a joint product that combines standard services of the issuer and additional services of the partner. JSC URALSIB and the Government of the Republic of Bashkortostan participated in the Federal pilot project to transition public services supplied to individuals to an electronic format via the use of the universal electronic card.

URALSIB Bank's "Social card of the region" project was included in the Federal program to transition public service delivery to an electronic format (№ 210-FZ).

The "Social Card of Bashkortostan" issued by URALSIB Bank was named the winner of the international OSCARDS 2009 competition for innovative banking products in the international category, nomination "Services".

2010

At a meeting of the Russian State Commission for Regional Development (held in Ufa), Sberbank of Russia and URALSIB Bank demonstrated the capabilities of the new Unified Federal Information and Payment System "Universal Electronic Cards." The system allows to supply State (municipal) services and financing facilities to individuals via universal

electronic cards and based on harmonized interaction standards.

AK BARS Bank, which has a successful track record of issuing social cards in the Republic of Tatarstan, joined the project. These three banks became owners of equal shares of charter capital of JSC "Universal Electronic Cards," which will be the single operator of the future UEC system. The main objective for the new company is to create a unified information and payment system to supply information and banking services. In addition, the new company will promote municipal and regional services via the commercial network for card acceptance and will develop the range of targeted services, improve consumer attributes for services and will inform and consult customers about electronic card usage.

The "Social card of Bashkortostan" project won the international competition 2010 Cards and Payments Europe Awards in the category "Best co-branding or joint project."

The project is in progress

2011

More than 700 thousand people in four Russian regions (the Republic of Bashkortostan and the Ivanovo, Moscow and Smolensk Regions) became holders of the URALSIB Bank social cards. Within the framework of the project, eight applications: pensions, social, health (in terms of

implementing a compulsory health insurance program), transportation, tax, discount, MIA and banking were implemented. The educational, "Rosreestr" and "Court enforcement officers" applications are under development.

JSC Bashprombank joined the "Social card of Bashkortostan" project as an issuer.

Under a new stage of the "Social card of Bashkortostan" and "Card for the residents of the Krasnodar Region" projects, cards will be issued to non-welfare beneficiaries.

By the end of the year, it is planned that applications will be accepted for issuing the UEC in seven regions (Moscow, the Republic of Tatarstan, the Republic of Bashkortostan, the Republic of Komi, the Volgograd, Krasnodar and Astrakhan Regions).

2012

Accepting citizens' applications for issuing the UEC in all of the operational areas of the Banks joined the project will be carried out. Under the "Universal Electronic Cards" project, URALSIB Bank and its partner banks will issue the UEC based on at least three normative non-banking applications (identification, compulsory health insurance and the Russian Pension Fund) according to the №210-FZ federal law.

4

Human resources management and internal social policy

14,782

employees

RUR 257 million

for implementing internal social policy

114

training hours per employee per year

49%

of employees participating in healthy lifestyle programs

STRUCTURE OF FC URALSIB'S HUMAN RESOURCES

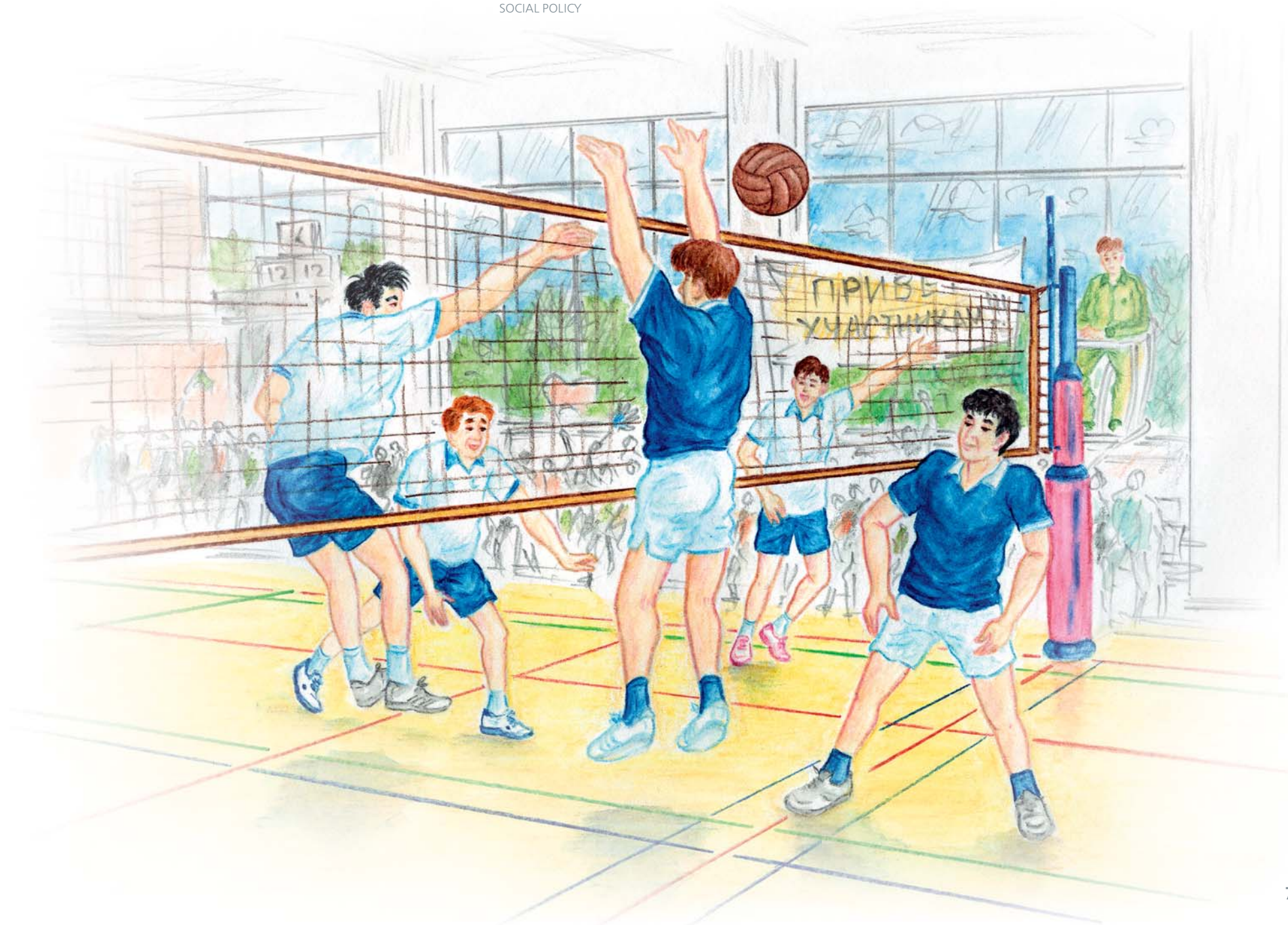
Human Resources Management in FC URALSIB is built on the traditional scheme for large corporations: structural units of Human Resources Service support the Corporation's basic directions and take into account shareholder priorities for the Corporation's companies.

As part of HR-functions the standard and unique for the Russian market directions develop in FC URALSIB.

Due to the size of FC URALSIB, the wide range of businesses incorporated in the Corporation and the wide regional branch network, human resources management functions are divided in two directions.

The first direction is the Corporation's work in operational areas, ensuring the matching of the needs of different units, budgeting and communications with the Head office.

The second direction is human resources management at the Head Office.

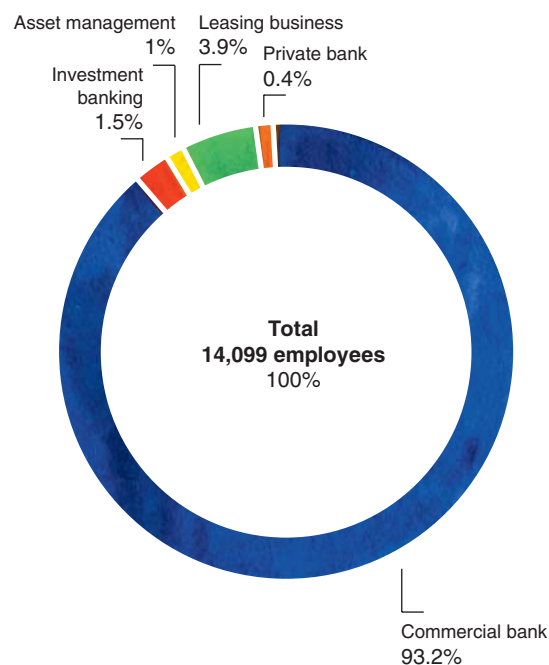


PERSONNEL STRUCTURE

Dynamics in the total number of employees

	31.12.2009	31.12.2010	Change, %
Number of employees	13,881	14,782	6.5
Freelance	439	683	55.6
Regular	13,442	14,099	4.9
Including maternity leave	2,011	1,679	(16.5)

The breakdown of regular employees by key business directions (sub-holdings), %



The number of regular employees by sub-holdings

	31.12.2009	31.12.2010	Change, %
Commercial bank	12,596	13,144	4.4
Private bank	63	58	(7.9)
Leasing business	435	546	25.5
Asset management	148	137	(7.4)
Investment banking	200	214	7.0
Total	13,442	14,099	4.9

Staff turnover*

Annual staff turnover rate

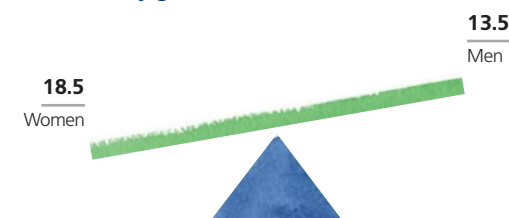
Turnover	2009	2010	Change, %
Total annual rate	13	16.7	28.5
IV Q	3.6	3.5	(2.8)
III Q	4.2	4.6	9.5
II Q	2.9	4.9	69.0
I Q	2.3	3.7	60.9

Staff turnover by age

	%
Under 25 years	44.3
From 25 to 34	15.2
From 35 to 54	8.8
Older than 55	14.3

* In 2010, 2,328 people retired (this is the figure used to calculate turnover).

Staff turnover by gender, %



Staff turnover by region

	%
Head office	13
Regional network	18.3

In 2010, FC URALSIB's consolidated staff turnover rate increased by 28.5% to 16.7%. This is consistent with the planned 15-30% range, which, according to international standards, is best for the financial sector. At this staff turnover level, the Corporation receives the necessary influx of new employees and new ideas and approaches.

The Corporation does not collect personal data which is not compulsory for employment paperwork (the information about an employee's national origin, for instance). The Corporation does not have permission to access personal information of this nature and does not maintain staff records based on national origin.

Human Resources Services Structure

Labor relations and personnel accounting department

Personnel records

Internal consulting

The businesses and entities that belong to FC URALSIB receive highly skilled consultation on labor disputes, court-related issues and challenging labor conflicts. The banking division fulfils the HR consulting and auditing functions for all corporate business units.

Human Resources Office

The Corporation assigns HR-curators for the units. These curators identify the needs of a particular specialist, determine professional growth dynamics, resolve internal conflicts, help newcomers adapt and work to settle labor disputes.

Head office

Regional network

Study of the level of employee involvement

To determine the level of employee involvement and satisfaction, many international companies use the International AON Hewitt method. This technique allows the Corporation to estimate risk and development zones, determine stable regions and focus effort. The service explores the socio-psychological climate in the units. The level of service provided by functional divisions within the Corporation is studied by the "360 degrees" technique. Each year, the HR-curator provides a detailed report on changes that took place for every manager of the large division.

* The "360 degrees" technique is a method for collecting data on human activities in real work situations and business qualities showed. It is conducted to determine training needs, to assess results of attending training courses and to create individual development plans.

Chairman of the Board of Directors

Chairman of the Management Board

Human Resources Service

Motivation and compensation

Planning for personnel costs

Monitoring the labor market
Staff motivation

The Corporation participates in regular PwC, E&Y and IMT reviews. This allows the Corporation to fix market dynamics for each position twice a year. Several times a year, employees prepare analytical reports on the labor market, which are submitted to the Management Board for discussion. To compare salary ranges with labor market dynamics, the Corporation uses its own techniques. This system allows wages to be maintained at a level not lower than the average market value for all of the Corporation's operational areas.

Material aid

Due to the large amount of material aid (RUR 20.9 million in 2010), a specialized unit has been established in FC URALSIB; within this unit, there is a special committee that considers applications and develops relevant regulations and criteria and budgeting operates.

Internal social policy
Non-material motivation, a healthy lifestyle

This division is responsible for developing and administering staff insurance programs, planning healthy lifestyle promotions, organizing volunteer programs and managing the corporate pension program.

Corporate University

The Corporation began its training and development system in 1995. This system now includes the Corporate University, which is a methodical and methodological training center and staff development for the Corporation and 7 regional training centers, which are a key element in the regional network training system and staff development.

Regional training centers

In-house training courses

Management involvement
and staff development

Own recruitment service

Cross-transitions

FC URALSIB utilizes a unique technology to control a career. The branched structure of the Corporation and its subsidiaries is actively used to develop the career of good employees within the Group.

Internal Communications

The Corporation's human resources division informs employees about decisions of the Board of Directors; transmits management's decision for various sub-holdings and reports on significant corporate events. Internal communications also publishes the "URALSIB Bulletin" in an electronic format and supports the work of the internal corporate information portal.

Corporate culture development

Since 2009, when the Corporation first introduced the concept of management by values, the value of this trend has increased significantly. In 2010, the division supervised the dialogue process in revamping the Corporation's mission, vision and values and participated in drafting the new Code of Conduct. The corporate culture model, utilized in FC URALSIB, is developed in three strategic areas: corporate ideology, behavior (activity) and traditions.

"WE WERE ONE OF THE FIRST RUSSIAN COMPANIES THAT TRANSITIONED TO MANAGEMENT BY VALUES"

Interview with Yekaterina Uspenskaya, the Human Resources Service Manager

— How did the Corporation react to changes in entrepreneurial activity and the labor market in 2010?

— We are focused on strengthening and developing our own positions. First of all, highly skilled managers are in demand. In 2010, compared with previous periods, the Corporation carries out a more active recruitment policy. The approach was fairly balanced and we hired the best. In 2010, the Corporation recruited relevant key personnel in virtually all areas: maintenance services, business development and IT-specialists. The Corporation needed managers that could work with clients and offer innovative solutions. There was an increase in the number of vacancies in the risk management sphere. In terms of middle- and senior-level managers, planners and experts in business process optimization were primarily in demand.

— What key areas in the development of FC URALSIB's internal social policy would you note?

— Employees' social protection has been our priority for many years. In 2010, we added a pension insurance program to our social package. Now, our employees have the opportunity to build their retirement savings from three sources. FC URALSIB contributes substantial funds to employee funds, which an employee transfers to NPF and to the sum of public co-financing, which increases the pension deposit. The program started in October 2010, and by December, approximately three hundred people were participating. We had developed this program prior to the crisis, but had failed to launch the program due to objective budget constraints. In 2010, the Corporation's financial position finally allowed us to implement this plan.

A second key direction is the introduction of individual development plans for managers. Until 2010, we had general plans for the Company and divisional development in accordance with business plans. Now, these plans have been personalized. Work on this project will be fully completed in 2011.

— In 2010, the Corporation adopted new corporate culture standards. What was the reason for updating the Corporation's mission, vision and values?

— In 2008, when receiving an award for successful implementation of strategies based on the balanced scorecard system (BSC), we noted that the most successful western companies had taken the next step in corporate governance evolution by introducing a system of management by values (MBV). This represents a way to change a manager's thinking, by placing people at the heart of all business processes. The system unites the team on a much deeper and firmer ground compared with the joint resolution of business issues. We were one of the first Russian companies that transitioned to MBV.

In 2009, at the general conference, we had the first panel discussions on updating the mission of the conglomerate, which the Corporation belongs to. And in 2010, the process of aligning the missions of the Financial Corporation and its non-financial businesses with the mission of the conglomerate has already begun. From the range of options, one value has been selected which more precisely outlines the short-term development priority — self-awareness. The basic hypothesis is that if the atmosphere of the company and the purpose for which it exists are aligned with your values (at least in part), then this is the place where you have

to work. However, the system of management by values of awareness does not impose on employee any own, alien to the person, conceptions of life and morality.

The Company defines its intent, as spelled out in its mission. That is why in 2010 the Corporation started the process of rethinking its mission and upgrading its vision. For the Corporation, management by values not only develops corporate culture, but also permeates all business processes and largely determines corporate strategy.

— How will the change in the Corporation's value system impact business?

— In 2010, when developing a new Code of Conduct, wide-ranging discussions were held. Three key corporate culture development areas based on the value of awareness were identified: employees' personal development, social programs for the staff and external socio-oriented programs related to volunteering and charity.

By focusing on the value of awareness, the Corporation hopes to create an atmosphere, culture and all necessary conditions to ensure that every employee has the opportunity to think about his/her mission and is it the same what he does in life. By and large, it is a tragedy for employees if they find that their work is radically at odds with what they find interesting or where they believe their talent lies. It violates his/her integrity and leads to missed opportunities.

Employees, who implement their missions, work with quite a different meaning, manner, as well as with another level of involvement and interest and drive. And so, the company's performance is significantly higher, when people are brought together whose purpose is consistent with the corporate mission.

— In 2010, FC URALSIB evaluated staff involvement. Please tell us about objectives and results.

— This is a very useful technology that is still rarely used by Russian companies. Studies conducted on the international level demonstrate that an uninvolved employee can cause losses of approximately 10 thousand dollars per year.



Our Corporation is one of the few companies that systematically evaluates staff involvement. We applied this technique for the first time in 2008 and it just so happened that there was a crisis for the next three years. During a period of wholesale lay-offs, the mean level of involvement

has remained slightly above 40%.

In 2010, we conducted a series of studies in which we evaluated the involvement level for each unit and leaders across all levels and developed action plans for growth. It allowed us to obtain not an "average temperature in a

hospital," but more accurate data. We find it encouraging that most leaders of major business units are already in the efficient area: their involvement level is above 60%. The level of involvement for middle management is 50–55%.

To increase the number of employees with high involvement levels, we have included programs on personal development, upgrading working conditions and social programs. Studies, however, have shown that the standard set of services from our social basket is not suitable for numerous regional offices. For example, in an isolated area, there is the only one clinic and no fitness or sports facilities. However, the Corporation's social basket includes just such a set of services. In 2010, we altered it and added health resort treatment and vouchers for children. In 2011, this area will be expanded. It is important that people have the opportunity to choose.

— In 2009, the average training per employee was 133 hours. This is a significant figure. In 2010, what are the key educational programs?

— Our top managers receive the largest number of training hours.

They all participate in the pilot program, which then are launched in a series. In 2010, they attended an average of 33 calendar days of workshops. Frankly, this intense schedule is not easy to incorporate into the working process. However, we have been able to find balance on this matter. In 2010, we continued to update standard programs that support an overall level of professionalism. In addition, the amount of training for personal growth was significantly increased. I am sure that people who consistently attend training programs follow the path of personal development toward self-awareness and become valuable corporate assets.

— How did the healthy lifestyle program develop?

— In previous years, the program was just structured and consisted of separate activities designed for individual progress — for example, weight loss and stopping smoking. In 2010, traditional areas with complete techniques were already formed and people began to more actively

participate in them. Suffice it to say that this year, under the “Smoker office” campaign, units have declared themselves anti-smoking.

— How do healthy lifestyle initiatives benefit businesses?

— Let me provide the figures: the national average absentee level, including for illness, is approximately 2.5%. In our Company, however, this figure is just 1.5%. In particular, this result can be attributed to investing in two things: a healthy lifestyle for our staff and giving up bad habits. For example, in our canteens, significant work was done to ensure that it was possible to eat without salt and no fried foods, as well as to maintain diet and fasting days.

— Are you continuing to develop corporate volunteering?

— Within the corporate volunteering program, a new direction has emerged — some corporate divisions have begun to support specific children’s homes. In addition to participating in Corporation-wide charitable programs, more and more staff on their own initiative are coming to the children and organizing, for example, walking tours or master classes. The Corporation and its employees recognize that there is a significant challenge: children from boarding schools are not ready to independently live in society. They grow up and they do not know how to cook, they do not know laws and they do not understand how to pay rent. They are used to living in a dormitory, where they have nothing to think about and where everything is done for them. Of course, we continue to assist in the traditional manner: providing necessary facilities for rooms, equipping training classes with computers, providing money for buying dishes for family groups. But, by doing so, a large number of questions were swept under the rug. For example, money was needed for personal hygiene, but in the budget for the children’s home these related expenses were not provided. This is an issue that sponsors rarely pay

attention to. We see such campaigns too much. Our colleagues give a real address support and bring good and benefit to children in need of such care, perhaps more than others.

— In 2009, the Corporation allocated RUR 16.2 million for financial assistance for employees who found themselves in difficult real-life situations. This total is almost 7% of total staff development expenditures. Did the program work in 2010?

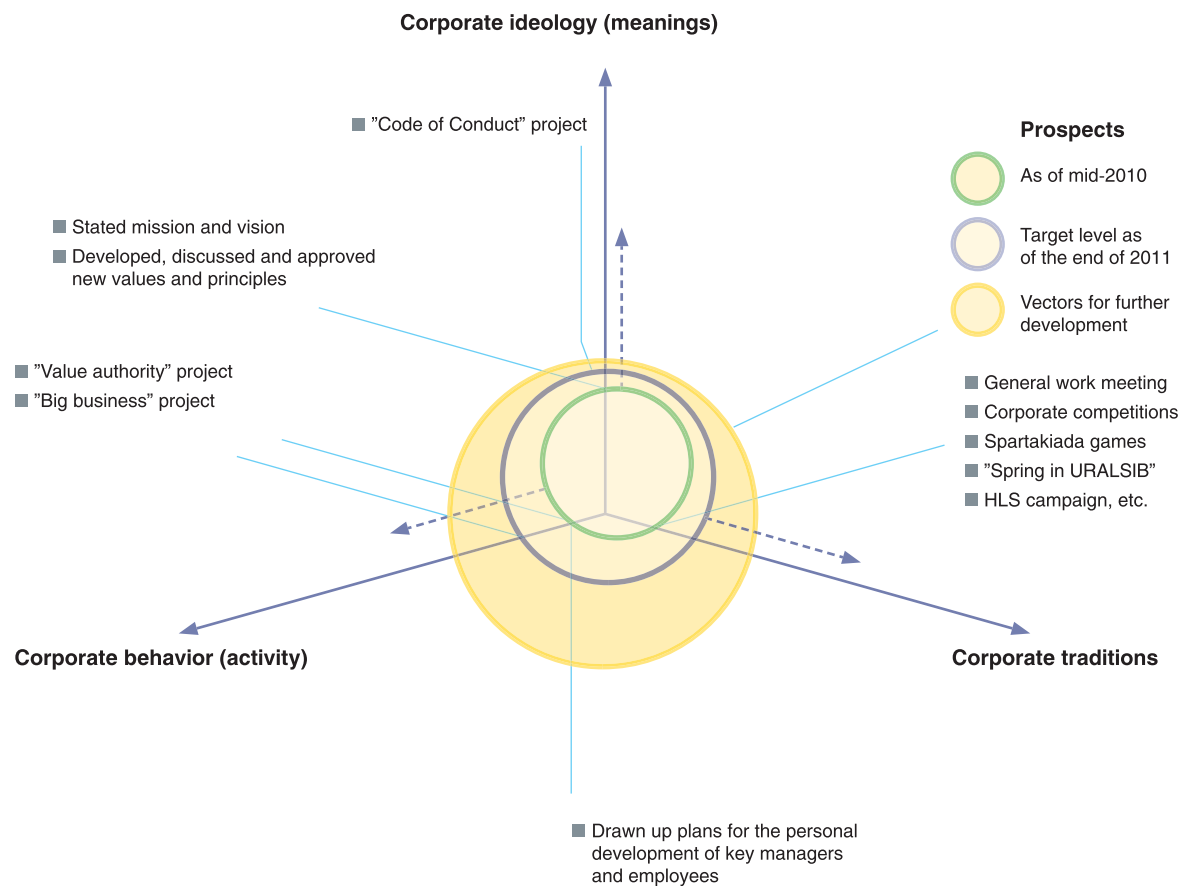
— Of course we have continued to provide assistance to employees and their families. In 2010, the Corporation provided more than RUR 20 million. It should be noted that our financial aid budget is not fixed; we can put a complex issue before the collegial body or the Chairman of the Management Board. And, as a rule, no employee, trapped in difficult real-life situations, remains without support. In addition, in 2010, the number of campaigns to collect private donations increased within the Corporation. These campaigns were primarily related to the need for cancer operations for employees or their children. The Corporation controls the intended use of collected funds and preliminarily evaluates the amount required for both the operation itself and for rehabilitation.

It has become a good corporate tradition that a person who has met with misfortune knows that the Company and its employees will help him/her overcome it. Of course, we all think: “Let the cup pass from me”, but, if anything, one can count on it. In order to avoid the abuse of private donations, the Corporation has instituted the following rules: if required sum is for an amount up to RUR 150 thousand, the decision is made by the Financial Aid Committee. For amounts ranging from RUR 150 thousand to RUR 500 thousand, the Chairman of the Management Board makes the decision. If more than half a million rubles is required, the question will be put before the Management Board and a donation collection is declared among employees.

— What is the Company’s policy regarding hiring children of employees?

— We employ lots of children of employees. In 2010, we conducted the first “Open Day” campaign for adult children of our employees and seriously expect that this will create dynasties at the Company. Personally, I think it is very helpful. Children tend to be worthy of their parents. The micro-climate of the team is mixed with the micro-climate of the family. This was true in Soviet times, and I think it is one of the positive features of the era. It is very good when secrets of the trade are handed down from generation to generation. We strive to support these initiatives, and soon, I think this dynasty will be a competitive advantage for the Corporation. This will only be a matter of time.

Strategic directions of FC URALSIB corporate culture development



The management based on values system

The management by values model is reflected in the formats in which FC as a whole, as well as its individual units, carry out strategic planning, in the form of job descriptions for staff and provisions for structural units. Thus, corporate culture development is not the prerogative of the Human Resources Service; it is integrated into the activities of each unit and employee.

The key performance indicators (KPIs) were amended and include three basic elements: the personal development of employees, forming of effective team and participation in the society development. These elements are inextricably linked. Activities to develop a corporate culture based on the belief that there is a genuine interest of employees to transform the society and their involvement in social projects can only be provided for with an own social security system and the opportunity for growth and development.

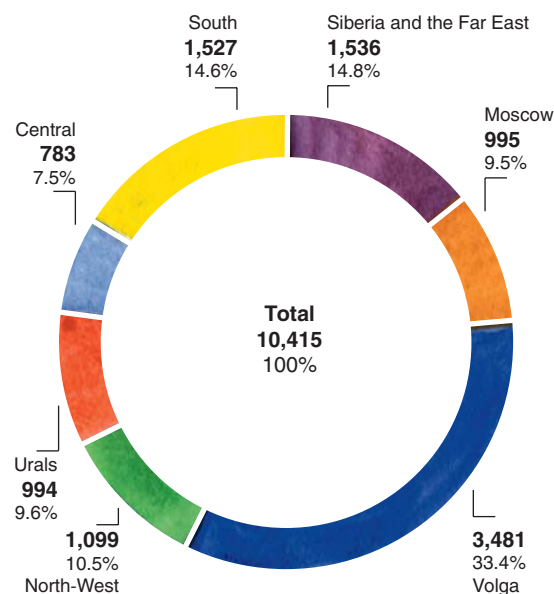
The management based on values system implies personal responsibility for managers for corporate culture development. Thus, for every manager, at the level of heads of functional business units, relevant KPIs, which evaluate his/her performance, are assigned.

Personnel structure (continuation)**The changes of personnel in Moscow and Ufa Central Offices, persons**

Staff members	31.12.2009	31.12.2010	Change, %
Central Offices	4,074	3,684	(9.6)
Moscow	2,977	2,551	(14.3)
Ufa	1,097	1,133	3.3

The changes of personnel in regional divisions (excluding employees in Moscow and Ufa Central Offices), persons

Staff members	31.12.2009	31.12.2010	Change, %
Regional divisions	9,368	10,415	11.2
Siberia and the Far East	1,457	1,536	5.4
Moscow	746	995	33.4
Volga	3,328	3,481	4.6
North-West	980	1,099	12.1
Urals	842	994	18.1
Central	613	783	27.7
South	1,402	1,527	8.9

Employees by regional divisions (excluding employees in Moscow and Ufa Central Offices)**Employees based on employment contract, persons**

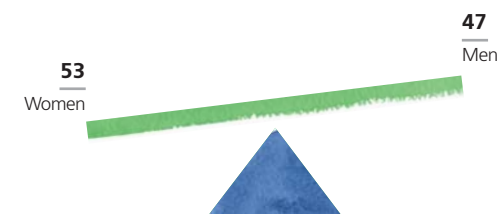
	Total	Men	Women	%
Long-term	12,652	4,627	8,025	89.7
Short-term	1,447	183	1,264	10.3
Total	14,099	4,810	9,289	100.0

Employees by type of employment, persons

	Total	Men	Women	%
Full-time	13,699	4,721	8,978	97
Shortened working day	400	89	311	3
Total	14,099	4,810	9,289	100

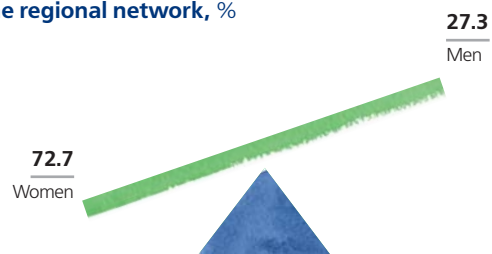
Employees recruited in 2010

In 2010, 3,615 new employees were hired in various corporate units of the Corporation.

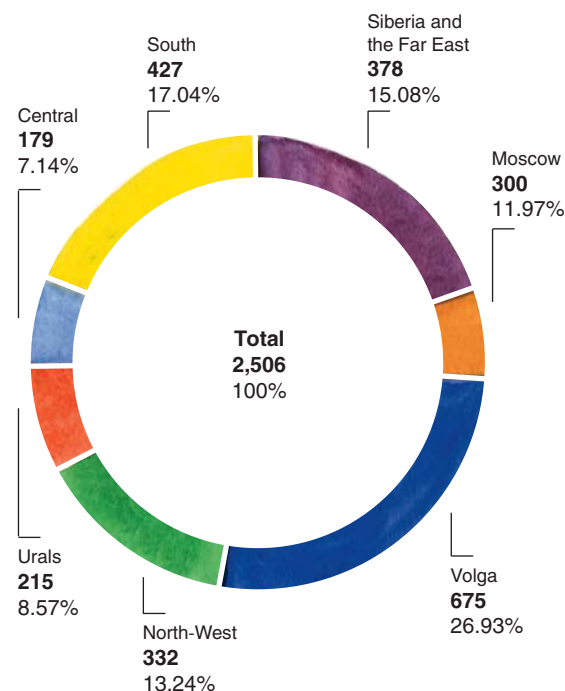
Gender breakdown of new employees of Moscow and Ufa Central Offices, %

New employees by age

	Number of employees	%
Total	3,615	100
Up to 25	1,532	42.38
26–34	1,407	38.93
35–54	628	17.38
55 and older	48	1.33
Central Offices (Moscow and Ufa)	1,109	100
Up to 25	332	29.93
26–34	482	43.46
35–54	283	25.51
55 and older	12	1.08
Regional network	2,506	100
Up to 25	1,200	47.88
26–34	925	36.91
35–54	345	13.76
55 and older	36	1.43

**Gender breakdown for new employees
in the regional network, %****New employees in the Moscow and Ufa Central Offices**

	Number of employees	%
Central offices	1,109	30.67
Moscow	751	20.76
Ufa	358	9.91

New employees in regional divisions

Within the regional laws on quotas, FC URALSIB recruited disabled individuals and young professionals sent from the employment centers in Moscow and Ufa. In 2010, disabled people were not recruited. The number of staff employees in

this category was 64 persons, which corresponds to the established quota.

In 2010, 328 employees (100% women) returned to work after parental/maternity leave and continued to work for the Company.

As of December 31st, 2010, the Corporation had 1,679 employees (12% of the total staff) on maternity leave. In 2010, the Corporation implemented a surcharge of RUR 4.5 million for maternity leave.

In the Corporation, compensation is calculated based on achieved business results and the implementation of planned KPIs.

A unified wage tariff system and a regional ratio system have been developed in the Corporation. The basic rates for the same type of position for men and women do not differ.

The minimum rate for a full-time specialist is 9,200 rubles (accountant manager, Ufa), which is 67% higher than the minimum monthly wage (MMW) set in the Republic of Bashkortostan.

**Ratio for the minimum rate of a specialist
(accountant manager) to the MMW level in key
FC URALSIB operational areas**

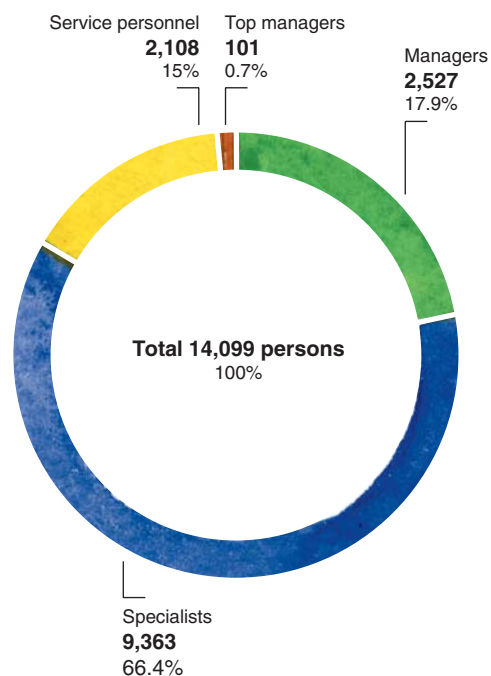
City	Minimum rate	MMW*	MMW excess %
Moscow	13,700	10,400	31.7
Ufa	9,200	5,500	67.3
Kemerovo	12,600	5,995	110.2
Krasnodar	15,000	6,052	147.9
St. Petersburg	21,000	6,600	218.2

* MMW data can be found on the web site of the Russian Ministry of Health and Social Development — <http://www.minzdravsoc.ru/labour/salary/14>.

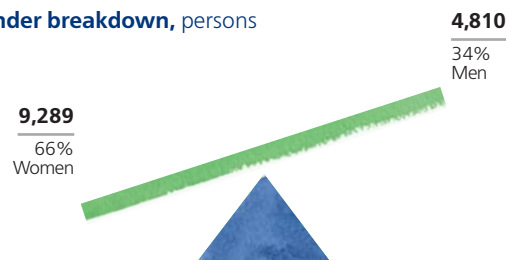
Change in the staff structure by held positions

	2009	2010	Change, %
Top managers	100	101	1.0
Managers	2,796	2,527	(9.6)
Specialists	8,560	9,363	9.4
Service personnel	1,986	2,108	6.1
	13,442	14,099	

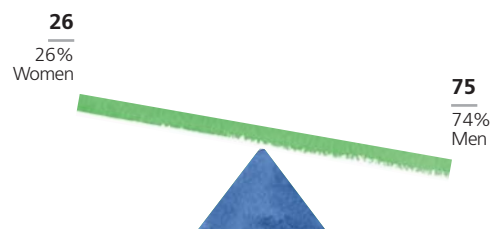
Employees by held positions



Gender breakdown, persons



Gender breakdown for governing bodies, persons



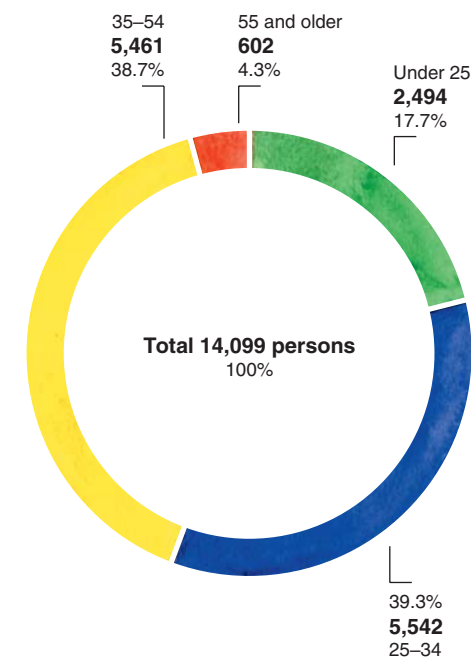
Change in the personnel structure by age, persons

	31.12.2009	31.12.2010	Change, %
100%			
90%	Under 25	2,494	36.1
80%			
70%			
60%	25–34	5,542	(6.4)
50%			
40%			
30%			
20%	35–54	5,461	(5.5)
10%			
0%	55 and older	602	6.7
Total	14,099		

In FC URALSIB, the gender breakdown has traditionally tilted towards women. This is due to the specific employment structure in the financial sector. Women make up almost all operational and cash staff for the Bank and Leasing Company.

In 2010, the Corporation actively recruited young professionals, as evidenced by the increase in the percentage of employees up to 25 years of age – 36%.

Age breakdown of employees (as of 31.12.10)



WORKPLACE HEALTH AND SAFETY

Issues related to health and safety at work are fixed by collective bargaining agreements, by-laws and labor contracts.

In accordance with orders issued by the Corporation's companies on the distribution of labor safety responsibilities between heads of business units, the employer places responsibility for labor safety conditions on the heads of regional divisions, offices and outlets. The staff position of a labor safety officer/specialist has been instituted in URALSIB Bank (the Central Office), the Leasing Company, the Management Company and URALSIB Capital. Every company has approved instructions on labor safety. Labor safety officers who have been trained and who hold a labor safety certificate are appointed in regional divisions, offices and outlets.

In FC URALSIB, there are no formal agreements with trade unions. All requirements of trade unions were taken into account when negotiating collective bargaining.

The percentage of personnel in joint health and safety committees is 1% of total staff. Compared with the previous reporting period, the number of staff working in the social sphere on health and safety projects did not change.

Percentage of all employees, %	
Division for social projects development	0.06
Division for compensation and benefits	0.03
Social workers in the branch network (Human Resource Service officers, who are responsible for helping organize social programs in the branch network)	0.6
Managers involved in forming social policy	0.01
Labor safety officers	0.29

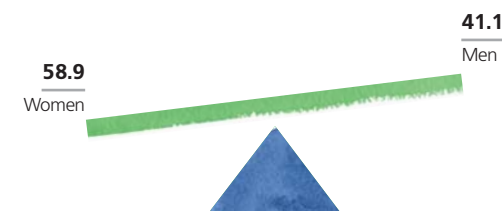
The labor safety service has the following functions:

- To identify hazardous and harmful factors in the workplace;
- To analyze the state and causes of workplace injuries, as well as work- and production-related diseases;
- To assist departments in organizing parameter measurements for hazardous and harmful factors and to assess and certify workplaces for compliance with labor protection requirements;
- To inform employees on behalf of the employer about the state of workplace working conditions, the causes and possible terms for the onset of work-related diseases, as well as on measures taken to protect from hazardous and harmful factors.

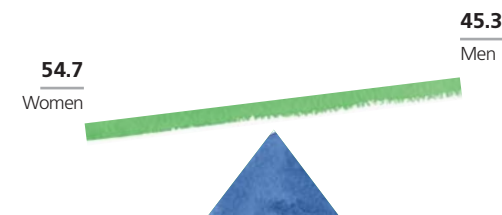
To monitor the quality of FC URALSIB's social programs and healthy lifestyle programs, face-to-face practice interviews are conducted with direct recipients of these services. For more detailed information, in-depth interviews on the "360 degrees" method are used. In total, in the process of developing healthy lifestyle recommendations and workplace safety, more than 50% of the Corporation's employees are involved.

In 2010, there were no cases of occupational diseases for FC URALSIB employees. Documents, confirming the loss of ability to work due to occupational diseases in accordance with medical and social assessments, which set the percentage for the loss of the ability to work, the disability group and to determine the nature and conditions of possible work, were not received by the Human Resources Service. The total number of disability days (excluding work incapacity for maternity leave) was 139,381 days. The total number of temporary disability days from industrial injuries was 181 working days. After each injury, the employee and his manager received extra training for labor safety and control over the enforcement of labor discipline and the organization of the working process was strengthened.

Gender breakdown for disability days



Gender breakdown for days of temporary incapacity related to workplace injury



* See p. 77.

Measures to prevent workplace accidents

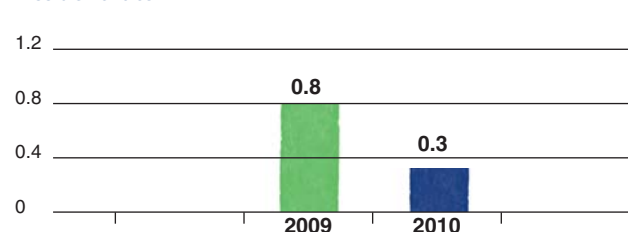
In 2010, due to the fact that recorded accidents at FC URALSIB do not directly relate to the performance of duties and thus, are not violations of occupational safety requirements and mostly occurred due to victim negligence and/or carelessness, the dynamics for the number of accidents cannot be predicted.

To reduce the risk of workplace accidents, labor safety officers analyzed causes in the units, especially for drivers in auto accidents. Extra training was provided at the workplace of units where accidents had occurred.

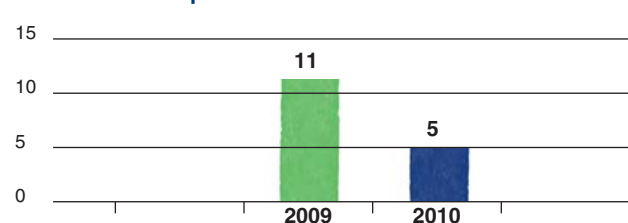
Interviews were conducted on compliance with all labor safety requirements in units, where workplaces were certified, as well as a working check of logging "Accounting for Toolbox Talk" in Moscow outlets.

In 2010, 1,080 workplaces of OJSC URALSIB and 27 workplaces of CJSC MC URALSIB were certified. The 2011 budget for labor protection was established based on requests from regional divisions on the need to allocate funds to certify workplaces, conduct periodic medical examinations and supervise production.

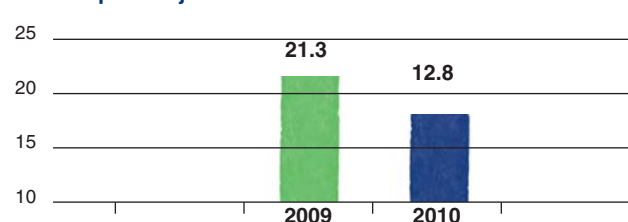
Accident rate*



Number of workplace accidents



The average number of disability days in cases of workplace injuries**



*Injury rate per thousand employees: $C_i = T / (N_e / 1000)$, where T is the number of injuries and N_e is the number of employees
 ** The number of days of temporary disability per thousand employees: $C_d = D / (N_e / 1000)$, where D is the number of days of temporary disability and N_e is the number of employees.

MEASURES FOR UPGRADING WORKING CONDITIONS AND HEALTH

In general, the development of an internal social policy is supported and adjusted by the Corporation's shareholders. All projects and programs will be considered and approved by the Management Board of FC URALSIB.

In 2010, the Corporation conducted the following programs.

"Comfortable workplace"

The Corporation annually provides funding to create comfortable working conditions. The Corporation's employees receive pure drinking water, equipment for food intake and climatic equipment. Each employee can use the program, regardless of their position, terms of service or job.

In 2010, the Corporation allocated RUR 1.7 million for this program.

Healthy lifestyle program

The Corporation fully shares the position of the World Health Organization (WHO) to assess the negative impact on economic indicators caused by behavioral risk factors, including: smoking, malnutrition, physical inactivity and being overweight, etc. To develop its own Healthy Lifestyle programs, the Corporation is guided by the Framework Convention on Tobacco Control WHO, the concept of increasing physical activity and reducing the number of overweight individuals in the European Region (WHO) and the National Strategy for Tobacco Control.

Recognizing the urgency of these problems and sharing the principles of these documents, FC URALSIB's management developed a strategy to promote healthy lifestyles among its employees.

In 2010, based on estimates of the distribution of risk factors from annual health monitoring, the "Non-smoking office," the "Healthy weight," and the "Week of physical activity" campaigns were carried out.

The effectiveness of these programs is quite high. The support of colleagues and incentive motivation make it much



easier for people to quit smoking, lose weight and be physically active.

The percentage of employees participating in healthy lifestyle programs increased from 46% in 2009 to 49% in 2010. The percentage of employees who live a healthy lifestyle and who do not have bad habits also increased from 13% to 31%. The percentage of employees who smoke declined from 24% in 2007 to 20% in 2010.

In 2010, RUR 1.5 million were spent on healthy lifestyle programs.

Financial Corporation URALSIB's healthy lifestyle program was recognized as the winner in the corporate category for "Healthy Russia" healthy lifestyle projects, which was organized by the Russian Ministry of Health and Social Development.

Corporate sporting events

The Corporation leases sports clubs and swimming pools for its staff to exercise. Internal corporate competitions in team sports are regularly conducted. URALSIB allows its employees and their families to purchase membership at leading fitness centers with a 40% discount. The

Corporation leases 190 sites, which 42% of employees utilize.

In 2010, total expenses for the corporate sports programs were RUR 27.4 million, which was 61.2% more than in 2009.

Additional days of rest

FC URALSIB provides its employees with irregular work hours, additional paid holidays and personal days. Any employee may also take a short-term family leave (for example, for marriages or the death of a close relative).

Staff vaccinations

Given seasonal risks for viral illnesses, the Corporation provides its employees with the opportunity for influenza vaccinations. The vaccination is free-of-charge and voluntary.

Reimbursement for mobile communications

FC URALSIB employees are able to connect to the corporate tariff. The Corporation reimburses certain employees for mobile communication within established

limits. The amount of the limit depends on the functional responsibilities and official status of an employee.

In 2010, mobile communications costs decreased 32.3% to RUR 15.7 million.

Subsistence expenses in excess of State standards

Subsistence allowance is paid in excess of standards set by the State to corporate employees who are on a business trip. The subsistence amount depends on work status and the place of the business trip.

Payment for entertainment expenses

FC URALSIB compensates staff costs for entertainment expenses, if there is an operational need for negotiations outside the office.

The program to promote a healthy lifestyle is focused on reducing the negative health impact of five key risk factors:

- Low levels of physical activity;
- Being overweight;
- Smoking;
- Malnutrition;
- Having high blood pressure.

By addressing these risk factors, it is possible to reduce the risk of many diseases (for example, cardiovascular, oncology, broncho-pulmonary and

diabetes, etc.), which are the principal causes of mortality in Russia and lead to serious economic losses worldwide. Within these areas, different campaigns across all corporate units are regularly conducted in more than 40 Russian regions. The program is implemented within the framework of FC URALSIB's "Internal Social Policy," which was adopted in 2007. The quarterly magazine "Corporate News" (with a circulation 10 thousand copies) and the monthly

electronic intra-corporate "URALSIB Bulletin" provide informational support for the project. The channel to notify employees of the ongoing campaigns is a daily e-mail newsletter.

The Division for Social Project Development, which is part of the Human Resources Service, administers the program. Methodological developments of WHO and the "Healthy Russia" program (adopted by the Russian

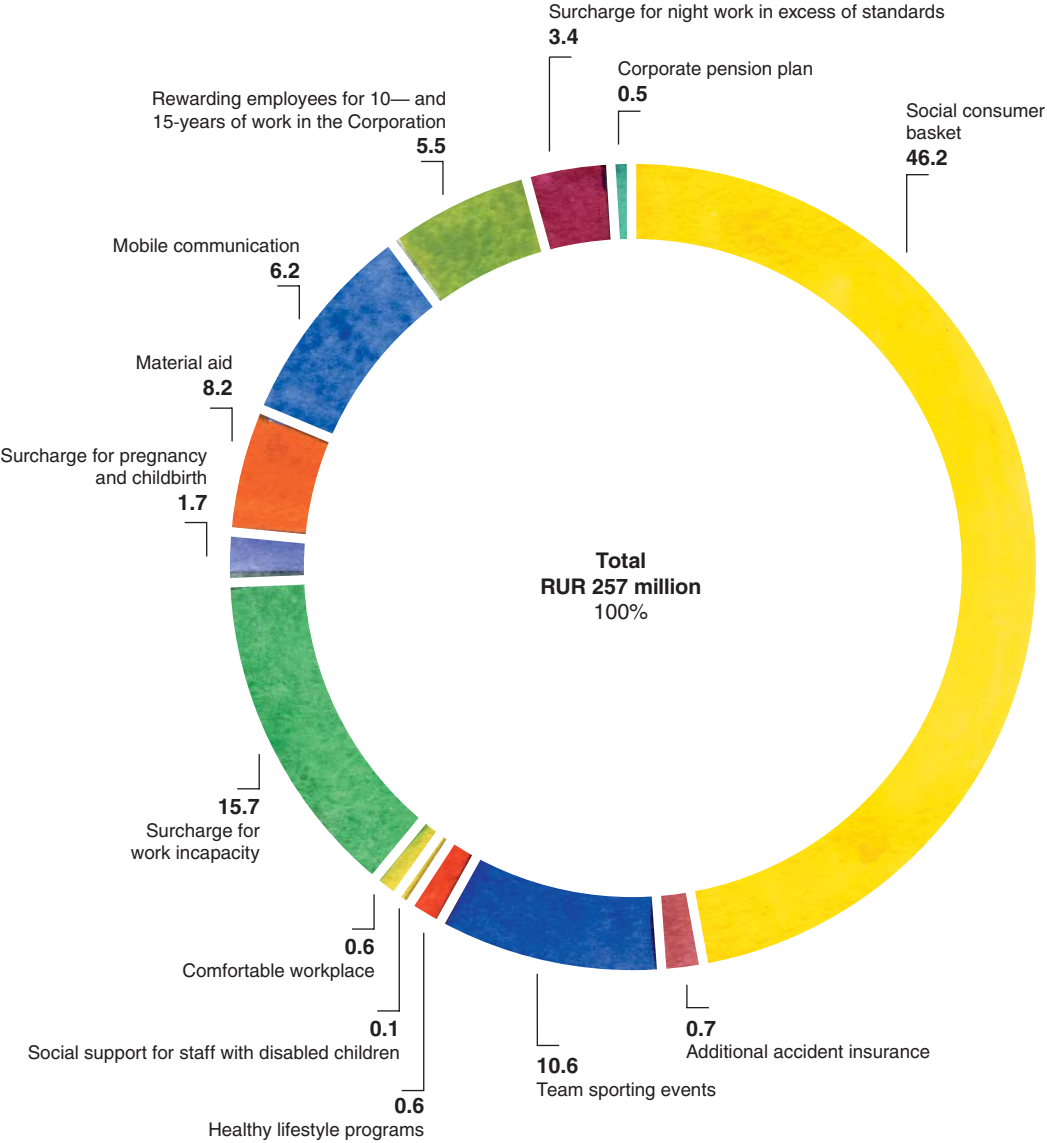
Ministry of Health Care and Social Development), as well as original designs by in-house experts, are used in the campaigns.

The program has been developed in five areas:

- Increasing physical activity;
- Maintaining a healthy weight;
- Controlling tobacco use;
- Engaging in healthy nutrition;
- Monitoring blood pressure.

Monitoring the quality of healthy lifestyle programs is performed via a WHO method in the form of questioning by random sampling (electronic forms on the internal portal), as well as by face-to-face interviews with direct campaign participants. For more detailed information, the "360 degrees" method is used. It involves assessing the actions of an employee and its operating environment: managers, subordinates, colleagues and clients.

Cost structure for domestic social policy, % of 2010 budget



Cost structure for domestic social policy, RUR million

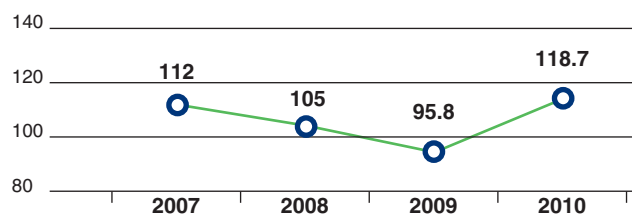
Programs	2009	2010	Change, %
Social consumer basket	95.8	118.7	23.9
Additional accident insurance	0.8	2.0	150.0
Team sporting events	17.0	27.4	61.2
Healthy lifestyle programs	1.1	1.5	36.4
Social support for staff with disabled children	0.1	0.3	200
Comfortable workplace	9.9	1.7	(82.8)
Surcharge for work incapacity	51.1	40.5	(20.7)
Surcharge for pregnancy and childbirth	4.3	4.5	4.6
Material aid	16.2	20.9	29.0
Mobile communication	23.2	15.7	(32.3)
Rewarding employees for 10— and 15-years of work in the Corporation	4.9	14.2	189.8
Surcharge for night work in excess of standards	12.2	8.3	(31.9)
Corporate pension plan	0.0	1.3	100.0
Total	236.6	257.0	8.6

SOCIAL GUARANTEES AND BENEFITS

FC URALSIB provides its employees with social security and benefits in the form of a consumer basket, which includes: voluntary health insurance, health resort treatments and payment for classes at fitness clubs. An employee can choose the set of services most appropriate for him/her. In 2010, the total funds spent on supplementary health insurance (SHI) programs, increased 23.9% to RUR 118.7 million (46% of the total expenditures on staff development, excluding the salary fund). At the same time, the per employee cost increased 20%, from RUR 7,130 to RUR 8,572.

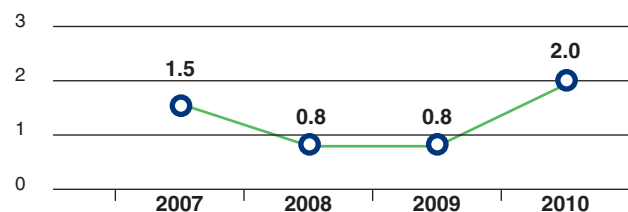
In 2010, half of the Corporation's staff members (7,078 people) used services from the social consumer basket.

**Cost for the "social consumer basket" program,
RUR million**



In addition to compulsory accident insurance, FC URALSIB provide its employees whose professional activity is associated with risk (for example, cashiers, collectors and drivers) with additional insurance in the amount of RUR 300 thousand. In 2010, the cost of this insurance increased 150% to RUR 2 million.

Cost for professional insurance for employees, RUR million



In addition to the social consumer basket, the Corporation provides its employees with more than 15 types of social compensation, including: subsidized mortgages and consumer lending, private insurance, compensation for disability leave, short-time leave connected with the death of a relative or marriage, additional paid holidays and bonuses for night work in excess of established standards, among other benefits.

Material aid

The Corporation provides its employees with the following types of material aid:

- Lump sum payment at the birth (adoption) of a child;
- Quarterly payments to employees who have a dependent child with a disability;
- Lump sum bereavement payments;
- Lump sum payments for the serious illness of an employee or his/her close relative.

In 2010, material aid totaled RUR 35.47 million.

Compensation for disability leave

In case of disease, the Corporation compensates its employees for the difference between established limits of the Social Insurance Fund and wages for the disability period.

In 2010, the Management Board decided, as of January 1st, 2011, to increase the numbers of days for which payment is made for temporary disability when ambulatory from nine to twelve days.

When hospitalized, payment is made for a period of up to 60 days. The same standard applies in cases of injury. During maternity leave, the Corporation makes payments in addition to the appropriate allowance from the Social Insurance Fund. In 2010, the Corporation decided to increase the percentage of these payments from 50% to 75% of the employee's average earnings.

Pension scheme

In 2008, the pension scheme had been developed, but was not yet in effect due to the economic crisis.

As of October 1st, 2010, the pension scheme began to work. It consists of two parts: a State program on co-funding for the funded component of a retirement pension in accordance with Federal Law № 56-FZ "Concerning Additional Insurance Contributions to the Funded Component of the Retirement Pension and State Support for the Accumulation of Pension Assets," which involves both the employer and non-State pension schemes (NPS).

If employee transfer funded component from the Pension Fund of Russia in the NGPF URALSIB, the employer shall transfer contributions to employee's accumulation account. The contribution amount depends on length of service in the Corporation and wages. Employees with a length of service of more than three years may participate in the program. The employer's contributions for both programs are made from the Corporation's general funds. The 2010 (3 month) budget was RUR 1.26 million.

The State program for co-funding of the funded component of the pension:

- Employee's contributions are not limited;
- Employer's contributions are equal to the employee's contributions, but are capped at not more than RUR 12 thousand per year;
- State contributions are also equal to the employee's contributions, but are not less than two thousand and not more than 12 thousand rubles a year.

Non-State pension schemes:

- Monthly employer's contribution = salary of an employee x (length of service + 1) x 0.05, where the length of service is from 3 to 23 years;
- Under the State program, the average employee's contribution is RUR 785 per month;
- Under the State program, the average employer's contributions is equal to the average employee's contribution — RUR 785 per month;
- The Corporation's average contribution for the non-State pension schemes for an employee is RUR 4,113 per month.

Collective bargaining agreement

In 2009, the Corporation concluded a collective bargaining agreement with its employees. It fixed the rights and duties of an employee and employer in the following areas: "Work time", "Rest", "Remuneration", "Warranties in the case of possible layoffs", "Working conditions, health and labor safety", "Compensation for damage caused to employees' health", "Social security and employee compensation", "Training", "Trade union guarantees", and "Monitoring the implementation of collective agreement".

The minimum notice for changes in the Company's activities, as established by the collective bargaining agreement, is two months.

INITIATIVES TO PREVENT DISCRIMINATION

In 2010, FC URALSIB implemented several initiatives aimed at preventing possible labor market discrimination against students and professionals who were temporarily out of work due to massive layoffs.

Program to support unemployed workers

In 2010, the Corporate University participated in implementing two socially important projects:

1. "Work search technology" training is conducted at no cost by employees of the Corporation's regional training centers for unemployed individuals. The training is aimed at developing people's job search skills so that they can adapt to the labor market and secure successful employment. In total, there were 16 training sessions that were attended by 320 people.

2. To upgrade the qualifications of unemployed individuals in financial and administrative management, the Corporate University hosted a professional development program "Commerce management". The program was conducted by leading professors of the Moscow International Higher Business School "MIRBIS" in Kemerovo (26 participants) and Chelyabinsk (25 participants).

"URALSIB — the road to success. Take the first step!"

URALSIB is one of the first banks that became actively involved in the Russian Ministry of Health and Social Development program to reduce labor market stress. There is a specially designed project "URALSIB — the road to success. Take the first step!" which already involved nearly one thousand recent students to receive long-term training.

The project is implemented jointly with regional employment centers. Within the project, FC URALSIB creates temporary jobs for graduates and students and the State compensates the labor costs of temporary staff in companies that belong to the Corporation.

Graduates are employed in positions, including: operational staff, junior accountants, legal specialists, credit managers, sales managers and HR- and mortgage specialists. The Bank staff actively cooperates with trainees, exposing recent graduates to banking fundamentals. As a result, newcomers receive practical experience from working in a prestigious bank and add to their resume. The best students are included in the external succession pool.

In 2009, the probation period was three months and that was not enough for specialist training and the mechanism for interacting with employment centers was not clearly defined. Since 2010, according to a new Government Decree, the probationary period has been extended to six months, as well as including an opportunity to use public funds to pay trainee teachers. A clear mechanism has been built up for interacting with employment centers.

In 2010, when the economic situation stabilized, the program reached a qualitatively new level. The Bank's priority was to create a succession pool and to upgrade the financial literacy of young people. Employment assistance for young professionals without work experience remains relevant and is the original objective. The program involved 43 of the Corporation's 45 branches.

Key indicators of the "URALSIB — the road to success. Take the first step!" program

	2009	2010	Change, %
Number of regional branches involved in the program	31	43	38.7
Number of cities in which the program has been implemented	42	83	97.6
Number of graduates trained in the Corporation	414	577	39.4
Number of trainees enrolled in the Corporation's operation succession pool	89	230	158.4
Number of trainees enrolled in the staff	10	112	1,020
Amount of State co-funding for programs, RUR thousand	5,299	24,262	357.8

Preventing discrimination against employees

All staff policies and relationship procedures developed and approved by FC URALSIB are based on basic human rights principles enshrined in Russian legislation. Thus, all internal corporate regulatory standards, to varying degrees, take into account human rights, and particularly worker rights. The relevant standards are prescribed in the following internal regulations: Internal Work Regulations, the Procedure for Granting Leave and the Regulations on Employee Business Trips, etc.

In FC URALSIB, internal control, risk management and compliance services monitor compliance with Russian legislation in respect to employees of legal entities that are part of the Corporation, by regularly conducting audits of business processes and regulatory documents.

In the area of organizing interaction among employees, FC URALSIB adheres to three basic principles: cooperation, fairness and efficiency. The Corporation does not support a competitive relationship between divisions and types of business, but welcomes a spirit of competition among its employees.

The Corporation follows a principle of tolerance for any ideological, personal and physical differences in its employees. Individual personal characteristics that do not negatively impact the quality of work cannot be qualified as a violation of internal behavior standards.

Persons with disabilities (disabled persons) and students are employed within the framework of existing Russian legislation, namely in accordance with the Federal Law "Concerning Employment in the Russian Federation", "Concerning the Social Protection of Disabled Persons in the Russian Federation" and "Concerning Additional Guarantees for the Social Protection of Orphaned Children and Children Without Parental Care".

In addition, the regional divisions are governed by employment quota laws adopted in the respective Russian regions. In 2010, persons from these categories have not been hired by FC URALSIB.

The proportion of senior management that is hired from locals in operational areas is 100%.

Replacing the heads of FC URALSIB's divisions is carried out by both external market selection and by internal personnel rotation. Candidates must meet the requirements of the Bank of Russia. Candidates for branch manager positions are required to attend an assessment by the Human Resources Service in Moscow, in accordance with the Regulations on the Bank's internal document flow for approving candidates for the position of branch managers in regional offices of the Bank of Russia", as of December 18th, 2007.

In 2009, cases of discrimination against staff based on race, skin color, gender, religious beliefs, political persuasion,

foreign birth or social background (including at employment) have not been reported.

The Corporation does not use child labor.

FC URALSIB does not operate on the territories of small indigenous ethnic communities.

In 2010, no violations of minority rights or lawsuits against the Corporation from representatives of national minorities were reported.

In 2010, no incidents of forced or compulsory labor were registered in the Corporation. All labor conditions are fixed in employment contracts and job descriptions; the contents of which must be mandatorily communicated to all employees.

The standard employment contract used in FC URALSIB provides an employee with the right to work, including fair remuneration (Article 23 of the Universal Human Rights Declaration) and the right to rest, including the optimal length of a working day with a lunch break and paid leave (Article 24 of the Declaration).

The Corporation follows a policy of freedom to negotiate, as well as the freedom for employees to associate based on various topics and interests. In 2010, no facts of limiting freedom to establish associations, groups and/or voluntary associations, or incidents of persecution, oppression or lockouts regarding employees, were reported. In 2010, informal employee associations were not established in FC URALSIB.

PERSONNEL TRAINING

The Corporation considers it necessary to create conditions for the continuous training and development of its employees.

In 2010, the Corporation carried out training across all aspects of its activity using a variety of training forms and techniques. In 2010, a new training format – online training – was widely introduced. More than 57,000 distance and 3,700 online trainings were conducted using the Corporation's training portal. This represents 82.1% of the total number of attended courses (74,029).

In 2010, by order of business divisions, 5,946 participants on professional and product training programs and 2,804 participants on client trainings were engaged in full-time training at the Corporate University and regional centers, with the participation of employees of such divisions.

In 2010, the total number of training hours was 1,607,330, which is 10.2% less than in 2009 (1,789,059 hours). At the same time, however, the number of employees trained and the number of courses attended increased 35.4% and 21%, respectively.

The Corporation was able to simultaneously reduce training time and at the same time increase training volume by increasing the share of distance training from 76.1% in 2009 to 82.1% in 2010.

In 2010, there were 74,029 attended training courses, including online training courses (3,724 participants).

Number of attended training courses by training type

Types of training	2009			2010			2010, Total	Change, %
	Full-time training	Distance training	Online training	2009, Total	Full-time training	Distance training	Online training	
Professional training from external providers	2,042			2,042	2,788		2,788	36.5
Internal professional and product training	11,635	46,124	437	58,196	8,750	57,053	3,724	13.1
Training to develop managerial competencies and upgrade personal effectiveness skills	940			940	1,714		1,714	82.3
Share of total training, %	23.9	75.4	0.7	100	17.9	77.1	5.0	100
TOTAL	14,617	46,124	437	61,178	13,252	57,053	3,724	21.0

Total number of training hours

	2009	2010	Change, %
	1,789,059	1,607,330	(10.2)

Average training hours per employee per year

	2009	2010	Change, %
Managers	113.48	111.34	(1.9)
Specialists	170.3	140.48	(17.5)

Number of trained employees

	2009	2010	Change, %
Top managers	30	89	196.7
Middle managers	1,927	2,093	8.6
Specialists	7,664	10,844	41.5
Total	9,621	13,026	35.4

Training costs, RUR million

	2009	2010	Change, %
Annual costs	12	30	150



2010 PRIORITY TRAINING AREAS

Introduction of a new training format — online training

Since 2010, the Corporation has actively used an innovative training method — online training via the “Virtual classroom.” Due to it being economical and efficient (the method allows trainees to fully attend a lesson and communicate with a teacher, while at the same time being in the workplace), it has been actively used in addition to planned activities.

Participation of managers and key staff in programs and trainings aimed at personal development

In 2010, the Corporation introduced a new management model, which was focused on value awareness. In regard to this, part of the training program is focused on developing key managers` motivation for personal development. In 2010, 2,007 people attended personal growth training.

Training within projects to introduce information technology

In 2010, significant attention was paid to developing the “Sphere” project, aimed at unifying the corporate banking business based on the unique Finacle information system. To support the “Sphere” project, training sessions for specialists were organized. Developing staff competencies in modern banking technology will help create a good stability reserve for the Corporation for future development.

Areas for the training programs

The Corporation’s employees have the opportunity to receive training with external providers at Russia’s leading training centers and universities, as well as with teachers and business trainers of the Corporate University and regional training centers.

The main training topics were conducted with the assistance of external providers:

1. In 2010, the Corporation launched a modular compulsory training program entitled for key managers entitled “Target program for the development of JSC URALSIB’s key managers.” The following training courses were included:

- “Time management and efficiency”;
- “The Company, focused on strategy”;
- “Managing strategic initiatives, programs and projects”;
- “Corporate culture based on the management by values system”.

2. Preparation for qualifying examinations for certificates of: a security market participant, tax consultant, qualified accountant, auditor.

3. Certification and re-certification of blue-collar and white-collar workers:

- Labor safety and accident prevention training program;
- Labor safety course on loading and unloading operations using the specialty “slinger”;
- Specialized training as an “elevator operator”;
- Specialized training with the “loader”;
- Specialized training as an “operations manager of elevators”;
- Fire and mechanics training;
- Radiation safety;
- Workplace certification of working conditions;
- Re-training program on traffic safety in road transportation (certification of executives and professionals engaged in the transportation);
- Participation in other courses and seminars in similar work areas.

4. Combating money laundering and financing of terrorism.

5. Information security.

6. Studying matters related to changes in the regulatory framework of the Bank of Russia and other federal agencies:

- Topical issues related to cash circulation: techniques to determine the authenticity of bank notes and a radiation monitoring system;
 - Determining authenticity and examining bank notes — a practical course for professionals;
 - Changes in the regulatory framework of the Bank of Russia related to organizing cash work and conducting cash operations;
 - Comments on and clarifications in the order of work with, identification, security, temporary storage and cancellation of banknotes that have radioactive contamination in credit institutions;
 - Participation in other counseling seminars and conferences in areas related to the work of divisions.
7. Training spheres related to project activities and the introduction of new business processes and IT-technologies in the Corporation.

The Corporation provides internal professional and product training on a full-time basis, as well as in a distance format.

In 2010, the Corporation’s staff was engaged in the following distance training program:

- Retail banking;
- Loans to individuals;
- Corporate lending;
- Funding resources;
- Counteracting the legalization (laundering) of proceeds from criminal activity and terrorism financing (AML/CFT);
- Implementing operations to evaluate and work with mortgages by collateral specialists;
- Multimedia course “Effective presentation principles”;

- The Corporation's treasury functions;
- Counteracting violations in the credit and financial spheres;
- Counteracting breaches of confidence and fraud attempts;
- Operational risks;
- Training staff for cross-products "Term deposit URALSIB+ Mutual Fund", "Credit life insurance for consumer loans within the "Bankostrahovanie" project"; "Credit life insurance for small business borrowers within the "Bankostrahovanie" project";
- Introduction and replication of information technology;
- Other programs.

In 2010, the Corporation conducted the following full-time training seminars and training sessions:

- Active sales and efficient customer service;
- Return defaults;
- Effective telephone communication;
- Introduction and replication of information technology;
- Other programs and courses.

In 2010, to develop managerial competency, the Corporation arranged the following trainings:

- Practical principles of leadership;
- Managerial communication;
- Leadership styles;
- Team leadership;
- Conflict management;
- Business presentation skills;
- Delegation of authority;
- Motivation in personal interactions;
- Managerial decision-making and analyzing problems, etc.

Educational programs, training and counseling regarding serious diseases to control risk

Educational and awareness campaigns to reduce the risk of non-communicable diseases among employees were organized within the healthy lifestyle programs.

Training sessions on breast cancer prevention were held for 188 women in Moscow. During the reporting year, within the auspices of the healthy lifestyle program, 44 newsletters

on diseases were issued for all FC URALSIB employees, who have access to the electronic bulletin board.

Policies and procedures for social and environmental responsibility training

Within this program, 754 (5.3%) participants have been trained, which is 138 participants more than in 2009.

In 2010, trainings in this sphere were principally held in external training centers.

The primary topics were:

- Labor safety;
- Fire safety;
- Road safety;
- Operational safety;
- Environmental safety;
- Social policy.

The share of security officers trained in policies and procedures related to human rights

In 2010, 803 security officers (Business Assistance Service) were trained in policies and procedures related to human rights. This is 5.7% of the Corporation's regular workforce.

Officers in the Business Assistance Service have undergone training with both external providers and the Corporate University.

During the reporting year, 42 officers in the Business Assistance Service received training from external providers on the following topics:

- Preventing and handling overdue accounts receivable – 12 employees;
- Organizing effective debt collection under modern conditions – 13 employees;
- Banks and counteracting the legalization of criminal proceeds and terrorism financing – 5 employees;
- Security conference "How to protect yourself and your business" – 1 employee;
- Implementing the "Know your customer (KYC)" principle to counteract fraud and the legalization of proceeds from criminal activity – 6 employees.

Within the framework of annual formal training and employee performance review for the Business Assistance Service (BAS), an internal distance training program was organized, focused on the following areas:

- Organizing the work of BAS employees with assets under supervision and the distressed assets of CBB FC URALSIB – 274 employees;
- Counteracting lawlessness in the credit and financial spheres (FC customer verification – for both legal entities and individuals) – 128 employees;
- Counteracting the legalization (laundering) of proceeds from criminal activity and terrorism financing – 364 employees.

Proportion of employees trained in anti-corruption policies and procedures

Under the auspices of the program "Counteracting the legalization (laundering) of proceeds from criminal activity and terrorism financing" 10,531 employees received training. This figure is 74.7% of the total staff size. In 2010, the Corporate University organized distance training within this program for 2,550 newcomers and 7,788 employees within the scope of mandatory annual training and knowledge assessment.

External providers trained 193 corporate employees, including: 70 authorized employees of the Bank's regional network, 56 persons in the investment unit and 67 leasing company employees.

Within the program "Counteracting the breach of confidence and fraud attempts" 2,622 people received distance training. This represents 18.6% of the corporate work force.

Training on policies and procedures related to various human rights aspects

In 2010, external providers conducted training in the following courses: "Labor Safety", "Key labor law issues", "Dismissal on complex grounds", "Ensuring environmental safety in waste management", "Legal regulation of the relationship between employers and employees under modern conditions". During the reporting period, 47 (0.3%) employees were trained and there were 1,128 training hours.

The Corporate University plans to launch a new educational project to upgrade customer service for customers with a disability – "Equal opportunity service". In 2011, as part of the project, the Corporation plans to deliver a series of specialized trainings for front-office employees on effectively communicating with customers with disabilities.

PERSONNEL ASSESSMENT

In 2010, the Corporation conducted target assessments of personal competency to identify strengths and areas for development:

- Assessment using the SHL TOOLS* test – 170 count (628 tests);
- Group assessment center** – 2 assessment centers (6 people);
- Personality assessment center – 15 assessment centers (15 people);
- Development center (for corporate business coaches) – 17 people assessed.

* Assessment using SHL TOOLS test tests participants using tests provided by SHL – a world leader in personnel assessment.

The NMG test measures the ability to draw correct conclusions based on tabular numerical information.

The VMG test measures the ability to logically analyze textual information.

The Occupational Personality Questionnaire (OPQ) reveals a person's typical or preferred style of behavior, thought and emotional response.

The Motivation Questionnaire (MQ) identifies factors that positively and negatively affect the motivation and willingness to work.

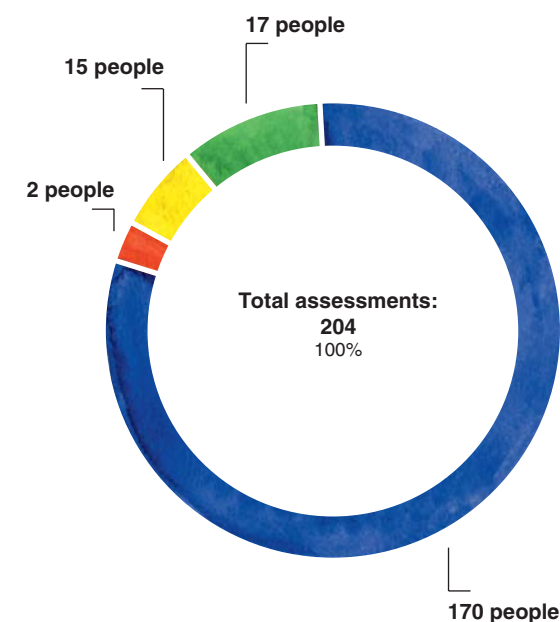
** The Assessment Center involves a series of exercises that simulate real work situations to evaluate the management practices of managers, in which the participant can demonstrate his/her competence level. It is usually conducted for a group of 6-8 people. Based on assessment center results, participants receive feedback. The personality assessment is a personal technology assessment, which allows us to assess employee based on the following parameters: the performance of official duties, behavioral characteristics, performance efficiency, experience level, the level of goal achievement and personal characteristics.

In 2010, 5% of the Corporation's employees were assessed for performance and career development.

The use of procedures to determine the qualifications and competencies of members of the highest governing body to determine the corporate strategy on economic, environmental and social issues will begin in 2011. A pilot project for the "360-degrees" method on the basis of the bilateral questioning of leaders (their own assessment and sub-ordinates' responses) was implemented in 2010.

In 2010, the Corporation used personal assessments, including developing a personal development plan for a manager and the fulfillment of said plans, setting business goals and assessing annual activities.

Personnel competency assessments



5

Public
Relations

RUR 579.8

million have been allocated
to social programs

4,746

volunteers are engaged in charitable projects

131

charitable projects

54,000

children received help and assistance

52

Russian regions have partnership
programs with the CorporationSOCIAL INVESTMENTS
AND CHARITABLE PROGRAMS

FC URALSIB total expenditures on external social programs reached RUR 579.8 million. Charity expenses (RUR 538 million) accounted for 1.53% of FC URALSIB 2010 retained profit (RUR 39,944 million).

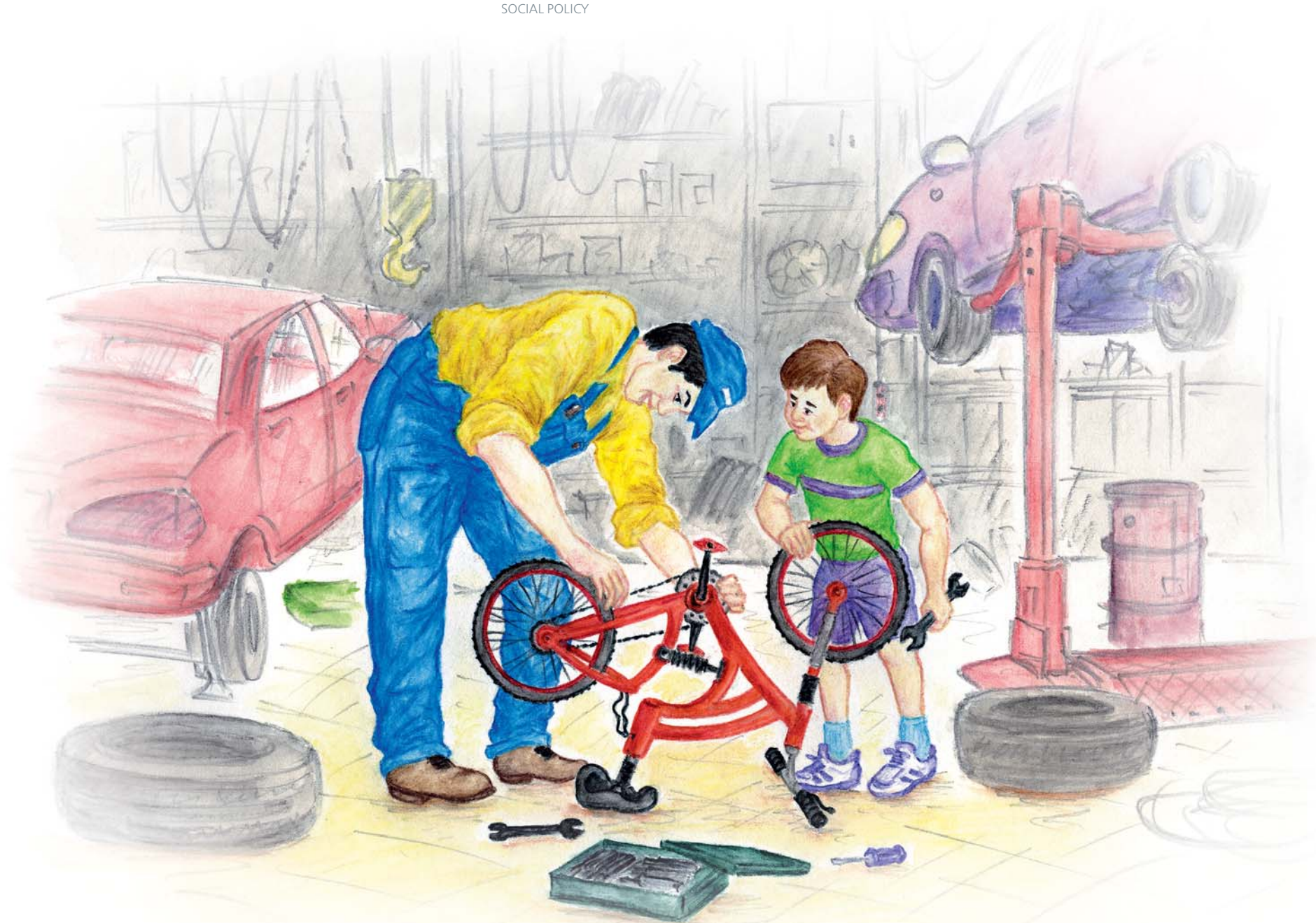
External social program expenses, RUR million

	2009	2010	Change, %
Charity	157	538	246.6
Social marketing and social advertising*	57	20.5	(64.0)
Sponsorship	26	21.3	(18.1)
Total	240	579.8	141.6

* The Travel Across Russia campaign supporting the Aeroflot Bonus co-branding program; Shop Wisely! a financial literacy awareness campaign

Social marketing and sponsorship play a major role in the Corporation's socially-focused activities and are taken into consideration when social expenses are calculated.

In 2010, the Corporation implemented 131 charitable projects in 44 Russian regions; more than 54,000 children received charity assistance. The projects involved 4,746 volunteers that were corporate employees.



CHARITY

FC URALSIB charitable activities date back more than 20 years. During this time, the Corporation's companies have successfully implemented hundreds of projects and long-term social programs.

Most of these projects and programs are part of venture philanthropy, a concept which sees the Corporation invest major funds, as well as the time and intellectual resources of its employees in long-lasting social projects to upgrade the quality of life for charity recipients. In most of these initiatives, the Corporation acts as a catalyst, prompting positive social changes.

In 2006, FC URALSIB formed the Corporate Charity Fund to coordinate all of its charitable activities. The Fund's founders are: URALSIB Bank, URALSIB Insurance Group, URALSIB Leasing Company, MC URALSIB and URALSIB Capital.

The Foundation's operations are subject to resolutions of the Founding Members Meetings and the Board of Trustees. Since 2010, the Foundation has actively focused on targeted help, having transferred most of its charitable programs to the Initiative Programs Department of FC URALSIB.

CHARITABLE AIMS AND OBJECTIVES

FC URALSIB traditionally focuses its charitable activities on children without parents and strives to enhance the notion of family, promote a healthy lifestyle and enlighten recipients. The basis for the Corporation's responsible external social policy is vital targeted help for those who are "vulnerable population groups" in State-run social programs. FC URALSIB charitable activities are in line with the main areas of Russian social and economic policy. Special priority is placed on national projects entitled "Health", "Education",

"Comfortable Affordable Housing for Russian Citizens" and "Children of Russia", a federal program. In conjunction with government agencies, communities and businesses, FC URALSIB strives to create a comfortable social environment for an ever-increasing number of people in Russia.

FC URALSIB has an established framework of values, principles and standards that the Corporation relies on in its social investments and charitable activities. FC URALSIB basic charitable values include:

- Social partnership;
- Wellness and goodness;
- Voluntary creative cooperation of like-minded persons;
- A focus on the future;
- Sincerity and integrity of thoughts;
- Transparency and openness;
- Reliability and good standing.

The framework of values, principles and standards that govern charitable activities is in line with the Corporation's mission and vision as a socially responsible business. Of paramount importance to the framework are the values and principles contributing to the formation of a broad public coalition to organize support for those in need, as well as to facilitate stakeholders' practical involvement in charitable activities.

The mid-term strategy for the Corporation's charitable programs envisions the 100% involvement of FC URALSIB regional offices. The program will also see an increase in the number of charity recipients, improved program efficiency, greater scope and the development of the best projects in the regions in which the Corporation operates.

PRINCIPLES FOR MANAGING CHARITABLE PROJECTS

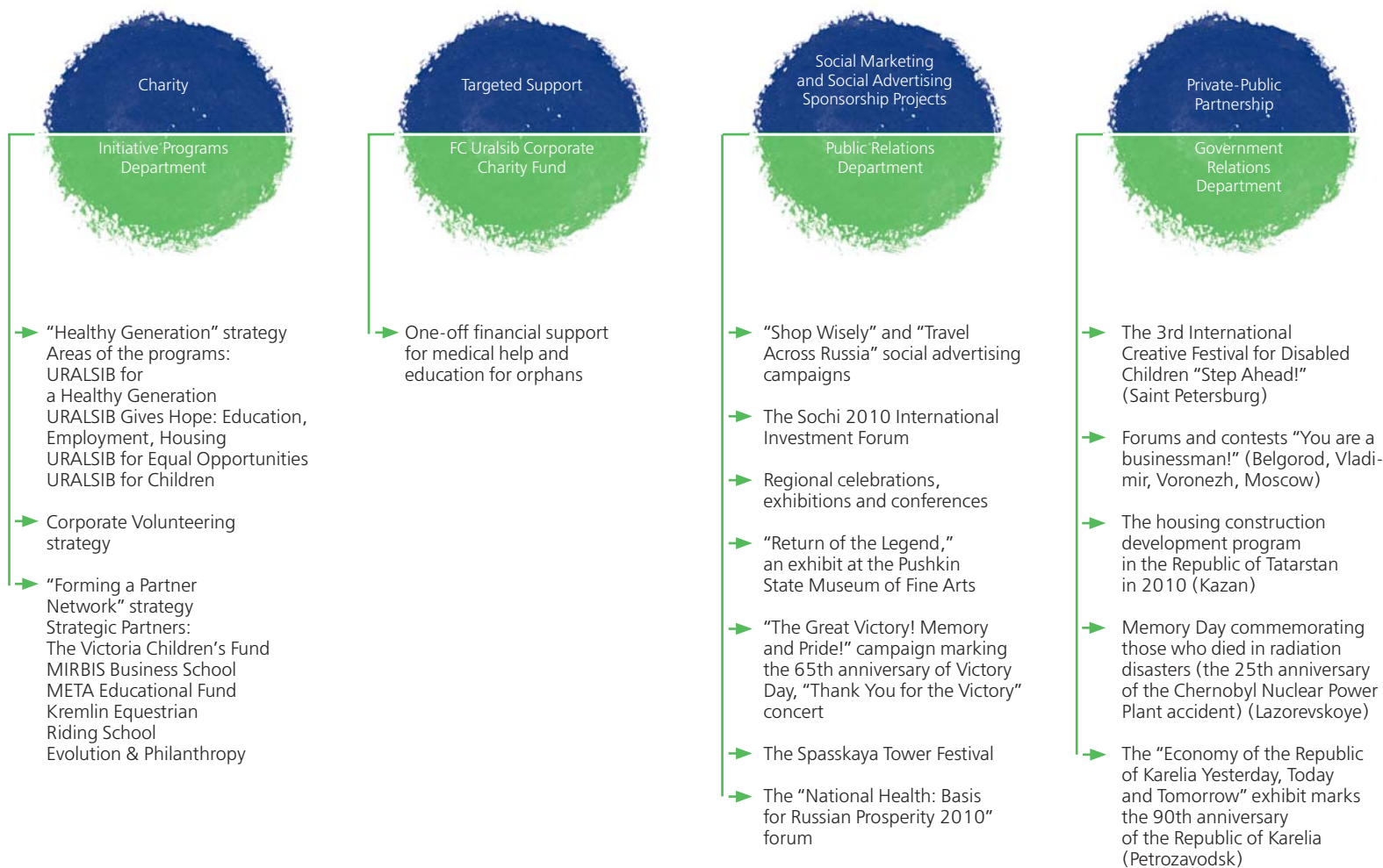
All charity-related activities of FC URALSIB are coordinated by the Initiative Programs Department. The coordination involves: planning, approving, implementing and gathering report data.

The main selection criterion for potential charitable projects is how they comply with the values, principles and standards of FC URALSIB corporate charitable activities. The projects are selected on an "open door" basis, which stipulates that there are no rigid deadlines for any funding decisions to be made: projects are considered, approved and implemented throughout the year. New projects and changes in the purpose of previously endorsed projects and budgets are dealt with on an ongoing regular basis. If additional financing is required, resolutions are made by the Corporation's Management Board.

FC URALSIB utilizes the following key performance indicators (KPIs) for all strategic charitable activities:

- Improvements in the quality of life of charity recipients (in line with the goals of specific projects);
- Number of children who received help via the Corporation's charitable projects;
- Number of volunteers;
- Number of regions involved in the charity;
- Number of social projects.

Implementing external social programs



Consolidated reporting on all charity-related and social activities is generated once a year. FC URALSIB Management Board endorses main program areas and the annual budget. The approved amount is then distributed among regional offices where charity coordinators develop targeted projects. Financing resolutions are made by the Initiative Programs Department.

The network of regional coordinators who manage the Corporation's charity projects includes employees who are the most active volunteers. They submit ideas of projects, interact with charity recipients, process project documents and passports and develop reports. In 2010, URALSIB Bank ranked first on the list of Corporate Charity leaders. The Bank also finished first in the sub-ranking of banks based on a study carried out by Vedomosti Business Daily, in cooperation with PricewaterhouseCoopers and the Forum of Donors, a non-profit partnership of grant organizations.

2010 KEY CHARITABLE PROJECTS INVOLVING FC URALSIB

"HEALTHY GENERATION" STRATEGIC DIRECTION

is aimed at supporting children in distress or in need of medical assistance. Each year, more than 100 projects are implemented as part of the "Healthy Generation".

Measures implemented within the framework of this initiative include: purchasing advanced medical equipment for children's medical institutions, providing targeted support and assisting orphaned children and children with disabilities in obtaining university degrees and reputable occupations and organizing cultural and awareness events that promote socialization and moral growth in orphaned children.

The projects cover the following four key program areas:

- URALSIB for a Healthy Generation;
- URALSIB Gives Hope: Education, Employment, Housing;
- URALSIB for Equal Opportunities;
- URALSIB for Children.

The URALSIB for a Healthy Generation program area involves charitable donations to healthcare and children's institutions, rehabilitation centers and non-profit and community organizations, enabling them to purchase medical equipment and sports equipment and to organize events aimed at health improvement, rehabilitation and sporting activities.

The largest recipients include:

- The municipal health care facility "Children's City Hospital No. 1" (Bryansk): purchasing equipment for extensive bio-chemical blood testing (7,157 children*);
- The municipal health care facility "City Clinical Hospital No. 11" (Ryazan): purchasing equipment for the children's ICU to upgrade the quality of medical assistance and bring the temperature mode to sanitary norms (400 children);
- The municipal health care facility "City Poly-clinic No. 2" (Petrozavodsk): purchasing medical equipment which helps identify eyesight pathologies in children (1,000 children);
- The State health care facility "Republican Children's Clinical Hospital" (Ufa): purchasing medical equipment for the long-term dosage treatment of newborns and babies aged one year and older with medications (600 children);
- The municipal pre-school educational facilities (kindergartens) of the Odintsovo District of the Moscow Region: providing medical equipment to kindergartens to promote development and health improvements in children (1,498 children);
- The State health care facility "Regional Children's Clinical Hospital No. 2" (Voronezh): purchasing specialized medical equipment – treatment tables for administering drugs and re-circulation irradiators (1,500 children).
- The regional health care facility "Altai Regional Clinical Hospital" (Barnaul): purchasing equipment for the hospital canteen (2,442 children);

Managing charity programs



- The municipal treatment and prevention facility "City Hospital No. 4" (Tambov): purchasing an electroencephalograph (Neuro-KM software for the topographical contouring of electric activity) with a personal computer and a printer (5,499 children);
- The State health care facility "Tula Regional Children's Psycho-neurological Hospital" (Tula): purchasing a treatment suite for treating the poses and movements of children affected by cerebral palsy, software for electroencephalography as a diagnostic technique (1,500 children).

"URALSIB Gives Hope: Education, Employment, Housing" program direction has covered Saint Petersburg since 2005, Ufa since 2006 and Perm since 2010. The program is aimed at providing long-term support to orphaned children, helping them receive professional education, employment and housing. The project is unparalleled in Russia. In most cases, orphaned children attend technical-vocational schools and only a small percentage of them enter higher education institutions. Unique socialization methods allow the Program to identify and support talented children. As of 2011, the program involves 197 students at boarding schools (77 from Ufa, 96 from Saint-Petersburg and 23 from Perm). All 76 program participants who have graduated from high school are now students of higher education establishments or technical colleges (32 students from Ufa and 44 from Saint Petersburg). Starting in 2011, the number of regions involved in the program will increase from four to seven.

The "URALSIB for Equal Opportunities" program direction focuses on creating equal opportunities and incentives for children with disabilities to receive higher educations. The program was launched in 2007 in partnership with the Chelyabinsk State University, the Russian Humanitarian University and Ural State University (Yekaterinburg). The initiative funds additional educational services for children with disabilities and includes targeted scholarships and the purchases of specialized equipment that the children need for education.

To make the expenditures more effective, a targeted financing scheme is used. As of the end of 2010, 239 young people were involved in the program (125 in the Chelyabinsk State University, 94 in the Russian Humanitarian University and 20 in Ural State University).

The "URALSIB for Children" program direction in 2008 united initiatives of regional offices, encompassing donations to children's boarding homes, orphanages and non-profit and community organizations, helping them to organize festivals, cultural, educational, moral and awareness-raising events and donations to children's and health care facilities aimed at upgrading the children's living conditions.

In 2010, the largest projects included:

- The State Circus (the Avtovo circus branch, Saint Petersburg): 2011 New Year's congratulations for orphans, Father Frost and the Bag of Laughter celebration, New Year's presents (1,700 children);
- The State-run enterprise "Babich Kuban Cossack Cadet Corps" of the Krasnodar Region: purchasing equipment for the medical office, furniture for the learning process, doors and bras to comply with fire inspection requirements (120 children);
- The State health care facility "Avtozavodsky Children's Cerebral Palsy Treatment Sanatorium," purchasing specialized medical equipment and rehabilitation tools (700 children);
- The municipal educational facility for orphans "Our House", upgrading a rundown school building (75 children);
- "Revival and Hope" (Moscow) – a fund that assists talented children, young people and the disabled, helping organize and promote social, educational, cultural and sporting projects: a charitable campaign as part of the 2nd Pan-Russian Festival for Family Dynasties "Belief. Hope. Love" (741 children).

This program actively involves corporate employees as volunteers. These employees hold learning and awareness-raising classes at children's orphanages and health care facilities.

In addition, employees take part in raising donations for institutions supported by the Corporation.

"CORPORATE VOLUNTEERING" STRATEGIC DIRECTION

Corporate Volunteering unites traditional corporate volunteering events across all regions in which FC URALSIB is present and the campaigns initiated by employees of branches and additional corporate offices and implemented in respective regions. The corporate campaigns involve employees from the Corporation's many branches, from rank and file personnel to the top-level. Engaging thousands of employees across all levels and promoting information through the corporate intranet web sites ensures that these campaigns help promote the corporate spirit and the development of philanthropic ideas in general. Charitable recipients in these campaigns include different groups of people in need. The help that they receive involves simple monetary donations or presents, as well as activities that require responsibility and specialized training and knowledge, including employees' personal involvement in interacting with orphans at institutions that the Corporation supports.

In 2010, FC URALSIB volunteering efforts expanded significantly, driven primarily by the more active involvement of branch employees and their families. The number of volunteer coordinators alone grew from 30 to 119 people across the regional network in one year. This enabled the Company to increase the scale of its volunteer campaigns, consider more applications and more actively roll out new ideas. Since 2010, the Corporation's intranet portal has had a forum for regional coordinators that enables them to jointly discuss ideas for new social campaigns, project application design and reporting issues. The volunteer coordinators also have a unified database with applications and numerous projects stored in it. Each coordinator can access information about any region. In 2010, the most notable volunteer initiatives were: "From Heart to Heart," "Getting Ready for School," and "Happy New Year." These campaigns are now a corporate tradition:

several times a year, employees collect and donate clothing, books, stationery and presents to children's orphanages that are sponsored by the Corporation.

"ESTABLISHING A PARTNER NETWORK" STRATEGIC DIRECTION

Volunteering efforts often give rise to the Corporation's charitable projects, which are aimed at those who were initially helped only by volunteers. The opposite often holds true as well: if the Corporation helps a non-profit organization, institution or a group of people, its campaign is often followed by volunteers.

In 2009, URALSIB's charitable activities included developing a new strategic sphere entitled "Establishing a Partner Network." During its very first year, support from strategic non-profit sector partners enabled the Corporation to ramp up charitable giving from RUR 157 million in 2009 to RUR 538 million in 2010. Strategic partners in this area include: the Victoria Children's Fund, the META Educational Fund, E&P (Evolution & Philanthropy), the MIRBIS Business School and the Kremlin Equestrian Riding School. Joint projects are focused on helping children who have lost their parents or whose parents were stripped of their parental rights, and also strive to promote educational efforts, spirituality and culture. The Corporation specifically supports the programs of its strategic partners which are already in their program portfolios. Programs co-financed by the Corporation strongly contribute to the quality of life of charity recipients and local communities and are based on technologies and processes that meet international service standards. At the same time, these programs have a strong communication effect and highlight the Corporation's focus and approach to the social responsibility of its business.



The largest partner projects with the Victoria Children's Fund

In conjunction with the Victoria Children's Fund, the Corporation continued implementing the following projects: "Homes for a Decent Life," "Strategy for Success" and "Happy Childhood" across 44 Russian regions. As part of the joint programs and projects, the partners helped 207 children's institutions, 9,900 children and 1,645 employees. Campaign volunteers included 640 corporate employees. In 2010, the total funding donated to joint projects with the Victoria Children's Fund exceeded RUR 26.5 million.

In 2010, the Fund received the building that hosts its office as a contribution to its endowment fund (the contribution is valued at RUR 275 million under IFRS). The endowment fund will help optimize the Fund's administrative expenses and thus allocate more from its annually raised budget to helping the targeted groups of charity recipients.



"The Home for Decent Life" project aims to upgrade the quality of life of orphans and children whose parents were stripped of their parental rights and who reside in State-run institutions and orphanages. To do so, the project upgrades living conditions, raises the quality of food, increases living safety standards, creates and promotes the children's self-reliance in household issues, promotes a healthy lifestyle and contributes to the children's integration into society. In 2010, 2,060 children from 25 orphanages received help under the program's auspices. The Homes for Decent Life project has been run across the Kaluga, Ryazan, Tver, Tambov and Chelyabinsk Regions, as well as in the Republic of Udmurtia.

"The Strategy of Success" program has three principal areas: supporting and developing talented orphans, helping employees of children's institutions who act as student mentors and can help children discover their talents, and assisting with enhancing the technical infrastructure of children's institutions.

The Strategy of Success program includes the following projects:

- Step to Success (Grades 2–4);
- Believe in Yourself School (Grades 5–7);
- Self-Cognition and Creativity School (Grades 8–9);
- Development and Success School (Grades 10–11);
- Youth Home (school graduates aged 17–23).

Each project is focused on creating an optimal environment for orphans to develop, including children whose creativity might not be apparent at the moment but who show strong prospects for a future surge in talent development. An early diagnostics program, which promotes the development of children's general, intellectual and special abilities, is being rolled out. Children's cognitive abilities are developed via their involvement in game modeling and project activities. During this process, specialists from the children's boarding schools learn tutoring assistance technologies geared toward orphans and include them in teachers' work. Psychological assistance (diagnostics, consulting and training sessions) is provided to orphans to identify problems and re-focus the children on success.

In 2010, the Strategy of Success program operated in the following areas: the Altai, Arkhangelsk, Astrakhan, Belgorod, Bryansk, Chelyabinsk, Ivanovo, Kaliningrad, Kaluga, Kemerovo, Krasnodar, Krasnoyarsk, Kirov, Kurgan, Kursk, Leningrad, Lipetsk, Moscow, Nizhny Novgorod, Novosibirsk, Omsk, Pskov, Samara, Saratov, Smolensk, Tambov, Tomsk, Tver, Vologda and Volgograd Regions, as well as in the Republics of Adygea, Bashkortostan, Karelia, Khakassiya and Mordovia.

Under the Strategy of Success program, 1,249 children from 186 children's institutions have received charitable assistance.



Projects implemented in conjunction with MIRBIS — the Moscow International Higher Business School

Projects implemented via the partnership include a program to upgrade the qualifications of temporarily unemployed individuals. The program is essential, particularly given the fact that in 2009 labor market conditions were far from stable and many people lost their jobs. The program was launched by FC URALSIB to upgrade the qualifications of former office employees to enable them to establish their own business. MIRBIS' teaching staff developed a three-week long training course entitled "Business Management," which enabled temporarily unemployed specialists to improve their skills in HR management, career development, corporate governance and business planning and marketing. Course graduates received State-recognized certificates that improved their chances of finding new jobs or opening their own businesses during the crisis. The program had 54 graduates in the Krasnodar Region and the Republic of Bashkortostan. But most important of all, this training provided students with a positive incentive and hope, which is essential for everyone who has lost their job. In 2010, the project was launched in Kemerovo and Chelyabinsk (51 graduates).



Partner programs with the Kremlin Equestrian Riding School (KERS)

Professional coaches and methodologists from the KERS Equestrian Sports Club developed a unique horse riding school for children between the ages of 6 and 14. The program includes not only basic horse riding skills, but also an additional comprehensive program for child development.

In 2010, FC URALSIB supported the participation of KERS students in the Spasskaya Tower International Musical Festival, which was held in Moscow's Red Square and aims to revive equestrian ceremonies and applied military equestrian sports. The Corporation's support ensured the first-ever performance of the KERS joint team in applied military sports.





**Partner programs
with the META
Educational Fund**

In conjunction with the META Educational Fund, the Corporation has fully or partially financed the following projects implemented in 77 Russian regions: the construction of a series of buildings of the Kolomna Ecclesiastical Seminary, the development of the Center for Spiritual and Community Life at the Troitsk Church in the Sharapovo Settlement, the organization and management of a tour of the Tsaritsa Opera across Russian cities, the "Enlightenment Through Books" project and the All-Russian Academic Competition on the Basics of the Orthodox Culture, etc. The above-mentioned projects have helped 21,547 people in need. 274 corporate employees have signed up as volunteers. In 2010, total funding allocated to joint projects with META exceeded RUR 215 million.

**Constructing a series of buildings
for the Kolomna Ecclesiastical Seminary**

The project is focused on building material resources to promote spiritual education at the Kolomna Ecclesiastical Seminary. In 2010, FC URALSIB participated in constructing a series of buildings for the ecclesiastical seminary of the Moscow Episcopate, the Russian Orthodox Church, which is located on the territory of the Bogoyavlensky Staro-Golutvin Friary in Kolomna. The construction is overseen by the Moscow Episcopate Directorate (the Juvenalius, the Metropolitan of Krutitsk and Kolomna). The META Fund acted as the operator, ensuring that construction work was carried out on time and met applicable quality



requirements. The Fund also worked to optimize construction expenses. 2010 was dedicated to general construction activities. Following the decision of the Coordination Council initiated by N. A. Tsvetkov, amendments to the project were approved to upgrade the physical infrastructure of the educational process and to improve the quality of education by introducing strategic management techniques.

The Tsaritsa Opera

In 2010, as part of the program "Promoting Awareness of the Fine Arts and Aesthetics in Younger Generations," the META Fund and FC URALSIB continued to provide tickets to the premier runs of Tsaritsa, a modern Russian opera staged by the Fund, to students and professors from musical and theater arts universities. The project strives to upgrade the prestige of opera as a form of leisure and cultural enlightenment, to build interest, love and respect for Russia's historical heritage and to contribute to raising the awareness of the younger generation in terms of fine arts and aesthetics.

“The Enlightenment and Self-Enlightenment Through Books” project helps develop a media savvy environment that makes charity recipients and partners interested in learning existing techniques and practices for individual sanitation, self-development, the health improvement of society and value-based business management. The project aims to raise the awareness of charity recipients and partners about literature related to best practices of self-cognition and personal development via publishing, purchasing and distributing respective books free-of-charge. The project was facilitated by OJSC URALSIB and CJSC Uralsib Insurance Group, which provided donations to launch the project. The Victoria Children’s Fund and the KERS assisted with the distribution of literature, making books available in 77 Russian

regions. Under the project, charitable recipients included residents of all regions in which FC URALSIB is present.

Development of the Center for Spiritual and Community Life at the Troitsk Church in the Sharapovo Settlement

In 2010, final work was completed and the Church was commissioned and consecrated. The parish’s spiritual, enlightenment, cultural, educational and social activities are actively underway. Charitable recipients are the Moscow Episcopate of the Russian Orthodox Church, the parish of the Troitsk Church in Sharapovo and the local community (parishioners and students of the Sunday school – up to 265 people).

The All-Russian Academic Competition on Basics of the Orthodox Culture

In 2010, the Orthodox Saint Tikhon Humanitarian University held the 2nd All-Russian Academic Competition on Basics of the Orthodox Culture entitled “Holy Russia, Keep the Orthodox Faith!” The Competition showed that children are greatly interested in religious education and issues related to orthodox culture.

The project spanned 52 Russian regions and involved 45,000 school students. The Competition is sponsored by FC URALSIB and the META Educational Fund.



Partner programs with Evolution & Philanthropy

Evolution & Philanthropy, a non-profit company, was established in 2007. It aims to develop modern philanthropic mechanisms in Russia and build trust in the Russian philanthropic sector, as well as to develop the culture of charity and volunteering.

Joint projects encompass the following areas: institutional support for non-profit organizations that specialize in philanthropy; the creation of an environment that contributes to the effective development of Russia’s non-commercial sector; the creation of an international platform to share best experiences in philanthropy; the promotion of best international practices in Russia and attracting international resources into the Russian philanthropic sector.

PUBLIC-PRIVATE PARTNERSHIP AND SPONSORSHIP PROJECTS

URALSIB Corporation views its partnerships with State authorities and public organizations as a matter of paramount importance for corporate strategy. The partnership is focused on the social and economic development of Russian regions and on the implementation of large-scale mutually beneficial projects. A wide range of joint projects is under way; the Corporation provides both financial resources and actively engages qualified employees in addressing the most pressing societal issues.

In 2010, the development and implementation of joint projects in conjunction with regional authorities involved 41 URALSIB branches in 52 Russian regions. In 19 regions, the cooperation was part of the "On Social Partnership" agreements. Each agreement is based on the priorities of social and economic development of each region, as well as the Corporation's long-term strategy.

Key areas for cooperation include: housing construction and mortgage lending programs (based on the public-private partnership), as well as involvement in priority national projects. The Corporation helps to raise funds to implement innovative projects and develop the real sector of the economy. URALSIB also helps regions become more attractive for investors.

URALSIB has a wide range of programs that it runs jointly with regional funds to support small businesses. In particular, joint projects have been successfully launched with small business support funds in the Republic of Bashkortostan, the Kemerovo, Perm and Sverdlovsk Regions, Moscow, Saint Petersburg and the Khanty-Mansiysk Autonomous Territory.

The Corporation's managers and experts regularly participate in prominent regional events, as speakers at conferences, forums and round tables dedicated to Russian economic development.

URALSIB is engaged in various socially-focused projects, both regionally and locally. URALSIB branches traditionally support city and town celebrations (first of all, City Days and Region Days) and help organize sporting and cultural events, including those focused on children and young people. In 2010, the Bank's branches took part in celebrating City Days in Krasnodar, Armavir and Tula, etc.

In 2010, more than 30 partner projects in 40 regions in which FC URALSIB operates were implemented. These projects have a total budget of approximately RUR 8.5 million (the average project budget is between RUR 50,000 and RUR 100,000). The projects impacted approximately 65,000 people.

Key projects in 2010 include:

- The Spasskaya Tower International Military Music Festival (Moscow);
- Celebrations in the Russian regions marking the 65th anniversary of winning the Great Patriotic War;
- "The Economy of the Republic of Karelia Yesterday, Today, and Tomorrow" exhibits marking the 90th anniversary of the Republic of Karelia (Petrozavodsk);
- The 3rd International Creative Festival for Disabled Children "Step Ahead!" (Saint Petersburg);
- The Program for Housing Construction Development in the Republic of Tatarstan in 2010 (Kazan);
- The "You Are a Businessman!" forum (Voronezh);
- Memory Day commemorating those who died in radiation disasters (the 25th anniversary of the Chernobyl Nuclear Power Plant accident) (Lazorevskoye).

Involvement in the community life of Russian regions

Since 2006, the Corporation has traditionally sponsored Moscow City Day celebrations, which are held annually in early September. The City's central squares and parks host costumed performances and national celebrations, along with performances by popular artists.

In 2010, the Corporation helped organize and carry out the 9th International Aeronautics Festival "2010 Sky Fair in the Urals" in the Perm Region.

Special attention is paid to activities focused on supporting small businesses. In 2010, URALSIB was a partner in the regional competitions "You Are a Businessman" in Belgorod, Voronezh, Oryol, Ryazan and Moscow, and was also involved in organizing Entrepreneurship Days in the Tver Region.

To celebrate the 65th anniversary of winning the Great Patriotic War, URALSIB launched a program entitled "The Great Victory! Memory and Pride!" which combined assisting veteran organizations with meeting war veterans.

URALSIB Bank participated in the Oryol Economic Forum and sponsored the Ufa-based conference "Banks. Processes. Standards. Quality".

Sponsorship projects are implemented in close cooperation with regional governments, with the partnership aimed above all at the social, economic and cultural development of Russian regions.

Monetary forms of financial and in-kind donations to political parties, politicians and associated organizations.

In 2010, FC URALSIB did not provide any direct financial or in-kind donations to any political parties, politicians or associated organizations.

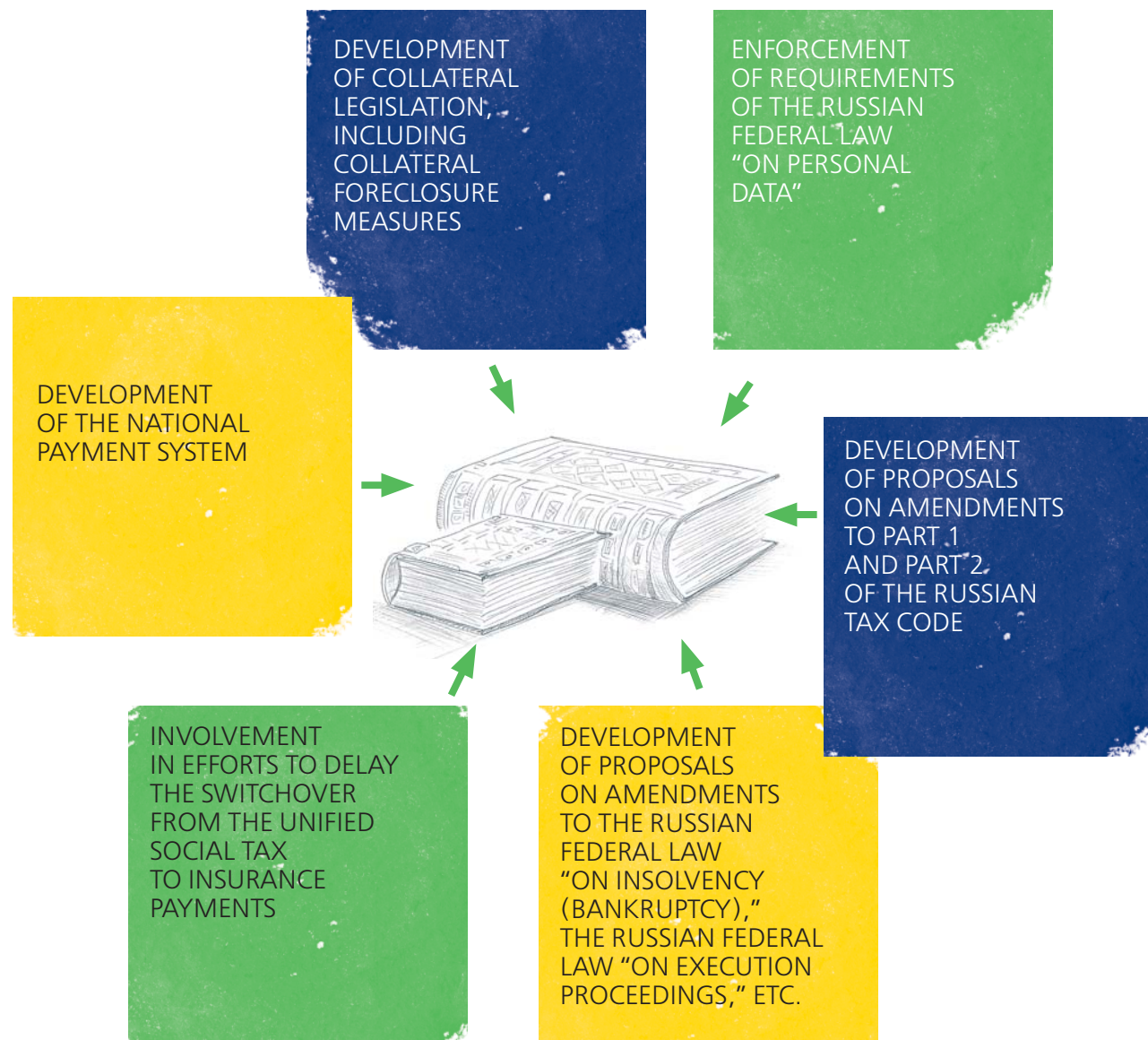
Memberships in associations and national and international interest-protection groups

FC URALSIB views interaction with public and professional organizations as one of the crucial elements of its social responsibility. Active discussion involving all market players, government agencies and experts helps foster debate on important financial market problems and comes up with well thought-out decisions aimed at strengthening the Russian economic system and making financial services more widely available. A wide range of joint projects has been implemented; these projects are aimed at developing the regional banking market, including joint programs with banking associations in Russian regions. URALSIB Bank regularly supports prominent activities of the Association of Russian Banks and the Association of Regional Banks "Russia" and is a participant in expert discussions of the Russian Union of Industrialists and Entrepreneurs and the Association of Russian Managers.

The Corporation's employees are actively involved in committees and commissions of industry-specific public organizations and professional associations that strive to upgrade banking legislation. In 2010, the Corporation developed numerous suggestions and initiatives:

In 2010, the Chairman of OJSC URALSIB's Management Board I. R. Muslimov became a member of the Board of the Association of Russian Banks, as well as a member of the Board of the Association of Regional Banks of Russia.

Banking legislation improvement projects





6

Environmental impact

6.4%

growth in electric energy consumption

5%

reduced volume of heat energy consumption

9.9%

Increased expenses for environmental security

In 15 cities

"Plant a Tree with URALSIB" event held

For a long time, only major mining and industrial companies faced the challenge of reducing environmental risks. Today, the issue of optimizing technologies for using natural resources and reducing negative environmental impact is an important issue for all companies. Despite evident global changes, mankind still has not elaborated on a unified mechanism for environmental system management. In conditions of a lack of knowledge about nature and global climate changes and regeneration of biological and geological systems, a monitoring of the society's potentially hazard impact on nature is becoming very important.

The Corporation's environmental policy is based on open information principles and the management of environmental risks connected with corporate activities. Given business specifics, FC URALSIB has determined two strategic directions: ecologization (reducing the negative effect) of business processes and the encouragement of its clients' and partners' environmentally responsible conduct.

Financial operations represent the safest activities with regard to the environment. The largest part of waste formed in the course of the Corporation's operations has low toxicity and is the lowest hazard class. For example, in 2010, the volume of waste from hazard class IV and V (in compliance with Decree №511 of the Russian Ministry of Natural Resources dated June 15th, 2007) amounted to 98.8% (947 tons) of all waste (958 tons).

Nevertheless, FC URALSIB, as a major company operating in numerous Russian regions, considers it necessary to upgrade business processes and appropriate technologies allowing it to decrease the eco-system load.



CLIMATE CHANGE

Modeling possible long-run effects of global climate change and presumable measures aimed at overcoming the negative effect of climate changes demonstrates that a decrease in greenhouse gas emissions may be the most efficient tool to manage these types of environmental risks.

Within the framework of a program reducing greenhouse gas emission, in 2007, FC URALSIB developed the "Projects of maximum allowable pollutant emissions," which will be in effect by the end of 2011. Norms adopted by the Corporation were developed based on the Federal Law "On Atmospheric Air Protection," the OND-86 Procedure for Calculating the Concentration of Pollutants Contained in the Enterprises' Atmospheric Air Emissions, the SN-244 Sanitary Norms for the Design of Industrial Enterprises, the GOST 17.2.3.02-78 and other regulatory documents.

To manage negative environmental impact risks during transportation operations, the Corporation undertook the following measures in 2010:

- Management and control over transportation operations via the provision of transportation services to divisions using traffic control via mobile and trunk communications;
- Provision of wholesale supplies of commodities and materials using supplier vehicles;
- Use of public transportation (auto, air and railway) for long distance wholesale supplies of commodities and materials and for employee travel.

RISK REDUCTION FOR ENVIRONMENTAL CONTAMINATION

During the use of transportation vehicles, the following organizational and technical measures are taken:

- Priority purchase of vehicles with engines that meet high environmental standards (not less than Euro-2);
- Regular diagnostics and system maintenance providing for the functioning of the vehicles' engines;
- Monitoring the quantity of fuel consumed by the vehicles;
- To decrease fuel consumption, monthly fuel limits exist and the vehicle fleet's use is optimized;
- To avoid fuel loss (leaks and spills) and its entry into the environment, the Corporation's vehicles are fueled at fixed filling stations using filling devices.

On a contractual basis, waste products are passed to specialized organizations for recycling. Contracts for removing and recycling waste products are concluded based on tender results. A tender's terms include the use of environmentally safe and certified materials by a contractor, as well as a license for this type of activity and the use of special disposal areas.

The Corporation passes the following waste products for recycling: paper (approximately 10%), used oils (100%), automotive batteries (100%) and automobile tires (100%). The low percentage of recycled paper is due to specific features of the financial business.

FC URALSIB environmental risk management mechanisms





Decreased resource intensity of business processes

Since 2006, the Corporation has utilized the unified EDI system "URALSIB Corporate Information System" (URALSIB CIS). It includes a set of inter-connected electronic sub-systems automating procedures providing for management and technologies related documents.

Use of the URALSIB CIS allowed the Corporation to considerably increase the efficiency of employee activities and to provide for the protection, control and accessibility of documents. It significantly contributed to saving resources with regard to time and technology and to reduce paper consumption.

In 2010, the Corporation continued to expand the network of points for employee access to the organization of web conferences, webinars and distance education. The replacement of traditional communications types with the newest ones allows for a reduction in the number of employee business trips and, consequently, to decrease the volume of atmospheric emissions.

A RESPONSIBLE APPROACH

Energy-saving priorities

To decrease electric energy consumption, FC URALSIB undertakes the following measures:

- Using energy-saving equipment, including gas-discharge lamps;
- Exercising daily control over electric energy consumption;
- Completing the scheduled maintenance of electric energy consumption equipment;
- Regularly controlling that rules are followed over the use of electrical installations;
- Using automated systems that regulate the electric energy consumption level.

City gardening

The Corporation's divisional offices are located in cities and localities with developed economic infrastructure that are not included in the list of specially protected natural sites. To protect the air from dust, dirt and hazardous gases, to enrich it with oxygen and to provide good landscaping and biological diversity in the territories in which the Corporation operates, employees of the regional branches hold annual volunteer environmental events. One such volunteer initiative has become a tradition; it is being conducted for the third time. The Corporation's personnel improve alleys, boulevards, city parks and gardens. In 2010, the initiative "Plant a Tree with URALSIB" was simultaneously held in 15 cities; the heads of the Corporation's regional branches, employees, representatives from local authorities, clients, partners and journalists take part in this event.

Environmental management

The Corporation's environmental management system is built on the basis of GOST R ISO 14001-2007 requirements, as well as requirements and regulations on the following basic federal laws regulating corporate activity in the environmental security sphere ("On the Sanitary and Epidemiological Welfare of the Population," "On Consumer Rights Protection," "On Environmental Protection," "On Environmental Expertise," "On Electric Energy Saving and on Increases in Energy Efficiency and on Amending Certain Russian Legislative Acts," "On Production and Consumption Waste" and "On Atmospheric Air Protection"), as well as on sub-legislative federal and regional regulatory documents.



FC URALSIB manages its environmental impact in a complex manner in the following four directions:

- Environmental control;
- Environmental certification;
- Environmental reporting;
- Environmental monitoring.

To organize the Corporation's environmental impact management and monitoring, FC URALSIB formed an environmental service. Service members include the heads of major divisions, branches and additional offices, as well as in-house specialists from the environmental division, the Business Support Division and employees from the Environmental and Fire Protection Division.

The monitoring system considers five basic parameters: the consumption of electric energy, heat, water, greenhouse gas emissions and solid waste production.

In 2010, a priority in regard to environmental management development included monitoring and controlling compliance with the requirements of regulatory acts related to environmental protection and management, organizing activities for new territorial divisions and consolidating environmental reports for various corporate divisions. Environmental protection activities are supervised by the Environmental and Fire Protection Division and are held via interactions with regulatory authorities.

While working with partners, suppliers and clients, the Corporation strives to minimize the risks of negative environmental impact, establishing reasonable environmental requirements for investment and partner programs. A key document that assesses the environmental component of investment projects is the Guidelines on the Assessment of the Environmental Effect (GAEF). It is used to select a site, prepare a feasibility study and construct projects (reconstruction, expansion and technical modernization) of commercial facilities and complexes.

The Risk Management Service assesses the environmental risks of major investment projects.

FC URALSIB operating services do not use recycled paper, since the quality of this type of paper does not meet requirements for the safe functioning of office equipment (printers, fax machines and scanners, etc.). According to corporate regulations, paper purchased by FC URALSIB meets one or more of the following environmental standards: ISO 9001, ISO 14001, EMAS, OHSAS 18001, EU Flower, the PEFC certificate and the FSC certificate.

All the Corporation's branches are located in territories with developed public utility infrastructure that allows FC URALSIB to operate in conditions utilizing centralized energy and heat supply systems. In these conditions, there is no need to get energy from initial sources using gas, coal and diesel fuel. Due to low productivity and the high degree of potential investments in the deployment of equipment using renewable energy sources (the sun, wind and bio-fuel, etc.), the Corporation does not consider these types of energy resources to be an alternative to the traditional electric supply scheme. For energy-saving purposes, an automated system providing for engineering equipment functioning (lighting, ventilation, air conditioning and heating supplying, etc), working on specially adapted schedule, was implemented at the Corporation's central office buildings in Moscow and Ufa. The Corporation's activities are not connected with the transportation, import, export and processing of hazardous waste products. All waste products formed in the course of operations, aside from hazardous types and classes, are passed to special enterprises for removal, placement, use, utilization and disposal.

The Corporation's divisions are not located in and do not border on protected areas with special biological diversity.

The Corporation's products do not impact biological diversity.

ENVIRONMENTAL SECURITY EXPENDITURES

In 2010, total environmental security expenditures increased 9.9% and totaled RUB 772,100.

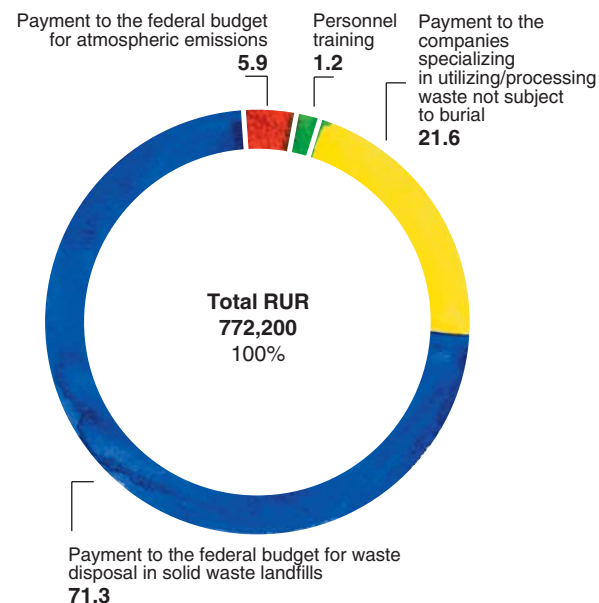
The Corporation holds a yearly training program "Provision on Environmental Security for Managers and Specialists Working with Hazardous Waste Products" for its employees within the framework of events focused on environmental protection issues.

In 2010, no significant fines and/or non-financial sanctions were imposed on FC URALSIB divisions for non-compliance with environmental norms.

Environmental security expenditures, RUR thousand

2009	2010	Change, %
702.3	772.1	9.9

Expenditure structure for environmental security, %



RESOURCE CONSUMPTION

Resource		2009	2010	Change, %
Electric energy	KWh	14,043,218	14,947,090	6.4
	GJ	50,555.6	53,809.52	6.4
Water	Cubic meter	61,836	65,829	6.5
Heat	Gcal	9,487.6	9,015	(5.0)

Electric energy and water consumption grew insignificantly compared with the previous period due to an increased head count at FC URALSIB. At the same time, the total consumption of heat energy in 2010 decreased 5% due to a reduced heating season in most regions in which the Corporation operates.

City public water systems represent the main source of FC URALSIB water supply. Indicators of daily water consumption per person meet requirements of construction norms and regulations.

Writing paper is a key material that is necessary for corporate operations.

Paper consumption, tons

2009	2010	Change, %
38.28	39.35	2.8

An insignificant rise in writing paper consumption is connected with a personnel increase and a growth in the number of client transactions (in accordance with banking laws, all agreements are concluded in paper form).

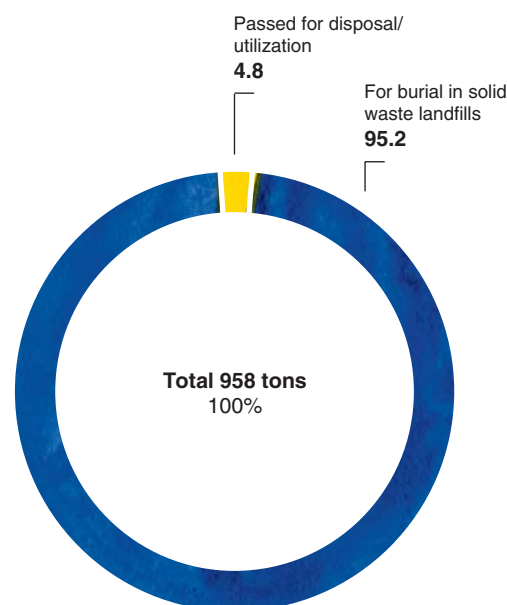
EMISSIONS

Waste product volume based on toxicity classes, tons

Hazard class	2009	2010	Change, %
I	4.7	4.8	1.6
II	1.7	1.8	2.2
III	4.4	4.2	(3.6)
IV	566.8	655.2	15.6
V	290.7	292.0	0.4
Total	868.3	958.0	10.3

In 2010, 100% of toxic waste products (958 tons) were passed for utilization.

Utilization structure and burial of waste products, %



All waste products from FC URALSIB operations, regardless of the hazard types and classes, are passed to specialized companies for removal, placement, use, utilization and disposal. Consumer waste (Class V hazard) is passed for burial to the city public utilities services with which appropriate agreements are concluded.

Volume of waste–water discharge, cubic meters

2009	2010	Change, %
61,836	65,829	6.5

The volume of waste water discharge is considered to be 100% from the consumed amount. The Corporation's operations do not require the use of recycled water. The Corporation does not discharge waste water in to open reservoirs. All water goes in to city sewage headers and enters purification plants.

Atmospheric pollutant emissions

For the Corporation, a main source of toxic gas emissions is corporate vehicles.

FC URALSIB follows the "Projects of Maximum Allowable Pollutant Emissions". In 2010, atmospheric pollutant emissions for all FC URALSIB divisions did not exceed limits established by Regulations.

	Tons per year
Greenhouse gases	1.304
Nitrogen oxide (NOX)	0.589
Sulfur dioxide (SOX)	0.062

7

2010 Key Events And Awards

URALSIB Bank

the charter capital increased to RUR 29.3 billion

ranked second place in the "Best quality of personnel management" rating

URALSIB Management Company

named winner of the "Financial elite of Russia"

the rating is confirmed at AAA — maximum reliability

FC URALSIB

signed an agreement with the FBMA on cooperation in the development of mass voluntary blood donations

URALSIB Bank received the award "For contributions to the development of human potential"

URALSIB Bank was named the winner of the competition held at the VI All-Russian Forum "The health of the nation is the basis for Russian prosperity" in the category "Contribution to the development of human potential". "Out of dozens of nominees, the jury selected URALSIB as the company that most actively and comprehensively implements its program for a healthy lifestyles among its employees", announced RAMS academic L. Boqeria, who handed out the award to the contest winner.

Fitch Ratings agency affirmed the long-term issuer rating for JSC URALSIB and URALSIB Leasing Group at B +, setting the outlook at "Stable"

As stated in Fitch Rating's press release, the ratings for numerous Russian banks, held May 27th, 2010, demonstrate the consolidation of certain aspects of Russian banking system infrastructure during the global financial crisis. The most significant change was in terms of banks' access to liquidity, as well as for developing a more streamlined management procedure for banks experiencing financial difficulties. Fitch Ratings expects that these changes will significantly reduce the risk of default for all Russian banks of a significant size in the future.



JANUARY

Ildar Muslimov was appointed Chairman of the Management Board of JSC URALSIB

At a meeting of the Supervisory Board of JSC URALSIB, the Corporation decided to appoint Ildar Muslimov as Chairman of the Management Board of URALSIB Bank as of January 19th, 2010. Earlier this appointment was coordinated with the MMTD of the Russian Central Bank.

An Extraordinary General Meeting of the Shareholders of JSC URALSIB was held

The Shareholders Meeting of JSC URALSIB, held in the joint presence of shareholders, adopted a resolution on the re-organization of the Company in the form of the accession of JSCB Sroyvestbank and JSCB URALSIB-SOUTH BANK to JSC URALSIB and also considered the procedures and conditions for said re-organization.

The Bank's shareholders approved the Agreements on the accession of JSCB Sroyvestbank and JSCB URALSIB-SOUTH BANK to JSC URALSIB Bank. The Shareholders Meeting authorized the Chairman and Chief Accountant of URALSIB Bank to sign agreements on the accession of JSCB Sroyvestbank and JSCB URALSIB-SOUTH BANK to JSC URALSIB.

FEBRUARY

Sberbank and URALSIB presented the initial results of work to create a unified federal information and payment system the "Universal Electronic Cards"

At a meeting of the Russian Government Commission (which addresses regional development), held February 8th in Ufa, Sberbank of Russia and URALSIB Bank demonstrated the capabilities of the new unified federal information and payment system "Universal Electronic Cards." The system, developed by the banks, allows us to provide State (municipal) and financial services to Russian citizens via a harmonized electronic card, based on common standards of interaction.

In Ufa, results of the banks' efforts to create a single information space, pooling public information resources and the calculating mechanism for universal electronic cards were shown to members of the Government Commission.

The Chairman of FC URALSIB Board of Directors Nikolay Tsvetkov took part in a meeting of the Russian Government Commission on Regional Development

During the meeting, the joint project "Social Card of Bashkortostan" — involving the Republic's Government and URALSIB Bank — was presented.

Project implementation started in 2001 and at present, implementation is moving forward on a full-scale. The social cards will be issued to all preferred categories of citizens of the Republic of Bashkortostan. Implementing this project will allow to reduce the load on the regional budget and at the same time, it will simplify the process for Republic residents to receive benefits.

LLC URALSIB Electronic Technologies acquired 86.77% of the ordinary shares of JSCB Sroyvestbank

The Russian Federal Anti-monopoly Service made a decision to grant a petition for the acquisition of a block of shares of Sroyvestbank by LLC URALSIB Electronic Technologies.

URALSIB Bank does not directly hold shares of JSCB Sroyvestbank.

The Extraordinary Meeting of JSC URALSIB's shareholders made a decision to re-organize the company in the form of the accession of JSCB Sroyvestbank to JSC URALSIB.

The mutual fund URALSIB Foundation First, managed by MC URALSIB, became one of the top-10 most profitable funds of the decade in the world

According to the Morningstar rating agency, funds focused on Russia have taken four of the top positions in the rating of the most profitable mutual funds of the last decade worldwide. In this rating, the only Russian Fund URALSIB Foundation First ranked 10th, earning interest of 1,125% for investors over the last decade.



MARCH

Fitch Ratings agency has placed URALSIB Bank on the Rating Watch "Developing"

International rating agency Fitch Ratings has placed URALSIB Bank on the Rating Watch "Developing", along with fourteen other banks. URALSIB Leasing Company was also included on the Rating Watch "Developing".

As stated in the Fitch Ratings press release, the ratings actions reflect the potential for the ratings upside in the future.

JSC URALSIB's Supervisory Board has decided to increase charter capital by RUR 2.7 billion by issuing additional ordinary registered non-documentary shares of JSC URALSIB

The placement of additional shares of JSC URALSIB was conducted via the conversion of shares of JSCB Stroyvestbank and JSC URALSIB-SOUTH BANK into shares of JSC URALSIB. As a result, the Bank's charter capital will increase 10.4% (or RUR 2.7 billion) to reach RUR 29.3 billion. The retained earnings of URALSIB-SOUTH BANK were allocated to cover the RUR 2.0 billion gap, generated during the conversion of shares of JSCB URALSIB-SOUTH BANK into shares of URALSIB and, accordingly, to increase the charter capital of JSC URALSIB.

APRIL

Yuri Petukhov was appointed Chief Financial Officer of JSC URALSIB

Yuri Petukhov was born in 1967. In 1989, he graduated from the Moscow Financial Institute with degree in "accounting, control and business analysis." Since 2000, he has worked in URALSIB divisions. Until recently, he served as the Bank's Chief Accountant. In his new position, Yuri Petukhov will oversee the activities of the Bank's financial unit, including the Treasury and a number of specialized departments (economics and finance, reporting and prudential risks, accounting and taxation).

The URALSIB Group of Management Companies became one of the three largest companies in the National Rating Agency (NRA) ranking

The URALSIB MC Group currently ranks third with RUR 111.10 billion. Quarterly growth was 9.24%.

The URALSIB Management Company won an award in three categories of the professional premium of collective investment market

URALSIB Management Company was named the winner in three categories of the competition "The Russian collective investment market" organized by the National League of Governors and IFC Institute. The main category won was "Management Company of the Year," and the other categories were "Company of Stock Funds" and "Collective investments: an Internet confession".

MAY

JSC URALSIB was re-organized in the form of the accession of JSCB Stroyvestbank an JSCB URALSIB-SOUTH BANK to JSC URALSIB

On May 11th, 2010, information on the termination of accessing credit institutions JSCB Stroyvestbank and JSCB URALSIB-SOUTH BANK was included in the State register of legal entities.

The Bank of Russia registered and the issuer placed an additional share issue amounting to 27.5 billion ordinary shares with a nominal value of 10 kopecks per share. The additional share issue placement for shares of JSC URALSIB occurred via the conversion of shares of Stroyvestbank and URALSIB-SOUTH BANK into shares of JSC URALSIB. As a result, the charter capital of the Bank increased 10.4% (or by RUR 2.7 billion) to RUR 29.3 billion.

With the participation of URALSIB LC, a conference of the International Association of Leasing Companies (IFLA) was held in Moscow

In 2010, URALSIB Leasing Company, the only Russian company that is a member of IFLA, was the host. The conference was opened by Association President Kzhell Strenen. He presented a report on IFLA's 2009 activities and 2010 prospects. A report on the status of the Russian leasing market and factors affecting its development, as well as the Company's 2010 development strategy, was made by the CEO of URALSIB LC Oleg Litovkin. Vladimir Tikhomirov, the chief economist of URALSIB Capital and Colin Hunter, the head of export finance for Credit Suisse, as well as representatives from Enrico Duranti and Banca Agrileasing companies and other experts also addressed the conference. Leasing market trends, the formation of new business models and management systems in the modern world were widely discussed.

JUNE

The Annual General Meeting of JSC URALSIB's shareholders was held in the form of the joint presence of shareholders

The shareholders approved the Bank's annual report and annual accounting statements, discussed issues related to the Company's distribution of profits and losses for the financial year and dividend payments; the Company's auditor was also approved. The Shareholders Meeting decided to repay net losses incurred by JSC URALSIB in 2009 from retained earnings from previous years and not to pay dividends on the Bank's shares based on 2009 results. The General Shareholders Meeting also decided to approve interested-party transactions and LLC Audit Company "Themis-Audit" as the auditor for JSC URALSIB for certifying (signing) JSC URALSIB's Prospectus for the period until the next Annual General Meeting of Shareholders of JSC URALSIB.

URALSIB Bank improved its positions in the annual ranking of the world's largest banks

In the 2009 published year-end rankings by "The Banker" magazine, JSC URALSIB moved from 386th to 353rd place based on tier 1 capital. Tier 1 capital totaled USD 1,74 billion. Based on this indicator, JSC URALSIB became one of Russia's 10 largest banks. Since 1970, "The Banker," published in London, has published its ranking of the world's largest banks. The list is compiled under the Basel Bank for International Settlements. The main criterion for the ranking is the amount of Tier I capital (charter capital plus retained earnings). Since 1997, Russian banks have been represented in the rankings.

URALSIB Management Company was awarded the "Financial Elite of Russia" prize

Sixth Award Ceremony of "Financial Elite of Russia" five-year premium selected financial sector companies that over the past five years have demonstrated the best performances. According to members of the award's organizing committee, the companies, which preferred stability and financial strength to short-term profit, successfully coped with serious difficulties and rightfully deserved the five-year award. The prize was awarded in the category "Grand Prix: Management company for five-years in the asset management of open-ended mutual funds." The diploma and a commemorative token "2005–2010 Financial Elite of Russia" was awarded to Alexander Pugach, CEO of URALSIB Management Company.

JULY

The "Social Card of Bashkortostan," issued by URALSIB Bank, is recognized as the best project for transitioning government services in health care to an electronic format

To be named the best in the field of information technology for the public sector, the Corporation competed against approximately 60 applicants. During a two month period, a jury of experts evaluated applications from IT Companies across Russia: Moscow, St. Petersburg, Kirov, Yekaterinburg, Krasnoyarsk, Perm, Ulyanovsk and other cities. The jury only selected winners in eight out of the ten announced contest categories, in which presented projects merited the award.

URALSIB Bank placed second in the ranking of "Best Personnel Management Quality"

The rating was organized by the Headhunter and MOLGA Consulting. The study was conducted within the rating of "Best Russian Employer." Experts assessed the experience in the largest companies in a range of different economic sectors based on the following: management organizational structure, staff workflow, time tracking, payroll, staff training, recruitment, employee adjustment, internal communication tools, motivation and KPI systems, mechanisms for tangible and intangible incentives, the level of formalization of personnel management, level of automation/information for personnel management processes and instruments for measuring employee satisfaction and commitment.



AUGUST

URALSIB Bank entered the top 10 of Russia's largest banks in terms of net assets volume

According to the "RBC.Rating," as of July 1st, 2010, URALSIB Bank entered the top 10 largest Russian banks in terms of net assets volume, rising from 13th place to 10th in H1 2010. As of July 1st, 2010, the Bank's net assets total RUR 461 billion.

According to the study carried out by "RBC Rating", URALSIB Bank became one of the top 10 leading banks based on loans granted to individuals, as well as the volume of deposits of individuals and legal entities.

SEPTEMBER

The "Electronic card for residents of the Krasnodar Region" project was launched

The "Electronic card for residents of the Krasnodar Region" project is part of a program to transition public services to an electronic format. Until the end of 2010, the Bank plans to distribute 50,000 cards.

Originally, the card will support six applications: pension, health, banking, social, STSI and Rosreestr. At the next stage of implementation, five applications (transportation, utilities, tax, discount and educational) will be available to card holders.

The "Electronic card for residents of the Krasnodar Region" project is unique. For the first time in a region, the participation of several banks and the joining of different payment systems has been envisaged. This is the first project implemented under the ideology of the Russian Federal Law "On the organization of public and municipal services". The project opens up access to a portal of public services. Pensioners and beneficiaries have the opportunity to receive pensions and social benefits directly in a bank account. The card will allow one to easily make an appointment at the doctors, pay fines and taxes, utilize public transportation and more. In Russia, for the first time, these functions will be implemented within a single card.

URALSIB Bank introduced a new product "URALSIB | DEPOSIT + MIF"

URALSIB Bank's new product allows customers who have placed money in URALSIB Management Company's mutual investment funds to earn a high guaranteed income on bank deposits for a short period of time. This is particularly relevant in conditions when interest rates on the deposit market have been consistently declining. The "URALSIB | DEPOSIT + MIF" product clearly demonstrates the benefits of comprehensive customer service under FC URALSIB terms. The minimum deposit is RUR 50,000, USD 2,000 or euros and the term of the deposit is 91 days. Interest is payable at the maturity of the deposit. To open a deposit, you must purchase units in one of the open-ended mutual funds.

URALSIB was recognized as the healthiest Russian company

FC URALSIB healthy lifestyle program was recognized as the winner in the corporate category for healthy lifestyle projects, which was organized by the Russian Ministry of Health and Social Development and the All-Russian Non-governmental Organization "National League of Health" – "Healthy Russia." The awards competition was presided over by the Jury Chairperson – the Russian Minister of Health and Social Development Tatyana Golikova, who noted that she considers URALSIB to be a leader among corporations in promoting healthy lifestyles.

URALSIB Management Company's General Director was named one of the top five best managers in Russia in the annual rating

Alexander Pugach, General Director of MC URALSIB, placed 5th in the ranking of top Russian business leaders. The ranking was organized by "Kommersant-Daily" publishing house, in conjunction with the Russian Managers Association (RMA). The rating represents the estimated professional reputation of a person, which is determined by the expert survey.

MC URALSIB entered the top five in the net pension assets ranking compiled by the National League of Management Companies

URALSIB Management Company entered the top five companies – market leaders, managing more than RUR 7.7 billion. The National League of Management Companies published a ranking of management companies based on net pension assets transferred under the management by non – governmental pension funds as of June 30th, 2010. The rating involved 55 management companies.

OCTOBER

URALSIB Bank organized information and counseling seminars "Entrepreneur's Day" for small businesses

During a month, "Entrepreneur's Day" were held in 81 Russian cities.

URALSIB Bank employees taught a master class "How to get a loan?" and presented new loan programs specifically geared toward meeting the key needs of small businesses. Seminar participants were able to seek out advice and express their wishes.

URALSIB Bank upgraded conditions and reduced interest rates on loans for small businesses

Small businesses are a key element of the market economy. By offering affordable credit terms, the Bank fulfills a social mission to support and develop entrepreneurship. Lower interest rates affected the entire range of credit products and have averaged 1% of the existing tariff rates. The maximum loan term for working capital financing under the "Business turnover" program increased to three years.

For the most reliable borrowers under the "Business invest" and "Business turnover" programs, the Bank has provided access to credit under side collateral of up to 30% of the required collateral amount. The Bank eased terms for unsecured loans.

The FBMA of Russia and FC URALSIB signed a protocol on social cooperation in the development of mass voluntary blood donations

The Head of the Federal Bio-Medical Agency Vladimir Uiba and the Director of Personnel Management, the Head of the Human Resource Service of FC URALSIB Yekaterina Uspenskaya signed a social partnership protocol. The document spelled out the volunteer initiative of the FC URALSIB, which is focused on developing the blood donation sphere in Russia and areas of cooperation under the Government Program for the Development of the Blood Service. For two years, URALSIB held donor day events in its offices and the number of individuals willing to donate blood increased from one event to another. The Agreement with the FBMA will allow the Corporation to upgrade the consistency of held events, expand its geographic reach and attract the Corporation's customers and partners. The Protocol between FC URALSIB and the Russian FBMA will be in effect for three years. The partnership agreement will be the third in the history of Russia's donor movement. Previously, at the federal level, social partnership protocols have been signed with LG Electronics and the Vester Group.

GLOBEX Bank opened a credit line for URALSIB Leasing Company in the amount of RUR 1 billion

The Bank directs the borrowed funds at increasing the sales of corporate and retail products. The resources are for a five-year period. Globex Bank (GlobExBank) is one of Russia's largest financial institutions; it was founded in 1992. 99.16% of the Bank's shares are owned by the State Corporation "The Bank for Development and Foreign Economic Affairs" (Vnesheconombank).

The National Rating Agency has confirmed the reliability of the individual rating of the management companies of the URALSIB Group at AAA — "maximum reliability."

According to results from the rating conclusion, the National Rating Agency (NRA) confirmed the reliability of individual ratings of the management companies of the URALSIB Group (MC URALSIB, MC URALSIB — Capital Management; MC URALSIB Asset Management) at AAA — "maximum reliability."

The NRA's rating conclusion note that: "Over the last year, MC URALSIB Group increased the assets under its management by more than RUR 42 billion, while at the same time maintaining its leading position in the collective investments market, as well as in the sector of working with institutional investors' funds. The Group most actively developed its activities in the spheres of "investment fund management" and "the management of citizen pension savings and NPF pension reserves." The formation of the own risk management system was completed. Measures taken during the crisis have positively impacted the operating profitability of Group companies during the period under review."



NOVEMBER

Andrey Veklov was appointed Chief Executive Officer of Uralsib 121 Bank

Andrey Veklov was appointed to replace Nikolay Karpenko as the CEO of Uralsib 121 Bank. Mr. Veklov has worked in the banking sector since 2005 and headed up Citibank's office. He spent several years working on the Renaissance Investment Management team and led the "affluent and wealth management" division. Prior to joining the Bank, for the last two years, he headed up the "private banking" division at Raiffeisenbank.

Interval MIFs managed by MC URALSIB entered the ranking of the top 10 most profitable MIFs in October 2010

Four of the five interval funds managed by MC URALSIB hold a leading position in the ranking. In October, the most profitable interval fund was the MIF of shares "URALSIB Russian finances." In a month, the unit price of the fund grew 8.84%. In fifth place is the MIF of shares "URALSIB Energy Outlook" with a 6.41% growth. The share funds "URALSIB Fund Industry Investments" and "URALSIB Fund Investments Promising" ranked 8th and 9th respectively and their value increased 4.97% and 4.27% respectively as well.

DECEMBER

JSC URALSIB Depository is listed as one of the top 30 largest depositories based on the market value of depositors' securities and confirmed the depositories' reliability rating at AA — "very high reliability"

The rating was prepared based on a study of Russian national rating depositories, conducted by the Development Fund for Financial Study "Infrastructure Institute" (INFI), in collaboration with PARTAD, and assesses the depositories' activities in terms of reliability. The ranking calculation is based on know-how developed by INFI experts, working in collaboration with PARTAD.

JSC URALSIB's Shareholders Meeting made a decision to pay dividends

JSC URALSIB's Extraordinary General Meeting of Shareholders decided to channel RUR 2.68 billion of retained earnings to pay dividends. Thus, the dividend amount is RUR 0.00916 per ordinary share with a par value of RUR 0.10.

URALSIB Bank entered the top 10 rankings in universal banks

According to the "RBC.Rating" and an information resource for Bank-Rate rating, for the first nine months of 2010, URALSIB Bank became one of the top-10 universal banks. The largest Russian banks were evaluated on ten criteria (in particular, net and liquid assets, total assets, profits and the volume of deposits for legal entities and individuals, etc.). In all categories, URALSIB performed strongly.

33 new banks became URALSIB Bank partners on sponsorship programs in international payment systems

During the year, 33 new banks entered into contracts with URALSIB Bank on assisting entry into the international payment systems and processing services.

The new partner banks include capital and regional lending institutions. In addition to the banks that plan to develop projects to issue and service payment cards from scratch, the banks that already have their own card business took advantage of URALSIB services, as the sponsor bank in the Visa and MasterCard payment systems. As of December 2010, the total network of ATMs and cash point terminals for URALSIB Bank and its partner banks with preferential terms of service includes 6,000 ATMs and 5,000 terminals. The number of terminals for URALSIB Bank and its partner bank network established in retail and service outlets is more than 30,000 devices. The Bank and its partner banks have issued more than 4 million card units. URALSIB Bank's partner network includes 224 partner banks.

MC URALSIB's web site was recognized as the most convenient for customers

The "Family Budget" web site, in conjunction with Publishing House "Budget," conducted Internet voting within the framework of the competition to award the Third Annual Public Prize "Financial Pearl of Russia-2010" (best financial services for the public). MC URALSIB (www.am.uralsib.ru) was the winner in the category "The most convenient web site for customers."



8

About the Report

6th

GRI G3.1
IFRS

A

**FC URALSIB Report in the field
of sustainable development**

**The Report was prepared in accordance
with international standard requirements**

Accountability level GRI G3.1 maximum

This Report is the sixth in FC URALSIB history compiled using the international GRI standard. The most recent previous report on the Corporation's sustainable development was published in December 2010 and was prepared in accordance with requirements of the Guide to reporting on sustainable development in the Global Reporting Initiative version of the G3. In preparing the 2010 Report, the Corporation focused on indicators for the updated standard GRI (version 3.1, 2011) and branch applications for financial institutions (FSSS, 2008), as well as experience from preparing previous reports and the Corporation's 2010 development priorities. Since 2007, cost-effectiveness indicators are based on FC URALSIB consolidated financial reports, prepared based on the international IFRS standards. The full version of FC URALSIB consolidated financial reports, certified by the KPMG auditing firm, is available on the Corporation's web site in the section "Financial reports":

http://www.uralsib.ru/investor_relations/financial_reports/index.wbp

Data presented in the 2010 Report have undergone independent certification by KPMG (in part of the consolidated reports of FC URALSIB, according to IFRS) and by GRI (Report on the compliance with GRI G3.1 requirements). The completeness of information disclosure corresponds to the maximum A level for the system for GRI G3.1 reporting.

THE REPORT'S PRIORITY ISSUES

- Upgrading asset quality and management processes;
- Developing corporate culture;
- Forming a corporate governance system based on values;
- Developing a socially-oriented product range.



THE SCOPE AND BOUNDARY OF THE REPORT

Report data are aggregated across all sub-holdings of FC URALSIB and cover the period from January 1st to December 31st, 2010.

FC URALSIB uses an annual cycle for sustainable development reporting. Report data are used by the highest governing bodies of companies included in FC URALSIB, to assess the effectiveness of the Corporation's social and charitable programs, as well as a tool to develop strategies for engaging with stakeholders.

The collection, consolidation and analysis of sustainable development information are based on Russian legislative requirements, internal corporate standards for statistical data and international IFRS and GRI standards. This Report does not contain any significant changes in measurement methods compared with the previous period. There were no significant changes in the scope and boundaries of the Report from the previous reporting period. Significant changes in the size, structure and form of ownership and the structure of assets and subsidiaries that may affect comparability with results from the previous report and this Report did not happen. All important indicators for the 2010 Report can be compared with the same 2009 indicators. The basis for determining Group composition, to which the consolidation of data in this Report is held, are the consolidated externally audited (KPMG) annual financial reports of FC URALSIB.

The Corporation carries out its own preparation of Report content, including developing the structure, data collection and consolidation. For this reason, the Corporation created the Social Reporting Division in the External Communications Department. Design and pre-press work were carried out by the Design to Business branding agency.

FC URALSIB is a major regional group of companies that significantly impact the quality of the social environment in operational areas, and for Russia as a whole. In 2006, based on this, the Corporation's shareholders decided to prepare a non-financial report on all performance indicators of the GRI standard (A level).

In determining the materiality, topics and indicators expressed by the stakeholders in dialogues held in 2009–2010 were taken into account.

During the reporting period, the External Communications Department reviewed major topics and issues related to development prospects of the financial branch. Based on conversations with staff, within the framework of the project to develop new corporate culture standards based on values, key topics for this Report on issues related to corporate culture development were identified. A series of interviews with the heads of key divisions allowed us to determine critical success factors for the Corporation, as well as significant risks for its operations. Interviews with managers (some of which are available in the Report) allowed us to identify priority topics for this Report in economic, social and environmental fields. The Report contains information on the Federal program for transitioning the provision of public services to an electronic format (№ 210-FZ); URALSIB Bank actively participates in this process. In determining the internal factors that significantly impacted corporate development, the values correction project and management principles were taken into account.

Potential users of the Report were determined based on the updated stakeholder map (provided in the Report), the experience of distributing previous reports and applications of functional division management for companies that belong to the Corporation.

To reflect better key Report parameters, including: materiality, completeness and development priorities, interviews with the heads of the Corporation's key divisions are included in this Report. Interviews reflect the views of the Corporation's top management with respect to the overall context of socio-economic development, major topics and issues related to the development prospects of the financial branch, the Corporation's values, critical success factors and priorities for short- and medium-term development. The data management approach (DMA), significant performance in key sustainable development areas (economic, environmental, labor organization, human rights and interaction with society and product responsibility) is also revealed in the interviews.

The Report used the wording, definitions and terms in the sense in which they are given in the Guide to Reporting on Sustainable Development for GRI G3 and corporate documents. The Report does not contain any wording changes from the previous period.

All data and figures used in the Report were given by authorized responsible officials of the Corporation's departments and were verified for accuracy by the Corporation's Internal Audit Service and the Social Reporting Division of the External Communications Department.

For purposes of this Report, the following are true:

- The Group of Companies "Financial Corporation URALSIB" is also referred to as FC URALSIB, the Financial Corporation, the Corporation, the Group FC URALSIB; the Group, URALSIB;
- Open Joint Stock Company "URALSIB Bank" is also referred to as OJSC URALSIB, the Bank;
- Open Joint Stock Company "Financial Corporation URALSIB" is also referred to as OJSC FC URALSIB, the Company.

TABLE OF STANDARD GRI ELEMENTS

Some of the indicators for the GRI Guidelines, relating to a group of environmental performance indicators, are not relevant to FC URALSIB as a financial institution. In this context, indicators EN3, EN4, EN7, EN11, EN12, EN13, EN14, EN15, EN17, EN19, EN23, EN25 and EN26 are partially disclosed in the Report or are not disclosed due to their inapplicability to the description of the Corporation's impact on the environment. Indicator EN3 which reflects information about the primary sources of energy used is not disclosed in the Report. The Corporation has no access to data on primary energy sources, supplying the Russian unified national power system. This does not allow us to calculate the proportion of used electricity produced by primary energy sources.

EN4. The only intermediate energy source for most companies belonging to the Group FC URALSIB is electricity. Its volume is specified in the section "Resource consumption". Data on the primary energy sources are not available for accounting.

EN7. Due to the low level of traffic by contractors, FC URALSIB does not monitor the reduction in indirect energy usage. However, the Corporation has successfully implemented an electronic document management system and video conference system (since 2006), which helps minimize indirect energy volume.

EN26. The indicator is partially disclosed in the "risk management" section. The Corporation plans to report on this indicator following the introduction of the new Credit policy, which will take into account Responsible Investment principles (the "Equator Principles").

The Corporation does not report on the following parameters (and does not intend to prepare a report on them in the future), because disclosure of this information in the manner prescribed by the GRI Guide is not applicable to the Corporation's business:

EN11, EN12. The offices and branches of companies within the Group FC URALSIB are opened in major cities outside of protected natural areas and/or areas with a high bio-diversity value.

EN13, EN 14, EN15. The business of the Corporation and the companies of the Group are not associated with direct exposure to natural sites.

EN19. The business of the Corporation is not associated with environmental ozone emissions.

EN23. The business of the Corporation is not associated with the production, storage and transportation of hazardous liquid chemicals.

EN25. Based on its activities, the Corporation does not directly discharge wastewater into water bodies. Wastewater disposal is carried out by the owner of leased buildings and urban utilities.

PR1. The financial products that the Corporation introduces on the market do not directly impact the health of employees and customers.

SO9. The Corporation's business priority is to upgrade the quality of life in operational areas. To achieve this, the Company is developing a range of socially-oriented products, which include: small business loans, the "Decent Homes for Children" program, pension deposits and mortgage programs. The Corporation's business and products do not negatively impact local community development. In 2010, no complaints were received from local community organizations or public authorities.

SO10. In upgrading the access of residents of the operational areas to a wide-range of financial products, including reducing loan interest rates and offering concessional credit terms to small businesses, the Corporation indirectly affects the reduction in negative effects from the financial crisis.

HR2. At the moment, the Corporation does not have a practice for screening contractors for their businesses' compliance with human rights activities. This function is performed by State regulators.

HR10. In 2009, the Corporation concluded a collective agreement with employees, which regulates employees' rights in all regional offices in Russia. In 2010, the Company did not initiate any new projects or substantial actions in the human rights sphere. In 2010, specialized tests for respecting human rights in the Group's companies were not made. The Corporation monitors human rights' violations under the existing regulation of risk management and compliance control.

HR11. The Corporation uses the "360-degree" system to evaluate managers. The Compliance and Human Resources Services supervise compliance with internal corporate rules and regulations of the Universal Declaration of Human Rights. In 2010, these services did not receive any appeals and/or formal complaints for any human rights violations.

EC6. The Corporation chooses suppliers based on a single standard (independently of the region) competitive assessment of business proposals. The contractor is determined based on the best "price – quality" ratio. The Corporation does not have any preferences for local suppliers. More than 90% of contracts, however, are concluded with local contractors.

The data management approach (DMA) for the main GRI performance indicators can be found on the following pages: EC – 60–61; EN – 48, 49, 111; LA – 78–80; SO – 98; PR – 67; HR – 85, 88, 93; FS – 42, 43. Brief comments for each of these indicators can be found in the table. Other primary and secondary indicators for the GRI standard (version 3.1, 2011) and branch applications for financial institutions (FSSS, 2008) are revealed in the text of the Report on the following pages:

GRI	Page	Section/comment
1. Strategy and analysis		
1.1	4–5	Message from the Chairman of FC URALSIB Board N.A. Tsvetkov. Message from FC URALSIB Chief Managing Officer I.R. Muslimov
1.2	28	Interview with the member of the Board of Directors of FC URALSIB, the Chairman of Strategy and Investments Committee Denis Korobkov
	42	Interview with the First Vice President of FC URALSIB, Manager of the Strategic Division “Corporate Center” Michail Molokovsky
	48	Interview with the Vice President of FC URALSIB, Risks and Compliance Department Manager Alexey Sazonov
	60	Interview with the First Vice President of FC URALSIB, Manager of “Financial Supermarket” strategic division Ilya Filatov
	78	Interview with Yekaterina Uspenskaya, HR Department Manager
2. Characteristics of the organization		
2.1	2nd cover	Full name of the Company
2.2	14–15	Primary brands, products and services
2.3	6, 8	FC URALSIB. Functional structure of the Company
2.4	12	Geographical reach of FC URALSIB
2.5	13	Geographical reach of FC URALSIB
2.6	6–11	Nature of ownership and the development history of FC URALSIB
2.7	16–19	Markets
2.8	10–11, 20–21	The scale of the Company
2.9	21	Changes in the Group composition
	12	Geographical reach of FC URALSIB
	59	Changes in capital structure
2.10	114–121	Key events and awards

GRI	Page	Section/comment
3. Report parameters		
3.1	124	The reporting period
3.2	122	The issue date for the previous report
3.3	124	The reporting cycle
3.4	2nd cover	Contacts for questions regarding the Report and/or its contents
3.5	124	The process for determining the contents of the Report
3.6	124	About the Report
3.7	124	About the Report
3.8	6	Overview
3.9	124	About the Report
3.10	124	About the Report
3.11	124	About the Report
3.12	125–129	Table of standard GRI elements
3.13	2nd cover	Independent assurance of the Report
4. Governance, commitments and relations with stakeholders		
4.1	40	The management structure of the Company, including: committees under the supreme governing body
4.2	41	Management of FC URALSIB
4.3	38	Number and gender for independent members of the main governing body
4.4	34	General Meeting of Shareholders
4.5	37	Remunerations
4.6	34	General Meeting of Shareholders
	52–53	Compliance control
4.7	95	Mechanisms for determining the composition, qualifications and experience of members of the main governing body
4.8	32–33	Mission, Vision and Values
	31	Code of Conduct
4.9	36	Board of Directors
4.10	44	Comprehensive strategic plan

GRI	Page	Section/comment
4.11	51	The Corporation does not apply the precautionary principle in relation to evaluating the social and environmental risks of investment agreements. It is planned to change the risk management system in 2012
4.12	2	Participation in social, economic and ecological charters
4.13	52–59	Participation in associations and external initiatives
4.14	55	List of stakeholder groups involved in interactions with the Corporation
4.15	56	Interactions with stakeholders
4.16	56–57	Interactions with stakeholders
	68	Practice of working with suppliers
4.17	56–57	Interactions with stakeholders

5. The information management approach and performance indicators

5.1. Economic performance indicators

EC1	20–25	Key Economic Indicators
EC2	51	Climate change
	110	Environmental impact
EC3	15, 18, 72, 89	Pension programs
EC4	27	Volume of the State support accepted by the companies of the Corporation in 2009–2010
EC5	83	The range of coefficients for the initial salary of the Corporation's employees distributed by gender compared with the minimum wage in major operational areas
EC6	125	The practice of working with suppliers
EC7	91	Hiring local population is the Corporation's usual practice
EC8	66	Indirect economic impact
	96–107	Charity
EC9	66	Indirect economic impact

GRI	Page	Section/comment
5.2. Environmental performance indicators		
EN1	113	Resource consumption
EN2	113	Resource consumption
EN3	125	Primary source data for energy that feeds Russia's single national power system is not available to the Corporation. It does not allow us to calculate the proportion of electricity used by the Corporation that is produced from primary energy sources. The Corporation plans to prepare a Report on this indicator in 2013
EN4	125	Disclosed in part (see comments in table)
EN5	113	Resource consumption
EN6	111	Organization of environmental management
EN7	125	Disclosed in part (see comments in table)
EN8	113	Resource consumption
EN9	112–113	The Corporation uses city municipal water facilities. Identifying the primary sources of water is not possible
EN10	113	Organization of environmental management. Emissions
EN11	125	Not applicable (see comments in table)
EN12	125	Not applicable (see comments in table)
EN13	125	Not applicable (see comments in table)
EN14	125	Not applicable (see comments in table)
EN15	125	Not applicable (see comments in table)
EN16	113	Emissions
EN17	125	Not applicable (see comments in table)
EN18	113	Climate change
EN19	125	Not applicable (see comments in table)
EN20	113	Emissions
EN21	113	Emissions
EN22	113	Emissions
EN23	125	Not applicable (see comments in table)
EN24	113	Emissions. When accounting for waste, Appendices I, II, III and VIII of the Basel Convention are not used
EN25	125	Not applicable (see comments in table)
EN26	125	The indicator is partially disclosed in the "Risk Management" section. The Corporation plans to report on this indicator in 2012, following the introduction of the new Credit policy, which will take into account Responsible Investment principles (the "Equator Principles")

GRI	Page	Section/comment
EN27	112	The Corporation's business relates to the financial services branch and is unrelated to the production of a physical product. The Corporation does not use packaging materials
EN28	111–112	Environmental impact
EN29	110–112	Climate change
EN30	112	Environmental impact

5.3. Performance indicators: approaches to work organization and decent work

LA1	76	Total number of employees based on: type of employment, type of employment contract and regions, including a gender breakdown
LA2	82–84	Total number and frequency of new hires and employee turnover by age, gender and region
LA3	88	Cost structure for internal social policy
	89–91	Social guarantees and benefits. Social benefits and the right to utilize the basket of social services for staff that have successfully completed the probationary period
LA4	125	Collective bargaining agreement
LA5	90	Collective bargaining agreement
LA6	85	Health and workplace safety
LA7	86	The frequency of injury and occupational diseases by region and gender
LA8	86–87	Activities to upgrade working conditions and health
	94	Training programs, training and consultancy regarding serious diseases
LA9	90	Collective bargaining agreement. The Corporation has not entered into an agreement on health and safety with unions
LA10	92	Average number of training hours per year per employee, based on gender and category
LA11	92–94	Personnel training
LA12	95	Percentage of employees whose work and career achievement is regularly assessed, by gender profile
LA13	38–39, 41	Management bodies composition

GRI	Page	Section/comment
LA14	83	Basic wages correlation for men and women based on employee category
LA15	83	Return to work and the percentage of employees who returned to the Company after child care leave, by gender

5.4. Performance indicators: human rights

HR1	87	Percentage and total number of large investment agreements and contracts pre-reviewed for human rights compliance
HR2	68, 125	Percentage of major suppliers, contractors and other business partners pre-reviewed for human rights compliance (see comments in table)
HR3	94–95	Total number of hours of training on regulations and procedures related to human rights
HR4	90–91	Total number of incidents of discrimination and measures taken to prevent discrimination
HR5	91	Measures to support the right to freedom of association and the conclusion of a collective bargaining agreement
HR6	91	Respect for human rights
HR7	91	Measures taken to eliminate all forms of forced or compulsory labor
HR8	94	Percentage of security personnel trained in regulations and procedures related to human rights
HR9	125	Violations of the rights of indigenous peoples
HR10	125	Number of enterprises reviewed for human rights compliance (see comments in table)
HR11	125	Number of registered complaints regarding violations of human rights (see comments in table)

5.5. Performance indicators: interaction with society

SO1	98–107	Measures to involve the local community in territorial development programs
SO2	50–51	Risk management system
SO3	94	Personnel training
SO4	50	No cases of corruption were identified
SO5	58–59	Participation in associations and external initiatives
	106–107	Public-private partnership

GRI	Page	Section/comment
SO6	106	Public-private partnership
SO7	50–51	Risk management system
SO8	50–51	Risk management system
	68	Marketing and promotion of the product
SO9	125	Negative impact on local communities (see comments in table)
SO10	125	Measures to prevent and mitigate the impact on the local community (see comments in table)

5.6. Performance indicators: product responsibility

PR1	125	Not applicable (see comments in table)
PR2	68	Compliance with legislation
PR3	64–65	Marketing and promotion of the product
PR4	68	Compliance with legislation
PR5	32, 56	Practices to ensure customer satisfaction
PR6	68	Compliance with laws, standards and voluntary codes regulating marketing communications
PR7	68	Compliance with legislation
PR8	67	Privacy
PR9	64–65	Marketing and promotion of the product

6. Effect of the product and services (branch-specific application for financial institutions –FSSS)

FS1	28, 42, 48	Social issues of development
	30	Code of Conduct
	110	Climate change. The Corporation's product refers to financial services, which have no direct environmental or social impact on society. To analyze the impact of the Product, indirect effects are monitored (increased demand for the financial product, the effect of introducing social cards, etc.). The Corporation does not use specialized policies and procedures to assess the social and environmental impact of the product and services
FS2	50	Risk management system. Social and environmental risks are not included in the main directions of the Corporation's activities
FS3		Large corporate customers, preparing sustainable development reports, regularly sent their annual non-financial reports to the corporate address. This process is not formalized and is notification-based. Monitoring a client's activity with respect for and compliance with principles of social and environmental responsibility is not carried out

GRI	Page	Section/comment
FS4	94	Personnel training
FS5	48	Interview with the Vice President of FC URALSIB, Risks and Compliance Department Manager Alexey Sazonov
FS6	60	Interview with the First Vice President of FC URALSIB, Manager of "Financial Supermarket" strategic division Ilya Filatov
FS7	69	The volume of socially-oriented services
FS8		The Corporation's product refers to financial services, which have no direct environmental impact on society. The Corporation currently does not provide a breakdown of products and services based on environmental impact, but it is taken into account when making funding decisions
FS9	122	Since 2004, the Corporation has prepared social reports. Each report has been certified by an independent external auditor. In 2010, a sample audit of social processes and procedures (as reflected in the auditors' conclusions) has been carried out
FS10	6–8	Overview
FS11	14–15	Subsidiaries and dependent companies of FC URALSIB operate in the financial market and do not cause an adverse environmental or social impact on society. The Corporation has effective rules and procedures to monitor compliance with social standards and environmental norms established by Russian laws
FS12	40–41	Competence of the General Meeting of Shareholders
FS13	60	Interview with the First Vice President of FC URALSIB, Manager of "Financial Supermarket" strategic division Ilya Filatov
FS14	69, 72	Pension deposits of URALSIB Bank
FS15	60	Interview with the First Vice President of FC URALSIB, Manager of "Financial Supermarket" strategic division Ilya Filatov
FS16	65	Social advertising
	90	Workplaces for students

THE REPORT'S COMPLIANCE WITH OTHER REPORTING SYSTEMS

The Global Compact

Communication on Progress (COP), in accordance with principles of the UN Global Compact

FC URALSIB shares the ten principles of the UN Global Compact (UNGC). In 2010, OJSC URALSIB decided to join the UNGC and the Russian UNGC network. This Report reflects the Corporation's significant achievements on four key UNGC themes: human rights, labor relations, the environment and anti-corruption. According to UNGC recommendations, the communication on progress is prepared based on International Reporting Guidelines for the sustainable development of the Global Reporting Initiative (GRI). Information is disclosed on the Report's relevant pages.

Themes	№	UNGC principle	GRI element	Pages
Human rights	1	Businesses should support and respect the protection of internationally recognized human rights within their spheres of influence	EC5	83
			LA4	125
			LA6	85
			LA7	86
			LA8	86–87, 94
			LA9	94
			LA13	38–39, 41
			LA14	83
			HR1	87
			HR2	68, 125
			HR3	94–95
			HR4	90–91
			HR5	91
			HR6	91
			HR7	91
			HR8	94
Labor relations	2	Businesses should not be complicit in human rights violations	HR9	125
			SO5	58–59
	3	Businesses should uphold the freedom of association and effective recognition of the right to a collective bargaining agreement	PR1	125
			PR2	68
			PR8	67
			SO5	58–59
			LA4	125
			LA5	90
			HR1	87
			HR2	68, 125
	4	Businesses should uphold the elimination of all forms of forced and compulsory labor	HR3	94–95
			HR5	91
			SO5	106–107
			HR1	87
			HR2	68, 125
			HR3	94–95
			HR7	91
			SO5	58–59

Themes	Nº	UNGC principle	GRI element	Pages
	5	Businesses should uphold the effective abolition of child labor	HR1	87
			HR2	68, 125
			HR3	94–95
			HR6	91
			SO5	58–59
	6	Businesses should uphold the elimination of discrimination in respect to employment and occupation	EC7	91
			LA2	82–84
			LA13	38–39, 41
			LA14	83
			HR1	87
			HR2	68, 125
			HR3	94–95
			HR4	90–91
Environment	7	Businesses should support taking a precautionary approach to environmental challenges	SO5	106–107
			EC2	51
			EN18	113
			EN30	112
	8	Businesses should undertake initiatives to promote greater environmental responsibility	SO5	58–59
			EN1–EN30	108, 113
			SO5	58–59
			PR3	64–65
	9	Businesses should encourage the development and spread of environmentally-friendly technologies	PR4	68
			EN2	113
			EN5–EN6	108–113
			EN10	113
			EN18	113
			EN27	112
			EN30	112
Anticorruption	10	Businesses should work against corruption in all its forms, including: extortion and bribery	SO5	58–59
			SO2	50–51
			SO3	94
			SO4	50
			SO5	58–59
			SO6	106

ISO 26000

The international Guide for sustainable development reporting of the Global Reporting Initiative (GRI) is the main document for collecting and consolidating data for the Report on the FC URALSIB activities in sustainable development.

During the process of preparing this Report, the Social Reporting Division has monitored data with respect to

compliance with new international social responsibility guidelines - ISO 26000. The current system of preparing non-financial reporting gives full consideration to factors, conditions and important issues that affect the development of the Corporation's social responsibility. The applied corporate governance principles correspond to wording adopted by ISO 26000. Key ISO 26000 indicators are reflected in the following sections of this Report:

Key themes and issues for corporate social responsibility under the ISO 26000 standard	Section of the report	Page
1. Organizational management	Corporate governance	28–59
2. Human rights		
2.1. Due diligence	Evaluation of product safety for consumers	67
2.2. Situations for human rights risks	Respect for human rights	90–91, 125
2.3. Avoidance of complicity	Environmental impact	125
	Risk management system	50–54
2.4. Redress of grievances	Responsible business	66–68
2.5. Discrimination and vulnerable groups	Actions to prevent discrimination	69–70, 87
2.6. Civil and political rights	Internal social policy	78–95
2.7. Economic, social and cultural rights	Interaction with society. Human rights	96–107
2.8. Basic principles and rights at work	Internal social policy	81–95
3. Labor practices	Internal social policy	78–95
3.1. Hiring and employment	Personnel	78–82
3.2. Working conditions and social protection	Social guarantees and benefits	94
3.3. Social dialogue	Social guarantees and benefits (collective agreement)	88
3.4. Labor protection and workplace safety	Health and safety at work	85–86
3.5. Human resources potential development and learning at work	Personnel training	92–95

Key themes and issues for corporate social responsibility under the ISO 26000 standard	Section of the report	Page
4. Environment	Environmental impact	108–113
4.1. Pollution prevention	Reducing the risk of environmental pollution	110
4.2. Sustainable resource use	Resource consumption, emissions	113
4.3. Mitigating and adapting to climate change	Climate change	110
4.4. Environment and biodiversity protection and restoration of natural habitats	Organization of environmental management	111
5. Good business practices		
5.1. Anti-corruption	Risk management system	50–54
5.2. Responsible involvement in politics	Public-private Partnership	106–107
5.3. Fair competition	Marketing and product promotion	64–65
5.4. Promoting social responsibility in the value-added chain	Marketing and product promotion	66–68
5.5. Respect for property rights	Respect for human rights	67
6. Problems associated with consumers		
6.1. Conscientious marketing, contracting and the fair presentation of information based on facts	Marketing and product promotion	66–68
6.2. Protection of consumer health and safety	Evaluation of consumer product safety	67
6.3. Sustainable consumption	Socially-oriented products	69
6.4. Consumer service and support and settling claims and disputes	Accounting practices for customer requirements for products already launched into circulation	67
6.5. Data protection and consumer privacy	Consumer privacy	67
6.6. Access to essential services	Projects for retail customers (Universal Electronic Card)	69
6.7. Education and awareness	Social marketing campaign	64–65
7. Participation in community life and community development		
7.1. Participation in community life	Social investment and charitable projects	97–107
7.2. Education and culture	Social investment and charitable projects	102–105
7.3. Employment creation and skills development	“The URALSIB is the pathway to success project. Take the first step” project	90
	Co-operative employment programs	90
7.4. Advances in technology and technological	Universal E-Card	73
7.5. Creation of wealth and income	Markets	16–19
7.6. Health	The healthy lifestyle program	87
	The “Healthy Generation” program	100
7.7. Social investment	Social investment and charitable projects	100–107



The Report was printed on ecological paper,
in part of the secondary fibers of processing.



To publish the Report, Bio Top 3 printing paper produced at the Mondi Neusiedler GmbH factory in Austria was used. Bio Top 3 Print is 100% FSC-certified paper. Chlorine (TCF-certification), optical brighteners and toxic substances are not used when manufacturing this paper. The paper consists of up to 30% recycled pulp and 70% cellulose, obtained by processing Re-forestation, as evidenced by the EU-Flower logo. Bio Top 3 Paper Print is part of the "Green Range" (Green Range) of Mondi products. All products of this range are produced with minimum negative environmental impact.



The Report was printed by the Idea Print printing office (greenprinter.ru) using energy-efficient, water-based ink offset-printing equipment.

FC URALSIB
www.uralsib.com

The electronic version of the Report
is available at:
www.uralsib.com/about_us/responsibility/csr_reports/index.wbp

Comments, suggestions and requests
for more information regarding
the Report's content should
be submitted to: csr@uralsib.ru