


FC URALSIB
www.uralsib.ru

The electronic version of the Report
is available at:
www.uralsib.ru/about/social_responsibility

Your comments,
suggestions and enquiries
are welcome at:
csr@uralsib.ru





2011

PUBLIC REPORT
OF FINANCIAL CORPORATION
URALSIB ON 2011
SUSTAINABLE
DEVELOPMENT





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

The Company's Full Commercial Name

Joint Stock Company "Financial Corporation URALSIB" (hereinafter referred to as the Company). The Company's full commercial name in English will be Open Joint Stock Company "Financial Corporation URALSIB".

The Company's Abbreviated Name

OJSC "Financial Corporation URALSIB". The abbreviated commercial name of the Company in English will be OJSC "Financial Corporation URALSIB".

Limits and Scope of the Report

OJSC "FC URALSIB" is the head organization in the banking holding. The Report on the Company's sustainable development (hereinafter referred to as the Report) has been prepared based on consolidated data on the activity of OJSC "FC URALSIB" and its subsidiary and dependent companies which form the group of companies "Financial Corporation URALSIB" (FC URALSIB).

The Company was founded in March 2007 as the result of transforming limited liability company "Financial Corporation URALSIB" into open joint stock company "Financial Corporation URALSIB". The Company is a holding company that holds stocks in shares and participating interest in the charter capital of its subsidiary and dependent companies.

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

The data in the Report refers to the period from January 1st to December 31st, 2011

The information and values contained in the Report comply with the maximal application level (A) of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and FSSS - an industry application for financial organizations.

The Report has been prepared taking into account recommendations of the International Integrated Reporting Council (IIRC).

The data presented in the Report have been certified by third parties:

KPMG

The Report is based on the 2011 consolidated financial reports of OJSC "FC URALSIB" prepared in compliance with International Financial Reporting Standards (IFRS) and certified by KPMG auditing company.

GRI

The 2011 Report on the Sustainable Development of OJSC "FC URALSIB" underwent the GRI Application Level Check. Global Reporting Initiative (GRI), the developer of the G3.1 standard, confirmed that the 2011 Key Performance Indicators (KPIs) of Financial Corporation URALSIB have been disclosed in full compliance with the requirements of the GRI G3.1 standard and the requirements of FSSS - an industry application for financial organizations.

The level of application of the GRI G3.1 standard is A/maximal (p.114).

Artistic Concept

The Report is executed using an artistic concept based on one of the Corporation's competitive advantages, meaning the all-Russian scope of its business. The key element of FC URALSIB's long-term strategy is its presence in all economically developed regions of Russia, from Kaliningrad to Vladivostok. The main graphic elements represent the traditional ornaments of people living in the regions in which it operates.

The graphic elements have been treated using the most famous banknote protection technology, guilloche. In fact, guilloche is a modern interpretation of decorative financial engraving that protects money against counterfeiting and establishes trust in them. Synthesizing the most recognized graphic symbol from the world of finance and basic graphic elements from human culture resulted in an original graphic concept that supports corporate values and its position relative to key corporate responsibility topics. The combination makes the finance world closer to a harmonious world where money is not the goal, but a means to develop.

Designed and prepared for printing by Design to Business Agency.
Cover and illustrations by "Pixelband" Studio.
Printed by KEM Printing Works.

Detailed information on the Corporation's history, its services and social programs is available at www.uralsib.ru
The electronic versions of 2011 reports, as well as reports from preceding periods, are available at www.uralsib.ru/about/social_responsibility.

We'd appreciate your feedback on the quality of information disclosure contained in the Report. Requests for additional information and content suggestions for the next report are welcome at czr@uralsib.ru
(the Social Reporting Division, which is part of the Department of External Communications of Financial Corporation URALSIB).

Address: 8 Efremova Street, Moscow, Russia, 119048.
Fax: +7 (495) 723-7006



The Report is printed on environmentally-friendly paper that partially consists of recycled fibers.



The Report is published on Bio Top 3 Print paper, which is manufactured in Austria by Mondi Neusiedler GmbH. Bio Top 3 Print is a type of paper that is certified by the FSC. The paper contains no chlorine (TCF certification), optic bleachers or toxic substances. The paper is made up of recycled cellulose (30%) and cellulose produced from processing recovered wood (70%), which is certified by the EU-Flower logo. Bio Top 3 print paper is part of Mondi's Green Range. All products included in this range are manufactured with minimal negative environmental impact.



The Report is printed at the KEM printing shop, using energy efficient equipment and oil-based (organic) lithographic ink, which is environmentally certified.

PUBLIC REPORT

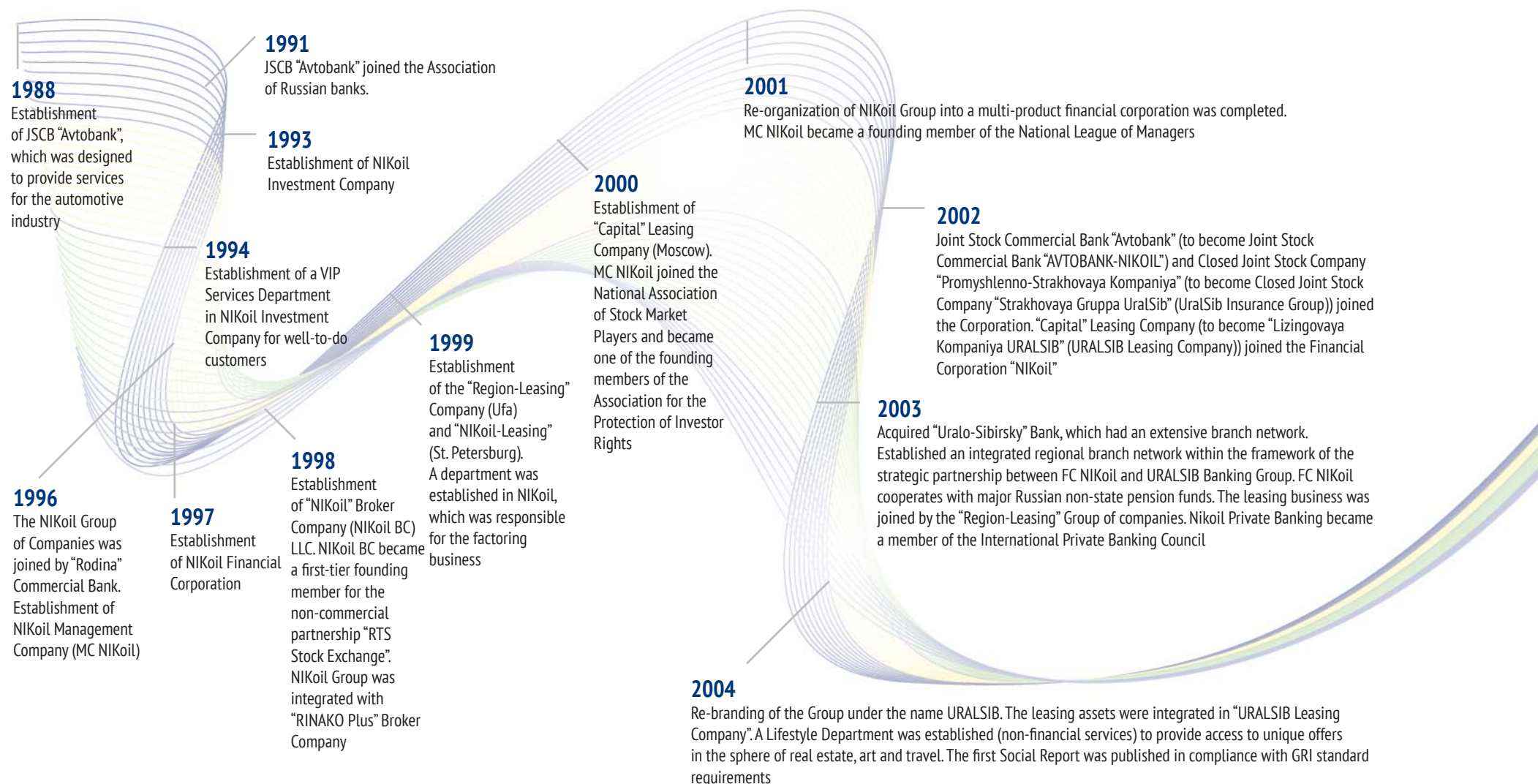
OF FINANCIAL CORPORATION URALSIB

ON 2011 SUSTAINABLE DEVELOPMENT

IR

The Report has been prepared taking into account the recommendations of the International Integrated Reporting Council (IIRC).

FC Uralsib Group of Companies History



2005

Establishment of the federal level URALSIB Bank network as the result of reorganization of five banks of the Corporation, including Joint Stock Bank "IBG NIKoil", Joint Stock Commercial Bank "AVTOBANK-NIKOIL", Open Joint Stock Company "URALSIB", Joint Stock Commercial Bank "Bryansk People's Bank" and Joint Stock Commercial Bank "Kuzbassugolbank". The NIKoil Broker Company LLC became URALSIB Capital LLC. A leasing company owned by Yugbank was acquired. Nikoil Private Banking was re-branded to become URALSIB/Bank 121. The private bank established a Multiple family office Department. Bank 121 became a member of the international Family Office Exchange

2006

URALSIB Bank became one of the top five Russian banks, based on equity and net assets ("Profile" Magazine). A strategic planning and management system based on the Balanced Scorecard (BSC) system was implemented. The Corporate Charity Fund of FC URALSIB was established. URALSIB Leasing Company became one of the top five Russian leasing companies. Bank 121 was named the Best Private Bank in Russia ("Euromoney" Magazine)

2007

Established "FC URALSIB" Open Joint Stock Holding Company. FC URALSIB's Corporate Code of Ethics was put in to effect. The securities issued by URALSIB Leasing Company were included in the top level quotation list of JSC MICEX. URALSIB Bank participated in high priority national projects, including "Affordable Housing", "Modern Healthcare" and "Education"

2008

MC URALSIB established three interval and two open unit investment funds. URALSIB Bank joined the Association of Regional Banks of Russia (the "Russia" Association) and became a member of the Russian Union of Industrialists and Entrepreneurs (RUIE). The risk management system of URALSIB Leasing Company was awarded an A.rm mark (by Expert RA). Bank 121 opened 9 regional branch offices. Deutsche Bank and Morgan Stanley purchased 2.1% shares of URALSIB Bank each. URALSIB Bank's depositary confirmed the Bank's maximal reliability status (INFI/PARTAD – AAA). URALSIB Bank was rated the second best in the rating of corporate charitable initiatives ("Vedomosti" newspaper, PricewaterhouseCoopers and the "Donors' Forum");

2011

URALSIB Bank signed an inter-bank credit agreement with Export-Import Bank of China (Eximbank, Taiwan). The Bank of Moscow and URALSIB Bank signed an agreement to integrate ATM and terminal networks. URALSIB Bank and Sberbank of Russia joined the Rules of the Federal Authorized Organization OJSC "UEK" (Universal Electronic Card). URALSIB Bank joined the State Program for the Support of Small and Medium Business (MSP Bank). MC URALSIB started selling shares through Citibank.

2009

The Bank's charter capital increased 30% to stand at 26.5 billion rubles. URALSIB Bank became the leader in the market for SME credit facilities. The Bank also became one of the top five Russian banks rated by the scope of the branch network and one of the top three based on the number of ATMs owned. URALSIB Bank signed a collective bargaining agreement with its employees. MC URALSIB finished re-branding all unit investment funds as URALSIB;

2010

OJSC "Joint Stock Commercial Bank Sroystvestbank" and OJSC "Joint Stock Commercial Bank URALSIB – YUGBANK" were joined to create OJSC "URALSIB". The charter capital of URALSIB Bank grew 10.4% to reach 29.3 billion rubles. URALSIB Bank was ranked third in terms of consumer trust (during the two crisis years, peoples' trust grew 5 percentage points according to the ROMIR statistical authority). URALSIB Bank became a member of the United Nations Global Compact;



Value of FC URALSIB

Starting in 2010, FC URALSIB has used a new tool of strategic leadership, Management by Values (MBV).

Self-awareness was chosen to be a key corporate value. We are convinced that only a clear understanding of one's internal motivation, wishes and intentions and an awareness of one's place in the world, in society and in the family, in one's profession and in a company can make one's work and life meaningful. Developing corporate culture in management by values will allow employees of the organization to become aware of their destiny and to implement it.

Missions of the Brands

FC URALSIB. Financial services and using the energy of money to benefit man and the public.

URALSIB Bank. We give confidence and make dreams come true by caring about you and those that you love. URALSIB is the bank for everyone!

Uralsib Capital. We bridge your needs with capital markets.

MC URALSIB. We contribute to public welfare by managing your capital in a professional manner.

URALSIB Leasing Company. We contribute to the renewal and development of Russian business.

Bank 121. Sharing the same mindset with capital owners, we create and enhance wealth management opportunities, protecting the interests of our customers and their families throughout their lives.

FC URALSIB Vision

URALSIB is an example of

- Fair business operation (p.p. 36, 48 and 70);
- Innovations in the financial sector (p.p. 64-68);
- Social responsibility (p.p. 23, 74, 90 and 100).

FC URALSIB Structure

Financial Corporation URALSIB is a multi-purpose financial structure operating in 56 Russian regions. The Group's development strategy is based on the financial supermarket model, offering both corporate and individual customers a full range of financial services.

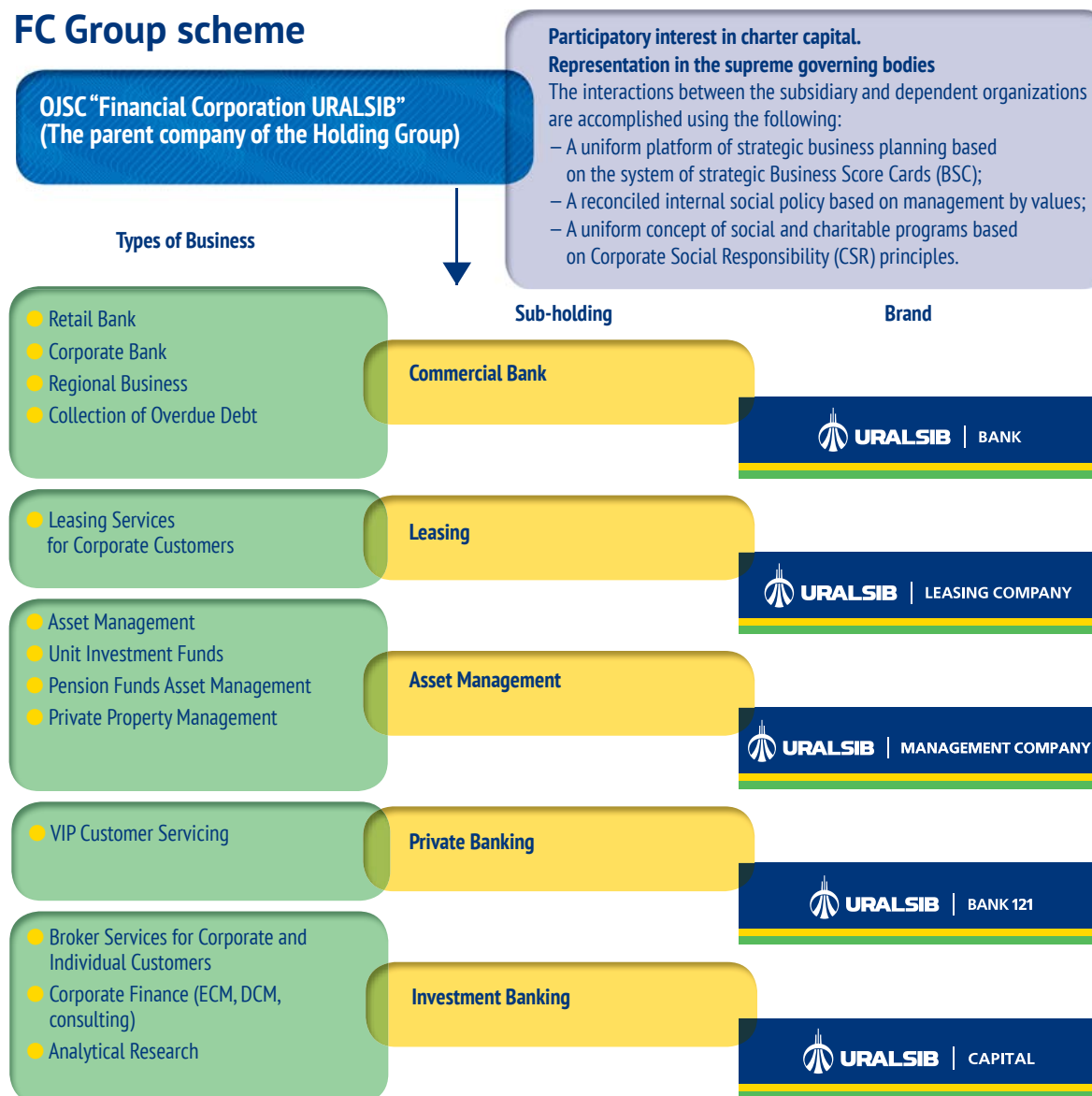
An integrated platform of corporate governance based on share ownership and participatory interest in the charter capital of its subsidiary and dependent companies allows the Corporation to maintain the integrity of the Group, modernizing the business model depending on market requirements and efficiently resolving social and environmental problems within FC URALSIB. The Corporation has a uniform corporate culture standard based on the concept of Management by Values (MBV). Self-awareness has become the key corporate value, as selected by a majority of employee votes in 2010.

Development principles for the value-based corporate culture are recorded in the updated version of the Corporate Code of Ethics which is valid for all the Group's companies. Interaction among the companies on issues concerning risk management, the external and internal social policy and environmental safety is accomplished in compliance with the international standard on social responsibility (ISO 26000), Russian legal requirements and internal Company regulations. To increase the efficiency of management by value creation chains, member-companies of the Group are divided into five sub-holdings.

As compared with 2010, no considerable changes in the structure of the sub-holdings took place during the current year.

The Corporation's activity along key lines (sub-holdings) is reflected in consolidated financial reporting ("Financial Analysis of Business Segments" Section, p. 28).

FC Group scheme



PRIORITY TOPICS OF THE REPORT

FORMATION OF THE CORPORATE GOVERNANCE SYSTEM ON THE BASIS OF MANAGEMENT BY VALUE

The value of FC URALSIB, missions of the brands and FC URALSIB vision	4
A message from the Chairman of the Board of Directors of OJSC FC URALSIB	6
A complex strategic plan	36
An interview with Ekaterina Uspenskaya, Head of the HR Department	74
Actions to improve labor conditions and health	78
Hiring young specialists	83
2011 training priorities	85
Personnel assessment	88
The structure of external social programs	92

INCREASING THE EFFICIENCY OF BUSINESS PROCESSES

FC URALSIB priority tasks and Key Performance Indicators (KPI) in 2011	15
Financial analysis of business segments	28
Functional strategies	38
Increasing the efficiency of operations with distressed assets	38
Increasing the efficiency of support processes	38
Risk management system	48
“Cascade” – a strategic program for optimizing operating costs	64

DEVELOPMENT OF A RANGE OF SOCIALLY SIGNIFICANT PRODUCTS

An interview with Svetlana Kulagina, Head of the Chief Executive Office of Small Business, URALSIB Bank	42
Interaction with stakeholders	56
Socially significant products	60
“Re-organization of the Customer Service Department of the Corporate Bank” project	66
“Optimization of Credit Process” project	66
“Under Cover Customer” project	67
Conveyor-type sales technologies	68
Responsible business practice	70

СОДЕРЖАНИЕ

FC URALSIB GROUP OF COMPANIES HISTORY		
Financial Corporation URALSIB (FC URALSIB).....	2	
Value of FC URALSIB, Missions of the Brands, FC URALSIB Vision.....	4	
FC URALSIB Structure.....	5	
Statement of the Chairman of the Board of Directors, OJSC FC URALSIB.....	8	
Statement of the Chief Executive Director, OJSC FC URALSIB.....	9	
1. GENERAL INFORMATION.....	10	
2011 Financial Market Overview.....	12	
FC URALSIB's 2011 Priority Tasks and Key Performance Indicators.....	15	
Brands.....	16	
Markets.....	18	
URALSIB Bank (retail banking).....	18	
URALSIB Bank (corporate banking).....	18	
Private Bank URALSIB / Bank 121.....	19	
Asset Management (MC URALSIB).....	19	
Leasing (URALSIB Leasing Company).....	20	
Investment and Banking Services (URALSIB Capital).....	20	
FC URALSIB Infrastructure.....	21	
Geography.....	22	
2011 Total Community Contributions of FC URALSIB.....	23	
Consolidated Financial Statements.....	24	
Capital Adequacy.....	27	
Financial Analysis of Business Segments.....	28	
Volume of State Support Received by FC URALSIB Group Companies.....	29	
2. CORPORATE GOVERNANCE.....	30	
The Supreme Governing Body.....	32	
The Board of Directors.....	33	
The Executive Body.....	34	
Strategies.....	36	
Complex Strategic Plan.....	36	
Business Strategies.....	37	
Functional Strategies.....	38	
An Interview with Oleg Litovkin, CEO, URALSIB Leasing Company.....	40	
An interview with Alexandr Afonin, Head of the Chief Executive Office, Corporate Banking Business, URALSIB Bank.....	41	
An interview with Svetlana Kulagina, Head of the Chief Executive Office, Small Business, URALSIB Bank.....	42	
An interview with Mark Temkin, CEO, URALSIB Capital.....	44	
An interview with Andrei Veklov, CEO, URALSIB / Bank 121.....	45	
Participation in Associations and External Initiatives.....	46	
Information Disclosure Policy.....	47	
Risk Management System.....	48	
URALSIB Bank.....	48	
An interview with Natalia Tutova, Head of the Risk Management Service, FC URALSIB.....	50	
The Private Bank.....	52	
URALSIB Management Company.....	52	
URALSIB Capital.....	53	
URALSIB Leasing Company.....	53	
Internal Control.....	54	
Internal Audit System.....	54	
Compliance Control.....	55	
Interaction with Stakeholders.....	56	
Open Ideas for the Small Business Project.....	57	
3. RESPONSIBLE BUSINESS.....	58	
Socially Significant Financial Products.....	60	
2011 FC URALSIB Fulfilled Strategic Projects.....	64	
Cascade – a Strategic Program to Optimize Operating Costs.....	64	
The Operations Center Project.....	65	
The Shared Banking Services Center Project.....	65	
The Consolidation of Branch Offices Project.....	66	
Implementing Lean Technologies Project.....	66	
The Sphere Project.....	66	
The Corporate Bank's Customer Service Re-organization Project.....	66	
The Optimization of Credit Process Project.....	66	
The Incognito Customer project.....	67	
The Conveyor Sales Technologies.....	68	
Direct Access for Foreign Companies to the MICEX-RTS Stock Market- DMA Project.....	68	
The Endowment Project.....	68	
2011 Marketing Campaigns.....	69	
Responsible Business Practices.....	70	
Product Safety Protection.....	70	
Accounting for Customer Requirements for Products in Circulation.....	70	
Quality Management System.....	70	
Compliance with Legal Requirements.....	70	
Interacting with Suppliers.....	71	
Actions Against the Illegal Use of Insider Information.....	71	
Access of the Low-income Public to Financial Services.....	71	
Small Business Support.....	71	
4. PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY.....	72	
An interview with Ekaterina Uspenskaya, the Head of the HR Department.....	74	
Personnel Structure.....	76	
Actions to Upgrade Labor Conditions and Health.....	78	
Health and Safety at the Workplace.....	80	
Social Guarantees and Benefits.....	81	
Insurance.....	81	
Disability Compensation.....	82	
Pension Plan.....	82	
Compensation Paid for Employees' Children Rest.....	82	
Awards for Prolonged Meritorious Service.....	82	
Additions to the Social Package.....	82	
The Women's Health Project.....	82	
The Collective Bargaining Agreement.....	83	
Preventing Discrimination Among Personnel.....	83	
Young Specialists Employment Project.....	83	
Personnel Training.....	84	
Personnel Assessment.....	88	
5. SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS.....	90	
Structure of External Social Programs.....	92	
Charitable Activity.....	92	
Key charitable projects of 2011.....	94	
Public Service Advertising.....	98	
Private-Public Partnership and Sponsorship Projects.....	99	
6. ENVIRONMENTAL IMPACT.....	100	
Environmental Risks Management.....	102	
Power Saving Priorities.....	102	
Climate Change.....	102	
Decreasing the Risk of Environmental Pollution.....	103	
Environmental Safety Costs.....	104	
Resource Consumption.....	105	
Emissions.....	105	
7. KEY EVENTS AND AWARDS.....	106	
8. GENERAL INFORMATION ON THE REPORT.....	106	
Statement on the GRI Level Applicability Check.....	114	
Scope and Limits of the Report.....	115	
Taking into Account the Recommendations of the International Integrated Reporting Council (the IIRC).....	116	
Standard GRI Elements Table.....	116	
Compliance of the Report with Other Reporting Systems.....	122	
The Global Compact.....	122	
ISO 26000.....	124	



Dear Colleagues,

The Financial Corporation is 24 years old. As with any individual of this age, and I believe that the Corporation should be treated as a distinct personality, we are entering the maturity stage. The time has come when the public assesses not only the activities, energy and experience that we have. Performance and responsibility become the priorities. It is the age of understanding the special significance of friendship and mutual support and of developing the honorable calling self-consciously in order to obtain stricter judgment of ourselves and to keep our promises in line with what we actually do.

In business language, this means that customer focus is not only an unconditional, a permanent priority, but also requiring deeper and tougher self-assessment criteria to establish truly long-term relationships. Among other things, this means that we should not interpret the concepts of the customer or stakeholder in their applied meaning only, i.e. as that of a partner who has mutual corporate relations. We should take a broader view of the world and processes which cannot be avoided since we are a part of the world. Therefore, I would like to thank the Corporation's management and all of its employees for their unanimous support of the long-term shareholders policy, which includes annual targeted charitable programs and forms an environment for sustainable business development, as well as for general societal development. Compared with the previous year, charitable donations made by the Corporation in 2011 grew 100%.

The liquidity situation on the Russian financial market remains tense, but funds formed by the Corporation and its capital adequacy level ensure the Corporation's financial stability. Thanks to our staff's traditional professionalism and commitment, we created considerable potential for further strengthening and corporate development. In 2011, we spent more than RUR 1 billion to pay only shareholder dividends. In case global market volatility continues to increase, we have a guaranteed possibility to re-capitalize the share of accumulated profit in our business interests. I would like to point out a unique and long-term advantage that the Corporation has developed, meaning a framework for a new corporate governance system that shifts the focus towards personal development and family value support, in combination with a wide array of corporate responsibility programs. We embarked on a new stage, during which assets and risk management will be assessed in depth and whereby results and motives that drive one to achieve them are equally important, including the self-awareness culture that unifies corporate employees. Thereby, this forms a business environment that provides each employee new opportunities for self-realization.

Nikolai Tsvetkov,
Chairman of the Board of Directors,
Financial Corporation URALSIB



Dear Partners, Customers and Colleagues,

In 2011, we focused our efforts on key areas, such as: customer service quality improvement, increased efficiency and improved investment attractiveness of our business and the development of a uniform corporate culture to consolidate employees across all Corporation member-companies.

Our team includes more than 15 thousand professionals. This power and huge energy facilitates our progress in all situations, no matter how complicated. Our focus on investing in this personal aspect of our business was intentional, as we intend to develop each employee's unique potential. We hired 3.7 thousand new employees; 40% of them were under 25 years of age. Professional training programs applied to 98% of the workforce. Social support financing for employees grew by half, with pension plans actively developing too. This resulted in increased employee involvement in programs that are implemented with respect to shared corporate goals and self-awareness.

The increase in business efficiency due to decreasing distressed assets 17.9% was possible due to the establishment of a new business unit, the collection business. The unit was established to manage all distressed assets for both retail and corporate banking.

The Corporation demonstrated sustainable growth in locomotion business areas. Retail banking contributed greatly to net operating income, which grew from 29% to 45%.

Both the retail and corporate banking credit portfolio grew, with growth standing at 19.8% and 12.4%, respectively. The SME sector also demonstrated positive dynamics with portfolio growth of 29%. These indicators became significant factors driving the Corporation's increased financial stability. Meanwhile, the positive dynamics of the performance indicators prevented us from achieving planned net profit results, as the decreasing quality of distressed assets led us to focus on increasing reserves. The situation became even worse due to global financial market instability in 2011 that provoked increased competition with State-owned banks. But, I am quite sure that efforts made in 2011 on operational support concentration and the implementation of conveyor-type sales for the SME sector will allow us to upgrade financial performance in the short-run. We made significant strides during the reported year and we are positive about our future. In the year to come, we will concentrate on business quality and strengthening our relationships with key stakeholders, customers, investors, and public and governmental institutions. This will be done by upgrading the culture of management by value.

Ildar Muslimov,
Chief Executive Director,
Financial Corporation URALSIB

56

REGIONS IN THE RUSSIAN FEDERATION

16.8 thousand

EMPLOYEES

RUR 60.8 bln

CAPITAL

+12.4%

CREDIT PORTFOLIO FOR LEGAL ENTITIES (RUR)

+19.8%

CREDIT PORTFOLIO
FOR PHYSICAL PERSONS (RUR)

1 GENERAL INFORMATION

The core activity of OJSC Financial Corporation URALSIB is associated with the ownership of participatory interest in the charter capital of other legal entities, the majority of which are subsidiary and dependent companies of the Corporation. Financial Corporation URALSIB is not engaged in active operations in any particular field. All the Company's industry risks are associated with its subsidiary and dependent companies.

The key activities of legal entities comprising URALSIB Group are as follows: the banking business (the key legal entity is OJSC URALSIB), the leasing business (key legal entity is URALSIB Leasing Company), the investment business and asset management (key legal entities are CJSC MC URALSIB and URALSIB Capital LLC). In accordance with the Russian federal law "On Banks and Banking", OJSC Financial Corporation URALSIB has the properties of a company that belongs to a banking holding and is a parent company, of which fact the Bank of Russia has been informed in compliance with Russian laws. The operations of the Group on the whole correspond to the main three development trends

demonstrated by the Russian financial system, namely: the enlargement of the market participants, the merger of market players and the domestic financial system integration in to the global economy. To prevent potential risks, URALSIB Group also uses a synergistic effect obtained as a result of interactions among the Group's companies. This means implementing cross-sales and developing standardized products and integrated sales organizations, as well as risk management technologies.

The plans and goals of the Company and the Group are defined within the framework of the strategic planning system based on the system of balanced indicators and business score cards.* The strategic management model implies increased efficiency and profitability for the Group as a whole, and as it relates to core businesses. To harmonize the mutual influences of the Corporation and stakeholders, management is accomplished in taking into account key provisions of the sustainable development concept.

* p. 15



The Bashkir Ornament. The Trinity of Man, Nature and the Eternal Sky, Named El
Environmental quality depends on only three conditions: the depth of risk
awareness, the possibility and desire to manage them to balance business interests
and nature and society.

2011 Financial Market Overview

Economics in 2011

In 2011, the Russian economy continued to grow, despite increasing global economic uncertainty in the second half of the year.

GDP Growth in Real Terms, % (according to the Russian Ministry of Economic Development)



Due to high oil prices, exports remained the key factor in economic growth (with a growth rate of 30.2%).

The Average Price per Barrel of Urals Crude, USD



A positive contribution to GDP growth was increased final demand and intensified investment activity.

Retail Sales Turnover Growth, %



Fixed Capital Investment Growth, %



Consumption growth primarily was supported by intensified retail crediting.

Public Income Dynamics vs Retail Credit, %



Retail Credit Growth



Growth in the Economy's Main Sectors in 2011, %



Construction Industry



Agriculture



Industrial Production



Cargo Turnover



Inflation, %



2011 was marked by considerable capital outflow.

The net outflow of capital exported by the private sector, USD bln (according to the Central Bank of Russia)



Leasing Market

2011 Leasing Market Growth Rate, % (according to "Expert RA" agency)



The Volume of New Transactions, RUR trillion

1.3 | Historical maximum

Leasing Portfolio, RUR trillion

+57.6% | 1.86

The Share of Top Ten Companies in New Business Volume, %



The share of market leaders grew due to the strengthening of state-owned companies (52%). Within the regional structure, the share of Moscow in new business volume grew 3.7 percent points to reach 42.1%. A considerable increase in business volume and the active operations of leasing companies with distressed assets contributed to a relative improvement in the quality of leasing portfolios.

The Volume of Overdue Debt

+0.8% of the portfolio | RUR 14.3 bln

Factors preventing the leasing market from further development include: market inconsistency, the lack of a shared database for dishonest customers and underdeveloped systems for customer solvency assessment and risk management, as well as the lack of a forum to share experiences.

The leasing market growth rate is expected to slow down in the near future (to 10-20%), due to funding becoming more expensive and the high base effect, as well as due to possible legal changes (the application of an accelerated depreciation of property, in particular).

The Asset Management Market in 2011

Growth in the Trust Management Market in 2011 (according to HPA)

+26% | RUR 2,180 bln

The growth was driven mainly by pension assets managed by Non-State Pension Funds.

Growth in Pension Assets Managed by Non-State Pension Funds

+154%

Share of Pension Assets on the Trust Management Market

15%

Compared with decreasing assets in unit investment funds, the total share of pension assets (mandatory accruals and reserves of Non-State Pension Funds) available on the asset management market (AM) grew.

Share of Pension Assets on the AM Market, %



Consolidation around major groups (MC Region and VTB Capital Investment Management) became a pronounced trend on the AM market in 2011.

Share of Top Five Management Companies, %



Non-State Pension Benefits Segment

+3% | RUR 523 bln | 24% of the market | 3% growth in the customer base

The growth is mainly driven by corporate pension programs.

Net Assets, Open and Interval Unit Investment Funds

-15.7% | RUR 102 bln

Positive dynamics were displayed by each fifth unit investment fund (out of 68 open and 4 interval unit investment funds). Earnings greater than the inflation rate (6.1%) were shown only by 15 funds that invested primarily in bonds. Low return on assets and high risks due to stock market volatility resulted in customers refusing to invest in unit investment funds and instead choosing to invest in individual trust management. The development of the pension trend in the AM market allows us to predict increased dependence of the market on the strategies of major corporate non-state pension funds, and on suggestions concerning the formation of the pension system.

The Banking System in 2011

In 2011, the banking system demonstrated positive development dynamics.

Assets/GDP, %

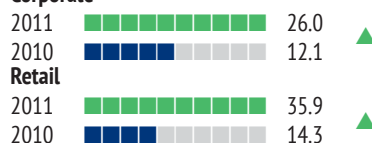
76,6 | historical maximum

Growth in Consolidated Assets in the Russian Banking Sector, %



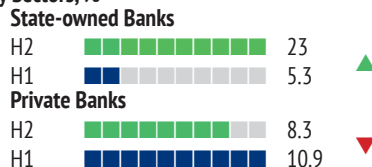
The assets grew principally due to an increase in the volume of crediting, for both the retail and corporate side. In 2011, the credit demand reached almost the same level as in the pre-crisis period.

Growth in Crediting Volume Across Segments, %



Just like in the crisis year of 2009, in the second half of 2011, the high growth rate for corporate crediting was supported by major state-owned banks (Sberbank, VTB, the Russian Agricultural Bank, Gazprombank and the Bank of Moscow). As for private banks, they slowed down credit portfolio growth for legal entities faced with a lack of liquidity.

Growth Rate for Corporate Crediting in 2011 by Sectors, %



A considerable increase in the debt burden borne by households was not supported by an increase in public income, which grew only 0.8% in real terms. A pronounced gap between the growth in retail crediting and the income of the public illustrated an overheated market and posed a risk of increasing bad debt in case the economic situation would change for the worse.

Growth in the Total Volume of Overdue Debt, %



In 2011, the banks' resource base was replenished mainly by customer accounts.

Growth Rate in Individuals' Deposits, %



The growth rate for the attraction of customer accounts fell due to low interest rates on deposits which did not provide for positive real earning power compared with inflation, the population's return to the consumer behavior model and real income stagnation for households that left no room for saving. The fact that the growth rate of crediting facilities outstripped the attraction of peoples' funds, together with the limited ability of Russian banks to penetrate foreign capital markets, as well as an expected recession in the Euro zone meant that the liquidity market situation became more acute in the second half of the year. The lack of liquidity led to a 1.5 – 2 times increase in interest rates (depending on maturity dates) on the internal inter-bank crediting market, and an increased attraction of funds of the Russian Central Bank for direct REPO transactions, as well as increased demand for auctions held by the Russian Ministry of Finance to temporarily deposit free funds. By the end of the year, the volume of funds drawn from the Central Bank of Russia exceeded RUR 1.2 trillion (compared with RUR

0.3 trillion at the start of the year). The volume of funds deposited by the Russian Ministry of Finance amounted to RUR 916.5 billion.

Share of State-owned Funds in the Banks' Liabilities, %



During the reporting period, total equity of the banking system grew 10.8%. Growth was primarily due to the capitalization of undistributed profit. The two times greater increase in assets compared with equity resulted in a lowering of capital adequacy (by the end of the year, H1 stood at 14.7% compared with 18.1% at the start of the year). The limited ability of banks to complete capitalization will contribute to implementing a strategy of moderate asset growth, thus helping banks gain stability in case the economic situation turns for the worse.

Consolidated Profit of Russian Banks, RUR billion



The 2011 negative trend manifested itself in a decrease in net interest margin on customer credit to 6% (compared with 6.3% in 2010). In 2011, the positive dynamics of key volume and income indicators for the banking system led to the intra-system becoming more acute, especially liquidity and capital adequacy risks.

Moody's Outlook for the Development of Russian Banks (fall of 2011)

| Stable ▼ Negative | a similar downgrade occurred in the fall of 2008.

Investment Banking Services Market

Secondary Market for Shares and Bonds

Index Values at the end of 2011

RTS –22% | 1.382 points |
MICEX –17% | 1.402 points |

Volume of Shares Traded, MICEX

–7,5% | RUR 13.3 trillion

On August 6th, RA Standard and Poor's for the first time in the history decided to downgrade the sovereign credit rating of the United States from AAA to AA+, with a negative outlook, encouraged investors to exit emerging markets. As for domestic factors affecting the market, we draw attention to political instability as a result of mass protests against parliamentary election results.

Volume of Bonds Traded, MICEX-RTS (w/o REPO)

+10% | RUR 5.6 trillion

Primary Market, Corporate Bonds

In 2011, ruble-denominated corporate bonds market grew almost 20% to amount to RUR 3.5 trillion. During the year, 131 issuers placed 280 bond issues.

Total Value of Bonds Placed, RUR trillion.



Taking into account redeemed loans, the net volume of fundraising amounted to RUR 534 billion. Banks and financial institutions assumed the leading positions on the corporate bonds market. Their market share was approximately 40% of the bond market (RUR 1.3 trillion).

Corporate Eurobonds Placed in 2011, USD

19.4 billion

▼ An Overview of Financial Markets/Investment Banking Services Market (continued)

IPO/SPO/PO

The Number of Public Offerings by Russian Issuers in 2011 (according to Offerings.ru)

21

Market Value, USD bln

+100% | 11.4

Average Offering Volume, USD mln

+100% | 541.4

Material Changes in the 2011 Offerings Market, share

Services and Trade Sector (Magnit, Dixie, etc.)

19% (in quantitative terms)

Financial Sector (VTB, Nomos-Bank)

35% (in value terms)

Russian Stock Exchanges

42% (in quantitative terms)

34% (in value terms)

Mergers and Acquisitions (M&A)

Number of Transactions Completed, 2011 (according to Mergers.ru)

+20% | 1,070

Market Value, USD bln

+64% | 90.3

Average Transaction Price, USD bln

2011  100.4

2010  73.8 ▲

2011 Material Changes, M&A Market, share

Telecommunications and Chemistry Sector

32% (in value terms)

20% (in quantitative terms)

The key trends included a decrease in the volume of foreign purchases made by Russian investors and an increase in the number of transactions that involved foreign investors. It is expected that in 2012 the market will be driven by a renewed privatization campaign.

Direct Investments (Private Equity)

Number of transactions involving investment funds in 2011 (according to Mergers.ru) – 67

Total transaction volume USD 4.78 bln

Average transaction price – USD 83.4 mln

2011 Material Changes, M&A Market, %

Market	Market Share
Real Estate/Development in value terms	50
IT and Telecommunications in quantitative terms	39

During 2011, the capital market demonstrated varying dynamics, with positive results during the first half of the year; these conditions changed for the worse during H2. High volatility coupled with continued problems in the Euro zone and capital outflow from emerging markets will persist in the year to come

2011–2013 Russian Social and Economic Development Priorities

(based on the 2011–2013 Russian social and economic development forecast prepared by the Russian Ministry of Economic Development)

In the mid-term (2011–2013), the Russian government shifted the focus of social and economic policy from anti-crisis support of industries, enterprises and the population to strategic development trends recorded in the Concept of Russia's Long-term Social and Economic Development for the Period till 2020 (No 1662-r as of 08.08.2009). The Russian government will concentrate on the following social and economic policy priorities: new quality of life, social development and human capital investments. Other priorities include:

- Growing pension and social provisions and improving the targeted nature of social benefits;
- Shifting the focus to implementing measures that encourage the population's labor mobility, professional training and re-training, and creating new employment opportunities that comply with the innovative economics requirements;
- Encouraging housing construction by emphasizing comfortable economic class apartments and restoring the growth rate of mortgage housing purchases which fell down during the crisis

Planned Spending on Human Capital Investments

10.1% of GDP

Provisions for innovative development and the support of hi-tech sectors, including the following:

- Encouraging cooperation between educational institutions and enterprises;
- Supporting small business development in the R&D sector and small innovative enterprises.

Planned Spending on Innovative Development

0.9–1.1% of GDP

Economic diversification and infrastructure development, including the following:

- Maintaining and developing transportation infrastructure, including surface, water and air transportation facilities, upgrading transportation safety and the costs to support railway and air carriers;
- Extensively supporting non-primary export
- Fostering the development of systemic enterprises by implementing major investment projects in corresponding industries.

Planned Spending on Transportation Infrastructure Modernization

0.8–0.9% of GDP

Planned Spending on Diversification and Industry Support

1.1–1.3% of GDP

Balanced regional development, including the following:

- Supporting SME development by maintaining financing of the SME support program and the scaling of corresponding programs implemented by VTB Bank.

Planned Spending on Regional Development

1.5% of GDP

Enhancing the business environment, including the following:

- Upgrading corporate governance and developing the financial market, as well as the banking and insurance sectors;
- Establishing the international financial center as a system for the interaction of organizations in need of capital and investors wishing to invest funds.

Planned Spending on the Development of the Business Environment

0.1% of GDP

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
	30	58	72	90	100	106	112

FC URALSIB's 2011 Priority Tasks Key Performance Indicators

(the 2011 material efficiency indicators are based on the Norton – Kaplan BSC model)

 Strategic Perspective

 2011 Key Performance Indicators

SOCIAL RESULT*

Share of employees participating in volunteer events – at least 30% (see p.96)

Degree of employee involvement in the Healthy Way of Life programs – at least 49% (p.79)

Degree of implementation for planned charitable programs – 100% (see p.90)

Positive attitude towards the brand as a socially responsible business – TOP-5 (see p.16)



* At the initiative of the Board of Directors, in 2010 the BSC model was supplemented with the fifth highest level perspective called "Social Result". Therefore, the ethical principles of business conduct are taken into account in the strategy for developing resources and stakeholders and finding their reflection in the Corporation's performance results.

RESULT

The share of distressed assets in the 2011 credit portfolio – 12.2% (see p.39)

STAKEHOLDERS

To provide for the inflow of dividends to shareholders at the level of 0.40 D/EPS (see p.33).

To maintain URALSIB's target position in the ranking of best Russian employers within the Top-20 companies (see p.p. 74, 108)

To provide for brand recognition at 75% when hinted at (see p. 16)

To preserve goodwill at the Top-10 target level (see p.p.106-109)

To provide for the target growth of product sales to SMEs and of mortgage products to different customers (see p.60)

PROCESSES

To implement common standards of risk management and compliance control in the Corporation's business units (see p.p.48, 55)

To implement conveyor sales technologies in Leasing Business and Retail Banking for SME customers (see p. 42)

To upgrade the efficiency of the Corporation's key business processes (see p.64)

RESOURCES

To provide for employee involvement at 45% and retention at 80% (see p. 74)

To implement a target model for the regional network of Retail and Corporate Banking (see p. 66)

To change the business models for operations with distressed assets (see p. 38)

To implement Finacle platforms in pilot regions (see p. 66)

To provide for offices with modern conveniences (climate control systems, drinking water dispensers and kitchenettes, etc) (see p. 80)

BRANDS



In 2004, all business units integrated under Financial Corporation NIKoil and the URALSIB Banking Group were unified under the URALSIB umbrella brand. The brand's core principle was based on socially responsible entrepreneurship, implying the use of different financial instruments to develop the potential of private enterprises and to upgrade the quality of life in the regions in which the Corporation operates. Long-term brand development strategy is based on the "financial supermarket" model, with URALSIB offering different retail and corporate banking products to its customers, as well as investment and banking services, leasing products, broker and custodial services and asset and wealth management.

In 2011, Financial Corporation URALSIB was awarded the Diploma for "Best Russian Enterprises. Dynamics, Efficiency, Responsibility", which is an all-Russian Contest organized by the Russian Union of Industrialists and Entrepreneurs. The Diploma was awarded for social investments and personnel development projects.



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

The Bank is one of ten major Russian banks that offers its services to individual customers, SMEs, corporations and financial institutions under unified brand. The range of the Bank's products exceeds forty.

Standard&Poor's – BB, outlook Stable (09.12.2011 – year end);
Moody's – Ba3, outlook Stable (23.05.2011 – year end);
Fitch – BB–, outlook Stable (09.08.2011 – year end);

The Bank ranks 399th in the Brand Finance Banking 500 Rating. The Bank is also 3rd/+30% in the Banks Sector for the favorable information coverage index, as prepared by "Medialogia". The Bank is the leader in the Russian Employers' Rating, which was prepared by Headhunter, a recruiting company. The Bank is the "Best Russian Commercial Bank", according to World Finance Magazine. According to "Expert RA" Rating Agency, the Bank is a "Breakthrough of the Year on the Mortgage Market". The Bank was also a laureate of People Investor 2011 "For Social Innovation Development". It was also awarded the title "Best Moscow Employer", in a contest organized by the Russian government. It was named "Bank of the Year on the SME Crediting Market" by "Itogi" Magazine.



URALSIB Leasing Company www.leasing.uralsib.ru

The Company develops two types of products, meaning standardized leasing products for the SME sector and specialized corporate products for both large and medium enterprises. To ensure stable business development, the Company keeps overdue debt at a low level (1.9% of the portfolio as of 01.01.2012), and an acceptable share of equity in the structure of financing sources (liabilities comprise 6.5% according to RAS on 01.01.2012), together with an extensive branch network and a highly organized risk management system.

Fitch Ratings – BB long-term default rating (an increase from B+)
"Expert RA" Rating Agency – A+ financial stability level (very high) and A.rm level of risk management system (the highest);
A+ the highest bond rating.



URALSIB 121 www.bank121.ru

The Corporation's Private Bank has 18 years experience in working in the financial services market for well-to-do customers. The URALSIB/Bank 121 brand is positioned on the market as a Russian private bank with a Westernized approach and world-class specialists. The Bank's products and services harmoniously complement a customer's life, satisfying various needs in both financial and non-financial spheres. Providing family capital management services, the Bank has implemented the innovative "Heir" program, which is intended to provide financial training to customers' children. The program allows heirs to obtain the unique experience of managing family finances on their own, all while complying with a strategy developed in conjunction with family heads.

In 2011, Olga Degtyareva, Executive Director of URALSIB/Bank 121, was named the winner of SPEAR'S 2011 Russian Wealth Management Awards.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
	30	58	72	90	100	106	112



Management Companies

www.am.uralsib.ru,

www.wealth-management.uralsib.ru,

www.uralsib-asset.ru

The member management companies of FC URALSIB have been on the market since 1996. In 2004, services in this segment were unified under the MC URALSIB brand. MC URALSIB manages a family of URALSIB Fund unit investment funds, which is one of the largest families on the Russian collective investment market. It also manages the pension reserves of seventeen non-State pension funds, which rank among the top fifty Russian non-State pension funds.

MC URALSIB treats participation in pension reform as one of its priorities. MC URALSIB's market leader status obliges it to develop the most efficient and technologically intensive strategies for investing pension accruals.

The trust management services allow private and corporate investors from any country in the world to efficiently use Russian market opportunities.

A++ highest reliability level, "Expert RA" Rating Agency
AAA, maximal reliability, the National Rating Agency

MC URALSIB's awards include the following: the "Financial Elite of Russia", a United Final Prize – a prize in the "Reliability" category; the "Russian Market of Collective Investment" Contest – winner in the "Stock Funds Management Company" category (the National League of Managers).

The Second Annual Conference "The Future of the Trust Management Market in Russia" – winner in the categories "For Leadership on the Collective Investment Market" and "For High Reliability and Service Quality" ("Expert RA" Rating Agency); "Financial Supermarket of 2011" – an award winner in "The Best Unit Investment Fund of the Year" category.

MC URALSIB also occupies third place in Institutional Investors "Russia's Top 20 Money Managers" Rating.



URALSIB Capital

www.uralsibcap.ru

The investment business of FC URALSIB is one of the Corporation's strategic activities. URALSIB Capital offers Russian and international customers a full range of services in the investment and finance sphere, focusing its operations on broker services and trade operations with securities, including organizing debt security issues and consulting on transactions that involve mergers and acquisitions in both Russia and abroad. URALSIB Capital's head office is located in Moscow, while international markets are accessible from London and New York offices. URALSIB Capital's Internet Trading System, operating on the QUIK platform, makes leading Russian trading sites accessible and allows investors to make independent investor decisions. Investment newcomers can use a training version of QUIK Internet Trading System at <http://www.uralsibweb.ru/help.training/>. Since 2007, URALSIB Capital has published its own industry indices, including URALSIB Energy, URALSIB Telecommunications, the URALSIB Consumer sector, URALSIB Oil and Gas and URALSIB Metallurgy and Mining.

AAA, the highest reliability ranking, the National Association of Stock Market Participants

Cbonds – 5th position (as an organizer of corporate debt securities placement), 2nd position (as an organizer of municipal bonds placement), 6th position (underwriters' ranking).

The analytical team of URALSIB Capital is ranked fifth in the All-Russian Research Team standings (Institutional Investor Magazine). The company is seventeenth in the list of major Russian brokers (RBC Ranking). It is also seventeenth in the Thomson Reuters Extel 2011 Survey (Russia) (Leading Brokerage Firm in Russia) and fifteenth as the Leading Brokerage Firm Russia – Based on Commissions Paid.

MARKETS

URALSIB Bank (retail banking)

URALSIB Bank provides retail banking services for the attraction and depositing of funds, as well as settlement services. The Bank's retail banking strategy is focused on taking into account key needs of the mass retail customer segment which is closely associated with changing dynamics in Russian social and economic conditions. The range of credit products is formed by balancing the earning power of operations and the availability of crediting to the population. This makes all key credit products (consumer credits, auto loans, housing credits and credit cards) available at moderate interest rates, which meet the population's social needs. The Bank earns

URALSIB Bank's Market Share (retail segment)

	Value		Market share, %	
	31.12.2010	31.12.2011	31.12.2010	31.12.2011
Number of ATMs, thousand	2.6	3.02	1.7	1.6
Number of credit cards in circulation, million	3.7	3.1	2.6	1.4
Mortgage portfolio, RUR billion	32.1	34.9	3.4	2.2
Physical persons' credit portfolio, RUR billion	62.9	75.3	1.5	1.4
Term credit portfolio, RUR billion	87.2	103.8	1.0	1.1
Small business credit portfolio, RUR billion	63.0	81.7	6.0	6.2

no surplus profit in this segment. The maximal interest rate on the Bank's deposits complies with the average maximal interest rates of ten major banks (as published by the Russian Central Bank each decade).

URALSIB Bank Ratings at the End of 2011, RBC.Rating

Index	Placing
SME credit portfolio	3
Credits granted to SMEs	3
Number of ATMs	4
Mortgage portfolio	5
Mortgage loans issued	5
Number of credit cards in circulation	6
Physical customers' deposit portfolio	7
Auto loans portfolio	10
Auto loans issued	11
Physical persons credit portfolio	16
Unsecured credit portfolio	20
Unsecured credits issued	24

URALSIB Bank (corporate banking)

The Bank provides a full range of services for corporate customers, including: settlement and cash services, foreign currency control, cash deposits, trade financing, crediting, bank cards, investment operations and operations with precious metals. In 2011, the Small business segment was transferred to the retail banking division. The corporate banking business is focused on servicing medium-sized customers. The Bank does not intend to considerably increase the number of customers, instead focusing on establishing long-term partner relationships and providing each customer with products based on individual corporate needs.

Corporate Customer Composition on 31.12.2011
Medium-sized enterprise – 8,512
(+2.6% compared with 2010)
Major corporate customers – 1,326
(–7.5% compared with 2010)

Regional Credit Portfolio Structure (corporate segment), RUR million

Region	2010	2011	Change
Moscow	63,197	75,833	20%
Volga Federal District	25,024	20,227	–19%
Siberian Federal District	11,571	12,724	10%
North-Western Federal District	10,827	14,787	37%
Ural Federal District	9,160	7,843	–14%
Central Federal District	4,702	5,606	19%
Southern Federal District	11,244	11,034	–2%
Total for Corporate Banking	135,725	148,054	9%

URALSIB Bank's rating on 01.01.2012, open ratings

Ratings	Placing
Top banks per credits for legal entities (RBC)	15
Top banks per deposits of legal entities (RBC)	14
Top banks, issuers of credits to private companies (Profile)	15
Top banks that have maximal cash for corporate customer accounts (Profile)	15

URALSIB Bank's Share in the Corporate Services Market

	2010	2011
Credits	1.1%	0.9%
Deposits	1.5%	0.7%

Regional Structure for Attracting Corporate Customers, RUR million

Region	2010*	2011**	Change
Moscow	67,640	48,442	–28.3
Central Federal District	6,776	3,422	–49.5
Southern Federal District	9,688	7,594	–21.6
Volga Federal District	35,117	23,004	–34.5
Southern Federal District	15,626	10,837	–30.6
Ural Federal District	19,270	6,840	–64.5
Siberian Federal District	7,015	6,550	–6.6
Total for Corporate Banking	161,132	106,689	–33.7

* Incl. Small business segment customers.

** Excl. Small business segment customers.

To decrease resource base concentration, in 2011, the Bank funneled large deposits out and engaged in mass-attraction of smaller deposits. This resulted in a general reduction in portfolio size and decreased concentration.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
	30	58	72	90	100	106	112

Private Bank URALSIB / Bank 121

The Bank provides services for customers who are ready to deposit a sum equivalent to at least USD 1 million using various financial instruments.

The customers are offered individual family management program that include:

- Financial services – banking services;
- Investment services – investment solutions;
- Legal and tax support – legal and tax consulting;
- Lifestyle - non-financial services, including real estate, art and travel.

Assets Managed by the Private Bank, RUR billion.

31.12.2011		25.5*
31.12.2010		26.8

* The share of deposits in the portfolio is 36%.

The open architecture model used by the Private Bank utilizes the best European private banking standards, while focusing on efficient and long-term customer cooperation. Open architecture implies depositing customer funds using the most profitable financial instruments that exist on Russian and international financial markets (structured products and Western funds, etc.).

Asset Management (MC URALSIB)

2011 priorities of URALSIB Group of Management Companies included the following:

- Managing unit investment funds;
- Managing non-state pension funds;
- Managing pension assets;
- Providing individual trust management of securities.

MC URALSIB (net assets RUR 105.9 bln) became one of the Top 10 companies based on the volume of funds under management, with a market share of 5%.

Unit Investment Funds

Due to negative market trends, in 2011 the share of open and interval unit investment funds in total market volume fell from 6.9% to 5.2%.

By the end of 2011, the market for open and interval unit investment funds stood at RUR 101.9 bln (compared with RUR 121.1 bln in 2010).

In 2011, the net inflow in the amount of RUR 3.4 bln occurred due to investments in bond funds (RUR 3.9 bln) and open indexed unit investment funds (RUR 0.9 bln). The burden of losses was principally borne by equity and mixed investment funds (-RUR 2.9 bln).

As of year end, MC URALSIB was second in the net assets rating, open and interval unit investment funds (net assets RUR 13.66 bln, market share 13.4%). In 2011, the Group managed funds owned by 59,574 unit holders.

The URALSIB Conservative Fund became one of the Top 20, ranked by earning power (6.10% from 31.12.2010 to 30.12.2011). URALSIB Oil and Gas Fund was ranked third in earning power for its sector (4.98%). URALSIB Infrastructure and Communication Fund ranks as one of the Top 3 among open unit investment funds, based on three-year earning power (392.47% from 31.12.2008 to 30.12.2011).

Pension Plan Management

In 2011, the total volume of assets owned by non-state pension funds and managed by MC URALSIB grew 9% and amounted to RUR 19,639 million. The market share was practically similar to that of last year, comprising – **2.2%**.

The Group manages the assets of 14 major non-state pension funds, including: “Blagosostoyanie”, “Transneft”, “Norilsk Nickel”, “Gazfond”, “VEF”, “Surgutneftegaz”, “Stroikompleks”, “Raiffeisen” and “Reso”, etc.

Managing the Assets of Russia's Pension Fund

In 2011, the volume of assets of the state-owned Russian Pension Fund managed by MC URALSIB grew **36%** to RUR 3,711 million, with a market share comprising **12.2%**.

The earning power of Pension Fund assets managed by URALSIB is average compared with other private management companies. In 2011, the earning power amounted to –0.58%. The lack of liquidity on the bond market and interest rate growth resulted in even a conservative portfolio yielding a minimally negative result.

Individual Trust Management

In 2011, the market for individual trust management services grew 50% and the volume of assets managed by MC URALSIB increased 8%. By the end of 2011, the value of net assets in trust management stood at RUR 20,278 million, with a market share of **7%**.

Despite a considerable outflow of funds that unit holders initiated at the end of the year, for the first time following the 2008-2009 crisis, unit investment funds demonstrated positive attraction dynamics. Thanks to a developed sales network, high brand recognition and a broad range of products, the growth rate for MC URALSIB Group will be in line with the average in the long run.

Leasing (URALSIB Leasing Company)

URALSIB Leasing Company is a universal lessor, leasing a broad range of equipment and machinery, including various types of industrial equipment, real estate and motor and truck transport vehicles, as well as railway and construction machinery, etc.

Indicators on 01.01.2012.

Total portfolio – RUR 33.9 billion;
Payments received – RUR 17 billion;
New business – RUR 26.7 billion.

In 2011, URALSIB Leasing Company was 2.3 times ahead of the market in terms of new business growth. The Company strengthened its position among competitors with a **new transactional volume market share amounting to 2.1% (compared with 1.3% in 2010).**

More than half of new transactions concluded by URALSIB LC were in the railway transport segment. The leasing portfolio also grew due to high income generating segments, such as truck transport, construction and road building machinery and equipment.

URALSIB LC Ratings at the end of 2011 (according to “Expert RA” Rating Agency)

Indicator	Placing
New business (among private companies)	2
Current portfolio (among private companies)	2
Payments received	6
Funds financed	6
Transactions with SMEs	8
Number of transactions:	
Railway equipment	8
Truck transport	5
Motor transport	10
Construction machinery	9

URALSIB LC's customer strategy is focused on interacting with SMEs (2,550 new transactions). One of the Company's achievements was a five-fold increase in sales through the agency network (amounting to RUR 2.5 billion, or 9% of total sales), and an increase in sales via the regional network.

In 2011, leasing portfolio quality was improved due to efficient resolving problematic transactions. During the reporting year, the development of products, conditions and processes allowed the Company to achieve a portfolio growth rate of 33%.

Investment and Banking Services (URALSIB Capital)

Investment Services

URALSIB Capital is the leading operator on the primary DCM, owning **4.5%** of the market. URALSIB Capital focuses its attention on domestic companies with small to medium capitalization; these companies are expected to demonstrate accelerated organic growth. In 2011, URALSIB Capital organized 15 bond issues for 10 issuers for RUR 45.2 billion, and acted as the underwriter for 24 issues totaling RUR 40 billion. The Company organized a transaction on the municipal debt market, the largest in 2011, for bonds issued by the Ministry of Finance of the Samara Region for RUR 12.2 billion. By year end, URALSIB Capital was second among bond market makers (MICEX, 31st issue) and twelfth in the rating of leading bond market operators (according to MICEX) (RUR 64 billion, main trading market). Based on RBC data, the Company is seventeenth among leading stock market operators (RUR 373 billion).

According to Cbonds, as of the end of 2011, URALSIB Capital ranked second among municipal bond placement organizers (RUR 13.8 billion). The Company is sixth in the underwriters' ranking (RUR 40 billion). In 2011, URALSIB Capital became the leader in the segment for placing debt securities for companies with small- to medium-capitalization. In conjunction with USL, the Company developed the Direct Market Access (DMA) product for foreign investors operating on the Russian market. The launch of a similar product for Russian customers operating on the international market is planned for QII 2012 (see p. 68).

Trade Operations

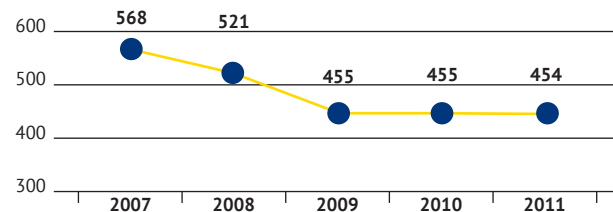
The Company develops Internet Trading facilities for active investors who wish to independently implement their investment solutions. After three quarters, the Internet Trading customer base has 6,060 private investors. In 2011, the total trade turnover of Internet Trading (MICEX + FORTS futures market) stood at RUR 2,100.836 billion.

2011 URALSIB Capital Trade Turnover (including REPO), RUR billion

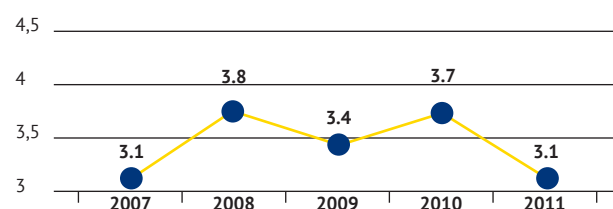
Total	1,866.68
Shares	105.058
Bonds	791.622

FC URALSIB INFRASTRUCTURE BANK

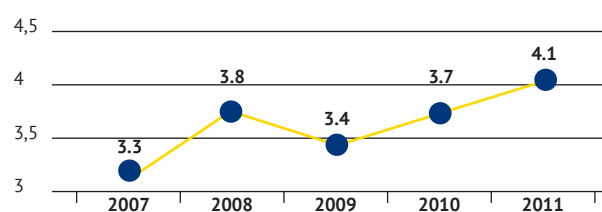
Points of Sale, thousand



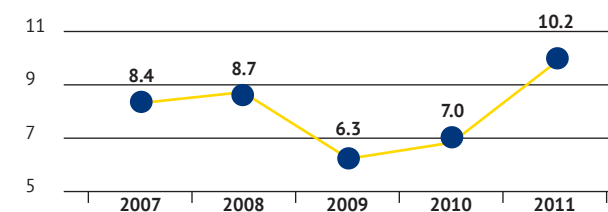
Plastic Cards, million



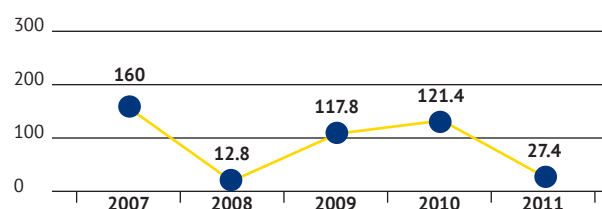
Number of retail customers, million



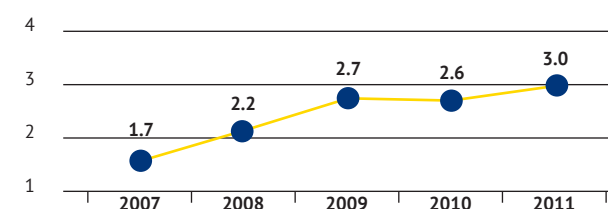
Payment Terminals, thousand



Number of corporate customers (including Small business), thousand

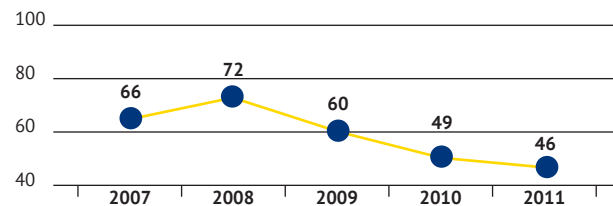


ATMs, thousand

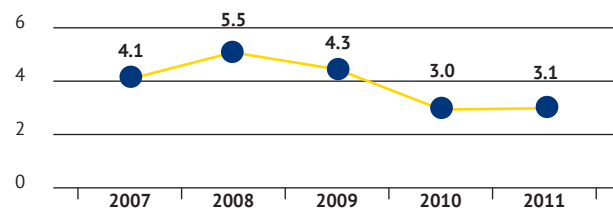


LEASING

Points of Sale, thousand

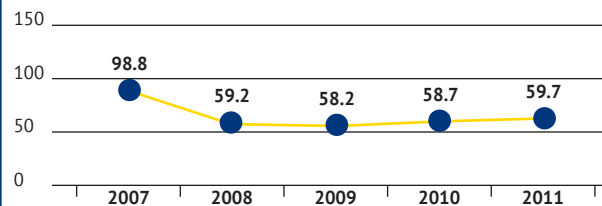


Number of corporate customers, thousand



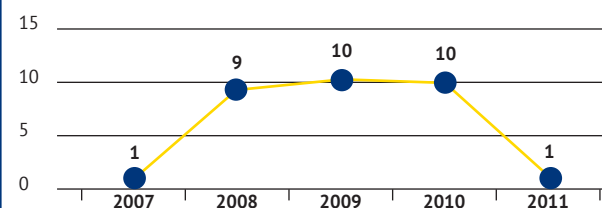
GROUP OF MANAGEMENT COMPANIES

Number of customers, thousand



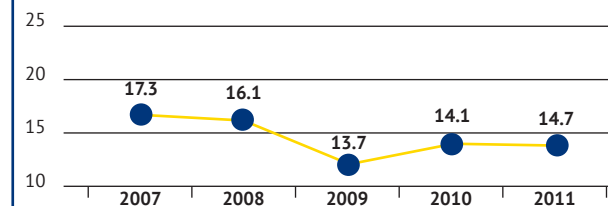
PRIVATE BANK

Points of Sale

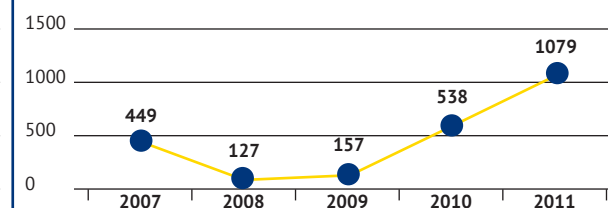


FC URALSIB

Number of full-time employees, thousand



Cost of external social programs and charity (IFRS), RUR million

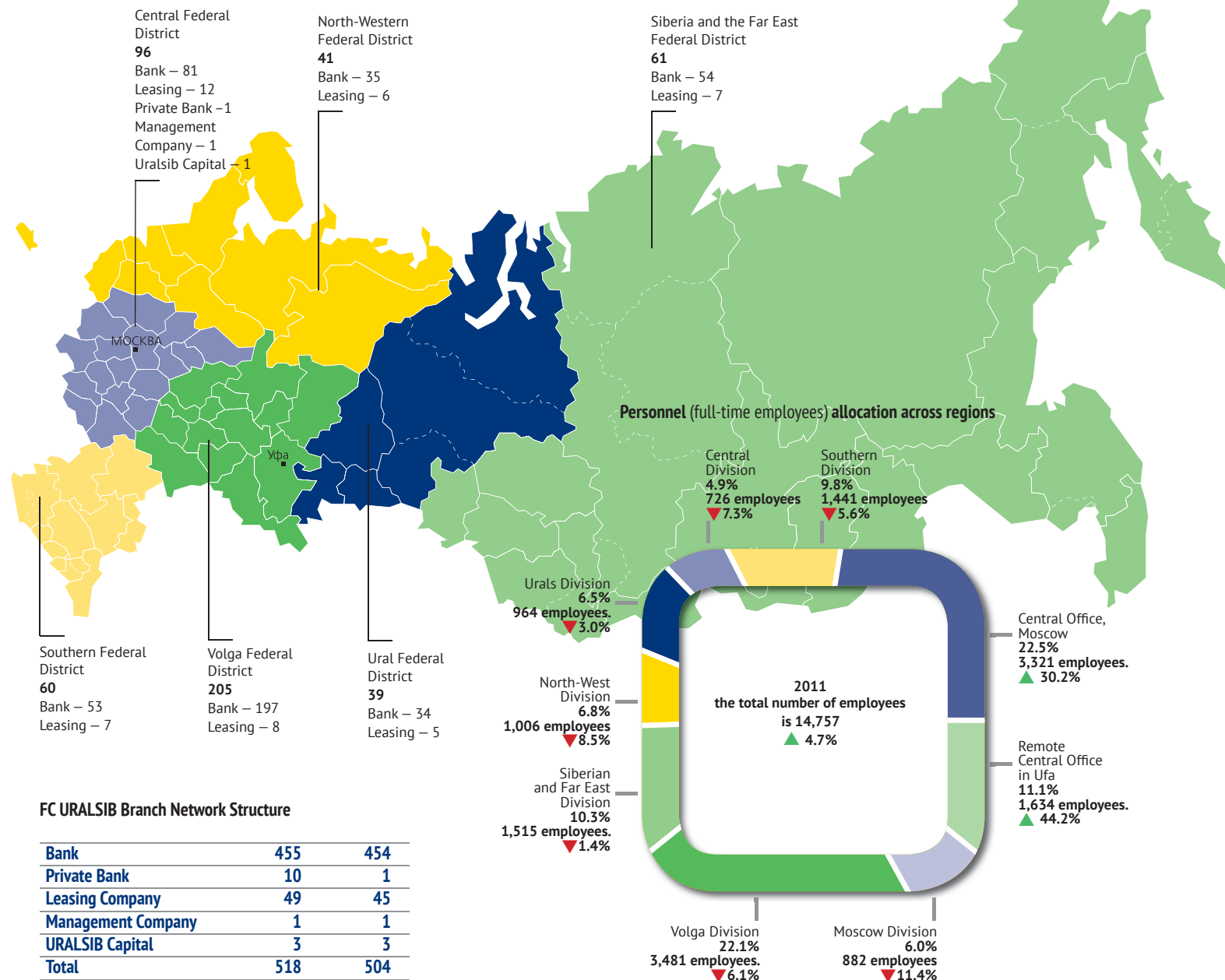


GEOGRAPHY

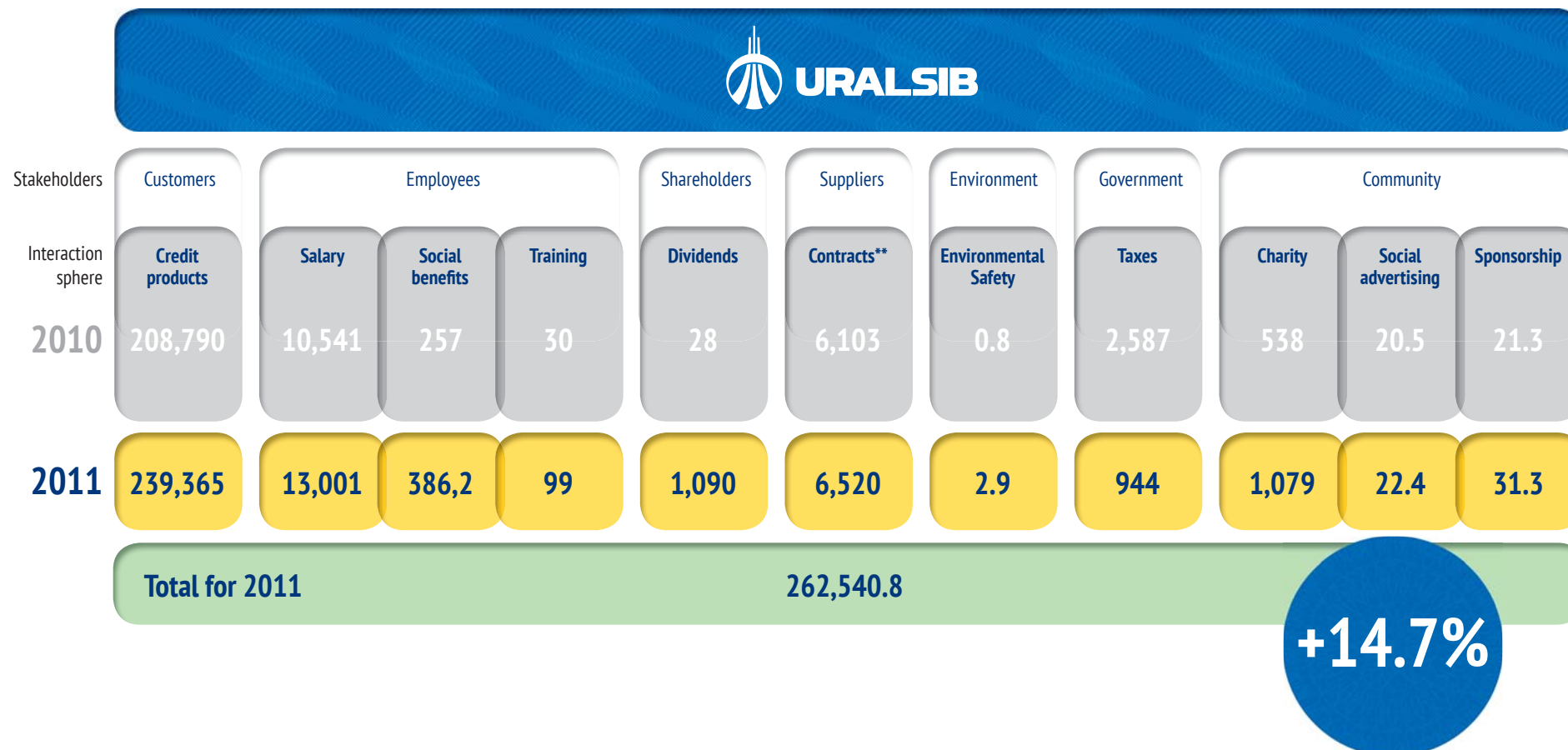
There are two management centers in FC URALSIB; the Central Office (CO) located in Moscow is responsible for implementing corporate strategy and the Remote Central Office (RCO) in Ufa is responsible for regional development. In 2011, the Corporation operated in 7 out of 8 Russian Federal Districts (with the exception of the Northern Caucasus), including 56 Russian subjects out of 89. In the Bashkortostan, Krasnodar and Kemerovo Regions, the Corporation contributes considerably to forming the territories' financial infrastructure, making a variety of up-to-date financial services available to the public. The Bank's regional network is managed by 7 regional divisions, including: Volga, the North-Western, the Southern, the Siberian and Far Eastern, the Ural, the Central and Moscow divisions. The regional network consists of 454 sales offices.

All office closures in 2011 were due to low efficiency. The closures were performed within the framework of measures to increase the efficiency of the Bank's regional network. The office of Bank 121 is located in Moscow. In 2011, management of all Bank 121 offices (9 offices as of 2010) was handed over to the retail banking business.

The offices of the Group's management companies are located in the Corporation's Central Office in Moscow. By the end of 2011, the regional network of URALSIB Leasing Company consisted of 45 branch offices. URALSIB Capital's main office is located in Moscow with access to international markets controlled from its London offices (URALSIB Securities Limited) and in New York as well (in partnership with Auerbach Grayson & Co.).



2011 Total Community Contributions of FC URALSIB, RUR mln*



* The data is based on FC URALSIB's IFRS consolidated financial statements, audited by KPMG.

** According to "Administrative and Operating Costs" item.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements below have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as IFRS) issued by the Council for International Financial Reporting Standards. The statements have been audited by KPMG Auditing Firm.

Meetings with analysts on financial performance, in terms of IFRS/RAS requirements, are conducted on regular basis in accordance with the approved procedure for preparing reports. URALSIB Bank has prepared its financial statements in accordance with IFRS since 2005. OJSC Financial Corporation URALSIB has prepared IFRS consolidated financial statements since 2007 (www.e-disclosure.ru/portal/company.aspx?id=12480).

Liabilities and Equity, RUR million

	31.12.2010	31.12.2011	Change, %
LIABILITIES			
Amounts due to credit institutions	49,824	67,861	36.2
Settlements with brokers and investment companies	7,247	3,700	-48.9
Trade portfolio liabilities	376	368	-2.1
Amounts due to customers	1,769	838	-52.6
Issued promissory notes and deposit certificates	279,714	283,088	1.2
Other borrowed funds	7,354	12,875	75.1
Postponed tax liabilities	19,610	19,058	-2.8
Other liabilities	4,662	5,069	8.7
Total liabilities	370,556	392,857	6.0
EQUITY			
Share capital	1,146	1,146	0.0
Additional paid-in capital	27,209	25,965	-4.6
Paper profit (loss) on operations with securities available-for-sale	748	-948	-226.7
Revaluation surplus for buildings	4,912	5,245	6.8
FX revaluation surplus	-1,306	-975	-25.3
Share of other comprehensive income of associated companies	38		-100.0
Retained earnings	34,944	28,666	-18.0
Total equity attributable to shareholders of the Parent	67,691	59,099	-12.7
Non-controlling interests	3,716	1,731	-53.4
Total equity	71,407	60,830	-14.8
Total equity and liabilities	441,963	453,687	2.7

Profit, RUR million

	31.12.2010	31.12.2011	Change, %
Undistributed profit	34,944	28,666	-18.0
Net profit for the year	119	-5,976	-5,121.8
Attributable to:			
shareholders of the Parent	17	-5,908	-34,852.9
Non-controlling interests	102	-68	-166.7

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT	
	30	58	72	90	100	106	112	25

Volume of funds spent on external socially significant projects, including environment protection measures and charity, RUR million

	31.12.2010	31.12.2011	Change, %
From the profit for the reporting period	60	159	165.0
Charitable contributions made on behalf of the shareholders (from the profit of past years)	478	920	92.5
Total	538	1079	100.6

Personnel Training, RUR million

	31.12.2010	31.12.2011	Change, %
	30	99	230.0

Salary and other employee remuneration, RUR million

	31.12.2010	31.12.2011	Change, %
	10,541	13,001	23.3

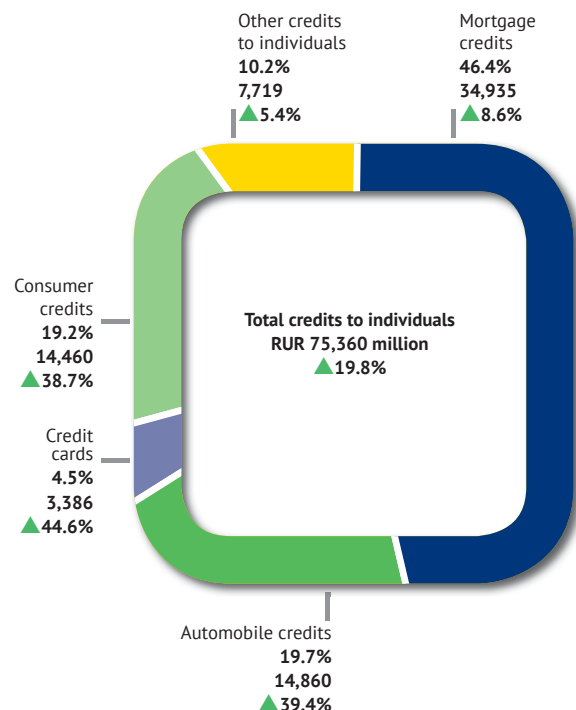
Administrative and operating expenses, RUR million

	31.12.2010	31.12.2011	Change, %
	8,327	8,896	6.8

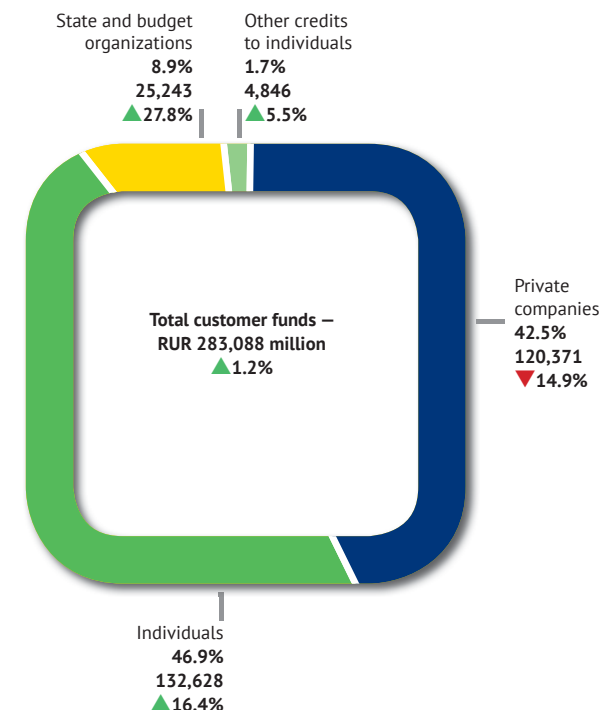
Credits to legal entities, excl. impairment reserve, RUR million.



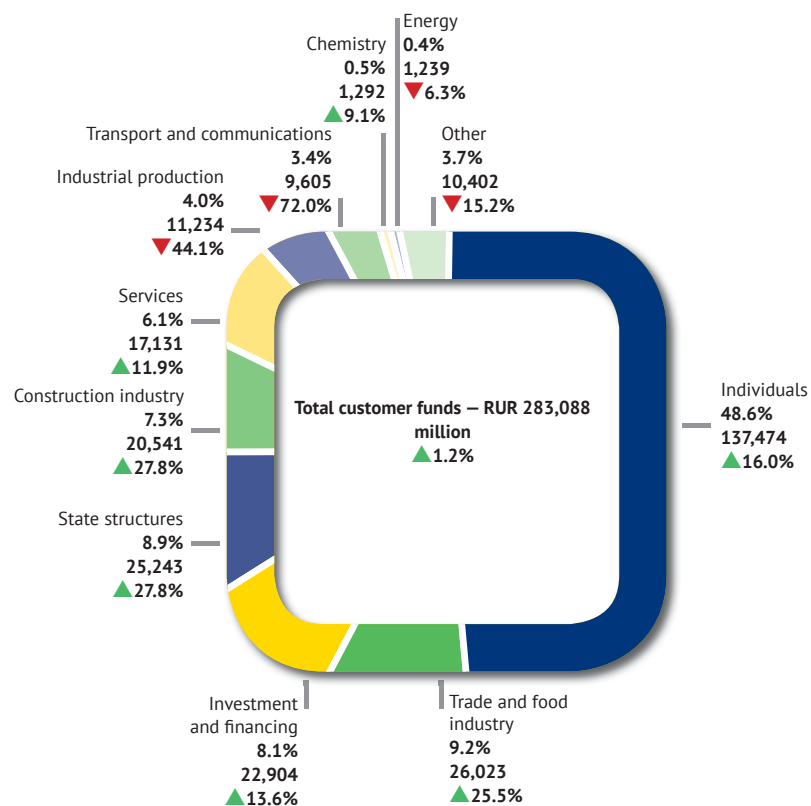
Credits to individuals, excl. impairment reserve, RUR million



Customer funds by category, RUR million



Structure of Customer Accounts by Industries, RUR million



Customer Funds, RUR million

	31.12.2010	31.12.2011	Change, %
Fixed term deposits	137,179	171,018	24.7
Corporate fixed term deposits	49,934	67,139	34.5
Individual fixed term deposits	87,245	103,879	19.1
Current accounts	142,535	112,070	-21.4
Corporate current accounts	111,269	78,475	-29.5
Individual current accounts	31,266	33,595	7.4
Customer funds	279,714	283,088	1.2

Dividends Paid to Minority Shareholders, RUR million

	31.12.2010	31.12.2011	Change, %
	-28	-18	-35.7

Taxes, RUR million .

	31.12.2010	31.12.2011	Change, %
Operating taxes	1,395	1,540	10.4
Profit tax	1,192	-596	-150
Total taxes	2,587	944	-63.5

Required Reserves in the Central Bank of Russia, RUR million

	31.12.2010	31.12.2011	Change, %
	3,097	4,884	57.7

Goodwill and Intangible Assets, RUR million

	31.12.2010	31.12.2011	Change, %
Goodwill	4,737	4,737	0.0
Software and licenses	1,819	2,120	16.5
Intangible assets	6,556	6,857	4.6

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
	30	58	72	90	100	106	112

Capital Adequacy

The Bank's capital management policy is intended to dynamically optimize equity to provide for faster Bank growth while maintaining an acceptable level of capital adequacy in case of unexpected market and liquidity risks. The capital management policy allows for maintaining shareholder policy on long-term Bank development. Compared to 2010, the capital management policy underwent no changes. As OJSC URALSIB (the Bank) is the Group's largest company, the capital management policy procedures adopted by the Bank and its subsidiaries play a decisive role in managing the Group's capital. The Group's capital management priorities are the following:

- Adhering to requirements concerning capital as set by the Russian Central Bank and Russian law;
- Maintaining the Group's ability to operate as a continuously functioning enterprise earning profit for shareholders, and generating benefits for other stakeholders;
- Providing for adequate capital to continue business expansion and development.

Compliance with Russian Law Requirements for the Minimal Capital for Banks

Russian federal laws "On Banks and Banking" and "On the Central Bank of the Russian Federation" set the minimal amount of capital for existing banks in the sum of 5 million Euros. During the reporting period, the Bank complied with this requirement.

Compliance with Russian Law Requirements for Capital Adequacy

The Group's management continuously monitors the adherence to capital adequacy norms in compliance with existing requirements. For banking companies, the Group uses provisions and norms approved by the Central Bank of Russia. All required calculations regarding capital adequacy norms are carried out in accordance with Russian legal requirements that are currently in force. The calculations are submitted to the Central Bank of Russia on a monthly basis. The Central Bank of Russia requires that every bank should maintain a ratio of "common normative capital" (as defined by accounting requirements) versus assets weighted against risk of at least 10%. On December 31st, 2011 and 2010, the Bank's capital adequacy set by the Central Bank of Russia exceeded the minimum.

Capital Adequacy Normative, RUR million

	31.12.2010	31.12.2011
Capital assets	32,442	32,216
Additional capital	18,813	17,366
Total normative capital	51,255	49,582
Assets weighted against risk	391,173	442,795
Capital adequacy normative	13.10%	11.20%.

Compliance with the Capital Adequacy Norms set by the Basel Agreement (Basel Ratio)

Capital adequacy norms exceed by 8% the minimal level recommended by the Basel Agreement. On December 31st, 2011 and 2010, the Bank complied with the provisions of the Basel Agreement.

Structure of Capital, in Accordance with the Basel Agreement, and Capital Adequacy Norms, RUR million

	31.12.2010	31.12.2011
1st tier capital*	50,032	42,770
2nd tier capital**	16,180	16,854
Minus investments in associated companies and shares of credit institutions	(130)	(234)
Total for normative capital	66,082	59,390
Assets weighted against risk		
Balance assets	329,101	353,167
Off-balance assets	35,425	42,833
Total assets weighted against risk	364,526	396,000
Total capital	18.13%	15.00%
1st tier capital	13.73%	10.80%

* First tier capital forms the main capital of the Bank and includes paid-in share and additional capital (excl. book value of own shares bought back from shareholders), shares owned by non-controlling shareholders in the capital of subsidiary companies and undistributed profit and reserves formed using undistributed profit, minus deductions from capital, such as goodwill.

** Second tier capital forms the Bank's additional capital, including subordinated debt, hybrid instruments with a nature similar to capital and certain revaluation reserves, such as the reserve for the revaluation of securities available-for-sale, and the buildings revaluation reserve.

FINANCIAL ANALYSIS OF BUSINESS SEGMENTS

The financial report on the eight key business segments is the main management reporting element. It forms an individual part of the IFRS annual consolidated report. The management report includes the following segments: corporate banking operations, retail banking operations, leasing operations, investment banking operations and asset management, treasury and resource management operations, corporate investments and other operations, other inter-segment operations.

The management report contains no statistical data on services with a social effect due to guideline restrictions concerning the selection of universal criteria for the effect that the Corporation's commercial products have on the social environment. Traditionally, FC URALSIB's range of socially significant products include some services concerning mortgage and motor crediting, pension deposits and SME crediting. This category also includes such products as, regional social cards and the "Decent Housing for Children" deposits. The management reporting also contains no records on environmentally-related investment projects that are implemented by FC URALSIB. The Group's management determined and fixed the Group operating segments based on the composition of reports periodically analyzed by the Group's Management Board when strategic

decisions are made. All operating segments of the Group generate revenues in the form of different financial income from sources that are primarily located on Russian territory. Due to the relatively similar business environment in the country, the Group's management gives special prioritizes management analysis of business from the point of view of a range of products instead of geographic operational areas. Segmental analysis as part of management reporting is reviewed by the Group's management periodically. The analysis is used to assess the efficiency of segmental operations and to make decisions on resource distribution. In accordance with management accounting guidelines, the capital goes to the "Corporate Investments and other Operations" segment.

All types of the Group's economic operations sub-divided into operating segments are disclosed in the segmental analysis under consideration. The Group's Management Board analyzes economic operations based on the following segments:

Corporate Banking Operations: providing credit facilities to corporate customers, attracting deposits, settlement and cash operations, engaging in export financing and operations with precious metals.

Retail Banking Operations: a full range of banking services for individual customers, including: attracting deposits, providing credits, engaging in money transfers and foreign currency exchanges, and issuing and servicing credit cards.

Leasing Operations: companies of the Group responsible for leasing operations.

Investment and Banking Operations: operations on primary and secondary ECM/DCM markets, the provision of broker services and trading in securities, including REPO and derivative transactions.

Private Banking Operations and Asset Management: a full range of banking services for well-to-do customers, including savings management and financial consultancy, trust management and the attraction of funds owned by corporate and individual customers via the development of private and collective investment schemes, including open and closed unit investment funds offered to customers via the Group's regional network.

Treasury Operations and Resource Management: the treasury places funds and borrows on the money market, raises funds via the issuance of debt securities, attraction of syndicated credits and foreign currency dealings. In addition, this segment is responsible for maintaining the Group's optimal liquidity by operating with marketable securities. This segment is also responsible for the accumulation and further re-distribution of all resources attracted by other segments.

Corporate investments and other operations: corporate operations not performed or attributable to other segments. This segment is responsible for related parties operations and for certain securities transactions. In accordance with transfer pricing principles, this segment manages the Group's capital.

General economic operations: undistributed costs borne by the Group's central administrative bodies. This segment is also responsible for all other central office costs and indirect overhead costs common for all segments, including the Group's brand (trademark) advertising. The segment also performs operations not related to the Group's core operating activities, such as the management of the Group's administrative real estate property.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
	30	58	72	90	100	106	112

Segmented Reporting, RUR million

	ASSETS			LIABILITIES			PROFIT			RECEIPTS		
	31.12.2010	31.12.2011	Change, %	31.12.2010	31.12.2011	Change, %	31.12.2010	31.12.2011	Change, %	31.12.2010	31.12.2011	Change, %
Corporate banking	142,099	152,431	7.3	158,269	142,775	-9.8	9,183	1,925	-79.0	18,318	18,751	2.4
Retail banking	61,410	75,002	22.1	116,426	132,576	13.9	4,277	3,516	-17.8	12,474	13,370	7.2
Leasing	30,693	32,378	5.5	26,684	29,664	11.2	422	-1,547	-466.6	3,897	3,794	-2.6
Investment banking	44,319	30,613	-30.9	20,710	18,610	-10.1	337	-1,816	-638.9	3,480	1,417	-59.3
Private banking and asset management	3,942	3,956	0.4	12,938	14,759	14.1	542	341	-37.1	1,428	974	-31.8
Treasury operations and resource management	106,188	102,759	-3.2	39,003	59,066	51.4	676	524	-22.5	868	719	-17.2
Corporate investment and other operations	73,669	80,478	9.2	29,110	22,459	-22.8	2,287	4,876	113.2	5,010	2,038	-59.3
General economic operations	8,917	8,898	-0.2	425	429	0.9	-13,629	-12,122	-11.1	181	0	-100.0
Inter-segmental operations	-12,112	-13,314	9.9	-12,134	-13,374	10.2	21	59	181.0	-357	-317	-11.2
Total	459,125	473,201	3.1	391,431	406,964	4.0	4,116	-4,244	-203.1	45,299	40,746	-10.1

VOLUME OF STATE SUPPORT RECEIVED BY FC URALSIB GROUP COMPANIES

Due to the liquidity crisis on the Russian money market, the Bank formed a liquidity reserve attracting state support funds in October-December 2011, received from the Federal Treasury and the Russian Central Bank under the guarantees of other banks. The total attracted funds amounted to RUR 19.093 billion. In 2011, the Bank often used direct REPO in operations with the Central Bank, as this instrument allowed the Bank to quickly and efficiently raise funds to manage current liquidity. The amount of funds attracted did not exceed RUR 10.125 billion.

Funds Received in 2010–2011, RUR million

pp. No	Type of funds received	31.12.2010	31.12.2011
1	Credits (intra-day, overnight and collateral) received according to the procedure and conditions set by Provision No 236-P of the Bank of Russia	0.00	0.00
2	Secured credits received according to the procedure and conditions set by Provision No 312-P of the Bank of Russia (secured by guarantee)	0.00	6,000.00
3	Federal budget funds deposited in the Bank according to Decree No 227 of the Russian Government (as of 29.03.2008).		
	The total amount of transactions for the period	0.00	24,093.87
	The maximal amount of funds attracted	0.00	13,093.87
4	Unsecured credits received according to the procedure and conditions set by Provision No 323-P of the Bank of Russia	0.00	0.00
5	Direct REPO transactions*		
	The total amount of transactions for the period	44,978.90	262,807.88
	The maximal amount of funds attracted	4,463.48	10,125.29
	Total	49,442.38	316,120.91

* Transactions concluded according to conditions set by Instruction No 1365-U and Provision No 357-P of the Bank of Russia.

RUR 1 billion

DIVIDENDS PAID TO SHAREHOLDERS

51.05

NET ASSETS/CHARTER CAPITAL

-17.9%

DECREASE IN THE SHARE
OF DISTRESSED ASSETS

2 CORPORATE GOVERNANCE

FC URALSIB was established in March 2007 and is a holding company. The Company and its subsidiary and dependent companies form a group of companies under the umbrella brand of Financial Corporation URALSIB. The Group is not a separate entity; its member-companies have common goals and values and ownership system. A full list of subsidiary and dependent companies is published in FC URALSIB's 2011 IFRS consolidated financial statements.

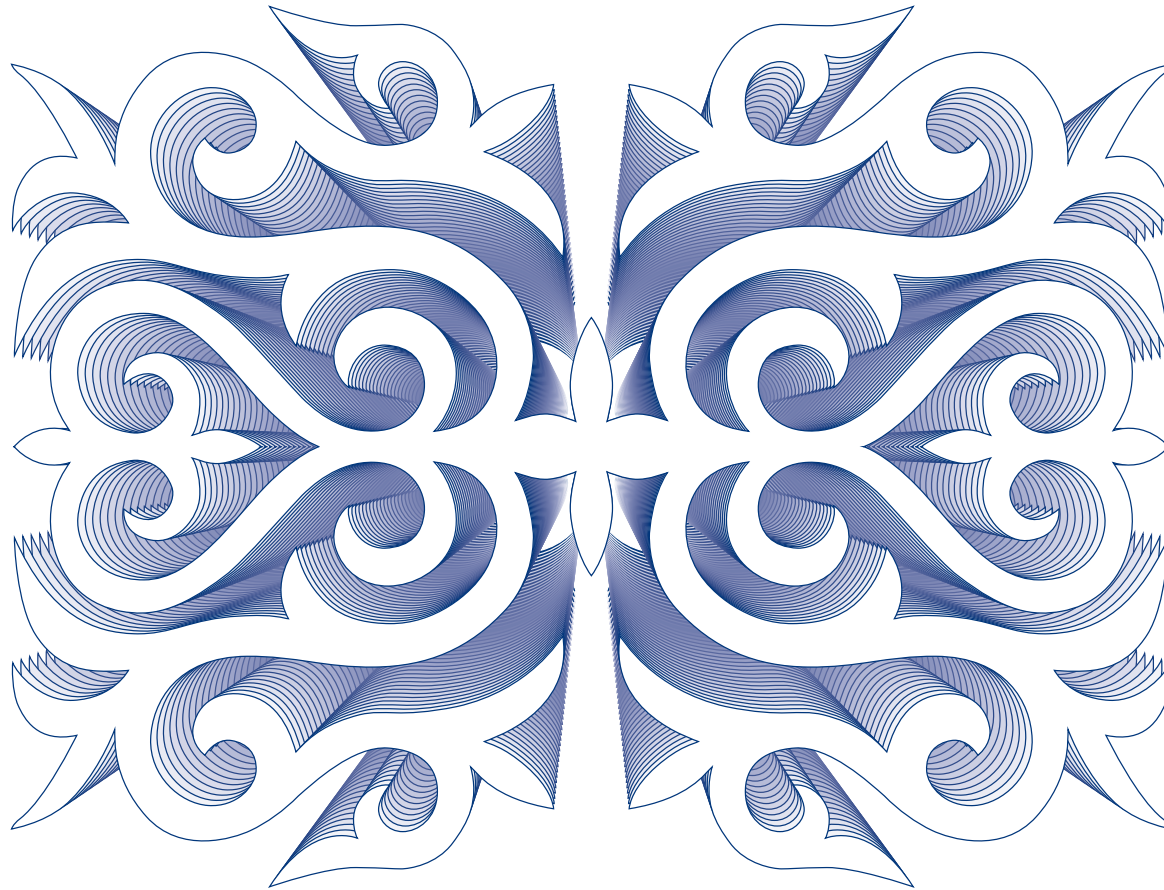
Along with earning profits, the shareholders established the Company for the following reasons:

- To maximize the value of corporate assets by forming a balanced investment portfolio capable of diversifying business risks and implementing inter-segmental and service synergies;
- To gain considerable market shares in business segments where essential growth and high income are expected and in relation to which the Company and its subsidiaries are positioned as advantageous and competent;

- To develop the human potential of employees and to improve the social environment quality in which the Company and its subsidiaries operate.

The legal entities that make up the Group are engaged mainly in banking (headed up by OJSC URALSIB), leasing (headed up by URALSIB Leasing Company LLC), investment and asset management (headed up by CJSC MC URALSIB and URALSIB Capital LLC, respectively).

To prevent potential risk, FC URALSIB makes the most of the synergistic effect resulting from the interaction of OJSC FC URALSIB and its subsidiary and dependent companies in different sectors of the financial sphere, including implementing cross-sales, product standardization and shared sales and risk management processes.



The Khakass Ornament. Harmony

*Awareness of one's place in the world, society, family and career,
effectively filling one's life with meaning.*

In 2010, within the framework of corporate culture development intended to develop human potential, the Corporation updated the existing BSC governance system by integrating management by value (MBV). This resulted in updating the **Code of Conduct**. The joint development and adoption of the Code by all corporate employees contributed to the atmosphere of involvement, trust and shared understanding of the Corporation's strategies and goals.

The Corporate Code is the moral basis of the Company's life, which precedes all corporate standards and regulations. All internal regulations governing business processes are based on the Code's provisions.

According to the Code, the key value of the Corporation's existence is self-awareness. Following the existing corporate culture

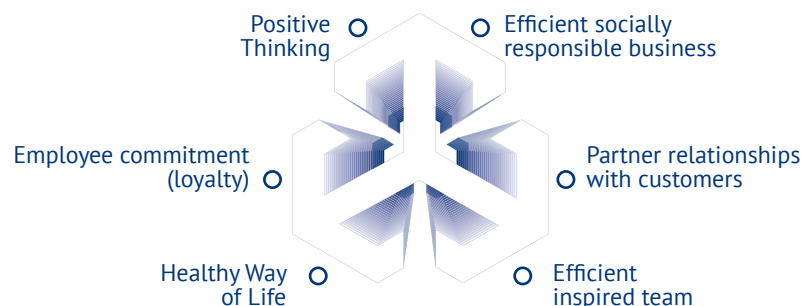
model, being aware of one's own destiny is a mandatory condition for business development and employee self-realization.

According to the Code, key principles of corporate operation include: trust, self-development, gratitude, a feeling of pride in the Company, openness and publicity, honesty, fairness, social responsibility and charity, efficiency, responsibility and understanding.

In 2011, a new version of the Code was published, due to corporate culture evolution and social and economic changes in the country.

All issues related to Corporate Code compliance may be brought to the **Ethics Commission** by any employee. Employees can also use an interactive Feedback Channel that facilitates employees' direct communication with management.

FC URALSIB Unique Support Points (From the Code)



THE SUPREME GOVERNING BODY

The General Shareholders Meeting is the supreme governing body of OJSC FC URALSIB. According to the Articles of Association, the meetings are held annually. To find solutions for emergency issues, an extraordinary meeting may be called.

Competencies of the General Shareholders Meeting include the following:

- Introducing changes and additions to the Company's Articles of Association, or approving a new version of the Company's Articles of Association;
- Determining the quantitative composition of the Board of Directors, the election of its members and the early termination of their power;
- Determining the number, the nominal value and the category (type) of declared shares and corresponding rights;
- Paying (declaring) dividends at the end of the fiscal year;
- Making decisions on the approval of interested party transactions;
- Re-organizing the Company;
- Making decisions on other issues stipulated by law.

In 2011, the Company held two General Shareholders Meetings, including a scheduled annual GSM (29.06.2011) and an extraordinary GSM (28.11.2011). Resolutions of both GSMs are contained in the 2011 Annual Report of Open Joint Stock Company "Financial Corporation

URALSIB" as of 29.06.2012 (available at <http://www.e-disclosure.ru/portal/company.aspx?id=12480>)

Remuneration

The resolution from an extraordinary GSM on 31.08.2007 sets remuneration and compensation for members of the Board of Directors, as well as Committee Chairmen under the Board of Directors. The Company paid remuneration (salaries, bonuses, commission fees and other due payments) to persons for performing the functions of a sole executive body and for participating in the work of the Board of Directors in 2011. The remuneration amounted to RUR 25,210,077.84. Annual bonuses for the Corporation's top managers depend on the Corporation's performance results, and on the type of business that the managers are responsible for, as well as the degree of achievement for Key Performance Indicators (KPI) recorded in the business concept and in the updated version of the BCS model (see p.15).

The achievement of individual Key Performance Indicators is recorded in the annual personnel performance assessment, which is mandatory for all employee categories (see p.88).

The main procedures related to the functioning of the supreme governing body, including possible conflicts of interests, are recorded in the Company's Articles of Association, the Regulation on the Board of Directors and the Compliance Policy. Due to the shared interests of the Company's main shareholders, there were no conflicts of interest throughout the functioning period

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT	
10		58	72	90	100	106	112	33

for the Company's Board of Directors. No tax or accounting code violations were found in 2011. No administrative or economic sanctions were imposed on the Corporation by any state authorities, courts or arbitration.

Dividend Payments

Based on GSM resolutions, in 2011, OJSC Financial Corporation URALSIB paid out dividends in the amount of RUR 1,072,490.180 (a share of 2010 profit, RUR 444,396.330, and the Company's undistributed profit stood at RUR 627,520,850).

Shareholding structure of FC URALSIB, %

Shareholders	2010	2011
Campsbay Limited	43.85	43.85
Dalecoast Limited	42.13	42.13
Tsvetkov Nikolai Alexandrovich	5.33	5.33
Financial Corporation NIKoil LLC	1.71	1.71
Other	6.98	6.98
Total	100	100

THE BOARD OF DIRECTORS

The Board of Directors is a collective governance body that performs general governance of CJSC Financial Corporation URALSIB's operations, except for issues that according to the Articles of Association fall within the competence of the General Shareholders Meeting.

Planning its activities, the Board of Directors determines key strategic initiatives that will be implemented under its control. At meetings of the Board of Directors, members of the Board regularly (according to the action plan) review the managers' reports on implementing key strategic initiatives and make corresponding decisions. All issues presented at a meeting of the Board of Directors are subject to preliminary review by the corresponding BoD committees, which then issue recommendations on them.

The Company has an established system for controlling the implementation of decisions of the Board of Directors, consisting of periodic reporting of the Corporate Secretary of the Group to the Board of Directors on the fulfillment of corresponding tasks. In addition, the assessment of managerial solution efficiency is conducted within the system of balanced indicators and the strategy management model based on strategic Business Score Cards.

FC URALSIB's corporate governance is based on the interaction of the parent company's Board of Directors with the Boards of Directors of subsidiary and dependent companies (hereinafter referred to as SDCs). The competencies of FC URALSIB's Board of Directors include determining priorities and developing strategies for the Corporation and the SDCs. FC URALSIB's Board of Directors decides on the approval of candidates to be elected to SDCs' Boards of Directors. Members of the Boards of Directors include the most experienced and competent employees of the Corporation, taking into account the specifics of different business priorities implemented by the Corporation. The competencies of SDCs' Boards of Directors include discussions and

decisions on the most vital issues related to SDC activities. The efficiency of the Boards of Directors in economic, environmental and social spheres is assessed using an updated Business Score Cards model and a system of balanced indicators. In 2010, the Corporation's Board of Directors introduced the "Social Result", an additional fifth highest level indicator in to the classic Norton-Kaplan BSC model. Therefore, the ethical principles of doing business directly affect the assessment of the Board of Director's efficiency. In 2011, the Committee on Social Responsibility reviewed target values and the volume of the Corporation's social investments. Decisions on financing social programs from corporate profit were taken by the Board of Directors.

Members of the Board of Directors, 01.01.2011 – 31.12.2011*

	Company shares owned during the reporting period	Position
Tsvetkov Nikolai Alexandrovich	On 31.12.2011, he owned 30,420,000 ordinary registered shares, or 5.33% of the Company's charter capital	Chairman
Gardner Douglas Weyr	None	Independent director**
Korobkov Denis Igorevich	None	
Molokovsky Mikhail Yurievich	None	
Muslimov Ildar Ravilievich	None	
Shabalkina Lydmila Alekseevna	None	
Tchalenko Yulia Nikolaevna	None	

* Compared with the previous period, the membership of the Board of Directors underwent no changes. Biographical data of members of the Board of Directors can be found in the 2011 OJSC FC URALSIB Annual Report.

** In accordance with Instruction No 421/r of the Federal Commission for the Securities Market "On recommendations on the use of a Corporate Code of Conduct," an independent director was elected to the Board of Directors. Mr. Molokovsky Mikhail Yurievich is currently Chief Executive Officer of OJSC FC URALSIB (from 01.03.2010).

Issues Reviewed at FC URALSIB's 2011 Board of Directors Meetings:

- On the business concept of OJSC FC URALSIB's 2011 Business Plan, including subsidiary and dependent companies;
- On the demand for shareholders to buy back the Company shares that they own;
- On an increase in OJSC FC URALSIB's charter capital;
- On the program of current and long-term remuneration for OJSC FC URALSIB's top managers and key specialists, including those from subsidiary and dependent companies;
- On shareholder suggestions on candidates to the Board of Directors of OJSC FC URALSIB;
- On shareholder suggestions on candidates to the Audit Commission of OJSC FC URALSIB;
- On the 2010 Report on OJSC FC URALSIB performance, including for subsidiary and dependent companies (on the implementation of the business plan, budget and condition of distressed assets);
- On operations with distressed assets (volume, dynamics and undertaken measures), including leasing business;
- On the "Sphere" Project status;
- Determination of a form, date, location and time to hold a General Shareholders Meeting (GSM), and the time to start registration of the GSM participants;
- Determination of a date to prepare the list of persons authorized to participate in the GSM;
- Approval of OJSC FC URALSIB's GSM agenda;
- Preliminary approval of the 2010 Annual Report of OJSC FC URALSIB;
- On recommendations of the Board of Directors on the allocation of 2010 profit, including the amount of dividend on Company shares and the dividend payment procedure;
- Determination of the procedure for notifying shareholders of the holding of the General Shareholders Meeting and of the notice text;
- On the recommendation to OJSC FC URALSIB GSM concerning the approval of OJSC FC URALSIB's auditor;
- Election of the Chairman of the Board of Directors of OJSC FC URALSIB;
- Determination of a form, date, location and time to hold an Extraordinary General Shareholders Meeting and the time to start to inform persons authorized to participate in the Extraordinary GSM;
- Determination of the buy-back price for shares in case the shareholders exercise their right to demand such a buy-back from the Company;
- On the approval of the Grounds for the conditions and the procedure for corporate re-organization contained in the Acquisition Agreements concluded with CJSC URALSIB-Real Estate*, CJSC "Centrryoprodukt" and OJSC "URALSIB Capital Management";
- On the approval of the report of the Board of Directors on the re-organization of OJSC Financial Corporation URALSIB in the form of the acquisition of CJSC URALSIB-Real Estate*, CJSC "Centrryoprodukt" and OJSC "URALSIB Capital Management", containing an assessment of the need for such re-organization and measures to protect shareholder rights during acquisition.

THE EXECUTIVE BODY

In 2011, OJSC FC URALSIB was governed by a sole executive body in the person of the Chief Executive Officer. During the reporting period, the position of the Chief Executive Officer was held by Molokovsky Mikhail Yurievich*.

Committees of OJSC FC URALSIB's Board of Directors

The Committees of the Board of Directors control the Corporation's strategic priorities and prepare analytical reports for the Board of Directors. All Committees are chaired by members of the Board of Directors. Apart from members of the Board of Directors, the Committees include officials responsible for the corresponding priorities of the Corporation. Committee activities contributed to improved long-term corporate efficiency.

* A full list is published in the 2011 Annual Report of Open Joint Stock Company "Financial Corporation URALSIB", as of 29.06.2012.

** M.Yu. Molokovsky was born in 1962 in Moscow. He is a graduate of the Moscow Linguistic University (1992) and of the All-Russian Financial and Economic Institute (1997), majoring in finance and credit. He has more than 17 years of experience in the financial sphere. His previous managerial experience includes: OJSC "Belkomrus", CJSC "Alpha-Development" and "Ingosstrakh" Insurance Company. He came to CJSC SG URALSIB in 2005 to work as finance director. He was appointed Deputy CEO to support FC URALSIB's insurance business in July 2006. At the end of 2009, he was named First Vice President of OJSC FC URALSIB responsible for strategy, finance, IT and operational support. In 2010, Mr. Molokovsky was appointed Chief Executive Officer of OJSC Financial Corporation URALSIB.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10		58	72	90	100	106	112

Committees of the Board of Directors

- **The Audit Committee** (chaired by Gardner Douglas Weyr);
- **The Business Social Responsibility Committee** (chaired by Tsvetkov Nikolai Alexandrovich);
- **The Strategy and Investment Committee** (chaired by Korobkov Denis Igorevich);
- **The HR and Remuneration Committee** (chaired by Shabalkina Lydmila Alekseevna).

Approval of Major Transactions (in compliance with the Federal Law "On Joint Stock Companies")

In 2011, authorized bodies of OJSC Financial Corporation URALSIB made no decisions regarding major transaction approval. All transactions involving participation in the charter capital of commercial organizations, or the termination of such participation were approved by the Company's Board of Directors according to a procedure stipulated by the Articles of Association.

Re-organization of OJSC FC URALSIB

An Extraordinary General Shareholders Meeting of OJSC Financial Corporation URALSIB (dated 31.12.2010) approved a resolution on the re-organization of OJSC Financial Corporation URALSIB in the form of the absorption of CJSC "URALSIB Business Center", CJSC "Aktiv-holding" and CJSC "Strategy reserve-holding". The date for

terminating activities of CJSC "URALSIB Business Center" and the date a corresponding entry was made in the Register is 07.07.2011. The date for terminating activities of CJSC "Aktiv-holding" and the date a corresponding entry was made in the Register is 12.07.2011. The date for terminating activities of CJSC "Strategy reserve-holding" and the date a corresponding entry was made in the Register is 09.06.2011. The Extraordinary General Shareholders Meeting of OJSC Financial Corporation URALSIB (dated 29.12.2011) made a decision to re-organize the Company in the form of the absorption of CJSC "Centryboproduct", CJSC "URALSIB – Real Estate" and CJSC "URALSIB Capital Management". In the process of corporate re-organization, all shares of the absorbed companies belong to a single shareholder, namely OJSC Financial Corporation URALSIB. Pursuant to p. 2.4 of Article 17 of the Federal Law "On Joint Stock Companies", the shares in question will be redeemed. The acquisition will increase the Company's capitalization, as well as its efficiency, strengthening its competitive position on the financial market, which is a significant stage in implementing strategic initiatives for the companies and their shareholders. On 31.12.2011, the Company's charter capital amounted to RUR 1,140.954 million, with net assets totaling RUR 58,248.075 million. Net assets/charter capital ratio is 51.05.

Ilkka Salonen, the Chairman of the Management Board of OJSC URALSIB*



One of the Bank's strongest competitive advantages is an extensive operations network that covers almost the entire territory of the Russian Federation. The Bank spent many years building this network. Another important factor determining my workplace is that the Bank pays significant attention to corporate culture. A large organization can be efficient only if team members trust each other and this trust is the result of shared values and goals. The strong corporate culture and strict adherence to approved values sets us apart from other Russian banks.

When it comes to customer relations, our culture and values are expressed by the top quality services that we provide. The quality of banking services is determined by reliability, speed and reasonable pricing. The customers should feel comfortable when entrusting us with their financial assets and corresponding operations. We cannot and we should not compete with major state-owned banks in pricing, meaning to sell cheaper, but we can and we ought to provide top quality services to our customers. This rule is not subject to changes for banking, as this business was, is and will be a business of the people and for the people. Sure enough, there are many banking operations today that can be performed using the Internet, but no serious issue can be resolved without an in-person meeting.

URALSIB is one of the leaders among Russian banks investing in personnel development and this will always be so. When we direct our joint energies to achieving a shared goal, we can really achieve it. There is one more intelligent reminder that one should not forget – strong is not the one who tries to survive at any cost, but the one who adapts quickly.

* Ilkka Seppo Salonen was appointed Chairman of the Management Board in September 2012. Organizational changes were accomplished in compliance with the investment holding development model that includes development of a long-term strategy and investment management.

STRATEGIES

In 2011, the engine of development strategy for the Corporation's businesses consisted in adjusting product ranges to meet target customer segments and to develop universal principles of operative sales management. FC URALSIB's individual business strategies are traditionally based on a shared platform of functional strategies, thus allowing the most synergetic effects from Group operations to be achieved. New commercial offers are

developed using opportunities of complex cross-products, allowing for a widened range of offers for each customer, providing for per customer income growth. When implementing strategies, URALSIB combines classic success factors, such as the reputation of a reliable partner, invoking customer trust and loyalty in the brand, along with a considered long-term strategy and flexible on-time management that takes into account dynamic market conditions.

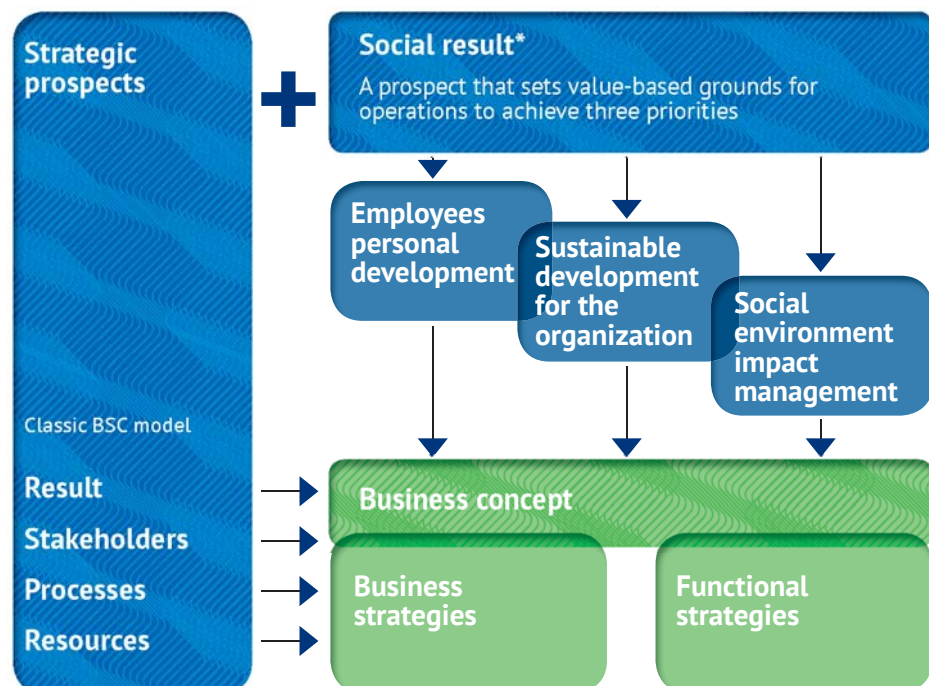
Complex Strategic Plan

Since 2006, FC URALSIB's strategic planning is based on the Balanced Scorecard model developed by R. Kaplan and D. Norton. The 2011 Business Concept is based on an extended BSC model with four classic prospects for resources, processes, customers and results complemented by the fifth highest level prospect for social results. This prospect allowed the Corporation's commitment to social responsibility principles to be recorded directly in the strategic planning procedure. The introduction of an additional prospect allowed for combining in the Business Concept key corporate development priorities, meaning the awareness of the value of human resource development, sustainable development of the organization and social and environmental impact management. Simultaneously focusing on these three prospects allowed URALSIB to achieve sustainable development goals formulated in ISO 26000 as "the combination of a high quality of life, health and affluence with social fairness and the ability of the Earth to develop diverse life".

In light of the new prospect, project management is based on three basic management models, including: BCS, the corporate culture based on the self-awareness value (MBV model) and the system of social investments (SI).

This methodology is perfectly in line with the Company's development priorities as it takes into account all aspects of operations in the economic, social and environmental spheres. It also provides for the required degree of centralization, while developing strategic plans during crisis and post-crisis periods.

In 2011, the Corporation's Complex strategic plan had two priorities. The Corporation's stability and potential rested on functional strategies, whereas economic efficiency and market share were based on business strategies. All core businesses and functional units have their BSCs in accordance with the Corporation's Complex strategic plan. The BSCs in question contain: priorities, goals, strategic initiatives, implementation mechanisms and Key Performance Indicators, along with personal responsibilities for all levels of employees for implementing strategies and achieving target values. In 2011, the strategic planning system was complemented with new target values responsible for developing the business synergy environment and the corporate governance environment, economic efficiency and the corporate culture environment.



* new prospect (added in 2010)

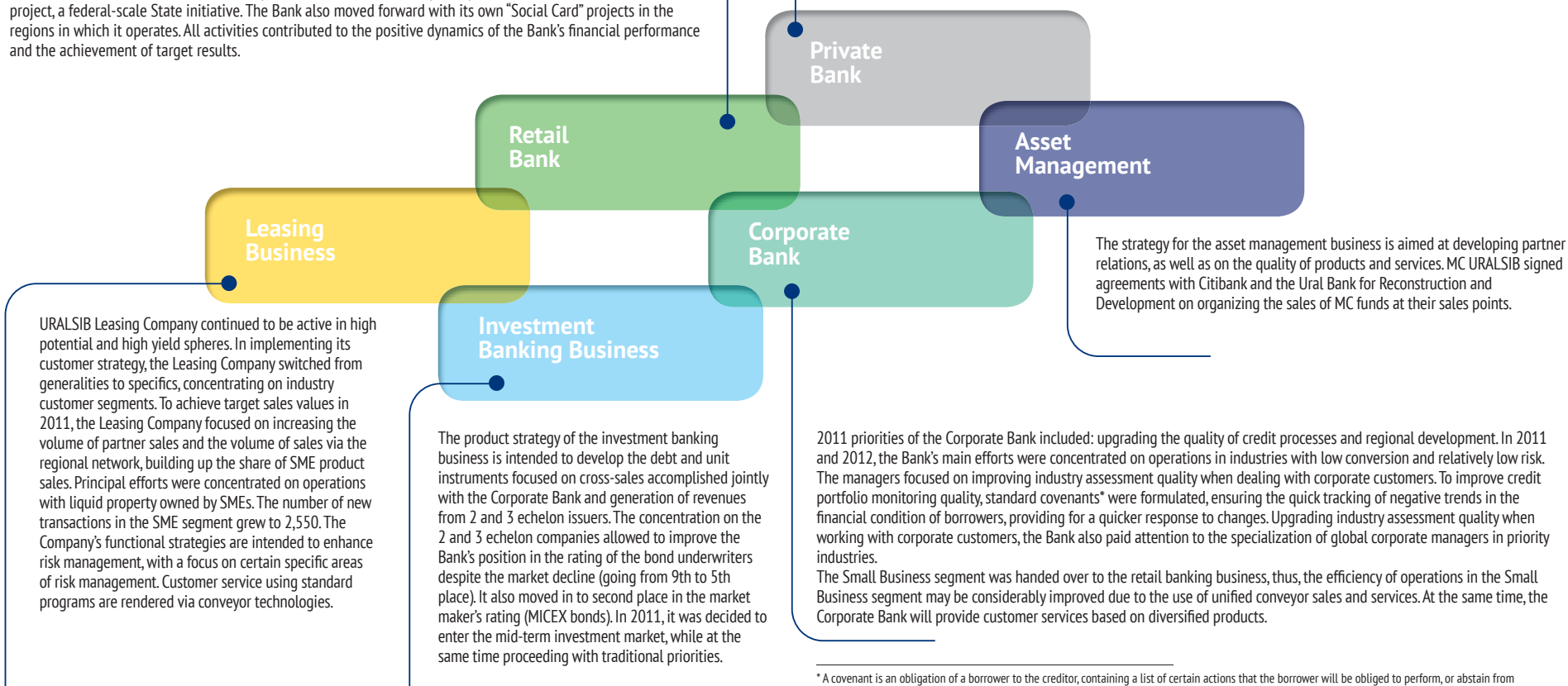
GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10		58	72	90	100	106	112

Business Strategies

In 2011, Retail Bank development was targeted at improving the efficiency of internal processes, including: optimizing credit process, implementing customer service models and upgrading regional network efficiency. In 2011, the Retail Bank was put at the head of a uniform regional network, thus widening and differentiating the customer base. The achievements included: improving customer relations efficiency via portfolio products and the cross-sales of other business products. Traditionally, the product range of the Retail Bank included socially significant products, including those developed in conjunction with the Victoria Children's Fund, such as plastic cards, settlement accounts and funded deposits. The Retail Bank also participated in "Universal Electronic Card" project, a federal-scale State initiative. The Bank also moved forward with its own "Social Card" projects in the regions in which it operates. All activities contributed to the positive dynamics of the Bank's financial performance and the achievement of target results.

Implementation of a new customer service model – the "Independent Advisor" – was the center of attention within the private banking business. The Private Bank's strategy is intended to widen the range of products, to implement a new IT platform and to facilitate personnel training and development, including training Private Bank consultants and providing a pool of partner service providers.

In 2011, all Private Bank's regional offices (9 in 2010) were handed over to the retail banking business. This change occurred due to the implementation of a new business model for the Retail Bank, meaning the development of a new "Mass Affluent" segment within the marketing strategy, and the formation of a customer lift from the "Mass Retail" category to the "Mass Affluent" and then on to "High Net Worth Individuals (HNWI)". Within this model, the Private Bank intends to develop a strategy for VIP services for the HNWI segment.



* A covenant is an obligation of a borrower to the creditor, containing a list of certain actions that the borrower will be obliged to perform, or abstain from performing, during the term of the credit facility agreement. In case a covenant is breached, i.e. the aforementioned actions are not performed or waived, the creditor shall be entitled to declare a borrower default.

▼ СТРАТЕГИИ (продолжение)

In 2011, corporate development priorities set by management focused on the following:

- Management by Value;
- Brand recognition through upgrading the quality of products and services;
- Maturity of processes supporting and developing resource quality;
- Quality of human, organizational, information and material resources.

The unified BSC-based planning methodology allows for the adjustment or complete changes and improvements in strategic plans, while maintaining planning integrity and data completeness.

The Corporation's 2011 Operative and Strategic Planning

In 2011, there was a centralized cascade of tasks and target indicators for the Corporation's Business Concept to subordinate management. This resulted in an opportunity to join the development plans of business and functional units with the Corporation's priorities and the development goals of top management. In the period from August to October 2011, the Corporation hosted strategic seminars in the form of business games that involved every key business unit and supporting department. The seminars were attended by more than 600 key specialists.

Based on the analysis of half-year performance results, the participants planned corrective actions to help achieve 2011 planned values. The 2012 business concepts for all departments and the Corporation were ready by the middle of December.

Dynamic Scenario Modeling

FC URALSIB uses a dynamic scenario modeling system, developed and implemented jointly with the Oliver Wyman consulting firm in 2009.

The model allows for the quick recalculation of monthly forecasts for balance, profit and loss, liquidity positions and capital adequacy for both the Bank and the Corporation. Furthermore, the model forecasts are rather accurate as they are based on the monitoring of internal data, macro-economic indicators and pre-set strategic initiatives.

Functional Strategies

2011 priority functional strategies included the following:

- Positioning the brand as a socially responsible business;
- Improving asset quality;
- Improving operations efficiency.

Developing the URALSIB Brand

The development strategy of the URALSIB umbrella brand has remained the same from the moment that the brand was established. The strategy intends to develop the brand as a socially responsible business, keeping in mind three priorities, namely: creating value for the public, maintaining the image of a responsible employer and contributing to the image of a reliable partner for customers.

Improving the Efficiency of Operations with Distressed Assets

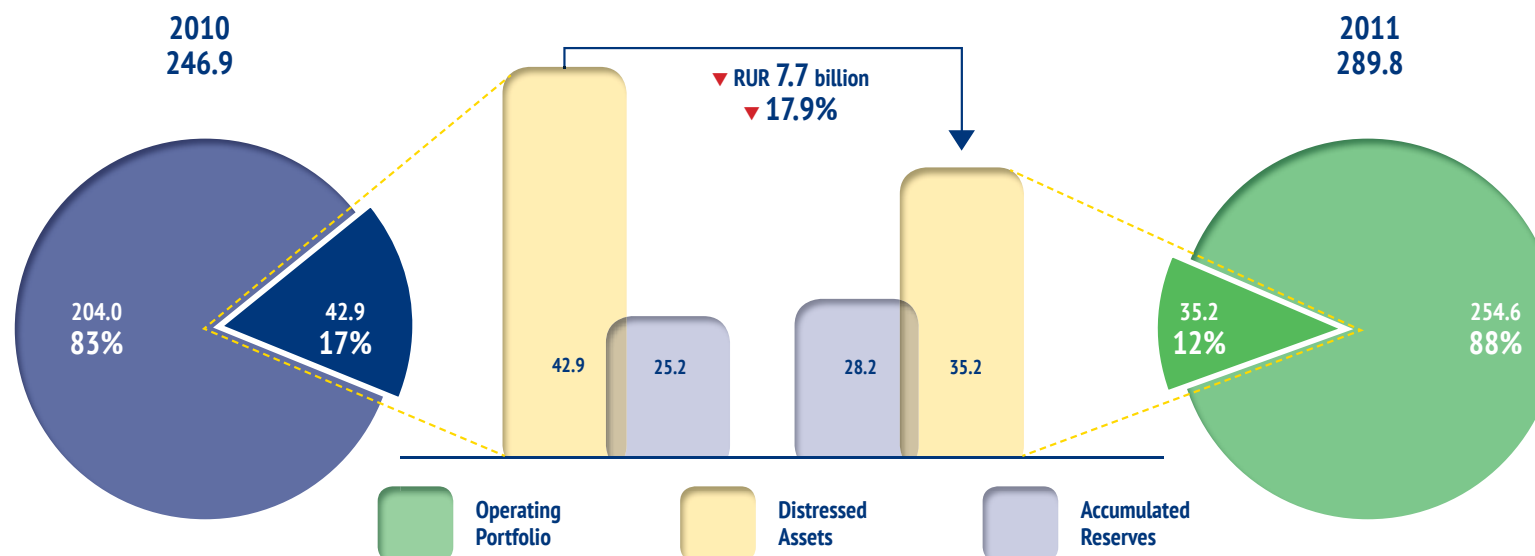
The Corporation's 2011 development strategy includes upgrading the efficiency of operations with distressed assets of both the Corporate and Retail banks. To facilitate improvements, the Corporation established a department tasked with ensuring that the debt collection cost is below the market level.

The planned values of collectors support were met completely with Corporate and Retail banks debt decrease target values beaten by 20% and 61%, respectively, whereas the achieved debt collection cost fell below the market level by almost 60%. In 2011, distressed assets decreased 17.9% (RUR 7.7 billion).

Improving the Efficiency of Support Processes

This priority focused efforts on centralizing the Bank's branch network management system and automating all customer banking services. To achieve the 2011 strategic goals, a "Cascade" complex program was developed, together with the "Sphere" project that involves implementing the banking information system Finance (see p. 66).

Distressed Assets and its Effect on the Reserves, RUR billion



During crisis periods, the Group effects its Policy on solvency in crisis situations, which contains a description of measures and procedures for collective

bodies (committees), business units and employees in case a possible liquidity shortage occurs. According to requirement of the Russian Central

Bank, the Group maintains legal reserves which amounted to RUR 4,884 million on December 31st, 2011 (compared with RUR 3,097 million in

2010). OJSC FC URALSIB complies with the Central Bank's H2, H3 and H4 liquidity norms.



Risk management criteria updated rather than mitigated

An Interview with Oleg Litovkin,
URALSIB Leasing Company CEO

Q. What leasing market segments show the highest level of overdue debt today?

A. Standard products overdue debt depends not on the subject, but on the approaches to assessing the financial condition of the lessee. It is determined by the approach to assessing the customers' financial condition. If a transaction implies financial analysis, then overdue debt is less pronounced, and vice versa. The subject of leasing determines the amount of possible losses in case of debtor default. In fact, apart from railroad leasing, corporate leasing is a kind of investment crediting, taking into account the completeness and quality of the analysis. This segment is subject to a stringent analysis of a customer's opportunity to make future leasing payments, and an assessment of his / her abilities based on numerous factors.

Q. What is the 2011 overdue debt situation in your Company?

A. The amount of debt due to the Company's portfolio is within strict norm limits set by the Company. It was decreased in 2011.

Q. What industry customers will be the most reliable in 2012/2013?

A. The reliability of any industry depends on the general economic condition. I think the most reliable will be natural monopolies in industries with high added value, such as energy sector companies.

Q. Did you mitigate risk management criteria in 2011?

A. No risk management criteria were mitigated in 2011. It is worth noting that the Company pushes risk management criteria forward periodically, based on leasing service market demands and the general economic situation. In 2011, we updated the model of customer ranking to develop a more detailed criteria for customer assessment and to estimate their value in the general ranking system.

Q. Does your Company divide customers in to reliability groups, depending on their financial condition?

A. URALSIB Leasing Company uses a rating system that allows customers to be assessed depending on their financial condition and planned lease financing volume. The system also implies that customers are divided into reliability groups to form adequate reserves for the Company's operating portfolio.

Q. What measures does your Company take to decrease risks?

A. To decrease transaction-related risks, the Company uses surety agreements. When assessing the possibility of providing lease financing, the Company uses a customer solvency rating system.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT	
10		58	72	90	100	106	112	41



Distressed assets are on the decline

An interview with Alexandr Afonin,
Head of the Chief Executive Office,
Corporate Banking Business, URALSIB Bank

Q. What was the most memorable thing about the 2011 corporate crediting market?

A. From the standpoint of banking services, the market in the end of 2010 and the first half of 2011 was a buyer's market. As viewed by banks with a changed appetite for risk, the market still lacks post-crisis good borrowers in numbers sufficient to satisfy their needs for disposing of available funds at the moment. Therefore, the number of tenders for banking services held by State-owned and private companies grew significantly. Corporate customers who failed to comply with tender requirements for choosing servicing banks just made their financial departments stronger by enabling them to negotiate with different banks simultaneously. The customers applied for credit from three or four banks, causing head-on collisions with the banks. Some of

the banks gave in and started dumping. This resulted in a situation where the price of a currently high in demand product, such as bank guarantees, fell two or three times in a year. Some customers told me that it is cheaper to employ three new finance officers to simultaneously negotiate with different banks than to take an expensive credit. The cheaper credit compensates for the cost of these finance officers with interest. Before the crisis or at its peak, this phenomenon did not exist on a mass scale. Generally I am not in favor of such an approach as a borrower whose strategy is "to borrow from numerous cheaper sources" will have his moment of truth in periods when the market lacks liquidity, as it does now. In times like today, the banks usually try to support key long-standing customers.

Q. Now sum up the performance results of the corporate business and what is the situation with overdue debts?

A. In nine months, delayed debts due to the corporate portfolio stood at 6.8% compared with 12% for the similar period last year. This happened either because certain distressed

assets changed their status after restructuring or because we received material assets as reliable security, sold the debts at a discounted price, have written off uncollectable debts, or otherwise have had the debts discharged. The delay has been shortened and the amount of distressed assets has decreased, but we still have a certain amount. At the same time, we are aware of the need to more closely control credit risks and debt discharge sources compared with the pre-crisis period. The lessons were learned not only by banks, but also by borrowers also and I think that if there were any other acute period, it will be much shorter and more controllable.

Q. Were there many troubled loans to hand over to collectors?

A. In 2011, the value of troubled loans stood at approximately RUR 6 billion. These loans were restructured in 2008-2009, but they still became troubled. We hoped that restructuring would have some effect, but this was not to happen. As for collection agencies, we have a department responsible for asset quality management. When it comes to operating with corporate loans, there are almost no suitable agencies. As a rule, we make individual decisions regarding each separate asset.

Q. What marginal assets were acquired by the Bank as a result of the crisis?

A. We received a lot of real estate, commercial, as well as residential, plus some production facilities. We intend to sell some of these assets, whereas others were leased.

Q. What were the dynamics of corporate loan interest rates in 2011?

A. The average annual interest rate on loans for legal entities in Russia stood at 9.9% at the start of 2011 and reached 8.6% at the mid-year. These statistics are for corporate businesses, including for the SME segment. If small businesses are set aside, interest rates for large and stable medium-sized businesses are 1.5-2% below the values specified above. The interest rate fall peaked in August-September and now we are witnessing an increase in rates.



The market is developing and prospects are stable

An interview with Svetlana Kulagina,
Head of the Chief Executive Office,
Small Business, URALSIB Bank

Q. How would you rate developments in the sphere for Small Business support?

A. 2011 was a remarkable year for the Small Business (SB) sector. I think that if somebody in the future will write the history of Russian SB development two dates will stand out, meaning 1994 when the European Bank for Rational Financing (EBRF) programs were first deployed and 2011. This was a revolutionary year for the SB sector. A pronounced interest rate decline occurred for the first time since SB support programs were implemented in Russia. Surely this was partly due to the overall decline in banking system profitability resulting in the escalation of competition, which is perfectly normal at the start of stable development. Many of us noted that the SB segment is interesting from the point of view of corporate and retail banking services and surplus balances. Interest rates fell also due to the

fact that State support of the SB sector became real, vigorous and readily available. The situation changed for the better after the launch of the SB support program developed by the Russian Ministry of Economic Development in conjunction with MSP Bank. The program was based on classic EBRF approaches. All this contributed to progressive market development with stable prospects ahead. It is good to find a solution to an old problem, meaning the lack of bid security. Currently, if an entrepreneur has nothing to secure his loan, up to 70% of the credit can be guaranteed by the SB Support Fund. The guarantee can be issued for an annual fee of 1.5%. This system contributed to a considerable widening of the group of entrepreneurs who acquired new development opportunities. This scheme is much better compared with subsidizing ventures.

Q. What is your opinion of SB growth prospects?

A. Many analysts 2012 forecasts are mostly negative — hard times are coming for the SB sector. I am not that pessimistic. Chinese write the hieroglyph for “crisis” using two figures — one of these is for “possibility” and the other is for “threat.” The same applies to the SB — some companies will surely go bust, meaning those servicing major structures. We understand that unemployment is coming as large companies cut staff and that people will need to care for their families and that this is the best motivation for starting their own business. Someone will fail, but those with a knack will think of something new. And thank God, the State now grants up to RUR 300 thousand for those wishing to launch their own start-ups. Today, we have a rather developed system of consumer crediting and people can borrow some money on an individual basis.

Q. Why does URALSIB's corporate segment prefer to provide its services to the SME sector?

A. There are numerous factors and the first is possibly economic. The SB sector is considered to be the most profitable compared with the retail and corporate segment, provided it is credited in the correct way. The risk of loan defaults is lower, while the interest rates are high, at least this was true till 2011. It is extremely vital for the SB sector to receive money quickly and easily and if you adjust a program and provide funds quickly and easily, but at a reasonable risk, then economically this segment is very attractive. The second motive is the public's demand for upgrading quality of life. The SB enterprises are flexible in responding to and servicing existing infrastructure. They offer the potential of economic development. But there is one more property that is rarely discussed among experts. When we are young and inexperienced we all want to be like everyone else. But growing up, we start to feel differently about this similarity, as we want to be our own selves, and to create something of our own. I think today's public is growing up. We have gone through globalization and famous brands can be bought anywhere in the world. This leads to demand for an individualized approach. The SB provides these in part boutique opportunities, since when you go to a café or a restaurant you want the host to recognize you. Or when you visit a little boutique where all the goods are handmade, you understand that these things are made using different energy. Only SB enterprises can do this. Large companies are not competitors here. To create an image of one's own, you have to

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10		58	72	90	100	106	112

add something that will differentiate you. Only SBs can support this self-esteem. URALSIB was the first to notice this social component inherent in SBs and therefore started to develop suitable products.

Q. What are the priorities for the SB segment?

A. In 2011, the SB segment was transferred from corporate banking to retail. This signifies the high importance of the SB segment. What is retail banking after all? It means highly streamlined processes and sales on a different scale. This transfer helps us reach our main goal – being available to the majority of entrepreneurs. Getting financial support should be quick and easy for a company. Now, we are focused on streamlining the conveyor sales process. Our previous model was based on operating with universal credit managers that did everything. The new approach implies centralization, underwriting and the detachment of customer service, which will provide for an inflow of qualified applicants and the establishment of a department to assess credit applications. The strategy implies the centralization of all technological processes based on a common IT platform. We spent the whole of 2011 assessing our organizational resources to select an optimal IT platform. 2012 will be the year for us to quickly issue many credits and at a low default level.

Our chief competitors are the State-owned Sberbank and VTB. Therefore, we will act more aggressively to stay closer to the customer to appreciate his / her needs and to offer the right products and services. The

second priority is building loyalty based on an open dialogue. We plan to establish a club for entrepreneurs with URALSIB acting as the financial literacy center.

Communication is very important really. Different from medium-sized companies, small business is a much more closed community, brewing its own brew. However, in order to develop, one should have some partner initiatives. For us, the club is a source of quality borrowers, while at the same time entrepreneurs will get a valuable information resource to enhance the stability and efficiency of their business. After living through the 1998 and 2008 crises, we reached a simple conclusion. If we have a proper individualized support program for customers, we get the most reliable customers in return, and some of them will become partners. We will proceed in this direction.

Q. URALSIB has been successful in developing the “Days of Open Ideas” customer project. What are the goals of this initiative?

A. The “Days of Open Ideas” project is for customers. There is no doubt about that. We have advertising leaflets on tables and we consult with customers on our products. However, these consultations are customer-centered. In other words, we discuss business development stages, and existing banking products that would help them develop their business model, but this is not restricted to only URALSIB offers. We inform our customers on ways to develop their individuality, and ways to deal with objections, i.e., things that can be useful in business. Prior to launching the “Days of Open Ideas” project, we conducted a survey of entrepreneurs and learned that more than half of them never went to any courses or training for SBs. Therefore, increasing the financial literacy of employees and owners of small business companies is vital. People really lack information and they are interested in the opportunities that we may offer. Furthermore, during the “Days of Open Ideas,” we actually work with the quality of our borrowers, decreasing interest rates for project participants. The project is developing actively. The number of project participants in 2010 comprised some 3 thousand, whereas in 2011, their number grew to 6 thousand.

Q. What other forms of customer relations apart from “Days of Open Ideas” do you use?

A. I am a member of a working group of the Association of Russian Banks and the Central Bank of Russia. The group develops SB crediting standards. The standards are intended to decrease the default rate and to improve the availability of financial instruments – the more banks will credit properly, the lower interest rates will be, and the greater attention will be paid to speed, simplicity and technologies. The public will be a winner. We also cooperate with municipalities and non-government organizations (NGOs), such as “Russia’s Support” and the Association of Young Businessmen.

Q. How would you rate the potential of micro financing programs?

A. As soon as the ban on issuing consumer credits to private entrepreneurs was cancelled, and the retail banks implemented assessment procedures for such crediting in their risk management systems, the need to implement micro financing programs in major cities became obsolete.

In small towns, consumer cooperatives exist that successfully provide entrepreneurs with the resources that they need. As for the Bank, launching micro financing programs in small towns is a question of the prime cost and technology. A need will arise to establish a front office and to ensure compliance with other Bank requirements. We are not going to do anything of the kind in our strategy yet.



Russia is a good alternative for investors

An interview with Mark Temkin,
CEO, URALSIB Capital

Q. Are there any changes in the strategic priorities of URALSIB Capital?

A. Market changes forced us to change our strategies in a principal way and today when deciding on placement participation, or on operations in the secondary market with securities owned by this or that company, we assess said company taking into account more than just its formal properties, such as market share and capitalization, etc. First of all, we are interested in companies which are or may become Corporation customers. What is important for us is the synergistic effect which takes place only if a company is a customer of not only the investment arm, but also the commercial bank and other URALSIB Corporation structures. URALSIB is a powerful regional bank that provides opportunities that we cannot ignore.

Q. What are the advantages of the Bank's regional network?

A. Global investment banks and State-owned financial structures that now own approximately 70% of the market focus their attention mainly on major Russian corporations. Despite the fact that the presence of global banks has declined due to their narrowing focus on the Russian market, this is fully compensated for by increased

market focus from State-owned financial institutions, such as VTB and Sberbank/Troika. As for URALSIB, we are focused on mid- and low- capitalization companies, i.e., companies that are at the end of the list of priorities for State-owned and global players. Synergy is an important component of success, but it cannot do everything. Whatever today's market conditions are, we are always active in developing new products.

Q. What do you think, what attracts investors to Russia?

A. Russia with its stable political system and vast resource base can be a good alternative for investors, from Latin America, for example. In terms of this, diversification will be focused on mitigating risks, as such markets are rather aggressive from this standpoint. An important additional factor in favor of the possibility of attracting these investors is Russia's national currency. Today, the ruble is not a very big currency, but in light of the debt burden and the current global economic situation, Russia may become a positive factor worthy of attention from foreign investors. At present, foreign investments in ruble bonds are moderate

since ruble risk exists and there is not much liquidity to hedge against it. It is only major players and State-owned banks that can provide the lacking liquidity.

Q. What sectors will be developed in the nearest future?

A. To pursue our strategy, we need to concentrate the attention of foreign investors on the fact that Russia can offer something to complement its natural resources. If prior to the crisis we were interested in blue chips, for example, participating in the Rosneft IPO, now we keep our distance from these transactions. We have decided to focus on second tier Russian public companies, and not only those represented on the united RTS-MICEX, but also on the LSE and other foreign stock exchanges. These companies have demonstrated positive dynamics for a long time. We are pretty optimistic about our new strategy, despite the complex macro-economic situation and the growing gap between the stock and debt markets. URALSIB Capital demonstrates high stability levels. There are changes coming in these markets and we are getting ready for them.

Q. What were the most significant changes in the investment market in 2011?

A. The crisis and its prolonged consequences caused significant changes in the rules of operation on the global investment market, including Russia. The first thing is that today's markets are very turbulent and one can measure the degree of turbulence by sectors only for a short time span. Thanks to the actions of regulators and Russian monetary authorities, the liquidity crisis was quickly fought and the investment and commercial banks made liquidity available. The primary placement debt market moved far ahead of the stock market segment and this trend is still going strong.



The required degree of freedom

An interview with Andrei Veklov,
CEO, URALSIB / Bank 121

Q. Financial market achievements starting from August 2011 resulted in wealthy Russian customers becoming interested in private banks based on open architecture principles. What are the main advantages of this model?

A. We understand open architecture to be a refusal to sell customers financial products and solutions that were developed exclusively by our Bank. Instead, we focus on financial expertise from global financial markets, thus allowing the Bank to considerably widen its opportunities. This approach also implies the absence of engagement and the full freedom for a customer to choose his/her own investment instruments. Furthermore, this organization of banking services contributes to reducing the Bank's costs by optimizing the staff of "product" specialists. .

Q. How can customers benefit from this model?

A. Open architecture attracts customers by providing them with all of the independence and control over their own funds that they want. The 2008 crisis failed to contribute to the attractiveness of trust management and Russian private banking customers are no longer pleased with the situation when their funds are actually at the disposal of financial consultants and analysts. The customers want to control the situation with their funds themselves and we try to inform them about all of the peculiarities of different investment strategies, warning them about possible risks.

Q. Having implemented the open architecture model, does this mean that the Bank is not responsible for the results?

A. Open architecture provides more choices for the customer, allowing him / her greater control and better diversification opportunities, which cannot be overestimated in today's turbulent conditions. It is important to understand that the Bank is not trying to delegate responsibility for wealth management to

the customer, the Bank is striving to achieve absolutely transparent financial flows instead.

At the same time, the main risks inherent in this approach to wealth management include the possible inaccuracy of the Bank's expertise in complying with the management level that the customer expects. And this can give rise to problems. Despite the fact that we are not speaking of trust management and that the Bank shares risks with its customers, the latter may become associated with improper partners due to inaccurate expertise performed by the Bank.

Furthermore, the customers' competence in the finance field is not enough, as the Bank may be seduced into offering complex products, such as hedge funds. A hedge fund is an instrument with high potential, but it should be recommended only with care. As for conservative investors, the Bank should pay attention to their fears, letting them live through hard times by using products that they know and understand.

Q. Is it correct to suppose that open architecture becomes attractive for wealthy customers only in periods of crisis and turbulence?

A. I do not think that this is true. The current wealth management theory contains a detailed description of economic development cycles and financial products and assets that are most suitable in each cycle. A competent choice of instruments and investment ideas that correspond to the goals and needs of a particular customer is continuously in demand, even during explosive growth on the stock exchanges. As time passes, memories of financial losses will fade away and many private banking customers may again be charmed by managers telling them about a remarkable team that they have and about bright prospects awaiting the customers' wealth that would be entrusted to professionals. But, even then, open architecture is likely to maintain its positions. The open architecture model is here to stay for years to come. Since it is the main priority of private banking, this principle is free of systemic limitations and imposes no severe restrictions on the customer. This is a form of freedom and there is never enough freedom.

PARTICIPATION IN ASSOCIATIONS AND EXTERNAL INITIATIVES

FC URALSIB considers participation in public and professional organizations to be one of the key priorities in Russian banking system development. The Corporation's representatives participate in the committees and commissions of industry public organizations, as well as professional associations, actively promoting the betterment of banking regulations. FC URALSIB sponsors important social events on a regular basis, contributing to the development of partnerships among Russian financial market players. The 2011 events attended by corporate representatives in federal districts and subjects of the Russian Federation include the following:

- The X International Investment Forum "Sochi-2011";
- The Saint Petersburg International Economic Forum;
- The IX International Banking Forum "Russian Banks in the XXI Century";
- "Banks. Processes. Standards. Quality" – the VII Research and Practice Conference;
- "Modernizing Criminal Money Laundering and the Terrorism Financing Prevention System in the Post-Crisis Period" – the IX International Research and Practice Conference;

- The XX International Banking Congress;
- The VIII Tver Social and Economic Forum;
- The IX Russian Regional Congress.

The UN Global Compact



URALSIB Bank is a member of the United Nations Global Compact. In 2011, the Bank participated in a certified GRI training event hosted by the Russian Network of the UN Global Compact.

IFLA International Association



URALSIB Leasing Company is a Russian representative of the International Finance and Leasing Association (IFLA). IFLA membership enables the Company to share ideas, knowledge and information with foreign colleagues.

"Russia's Backbone" (OPORA Rossii)



In 2011, URALSIB Bank hosted five regional conferences for SME representatives, in cooperation with "Russia's Backbone" (OPORA Rossii).

OPORA-Credit



The finals of "Business Success – 2011", an all-Russian Contest for businessmen, will be held in Moscow, sponsored by OPORA-Credit Media Holding and URALSIB Bank. URALSIB Bank sponsors the "A Socially Responsible Entrepreneur" category. Winners in this category from six regions

will be awarded with certificates for advanced training at MIRBIS, the Moscow International Business School.

The Association of Russian Banks (ARB)



As a member of the Association of Russian Banks, URALSIB Bank regularly participates in the following events:

- The Congress of the Association of Russian Banks;
- The All-Russian Banking Forum;
- Meetings of the top managers of the Central Bank of Russia with top managers of Russian banks;
- Meetings of the Inter-regional Banking Council attached to the Federation Council of the Federal Assembly of the Russian Federation;
- The National Banking Prize Award Ceremony.

The Bank's representatives also participate in activities of the ARB committees and commissions.

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



As a member of the "Russia" Association, URALSIB Bank participated in the following events:

- "Russian Banks in the XXI Century" - the International Sochi Banking Forum;
- The general meeting of members of the Russian Association of Regional Banks.

The Bank's representatives also participated in activities of "Russia" Association's committees and commissions.

The Russian Union of Industrialists and Entrepreneurs (RUIE)



As a member of the RUIE, URALSIB Bank participated in the following 2011 events:

- A conference "Russian financial system: development vector";
- The IX RUIE Tax Conference entitled, "The Tax and Budget System: Tax and Budget Incentives for the Modernization and Innovation-based Economy";
- A conference "Human Capital as a Means to Economic Modernization";
- A conference "Innovation and Technical Modernization - the Changing Landscape of the Russian Economy".

The Russian Federal Medical and Biological Agency (RFMBA)



In 2011, the Financial Corporation URALSIB contributed to a mass free-of-charge donation of blood and blood components pursuant to an agreement signed with the Russian Federal Medical and Biological Agency in 2010.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT	
10		58	72	90	100	106	112	47

COOPERATION STRATEGY WITH STATE AUTHORITIES

In 2011, FC URALSIB developed the Corporation's uniform communications strategy, with the strategy of cooperating with State authorities in 2011-2012 being part of this uniform strategy. The strategy has been agreed upon with the Corporation's key departments and has been approved by the Management Board.

According to the corporate mission, the strategy determines the goals and tasks of such cooperation. The document is focused on agreeing on the interests of partners to cooperate for the social and economic development of FC URALSIB's operating regions. For the first time ever, the strategy contains cooperation using internal communication channels, involving the Corporation's strategic partners. Instruments of cooperation are streamlined in accordance with the management by value corporate culture methodology and the BSC system. The strategy identifies the main partners and institutions, as well as key areas for each cooperation priority. The GR performance efficiency indicators are intended to increase the involvement of employees and partners from State authorities and public organizations to implement joint social projects, and to improve the efficiency of communication channels, as well as to develop social partnership programs.

INFORMATION DISCLOSURE POLICY

FC URALSIB's PR Department and the corresponding departments of the Group companies in a timely manner inform media

reporters, representatives of the professional community and the public about the Corporation's main events and news. The information on decisions made by the Corporation's Board of Directors, the annual and quarterly financial reports and products and services data is available on FC URALSIB's official Internet site. Each official corporate site contains a

feedback form, as well as a hot line telephone number. Key data on FC URALSIB's operations and composition is presented in both Russian and English. FC URALSIB publishes the "Corporate News" periodical, which is intended for employees and partners.

FC URALSIB is present on the Internet:

The Bank:
 BANKURALSIB.RU
 Operating sites:
 PAY.URALSIB.RU
 Internet banking
 (for individual customers):
 CLIENT.BANKURALSIB.RU
 OPLATA.BANKURALSIB.RU
 Direct banking
 (for legal entities customers):
 DBO.URALSIBBANK.RU
 Partner bank payments:
 PLATIPOKARTE.COM
 Electronic Internet-magazine:
 URALSIBBONUS.RU
 Promotional sites:
 PORARASTY.RU
 IPOTEKAURALSIB.RU

The Registrar:
 RCNIKOIL.RU

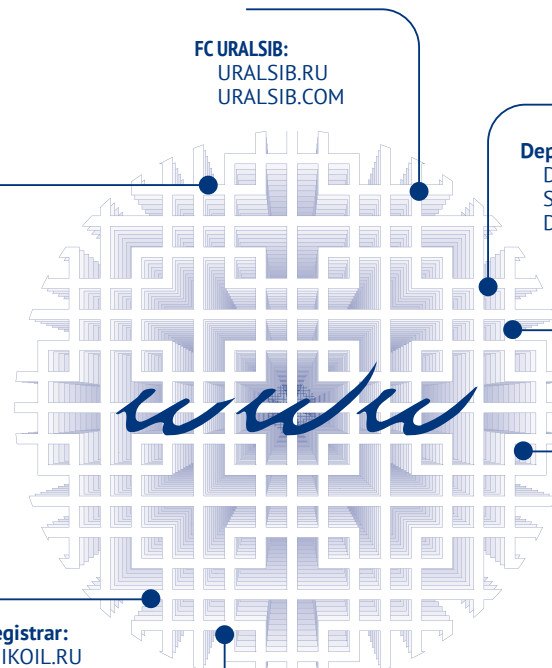
FC URALSIB:
 URALSIB.RU
 URALSIB.COM

Depositories:
 DEPOSITORY.URALSIB.RU
 SD-CENTRE.RU
 DEPO-URALSIB.RU

Leasing:
 LEASING.URALSIB.RU
 LEASING4U.RU

Management Companies:
 MC URALSIB:
 MANAGEMENT-URALSIB.RU
 Pension Management:
 PENSION.URALSIB.RU
 MC URALSIB – Capital Management:
 WEALTH-MANAGEMENT-URALSIB.RU
 MC URALSIB Asset Management:
 URALSIB-ASSET.RU
 URALSIB Non-State Pension Fund:
 NPF.URALSIB.RU
 URALSIB Capital LLC (Internet trading):
 URALSIBCAP.RU
 URALSIB Capital – Financial Services LLC:
 URALSIBWEB.RU

Private Bank:
 BANK121.RU
 (ONE-TO-ONE.RU)



RISK MANAGEMENT SYSTEM

URALSIB Bank

Together with the growing volumes of retail and corporate crediting facilities, other priorities include asset quality improvement. Due to the escalating global economic crisis, the Bank continues to focus on improving the risk management system and reserve procedures. The Bank exercises complex and integral control over corporate and retail crediting facilities and leasing agreements. A transfer to unified technologies for dealing with troubled debts will contribute to a reduction in costs and resource intensity for processes. The Bank manages its risks according to recommendations from the Bank of Russia and the Basel Committee. The Bank controls the following risks:

- Credit risks;
- Country risks;
- Market risks, including capital, foreign currency and interest rate risks;
- Liquidity risks;
- Operating risks;
- Legal risks;
- Goodwill risks;
- Strategic risks.

The Bank's risk management policy is based on a complex comprehensive approach to risk management process organization, with a focus on identifying all essential risks and the development of risk assessment methods and procedures to mitigate (prevent) and monitor risks.

Credit Risk

Due to relatively high credit risks, when making decisions regarding the issuance of loans, the Bank sets stricter requirements on the financial stability of borrowers and on assessing cash flow forecasts, and on the quality and liquidity of loan securities. To lower the level of credit risks, the Bank performs the following:

- Modifying the structure of the credit portfolio by refusing to issue high risk loans and by forming the credit portfolio via loans granted to highly reliable borrowers;
- Providing additional loan security and suspending the issuance of the next tranches for troubled credits, developing additional measures to control the activities of certain borrowers;
- Accumulating greater reserves for possible credit portfolio losses.

The Bank's Risk Management Department is responsible for identifying and analyzing risks arising when the Bank performs operations with inherent credit risk and the performance of measures to mitigate said risk, as well as providing comprehensive and accurate reporting on the level of risks accepted by the Bank.

Country Risk

The Bank operates mostly on the territory of the Russian Federation and is prone to related country specific risks. The main country risks inherent to the Russian Federation, which are accepted by issuers and influence the operations of the Bank's main competitors, include the following:

- The dependency of the Russian economy on global economic conditions, on fluctuations in oil and gas prices, on business activities in other countries, in insufficient trust on the part of foreign investors, and on the immaturity of certain production and management processes. The Bank mitigates the effect of the above-mentioned factors by refusing to invest in highly volatile financial instruments, by diversifying assets across industries and by increasing liquid reserves;
- Structural weaknesses in the Russian economy, manifested by an excessive concentration of business activity in industries that are engaged in the production and export of mineral resources, as well as the influence of major industrial conglomerates on the economy. The Bank is aware that excessive business concentration may result in increasing risks and it strives to diversify its operations in the retail business, as well as regionally;
- Geographical peculiarities of the Russian Federation cause differences in business conditions in different territories, additional costs related to traveling long distances, communications development

and the need to take into account different time zones. These peculiarities do not significantly influence the Bank's operations.

The S&P's sovereign rating outlook of the Russian Federation is "stable," which the Bank considers to be an additional factor toward lowering country risk, which is equally borne by the competitors.

Liquidity Risk

The main goal of liquidity risk management is to secure sufficient liquid assets required to meet the Bank's obligations and to satisfy the Bank's own needs in case of an unforeseen capital outflow.

The Bank's liquidity risk is rated as moderate, as the Bank has considerable liquidity reserves to prevent possible crisis situations. The Bank also implements advanced organizational methods for business processes and financial management instruments. The management and control of the Bank's liquidity risk is performed by the Assets and Liabilities Management Committee, which determines the strategy for forming assets and liabilities and their quantitative and qualitative parameters. Liquidity is managed by the Bank's Treasury.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT	
10		58	72	90	100	106	112	49

Operating Risk

The Bank interprets operating risk as direct or indirect losses that arise due to deficiencies or errors in internal processes, the employees' actions, the functioning of information systems and technologies and / or due to external events and threats. The Bank's operating risk management system is a multi-level structure. Structural unit managers responsible for the timely management of operating risks inherent to their activities occupy the key positions in the risk management system. The Risk Management Service and the Internal Control Department perform guiding and control functions respectively. Control objects are the Bank's business processes. Special attention is paid to new products and business priorities, as well as to settlement operations and the use and implementation of information technologies, the distribution of responsibilities, the regulation of activities and HR management, as well as the prevention of emergency risks that are natural or anthropogenic in nature, and external interference risks. The Risk Management Service includes the Operating Risks Division.

Legal Risk

Legal risk is associated with errors made during performance (the incorrect execution of documents or erroneous legal counsel), or the non-compliance by the Bank or its agents with the requirements of normative legal acts or agreements that are concluded, or occurring due to legal system imperfections. The legal risks are managed by unifying the Bank's normative and contractual bases, by developing legal recommendations on the Bank's activities, by analyzing any agreements that are non-standard for the Bank, and other documents, and by checking the legal capacity of agents and by verifying their representatives' powers.

Goodwill Risk

The Bank may become subject to goodwill risk due to the public forming a negative idea about the Bank's financial stability, the quality of services rendered or the nature of the Bank's activities in general. The goodwill risk is mitigated by the Bank's adherence to normative legal acts, the constitution and internal documents, business practice norms, the code of conduct common to the business community and the implementation of customer and agent loyalty improvement programs, as well as by adequate responses to customer complaints associated with the organization of the Bank's operations and other risk factors. Goodwill risks are also managed by controlling the business reputation of the

Bank's employees, the organization of the Bank's risk management, the HR policy controlling the selection and positioning of employees and the legality of the actions of the Bank's departments and employees. The Bank has an established service tasked with monitoring money laundering and preventing terrorism financing. The PR department is responsible for the creation of the Bank's positive public image and for customer and agent loyalty. The Bank informs customers about the current state of affairs and development prospects that contribute to the Bank's business transparency for both customers and partners. The Bank has a hot line for customers to receive experts' advice in a timely manner on the Bank's services and products, special campaigns, service conditions and other information. The on-going management of goodwill risks is accomplished by the Bank's collective bodies and departments within their individual competencies. The strategic management of goodwill risks is accomplished by the Bank's shareholders and the Management Board.

Strategic Risk

The strategic risk implies the Bank's ability to select geographical and product segments that will supposedly be profitable for the Bank in future, based on a comprehensive analysis of the future operating environment. Strategic risk management principles are defined by the Bank's shareholders. Strategic risk management is performed by the Management Board and other collective bodies of the Bank. To mitigate strategic risks, the Bank uses three-tier planning, meaning: current, medium-term and long-term. The Bank's departments report to leadership on how current, medium-term and long-term indicators are achieved. Long-term plans are considered and approved by the Bank's Supervisory Board. The Bank has a functioning system for setting priorities and controlling their achievement in the medium- and long-term.

Market Risk

The Bank is subject to market risks that arise due to unfavorable changes in the market price of the trade portfolio's financial instruments and derivatives, as well as foreign exchange rates and / or the price of precious metals. The Bank actively manages market risk, starting from the identification of product risks at every decision-making level, and by assessing risks using up-to-date models (VaR, stress testing and scenario and sensitivity analysis, etc.), limiting / controlling risks using different tools (limiting open positions and risk amounts, structuring





Q. Did the Bank change its approach to managing financial institution risks in the post-crisis period?

A. The crisis has encouraged banks to implement new technologies, including risk management. Innovations should contribute to accelerating credit application reviews, while at the same time upgrading risk assessment quality, while contributing to the development of timely and adequate responses to risks. Today, the assessment of the current situation and the possibility of forecasting its development are equally important. A risk manager is no longer perceived as an obstacle to credit portfolio growth. Instead, it has become clear that a risk manager is primarily assisting the business by protecting it from unjustified material mistakes.

URALSIB may become one of the first Russian banks to be accredited by the Russian Central Bank for complying with Basel II risk management standards

An interview with Natalia Tutova,
Head of the Risk Management Service, FC URALSIB

Q. What changes took place in the Bank's risk assessment policy in 2011?

A. To upgrade the efficiency of risk assessment and risk asset management, the Bank established a detached collection business unit in 2011. This organizational change proved positive in its first year of existence, as the share of distressed assets fell 17.9%. This makes us confident about further growth in the collection business, while unloading the other business unit will contribute to improved customer service.

Q. Since 2010, there have been active discussions in Russia about implementing the Basel II standard. The Bank has been an active participant in this project. What are project implementation plans?

A. URALSIB started preparations to implement the Basel II standards as early as 2008. We implemented "The Development of Risk Management According to International Standards", a joint effort with the Oliver Wyman Company. Today, the Bank uses models to assess the credit ratings and default probability for the Bank's corporate borrowers and agents. The Bank also developed approaches to assessing economic capital. In 2010, the Bank was included in the list of banks with an advanced risk management

system. The Central Bank of Russia expects these banks to be the first to switch over to advanced approaches to credit risk assessment (the IRB-approach based on internal ratings). In 2011, the Central Bank of Russia conducted work meetings that included leading Russian banks (such as URALSIB) on implementing the Basel II IRB-approach requirements in Russia. Based on the results of this meeting, the Association of Russian Banks established a Committee on Risk Management and Basel II Standards. URALSIB Risk Management Service specialists participate in the activities of working groups of this Committee and formulate a position on issues common to the banking community. According to the Management Board, to efficiently implement Basel II standards at the Bank, we now conduct a detailed gap analysis to identify differences between the current situation and target architecture that corresponds to Basel II requirements. We also develop a detailed master plan to eliminate the identified gaps. This stage is accomplished with the help of external advisors. It is worth noting that the Bank plans to be one of the first institutions certified by the Russian Central Bank as in compliance with Basel II standards and to extend these norms to other members of the Corporation.

Q. What strategies were used in 2011 by the risk management system? How does the Company assess foreign economic risk related to the second wave of the crisis?

A. In regard to risk management, the Corporation is traditionally conservative. Taking into account today's unstable situation, the risk management service tries to support business without limiting development opportunities, while essentially reducing the risk of toxic asset growth. A large scale program for development of the risk management system is planned for 2012. Firstly, we will focus on the development of retail risks and methods to assess them. Secondly, we plan a pilot implementation of procedures to calculate and allocate economic capital. The Bank is also busy with the large-scale implementation of an early warning system for the Bank's corporate customers. We also work on developing key risk indicators for operating risks. In conditions of escalating economic tension, special attention will be paid to liquidity risk management.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10		58	72	90	100	106	112

Q. Taking into account an objective reduction in development resources and economic risks, social and environmental factors are becoming a priority. How are these challenges assessed by the Corporation's risk management system?

A. Financial organizations are among these who determine the level of environmental safety and rational natural resource usage, and therefore, the well-being of both present and future generations. Business cannot function independently of the environment, since it should prevent negative social and environmental impact. The Bank's risk managers undergo advanced professional training on the "Analysis of Environmental and Social Risks" program under the auspices of the UN Financial Initiative program (UNEP FI). At present, the Bank is tasked with incorporating environmental and social risks in the managerial decision-making process. Corresponding changes will comprise an individual section of the Bank's Credit Policy in regards to environmental and social risks.

Q. The 2011 Business Concept was based on the extended BSC model with its four classic perspectives, meaning: resources, processes, customers and results, complemented by a fifth perspective, namely social results. Does this mean any changes in risk assessment procedures, since it is evident that corporate activities will become more influential for communities?

A. The emergence of a new development perspective will surely have some effect on the corresponding sections of the Corporation's respective risk management policies. Changes will be introduced in job descriptions and department regulations. The development of a new motivation system, taking into account risk acceptance, will facilitate the adequate assessment of the performance of departments and employees. It will also motivate business to establish conditions for the sustainable development of social and environmental aspects.

Q. Does URALSIB apply the principle of socially responsible investment? What actions will the Corporation take in the future to efficiently manage the environmental risks of major investment projects?

A. We are aware that the use of principles of responsible investment contributes to a more efficient assessment of the social, environmental and ethical aspects of the corporate governance practices of the Bank's customers.

Today, the implementation of responsible investment principles concerns small- and medium-sized businesses, which make up the majority of the Corporation's borrowers. The Bank already has environmental standards established for mortgage loans and developments in other areas are underway. The borrowers' questionnaires contain questions that enable us to analyze social and environmental risks.

Q. What non-financial risks should be the center of attention both long and short-term, to make the Corporation and the environment more stable?

A. The degree of development of the non-financial risk management system determines not only the Company's financial condition, but also how external partners and the general market perceives it. Speaking of non-financial risks, we mean primarily operating, goodwill and legal risks. The growth rate of crediting operations obliges us to scrupulously analyze operating risks to prevent any

operational errors. Therefore, actions to mitigate operating risks will also contribute to upgrading the efficiency of banking operations, making it attractive for partners.

Today, the success of customers and the Bank depends on having an impeccable reputation and on popular opinion that confirms the high quality of services rendered by a financial organization. Therefore, managing URALSIB's goodwill and legal risks is controlled and done continuously.

To minimize the Corporation's non-financial risks, the Bank uses different information systems to monitor all violations and to inform all interested departments in a timely manner on possible threats related to non-financial risks.

Basel II is a new risk assessment standard intended to upgrade stability and ensure equal competitiveness for the international financial system.

The standard is based on encouraging banks (via banking supervisory authorities) to carry out fine adjustments of credit risk assessment. The principal goals of Basel II are the following:

- To sharpen the banks' focus on actual risks while reserving their equity;
- To improve the banks' internal risk management by encouraging banks to switch over to further assess risks for control indicators;
- To foster international competition by introducing universal rules of banking control worldwide;
- To establish rules applicable for banks of different operating scale and complexity.

▼ СИСТЕМА РИСК-МЕНЕДЖМЕНТА (продолжение)

securities portfolio, diversifying, hedging and looking at interest rate gaps, etc.) and continuously monitoring risks that arise and controlling limits set. The Bank's Management Board determines and controls the overall level of market risk. The Asset and Liabilities Management Committee, the Treasury and the Risk Management Service are responsible for implementing the strategy approved by the Bank's Management Board, whereas the Management Board and the Assets and Liabilities Management Committee are responsible for approving market policy management policy and methods.

The Private Bank

The URALSIB Bank 121 uses a risk management system developed for URALSIB Bank. Goodwill risk is managed by developing and implementing control procedures, especially those related to relationships between customers and private bankers. Customer surveys are performed on a regular basis, facilitating upgrades in the quality of services offered to customers.

URALSIB Management Company

Risk management and the maintenance of a corresponding culture is performed by the Company's management via a collective body, in this case the Risk Management Committee, as well as a structural division responsible for risk management, in this case the Risk Management Division.

The Company's risk management system is divided into:

- Management of operating risks;
- Continuity management;
- Management of investment risks;
- Assessment of investing efficiency.

Operating Risk

The operating risk is managed by monitoring and analyzing data on the risk events that took place and Key Risk Indicators (KRI). Assessing risks and risk mitigation measures is implemented within the frameworks of the Company Risks Map, which was developed in 2011. The Board of Directors and the CEO determine the Company's investment risk management strategy, adopting the Policy and other internal documents on investment risk management.

Investment Risk

Investment risk management is organized across three levels, namely the following:

1. The strategic level. The level is implemented by decisions of the Company's top management and the Risk Management Committee. The Committee is a collective body that assists the Company's management team in making decisions on the management of essential risks and in applying investment risk management policy and procedures, and in promoting an investment risk management culture across corporate personnel.
2. The tactical level. The main element of the tactical level of the investment risk management system is the Risk Management Division;
3. The operating level. This level is implemented by departments that participate in investment operations and investment operations support. The Company implements different risk and investment performance indicators. Monitoring these indicators is part of daily risk management.

Market Risk

Many indicators covering different aspects are used to measure market risk. The actual risk indicators are based on observed values, representing actual portfolio risk.

1. The tracking error is the measure of relative portfolio's return volatility compared with the benchmark return. The positive relative portfolio return compared with the benchmark return is an important sign of portfolio management efficiency, resulting in increasing product risk. This tool

is used to assess the continuity of relative return (relative to the benchmark) and allows the Corporation to maintain product risk at a level similar to the product risk on the date the product was offered and sold to a customer;

2. Different tools are used to measure, assess and monitor risk, including volatility (the average portfolio risk), beta, alpha, the maximal absolute deviation, the maximal drawdown, Sharp's ratio, the information ratio, the Sortino ratio and modified duration.

These risk indicators are necessary measures and are calculated in accordance with the Company internal regulations;

3. Expected risks are measured by value at risk (VaR). The VaR model is used to calculate the maximal potential portfolio loss under normal market conditions. The loss in question is assessed based on a given time period, the level of trust and the statistical forecasting model;

4. The risk management process includes the periodic analysis of scenarios and stress tests. A stress test is intended to discover the potential concentration of risks to make them transparent, and to test the effect of special market conditions on portfolios. Both actual and expected risks are key measures to control investment risk;

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT	
10		58	72	90	100	106	112	53

5. The Company implements different indicators of investment efficiency that influenced a decrease in portfolio risk. The indicators are monitored during daily risk management. Investment risk management reporting is an important component of the Company's internal information flow, allowing the Company's management team and members of the Risk Management Committee and other investors to control customer portfolio risks which may result in financial, goodwill and compliance risks for the Company, including legal risks. The risk profiles of each product imply that the product will be managed in accordance with certain risk limits, keeping the product risk at a certain approved level. In case a risk limit is not eliminated on time, an official responsible for the portfolio management may become subject to disciplinary measures in accordance with Russian labor laws.

URALSIB Capital

The Company has an established system of power and decision-making for market and credit risk management. The risk limits are controlled in a real time mode. Preparing reports that contain a quantitative assessment of risks and the use of limits is carried out on a daily basis.

Market Risks

Market risks are mostly managed by setting risk limits on the Company's own position, taking into account the liquidity and volatility of instruments.

Apart from limits for the Company position, a stop loss limit is set and controlled on a daily basis. VaR methods are widely used for the quantitative assessment of market risks when setting REPO transaction limits and discounts. The marginal crediting transactions are subject to limits for the quality of credit securities.

Credit Risks

Credit risks are also managed mostly by limiting. There are credit risks inherent to the agent and to the Issuer. The limit setting procedure is accompanied by analyzing the agent's and the Issuer's financial condition. The limits are set for agents, as well as for positions based on Issuers' credit quality.

URALSIB Leasing Company

The Company has a separate Risk Management Service that is organized according to individual risk management priorities. The Service is staffed with credit assessment specialists, specialists that control leasing portfolio indicators and specialists that assess leasing items. The Company's risk management is performed on the basis of internal documents (regulations, policies and guidelines) that determine the procedure and mechanisms for product offering, risk assessment, pledge and debt operations and managing and controlling financial risks, etc. The Company's risk management system is characterized by the following:

- Leased property is insured;
- Decisions pertaining to leasing transactions are made subject to differentiating the powers of decision makers;
- Power sufficiency is controlled at the leasing transaction approval stage;
- When offering standard products, a centralized underwriting system is used;
- Decisions on offering non-standard products are made by the Credit Committee on an individual basis;
- Decisions on corporate transactions are made by the Credit Committee or by a responsible manager on an individual basis.
- The financial condition of corporate customers is monitored on a quarterly basis;

- Setting a maximal amount of financing offered for leasing item (a unit of property to be leased) and for a lessee/ Group of companies concerning all standard corporate products;
- Adherence to approved credit limits is controlled, with credit limits reviewed at least once every 6 months;
- Performing legal expertise for leasing transactions;
- The Business Support Service checks the transaction participants and their business;
- Control over indicators in the leasing portfolio;
- Risks are assessed and leasing portfolio reserves are formed according to IFRS standards;
- The liquidity risk is controlled on daily basis;
- Interest rate risks are controlled using stress testing, gap analysis and the duration method. The report on interest rate risks are prepared on a monthly basis;
- The open foreign exchange position is controlled once every 2 weeks;
- Setting the maximum volume of financing per leasing unit/lessee/group of companies across all standard products of the Company;
- Limits are reviewed once every six months.

Internal Control

The Corporation's internal control system consists of procedures implemented by the Board of Directors and collective bodies and special departments, as well as by management and employees. These procedures are implemented to achieve the following goals:

- Strategic: implementation of the Corporation's mission and the achievement of target strategic indicators;
- Operating: provision of financial and operating efficiency;
- Informational: provision of reliable, complete, timely and secure financial and managerial information to internal and external users, including reports provided for efficient governance over internal social programs and environmental safety programs;
- Compliance: adherence to laws and internal rules and codes, including the Corporate Code;
- Reputational: assurances of the Corporation's standing among the public and business community, including the establishment of a friendly environment for relations with customers, investors and regulators.

The Board of Directors of FC URALSIB, its CEO, the Management Board and other collective bodies of the Corporation, and the Board of Director's Audit Committee firstly, are the key bodies that determine general formation principles for the internal control system and monitor its compliance with the nature and scale of the business. The main internal control mechanisms across the Corporation include: centralization, standardization and regulation of management of business processes. The Corporation distributes responsibilities to each of its collective bodies and delegates powers and controls the fulfillment of assignments and the submission of reports. It also controls information flow and information security, as well as the performance of mandatory corporate procedures, such as document reconciliation, major decisions and transactions and setting cascaded goals and assessing employee performance. The control procedures are implemented continuously by direct participants, automated systems and specialized departments, such as the internal control service, the risk management service, the compliance department and the business support (economic security) department. The control procedures are applied in accordance with the Corporation's internal documents and its subsidiary and dependent companies. The contents of these documents fully agree with the requirements of the Bank of Russia, decrees of the Russian Government, the Federal Financial Markets Service, the Russian Ministry of Finance and other

authorities. Methodologically, the documents are based on best practice developments by Russian business technologists (including URALSIB's own methodologists) and on internationally recognized standards, such as Basel Committee publications (in banking) and standards of the Institute of Internal Auditors (USA). The Corporation's internal control system is based on the COSO ERM international standard. During 2011, development of an internal control system continued with a focus on risk-oriented checks of business processes (agent and cross-sales and retail loans) and on spreading best practices of internal organizational control, developed in FC URALSIB and other member-companies of the Corporation.

Internal Audit System

The Corporation established the Internal Audit Department as an individual element of corporate governance structure in 2008. The internal audit procedures are meant to make the Corporation's Board of Directors confident as to the accuracy of financial statements and the efficiency of the internal control system, the risk management system and the corporate governance system.

The independence of the function is ensured by the following measures:

- Centralization. The Internal Audit Department is established and functions in OJSC FC URALSIB. Therefore, the Department's opinions and conclusions are independent from the Corporation's subsidiary and dependent companies;
- The Internal Audit Department reports to D.W. Gardner, an independent director, a member of the Corporation's Board of Directors;
- The Internal Audit Department is subordinate to the Audit Committee.

The Internal Audit Department functions in accordance with Russian laws, the Corporation's internal documents and the decisions of the Corporation's governance bodies, a Policy on Service, the International Standards for Internal Auditors and the Ethical Code (documents of the American Institute of Internal Auditors).

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10		58	72	90	100	106	112

Compliance Control

FC URALSIB Group companies try to work only with highly reliable partners, complying with Russian and international legal norms in the sphere of preventing the illicit legalization of funds and the transfer of capital to interests in the underground economy.

The Corporation's compliance system facilitates solutions for the following three priorities:

- To minimize the risk of conflicts of interest between the Corporation and its employees;
- To minimize the risk of conflicts of interest between employees and customers;
- To minimize compliance risks in the operation of the Group's member-companies on the securities market.

Information Analysis System

The Compliance Department uses the "Transaction Request" information database. The database is used to automate the reconciliation process with the Compliance Department for transactions with securities effected by corporate employees in their own interests, which are subject to the risk of conflicts of interest in accordance with requirements of the Compliance Policy of Financial Corporation URALSIB (as approved by an order of the Corporation's President in 2008).

The implementation of an automated system contributed to decreasing the risk of a conflict of interests due to the provision of timely access to information and the use of automated procedures and an accelerated decision-making process.

The following events are disclosed and analyzed in accordance with the corporate Compliance Policy:

- Participation in any mergers or acquisitions using the employees' own funds;
- Affiliation with any company or business in any form;
- Participation, including free-of-charge participation, in the customer's governance bodies for any member-company of the Corporation;
- Work in governmental bodies or in State-owned organizations in any form;
- Membership in political parties or movements;
- Financial consultancy relations, providing financial advice during off hours;
- Transactions with assets in which FC URALSIB has a participatory interest, in which own funds are used, etc;

The "Know Your Customer" (KYC) Policy has been established in the Corporation since 2008. The Policy is intended to protect the Corporation's interests against the actions of dishonest customers and agents, dealing in the legalization of criminal capital and financing terrorism. The "Know Your Customer" Policy is part of the corporate risk management system. It

is intended to minimize the following compliance risks:

- License risk or the risk of administrative suspension (limitation) of business in connection with the non-fulfillment of regulatory requirements in the sphere of preventing criminal money laundering;
- Goodwill risk resulting in the formation of a negative image of the Corporation on financial markets in Russia and abroad;
- Legal risks resulting in bringing to justice or imposing various sanctions.

The 2009 Regulation on the relations of the Compliance Department with FC URALSIB divisions concerning the applications of financial market participants allows for the following:

- To maintain feedback with company customers – professional securities market participants to improve the quality of servicing and keep them loyal to the corporation;
- To respond in a timely manner to claims, and to identify and organize the typical customer claims;
- To improve internal procedures (business processes) concerning rendering services to FC URALSIB customers;
- To maintain the continuity of claims activities.

Fight against Corruption

To fight against corruption, FC URALSIB's departments responsible for internal control, compliance and business support control the operations of the Central Office and the regional departments of the Corporation within their terms of reference.

To facilitate the early detection of the risk of violating the anti-corruption law, the above-mentioned departments perform periodic checks related to key managers and officials responsible for making strategic decisions. In 2011, corporate employees performed no actions subject to the definition contained in the Federal Law "On the Fight against Corruption". Business ethics principles adopted by FC URALSIB include strict compliance with current legal requirements and other regulations, including internal documents and the anti-monopoly law and norms and directions of the Russian Federal Anti-Monopoly Service. 2011 instructions of the Federal Anti-Monopoly Service on eliminating violations were fulfilled in a timely manner.

Managing Conflicts of Interests of Managers

A new version of the Rules for the disclosure and management of conflicts of interests among managers and members of the Corporation's collective bodies. The new version of the Rules stipulates that there is ongoing control over the disclosure and management of conflicts of interests. The facts of any conflicts of

interest and resulting managerial decisions shall be disclosed in quarterly management reports.

Research in the Field of Compliance

As an active member of numerous industry-based professional associations and self-regulated organizations, URALSIB Bank has participated in the preparation of suggestions for laws governing the formation of a national anti-legalization system and the position of the banking community on most vital issues in this sphere.

FC URALSIB's key employees shared their experience at international conferences, seminars and roundtables.

A prestigious award from the International Compliance Organization was granted to OJSC URALSIB for its achievements in the sphere of forming efficient compliance systems. The award was granted for the



"Best Research in the Field of Compliance" category, while the Association of Russian Banks awarded one of the Bank's

employees a public order "For Services to the Banking Community".

INTERACTION WITH STAKEHOLDERS

FC URALSIB considers stakeholders to be persons, a group of persons or organizations that influence the activities of the Corporation or are influenced by the Corporation, its services and / or its

products. The Corporation interacts with key groups of stakeholders based on Russian legal requirements, the Universal Declaration of Human Rights, its vision, values and functional and business strategies. The stakeholder structure is determined based on the analysis of operations and charitable activities during preparation of the 2011 communications

strategy. The Corporation has identified six key groups of stakeholders, including: customers, shareholders, employees and management, strategic partners and potential investors, business partners and suppliers, regulators and public organizations and government authorities. In 2011, the stakeholder structure did not undergo any fundamental changes.

In 2011, the Corporation surveyed customer service quality using the "Incognito Customer" system. All of the Bank's points of sale were checked, with results used to formulate project lines for employees within the "Big Deal" internal contest. The "Big Deal" project idea contest is intended to upgrade customer service quality and to establish long-term customer relationships based on self-awareness, which is the Corporation's key value. Any employee of the Bank's regional offices can suggest his / her ideas. The best ideas will get the financing required for implementation.

Employees

In 2011, the Corporation surveyed managers in its key departments to identify key topics for the Corporation's Report on Sustainable Development for both employees and customer service. The survey results helped to identify key topics in this Report and to formulate its artistic concept.

Retail customers

Small Business

To maintain the competitiveness of its product range and its high quality service, URALSIB regularly performs an in-depth survey of the needs of SME organizations and also of their satisfaction with the Bank's product offers and services. The main task of such surveys is to fine-tune products based on the goals of the SME organization or those of an individual entrepreneur. In the results, the identified expectations of SME subjects laid the foundation for a new range of SME credit products. In 2011, the Corporation's specialists participated in numerous meetings with SME representatives within the framework of the "Day of Open Doors" program. The seminars were used to discuss obstacles that prevent loans from being issued and opportunities to optimize SME costs, as well as products required for the development of SME organizations.

The State

FC URALSIB is a regular participant in socially significant events. The managers of key departments deliver reports at conferences, forums and round tables dedicated to Russian economic development. The Corporation concluded social partnership agreements and participated in consultations on social and economic development in the regions in which the Corporation operates.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT	
10		58	72	90	100	106	112	57

Open Ideas for the Small Business

The Project of URALSIB Bank

PROJECT RELEVANCE

Long-term experience in direct services for SME customers shows that a considerable share of Small Business (SB) organizations are established by people with no experience in conducting business or are changing profile, from trade to production, for example. The high percentage of SB sector failures can be attributed to the lack of ability of timely consulting support to entrepreneurs.

PARTNERS

Non-profit organizations

The Bank's partners include the following non-profit organizations: "OPORA Rossii" (Russia's Backbone), an all-Russian public organization for the SME sector, the Association of Young Entrepreneurs of Russia, "One's Own Business" Fund, the Association of Russian Lawyers and regional branches of "Delovaya Rossiya" (Business Russia).

Commercial organizations

The Moscow International Business School (MIRBIS).

State authorities

The Bank's partners among State authorities include: the Russian Ministry of Economic Development, the Russian Anti-Monopoly Service, regional authorities, the Federal Youth Agency, MSP-Bank and regional guarantee business support funds.

2011 INNOVATIONS

In 2011, two teleconferences took place (Moscow – Saint-Petersburg and Moscow – Krasnoyarsk), with the participation of Natalia Larionova, the Director of SME Development and Competition in the Russian Ministry of Economic Development and Vladimir Myshelovin, the Head of the State Authorities Control Department from the Russian Federal Anti-Monopoly Service. Teleconference participants received answers to their questions that related to supporting and developing their own businesses.

IMPLEMENTATION STAGES

"Days of Entrepreneurs" (2010)

In 2010, the Bank launched the implementation of a complex project intended to support SBs on the entire territory of Russia. Beginning from August 2010, the Bank has conducted "Days of Entrepreneurs" seminars for company owners and individual entrepreneurs. The seminars have taken place in 96 Russian cities.

In launching the project, the Bank had three priorities: upgrading the financial literacy of SBs representatives, informing them of State support for the SBs and forming trusted partnership relations with representatives of the key customer group. Communication was accomplished mainly via seminars and collective consultations.

"Days of Open Ideas" (2011)

Based on analyzing stakeholder expectations and emergent changes in the social and economic situation, the Bank's working group suggested improving proven forms of interaction. In 2011, the Bank stopped lecturing activities and initiated discussions with entrepreneurs. This dialogue allows entrepreneurs to receive information directly from the horse's mouth, but it also allows the Bank managers to maintain constructive dialogue with customers, to be able to continuously update the product range and to offer their customers the most advantageous conditions. In 2011, the seminars curriculum was complemented with additional educational and communication modules. The SME representatives received seminars and master classes on the following topics: "The Art of Personnel Motivation"; "The Search for a Promotional Partner"; "How to Promote Your Sales"; "The Healthy Way of Life"; "The I Brand"; "The Quality of Service as a Guarantee of Success"; "An Internet Trader Who is Always on Duty"; "The Optimization of Taxation" and "Negotiating Efficiently". From 2011, the Bank has employed an entirely new form of partnership with customers, meaning the joint development of ideas for future business development, involving the discussion and implementation of personal development programs for managers and SME owners. This resulted in growing trust and customer loyalty.

PROJECT RESULTS

The number of project participants

2010 – 2,880 SB subjects;
2011 – 6,050 SB subjects.

SB Product Sales

Annual growth in the SB credit portfolio – 23%;
Annual growth in the number of settlement accounts opened by the SBs – 27%.

Youth employment

The number of financial consultants hired from among students and young specialists – in excess of 1,000 consultants per annum. In 2011, 70 graduates became full-time Bank employees.

Number of MIRBIS training certificates issued

2010 – 10 certificates;
2011 – 15 certificates;

Number of Bank-initiated publications on SME

More than 300 publications in the federal and regional mass media (including print, electronic, TV and radio).

Upgrading the governance system

The Bank developed the "Ideal Customer Way", a system of efficient logistics and customer flow at points of sale. The Bank also upgraded service quality.

Social and economic impact of the Project

The impact includes upgrading the quality of life in the regions of operation due to the development of local business communities, the creation of new employment opportunities, the growth in household income and the improvement in financial literacy among entrepreneurs and the public.

+71.2%

GROWTH IN THE NUMBER OF "DECENT
HOUSING FOR CHILDREN" CARDS ISSUED

+7.0%

MORTGAGE LOAN PORTFOLIO GROWTH
(NUMBER OF LOANS)

+17.9%

AUTO LOANS GROWTH

+4.8%

SB LOAN PORTFOLIO GROWTH
(NUMBER OF LOANS))

3 RESPONSIBLE BUSINESS

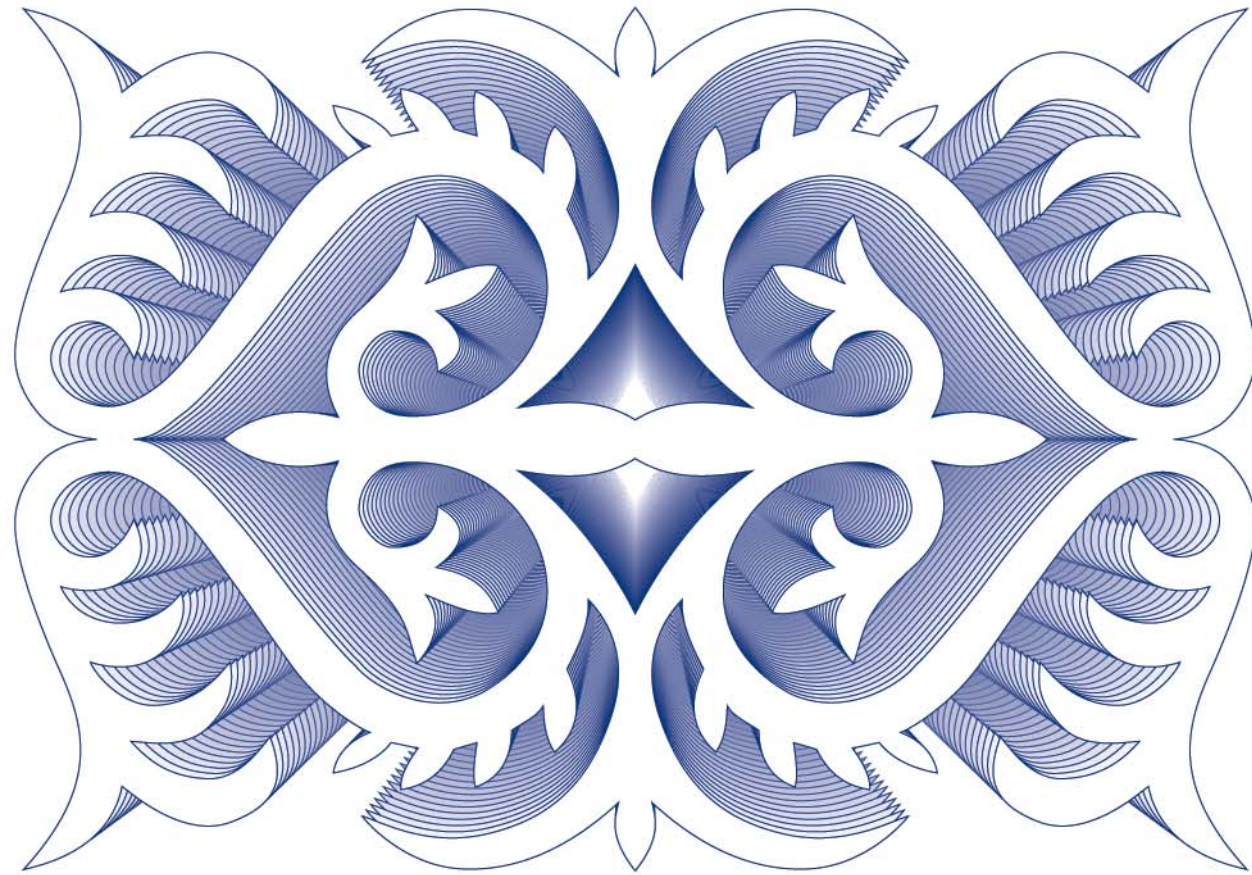
The activities of FC URALSIB's Group companies are based on partner relationships with customers and on responsible business practice principles

These principles are valid at each stage of creating value for customers, starting from the development of a new product to promotions and servicing. Guided by these principles, during planning, URALSIB does not allow interest rates on credit and deposit products to exceed average market values. The retail products promotional campaigns are developed taking into account expectations of the target customer group and requirements of the law "On Advertising". Via advertising its retail products, the Bank specifies all material transaction conditions that may influence consumer choice, including: the amount of the so-called tariff payment (interest rates and commission fees, etc.). The leaflets and audio and video clips that are used in

the campaigns are developed taking into account possible negative consequences that may arise when using the product. There are two risks that a retail banking customer needs to take into account, namely the possible loss of savings deposited with the Bank and an incorrect judgment on the customer's solvency and a misunderstanding of the system of payments for services.

URALSIB is flexible regarding credit securities, providing different discharge schemes for SB organizations. In the case of a positive credit history, entrepreneurs may take advantage of easy credit terms,

including: decreased interest rates and increased maximal credit amounts. Taking into account surveys on SME needs, the Bank developed a range of credit products that are ideally suited to the needs of this market. The negotiable financing program is meant to support the daily operations of the organizations. A package of investment financing services is intended for customers who plan to modernize and extend their existing business facilities (www.pora-rasti.ru).



The Khakass Ornament. Harmony

*Awareness of one's place in the world, society, family and career,
effectively filling one's life with meaning.*

SOCIALLY SIGNIFICANT FINANCIAL PRODUCTS





One of the Bank's priorities consists in creating socially significant products and services. URALSIB actively participates in solving key social and economic issues, being the leader in providing credit facilities to the SMEs and the public. The range of socially significant products is developed along two strategic lines, namely: the support of governmental social development programs and the support of strategic priorities for the Corporation's external social policy. The range of socially significant products is continuously expanded.

In 2011, the "Decent Housing for Children" cards were most popular with customers, exhibiting an annual growth rate of 71.2%. Mortgage and auto credit portfolios also grew 7% and 17.9% respectively. Negative dynamics in respect to regional social cards were associated with the expiration in 2011 of more than 100 thousand cards issued within the framework of the "Ivanovo Region's Resident Card".

The Volume of URALSIB's Socially Significant Products

	Thousands		Change, %	RUR billion		Change, %
	31.12.2010	31.12.2011		31.12.2010	31.12.2011	
Mortgage credit portfolio	30.3	32.4	7.0	32.1	34.9	2.8
Auto credit portfolio	44.9	53.0	17.9	10.6	14.8	39.6
Regional social cards	395.6	306.0	22.6	–	–	–
"Decent Housing for Children" deposits	12.7	10.2	–19.4	3.4	3.2	–5.9
"Decent Housing for Children" cards	26.6	45.5	71.2	–	–	–
Pension deposits	43.9	33.8	–22.9	10.9	8.5	–22.2
SME credit portfolio	14.5	15.2	4.8	74.9	81.7	9.1

The range of 2011 socially significant products

	"Mortgage loans for Parents, Present and Future"; "Regional Social Card"; "Decent Housing for Children"; "Pension Deposits"; "Business Trust".
	"Socially Responsible Investments" *
	Sub-federal/municipal bonds
	URALSIB – Targeted Funds

"Mortgage Loans for Parents, Present and Future"

In April 2011, URALSIB Bank launched an unprecedented product on the Russian mortgage market. The Bank gives a 0.5% discount on mortgage interest rates for each underage child in the family. The offer is valid not only for families that have underage children as of the date a loan is issued, but also for families which may have children throughout the loan term. A pilot launch of the program turned out to be such a success that it was decided to extend the program to encompass housing which has already been commissioned, as well as housing under construction.

This program made a great contribution to the Bank's performance concerning the mortgage loans in 2011. In 2011, the Bank issued

6,802 mortgage loans in the total amount of RUR 9,130.55 million, exceeding the similar indicator for 2010 by more than 13 times.

This made the Bank one of the top five

* Socially responsible investments are investments made to develop promising companies, which demonstrate stable efficiency and favorably impact the environment and local community development. The investments may be made by directly increasing the capitalization of such companies, or by using exchange instruments and mutual funds. The candidates cannot include companies that are directly or indirectly engaged in the production and sale of products that negatively impact public health (alcohol and tobacco, etc.), or that exploit child labor.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30		72	90	100	106	112

mortgage banks, ranking fifth among banks based on the volume of mortgage loans issued under security of purchased real estate. The Bank also ranked fifth in the total volume of the mortgage loan portfolio (RBC Rating).

While developing new programs, the Bank kept in mind other issues in addition to achieving planned financial performance indicators. We also wanted to offer conditions



that made mortgage loans more readily available and improved the well-being of a greater number of Russian families who decided to buy new housing via a mortgage.

“Decent Housing for Children” Program

This program, implemented in conjunction with the “Victoria” Children’s Fund, was launched in 2009. The first implementation stage included the “Decent Housing for Children” affinity card issued in partnership with MasterCard. The Bank transferred 0.5% of all payments made using this affinity card to the designated accounts of the “Victoria” Children’s Fund to be spent on the charity project that involves upgrading children’s institutions. During the next stage, the program was extended due to “Decent Housing for



Children”, a special deposit with a higher interest rate. The deposit conditions implied that a deposit owner assigns the Bank the right to transfer 0.5% of his / her annual interest rate income to finance the project called “A House for Decent Life”, managed by the “Victoria” Children’s Fund. The report on the use of received funds is accessible at: <http://www.victoriacf.ru/ddd/index.wbp>

“Business Trust” SB Product

The new “Business Trust” product was launched in the fall of 2011. What makes this product so different from other SB products is that it involves a standard decision-making procedure that can be accomplished using a minimum package of customer documents. The decision is made



in a centralized manner in a maximum of four hours from the moment that a filled-in application is submitted.

The program, called “Inter-branch Turnover – Micro-Financing”, implemented in conjunction with MSP Bank provides micro-scale financing to SME subjects. The annual interest rates offered by the “Business Trust” product do not exceed 17.75% per annum. It is planned that the “Business Trust” product will cover at least 500 customers, amounting to RUR 400 million. We plan for a gradual increase in volume and the number of issued loans. This increase should be at least 50% per

month, as new regions join the program. By the middle of 2012, the number of loans issued within the program will comprise at least 25% of the total number of loans issued to SME subjects monthly, amounting to at least 12% of total monthly volume. The process of considering applications submitted within the “Business Trust” program framework implies that the product portfolio is of an acceptable quality. Therefore, expected overdue payments will not exceed 2%, thus

Participation in MSP Bank’s governmental SME support program

In 2011, URALSIB Bank and OJSC MSP Bank, the Russian bank that supports small- and medium-sized businesses, continued to cooperate within the framework of the government program for financial support for small- and medium-sized businesses. In accordance with the conditions of the program, URALSIB Bank is allowed to issue loans to SME subjects using reduced interest rates. SME subjects, who receive loans from MSP Bank resources, include enterprises engaged in medical and educational services, construction, food processing, transport and communications. The funds will also be provided to companies engaged in household and other types of services rendered to the public and organizations, including: auto service stations, gas filling stations, hotels and catering facilities.

URALSIB Leasing Company’s participation in the above-mentioned governmental program allows financial leasing transactions to be concluded by SME subjects. In 2010, URALSIB Leasing Company signed a five-year agreement with MSP Bank to finance leasing transactions concluded by MSP subjects using branch offices located in all Russian federal districts. Businesses of end recipients of leasing financing include: motor, passenger and truck transportation, the food processing industry, trade, agriculture, energy, storage logistics, publishing and printing, forestry and wood processing, metal treatment, the medical industry, chemistry, housing and utilities and other services.

URALSIB at Sub-federal/Municipal bond market

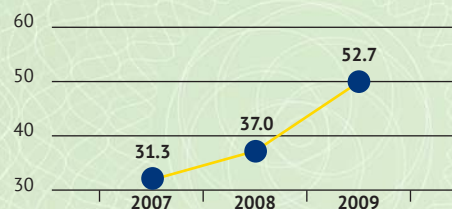
2011 was the year in which the sub-federal/municipal bonds market rose from the pit that it had fallen into in 2009 due to unfavorable market conditions which forced the regions to turn to the cheap loans from the Russian Ministry of Finance (with 0.25-0.5 of the Central Bank's re-finance rate).

In 2011, the volume of physically placed regional bonds increased to RUR 53 billion (+42% y-o-y), although this level is much lower than the record set in 2008 (RUR 82 billion).

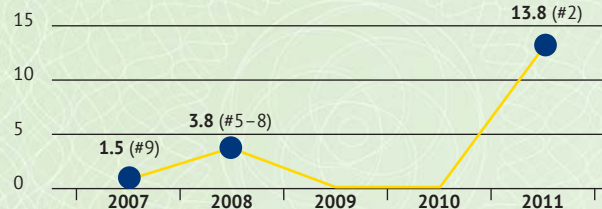
In 2011, the Yakutia, Volgograd, Nizniy Novgorod and Yaroslavl Regions entered the regional bond market. In addition, the market was re-joined by long-awaited and significant market players, namely the Krasnoyarsk and Samara Regions. The loan made by the Samara Region broke the record with a bond issue for RUR 12.2 billion, with a maturity period of 5.5 years. This was the largest and longest sub-federal bond issue made in the last three years. The Samara Region bond issue, organized by URALSIB, was named "Transaction of the Year" in the "Sub-federal/municipal bond" category at the 2012 Investor Awards.

In 2011, the volume of URALSIB Bank's transactions involving the issue of sub-federal bonds amounted to RUR 13.8 billion, making the Bank the second largest organizer of the sub-federal/municipal bond issue (according to Cbonds independent rating agency). URALSIB lagged behind Rosbank, the leading organizer, by RUR 2.4 billion. URALSIB's market share grew to 26% compared with 5% in 2008.

The amount of bonds issued by regional borrowers (excl. Moscow bonds), RUR million



URALSIB: bonds issued (RUR billion) and the position in the Cbonds Rating (#)



We expect that in 2012 – 2015 the market for sub-federal/municipal bonds will expand and become increasingly competitive. There are many reasons for it, including closing down the anti-crisis program that involves budget loans from the Russian Ministry of Finance, the expected high deficit of regional budgets and considerable levels of debt (to the Russian Ministry of Finance, among other institutions) accumulated by regions during the crisis and post-crisis periods.

allowing the maximal amount of loans to increase to RUR 2 or 3 million.

The "Regional Social Card" Program

The project was launched in Bashkortostan in 2006, when the Bashkortostan Social Card (BSC) was issued. During the pilot stage, the Bank offered a card product which was unique for Russia. Standard banking services were complemented by an opportunity to receive governmental services using three applications: pensions, taxes and the services of the Russian Ministry of Interior. The card can be used to receive social and pension payments. The card is intended for anyone that receives social benefits, including: students, pensioners, members of the military and government employees, etc. The card allows its owner to use social allowances and benefits, such as: free-of-charge public transport facilities and discounts for medicine and utility services, etc. Implementation of this product contributes to the more rational use of budget funds, simplifying accounting and reducing the costs of social security institutions. The card can be used to pay for goods and services; it is accepted by ATMs. In 2009, this project was included in the federal program for electronic government services (No 210-FZ) and the development of a Universal Electronic Card (UEC).

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30		72	90	100	106	112

In 2011, more than 700 thousand people living in four regions (the Bashkortostan, Ivanovo, Moscow and Smolensk Regions) held URALSIB Bank electronic cards. The project includes eight applications: pension-related, medical (concerning mandatory medical insurance), transport, taxes, discount, issues concerning the Russian Ministry of Interior and banking. Applications under development include: educational, "Rosreestr" (the Russian Registry) and "Officers of the Court". The "Bashkortostan Social Card" project was joined by OJSC Bashprombank, as an issuer.

"Socially Responsible Investments" Project

In 2011 the Investment Consultancy Department of URALSIB Bank/121 offered to its customers a solution called "Socially Responsible Investment" (SRI). This investment portfolio is intended to generate income using the instruments that comply with financial (stability and expected earning power), as well as social responsibility criteria. The priority is given to companies specializing in green/clean technologies. From the point of view of asset classes the portfolio consists primarily of shares (65%) and fixed income instruments (35%), thus decreasing the volatility and risk. When selecting funds investing in shares preference is given to

portfolios consisting of shares of the major American companies. As for fixed income instruments, they consist of a range of securities including government and corporate bonds, and the emerging markets bonds.

The companies whose shares are represented in SRI in considerable amounts include American Water Works, a water purification company, Suez Environment, the second-largest European water supplier, Celgene Corp., an American bio-pharmaceutical company specializing in research and development in the field of treating cancer and inflammatory diseases, and Sanofi-Aventis, an International Pharmaceutical Concern.

include SRI in their portfolios using one of the following strategies: either by selecting companies that engage in activities that comply with certain social or environmental criteria or by selecting companies based on their risk profiles, meaning one or several dedicated funds (conversion/purification of water, alternative energy sources, agriculture and / or bio-technologies). This strategy is most likely to succeed in Russia.

Participation in the governmental program implemented by the Mortgage Loan Agency

In 2011, URALSIB Bank moved forward with issuing loans pursuant to the program implemented by the Russian Federal Mortgage Agency. The loans are issued to purchase housing facilities, including: apartments, individual houses and units in townhouses. The Bank issues loans using its own funds, then returns its own resources by re-financing the loan using Agency capital. The Bank is fully responsible to the Agency for how the borrower performs on its obligations. Participation in the Agency's program allows the Bank to decrease mortgage interest rates, thus making housing more affordable to the public. The loans are issued in Russian rubles and secured using real property purchased. Real property purchased should be the only housing used for a permanent residence.

Apart from mortgage products offered pursuant to the Agency's program, the borrowers may receive a mortgage using federal or regional programs that involve issuing subsidies to purchase housing facilities or they may use their own capital to discharge the main debt and interest rates on a mortgage loan.

Russian investors as of yet have no opportunity to engage in socially responsible investments domestically. Firstly, the Russian infrastructure for assessing and choosing socially responsible companies for investments is under-developed. It is difficult for an investor to objectively assess the levels of social responsibility and corporate governance for Russian companies and to compare their financial stability with those of other industry competitors. The second obstacle preventing investments into socially responsible Russian companies lies in the fact that the number of public companies is limited. Shares of potential candidate-companies are not quoted on stock exchanges. Depending on their own preferences, Bank 121 customers may

2011 FC URALSIB FULFILLED STRATEGIC PROJECTS

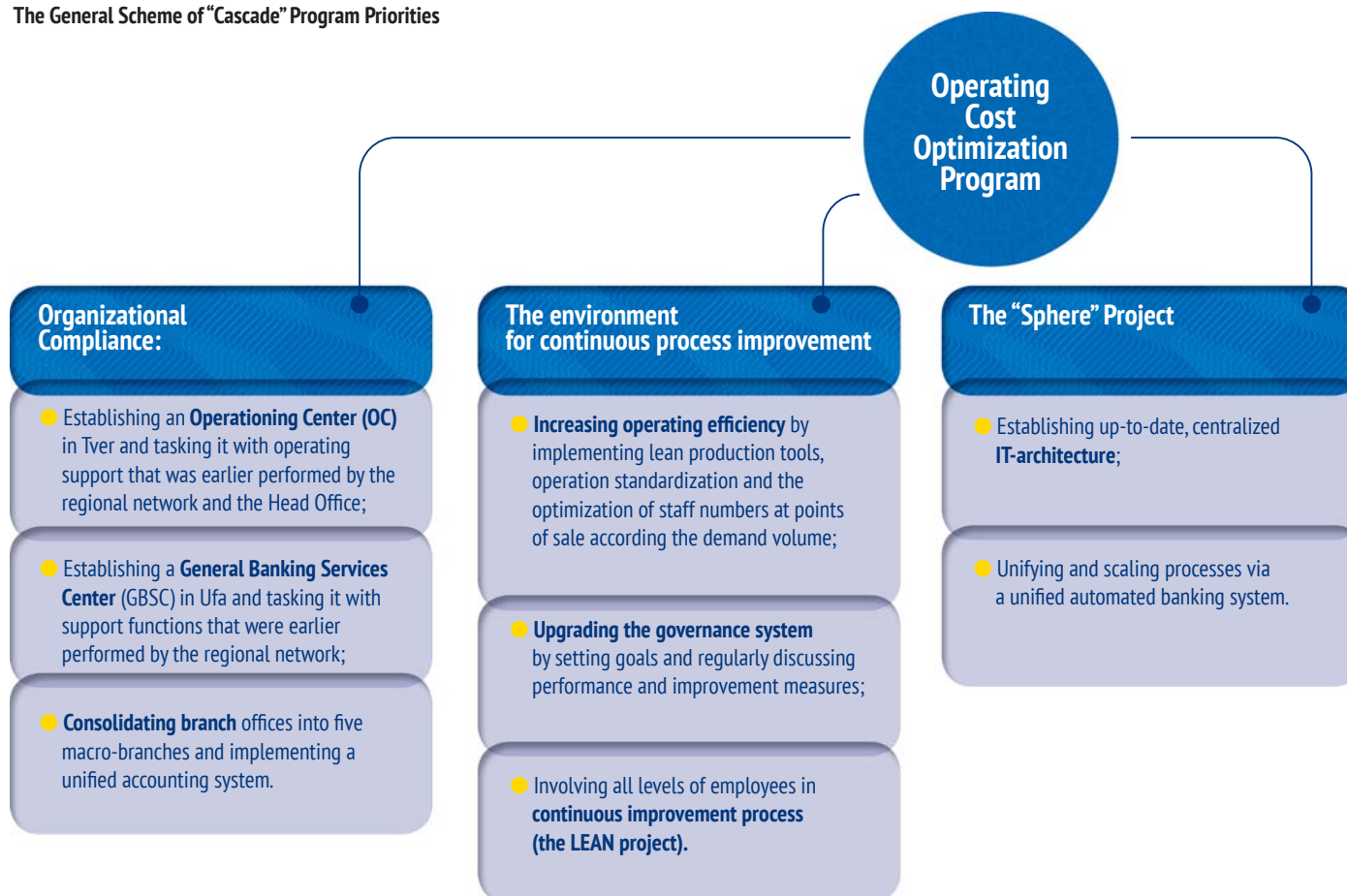


Cascade – a Strategic Program to Optimize Operating Costs

The program is a key component of the strategy to decrease operating costs and expenses related to upgrading the Bank's market position. To achieve stable results, the Corporation initiated qualitative changes in processes used in operating and support functions. The changes are combined to form the "Cascade" program. The program was developed based on the Shared Service Center (SSC) model. The approved cost reduction policy is intended to achieve a 60% cost/income ratio. The program will be implemented in 2013-2014.

During Q4 2011, a centralized architecture model for support and provision processes was developed by the Bank in conjunction with McKinsey consultants. They also developed a calendar schedule for the "Cascade" program.

The General Scheme of "Cascade" Program Priorities



GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30		72	90	100	106	112

The “Operations Center” Project

The project is intended to facilitate the following:

- Standardizing and optimizing operating support processes to improve service quality and performance;
- Establishing an Operations Center (OC) in Tver;
- Transferring operating support from branch offices and points of sale to remote control from the Operations Center.

The project involves the transfer of back-office processes from the regional network and the head office to a remote service center. Due to the benefits of a centralized location, the efficiency of these processes will improve, together with service quality, while at the same time reducing the Bank's operating costs. Based on customer requests or product specifications, employees of regional offices may initiate required transactions, which will be processed at the shared Operations Center. The Operations Center provides 24 hour support for the extensive corporate regional network.

The “Shared Banking Services Center” Project

The project is intended to implement centralized support for Bank divisions on: accounting, finance, treasury, IT technologies, legal and administrative support, economic provisions and real property management. The project implies delegating a share of support processes from the regional network and the Head Office to the Shared Banking Services Center, thus contributing to efficiency due to centralization, while reducing the Bank's operating costs and upgrading service quality. The Shared Banking Services Center will be established in Ufa, on the basis of the Remote Central Office and URALSIB's branch office in Ufa.

▲
A solemn opening of URALSIB Bank's Operations Center took place in Tver on August 29th, 2012. The Operations Center will be responsible for processing and supporting customer payments across the URALSIB network



▼ Strategic projects (continuation)

The “Consolidation of Branch Offices” Project

The project implies the re-organization of the Bank’s branch office network and the establishment of a new organizational structure based on merged federal branch offices. To do so, 39 branch offices of the Bank will be re-organized into operational offices that are subordinate to the five macro branch offices. Macro branch offices will be responsible for the corresponding federal districts within their geographic borders. The project will considerably simplify regional operations management, making it easier for the Bank to transition to a shared automated banking system (Finacle), implemented by the “Sphere” project. The percentage of employees maintaining their employment with the Bank will stand at 85.4%. To implement the project, each regional division will establish a work group along with a permanent work group at the Central Office to provide guidelines and solutions for issues that arise, and to facilitate interactions with the Central Bank.

“Implementing Lean Technologies” Project

The project for upgrading performance using resource-saving technologies is based on the LEAN model that instructs management to get rid of any activity that consumes resources without creating value. The goal of the project is to implement innovative governance technologies that will involve employees in a continuous search for upgrade opportunities. The support centers should provide an environment for ongoing improvements that contribute to higher quality and process performance, as well as greater flexibility in managing the use and allocation of resources.

The “Sphere” Project

To facilitate transferring to an integrated technological platform and international banking standards, the “Finacle” (Infosys) system was tested in Stroinvestbank (Kaliningrad) in 2007. In 2010, the system was adapted to accommodate for Russian legal requirements on banking. During 2011, the system was further developed in the Bank’s Yekaterinburg branch. By the end of 2011, the system was ready for operation and system control functions were delegated to the IT Division to deploy the system across the entire Bank’s network.

The “Corporate Bank’s Customer Service Re-organization” Project

In 2011, the Corporate Bank’s Customer Service was re-organized based on the customer managers’ industry specialization model. Therefore, a pool of global customer managers was formed at the Bank’s Central Office with each of the managers being an expert in the corresponding area, coordinating the activities of regional customer managers interacting with companies in the corresponding market segment. This contributed to improved customer relations and a better understanding of customer needs and specifics.

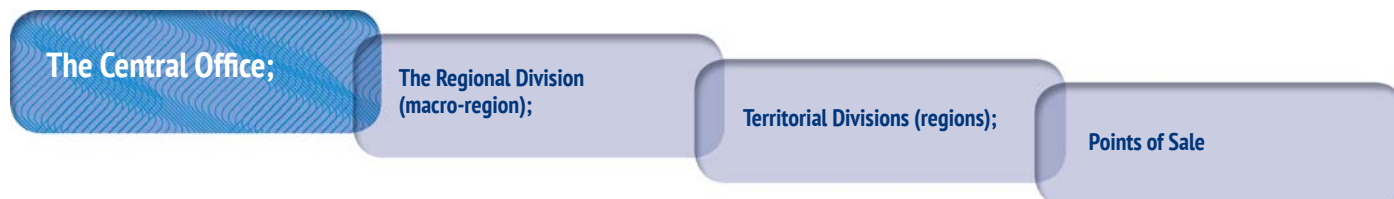
The “Optimization of Credit Process” Project

The goal of the project is to improve the timeliness of the credit process. In 2011, the Bank optimized the credit process in conjunction with McKinsey Company. Optimization included implementing uniform financial analysis standards and modifying the system of credit decision approvals. This resulted in reducing the time spent on credit decisions and upgrading customer service.

The Bank’s regional activities will be streamlined along five verticals:



The Bank’s organizational structure will include four management levels:



GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30		72	90	100	106	112

THE BANK'S CUSTOMER SERVICE QUALITY SURVEY

The “Incognito Customer” Project

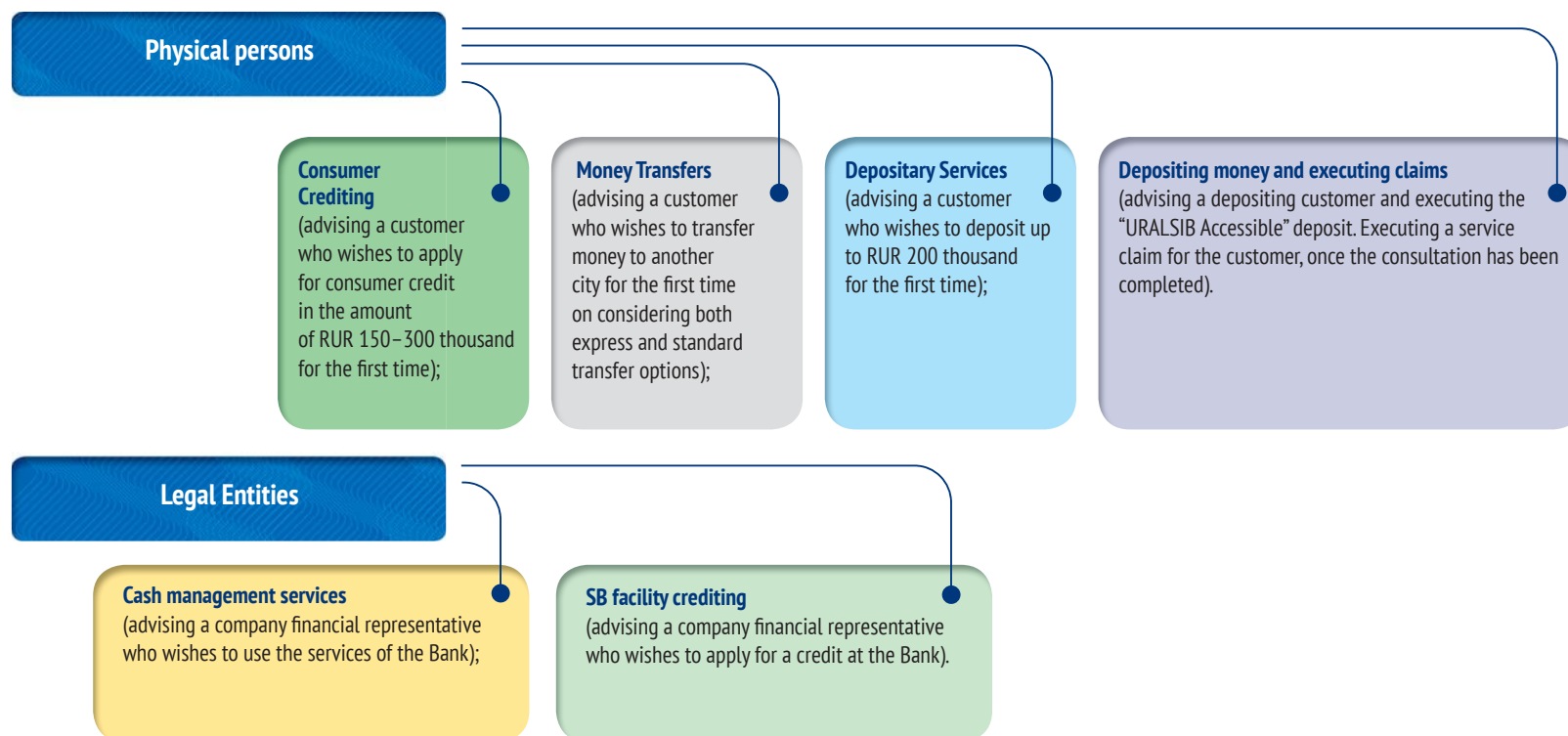
“Incognito Customer” checks are performed on a quarterly basis, covering 100% of the Bank's points of sale, thus helping identify bottlenecks and assisting regional managers in developing measures to upgrade customer service. The main areas under survey include: the “Office”, “Service Technologies” and “Personnel”.

2011 visit surveys were performed based on scenarios taking into account basic products for physical and legal entities. One of the priorities in upgrading customer service is generating timely feedback from customers. To assess this parameter, “incognito customers” submitted their written results.

In Q4 2011, the Bank managed to upgrade customer service in the “Service Technologies” and “Personnel” areas. The Bank's positions in the “Office” area remain moderate, as changes have been insignificant. To achieve some palpable results in this area, the Bank needs to make considerable investments. The surveys identified positive dynamics in key parameters, such as: employee professionalism, identifying customer

needs, the employees' external appearance, the interior of offices and product competence level, as demonstrated by front office employees.

“Incognito Customer” Survey Scenarios



▼ Strategic projects (continuation)



URALSIB | LEASING COMPANY

The Conveyor Sales Technologies

The Company launched a project to implement the conveyor sales technologies and developed a strategic product range for equipment types to be leased. The project involves implementing the following products:

- **Leasing motor and commercial transport vehicles;**
- **Leasing trucks and special machinery;**
- **Leasing facilities for the SB sector;**
- **Corporate leasing products;**
- **Equipment leasing.**

Apart from modifying the product range, project implementation included: changes in the process related to operating leasing facilities' evaluation departments, risk management departments, and the Company's sales departments, thus reducing the time span for making products available to three days.



URALSIB | CAPITAL

"Direct Access for Foreign Companies to the MICEX-RTS Stock Market – DMA" Project

Direct access to the trade market is one of the fastest growing segments in Russia, as well as abroad. According to some estimates, the volume of direct access transactions is in excess of 40% of shares traded on MICEX. The project involved signing service agreements with Ullink, BT Radianz and MICEX-RTS. The agent function for non-residents per the brokerage agreement is performed by URALSIB Securities Ltd. (USL). The Direct Market Access (DMA) services imply that a customer has access to the Ullink data center in London to sell / buy shares and derivatives in real time. The information is transferred via the communication channel provided by BT Radianz directly to URALSIB Capital – Financial Services' servers located in the data centers of MICEX-RTS. After passing risk control procedures, applications are admitted to the trading floor. Low latency – some 58mc (round-trip London-Moscow-London).

Apart from the technological aspect, USL specialists prepared the required legal documents.

Other developments include: commissioning www.uralsibenter.com, completing the CMR system to maintain a database of potential customers and promoting customer services.

Our most promising customers include: Bloomberg Tradebook, Knight Capital, FC Stone and some hedge funds from Scandinavia and Western Europe. According to preliminary estimates by mid-2013, receipts generated by the service will range from \$100,000 to \$120,000.



URALSIB | MANAGEMENT COMPANY

The "Endowment" Project

The specific capital (endowment funds) segment is one of the strategic development priorities for the Russian financial market. In addition, endowment funds are significant socially, as they accumulate charity means, allowing financial professionals to use their skills to maximize returns. MC URALSIB considers endowment funds to be one of the most promising developments, complimenting their product range with "Endowment" accordingly. As a leader in the Russian capital management market, MC URALSIB tries to find ways to develop this promising segment.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT	
10	30		72	90	100	106	112	69

2011 MARKETING CAMPAIGNS

In 2011, the Bank implemented seven major marketing campaigns to promote new product offers. All advertising materials provided customers with complete and objective information, enabling them to assess the related financial load.

1. "There's nothing easier!" a federal advertising campaign to promote consumer crediting;
2. "URALSIB/Daily Income" a regional advertising campaign to promote deposits;
3. "URALSIB/MONEY BOX" a regional advertising program to promote the card box;
4. "Days of Open Ideas for the SBs" a regional advertising campaign;
5. The federal mortgage loan support program ("Our Interest Rate is Down!", "Mortgages for a Family Man", "Farewell darling...").



1



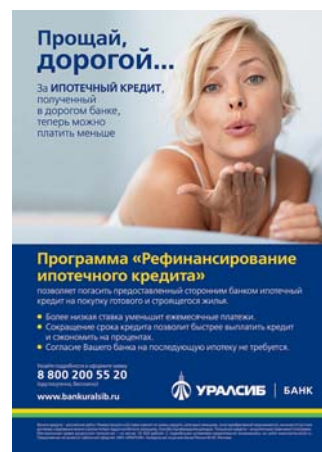
2



3



4



5



RESPONSIBLE BUSINESS PRACTICES

CONSUMER PRIVACY PROTECTION

The Bank, as well as leasing and management companies, are responsible for collecting and processing customers' personal data. Databases containing personal data are used to perform analytical surveys and direct marketing communication. When planning product offer development and service standards, the customers' data are used in an impersonal manner. The Bank's targeted marketing communications are performed in accordance with federal law and customers' written consent. The Corporation strictly adheres to the principle of protecting privacy and the personal data of each of its customers.

PRODUCT SAFETY ASSESSMENT

The customer safety system is used throughout the product life cycle. The system is based on normative acts of the Bank of Russia "On the Protection of Consumer Rights" and on the Corporation's internal procedures and instructions. During the development of financial products, special attention is paid to identifying crediting priorities and differentiating between categories of potential borrowers. Credit product issuance technologies include the underwriting stage that enables a customer to take a loan for his / her

financial condition, thus decreasing the risk of overdue debt and upgrading customer financial stability. At the sales stage, customer safety is ensured by strict compliance with regulatory legal requirements. In particular, participating in the deposit insurance system, the Bank follows the recommendations of the Russian Central Bank on limiting maximal interest rates on deposits and fulfills requirements of the Russian Health and Consumer Rights Agency (Rospotrebnadzor) on rating credit agreements, informing the customers of the full price of a credit product.

ACCOUNTING FOR CUSTOMER REQUIREMENTS FOR PRODUCTS IN CIRCULATION

FC URALSIB is customer-focused company. To provide for feedback, the "Quality Hot Line" project has been in place since 2007. The project stipulates a single hot line telephone number for all advertising materials, including: outdoor billboards, printed matter and Internet websites. The hot line telephone number can be used by customers to convey their wishes, or to receive financial advice on banking services, or else to leave comments on service quality. All incoming messages are decoded and transferred for processing to the Corporation's corresponding business units. The issues arising systematically become subject to response measures.

QUALITY MANAGEMENT SYSTEM

FC URALSIB monitors and improves the servicing of its customers on an ongoing basis. The quality management system monitors three key priorities: the organization of points of sale, customer service and operational support. The first priority includes: analyzing sales offices and allocating resources required for timely renovations, the equipment of workplaces and also for customer service areas. All offices are equipped with air conditioning systems. Each corporate division adheres to fire safety rules.

The Corporation also monitors the quality of financial products and the level of customer service. In 2011, the "Incognito Customer" survey was used to inspect 100% of the Bank offices. To improve service quality, each branch office has special working groups engaged in the continuous analysis of the quality management system and the initiation of new actions and projects intended to upgrade service quality.

Customer feedback is maintained using all channels available, including: telephone, Internet and mail, etc. All customer claims are thoroughly analyzed. Employees' professional activities are standardized and organized systematically. The Corporation has more than 30 standards, regulations and policies, which are periodically updated. They enable the Corporation to maintain service quality at a competitive

level. The "Sphere" and the "Cascade" projects are implemented to integrate all service functions in to dedicated operations centers, considerably improving and speeding up customer service.

COMPLIANCE WITH LEGAL REQUIREMENTS

FC URALSIB tries to build a social business model based on the synergy of strategic interests for business, the State and the public. This is the basis for sustainable development. According to the Corporation's main principles, each product, service or initiative should comply with the needs and interests of the recipient, while creating public value. The cases of non-compliance with norms of marketing communications and information on the end consumers about the properties of products revealed in 2011 were singular in nature. No cases of non-compliance with norms and codes related to product health and safety effects were registered.

INTERACTING WITH SUPPLIERS

The Corporation chooses its suppliers based on internal tender results. All major agreements are agreed upon in accordance with the Policy on tenders for selecting suppliers of goods, work and services. The agreements are also subject to assessment by the Corporation's legal department, which verifies their compliance with current law. Interactions with suppliers are based on long-term mutually beneficial relations. In the

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30		72	90	100	106	112

regions in which URALSIB operates, the volume of purchases made from local suppliers ranges from 80 to 95%, with the rest of the supplies procured from the center. In Moscow, 100% of the supplies are provided locally. .

ACTIONS AGAINST THE ILLEGAL USE OF INSIDER INFORMATION

In connection with the coming into force on July 31st, 2011 of Russian Federal Law No 224-FZ "On Actions Against the Illegal Use of Insider Information and/or Market Manipulation", the Corporation's Compliance Department prepared and effected the following normative documents:

- A Procedure for preventing the illegal use of insider information and/or market manipulation;
- A List of information classified as insider information by OJSC URALSIB;
- A List of Bank employees included in the Bank's insiders list;
- A Regulations on the interaction of OJSC URALSIB's divisions during the preparation of insider information and the procedure and terms for disclosing such information.

FC URALSIB Compliance Department specialists developed practical recommendations on the using provisions of the new law on preventing the illegal use of insider information and / or market manipulation for different categories of financial market players. The recommendations were developed jointly with the Association of Russian Banks (ARB) and the MICEX-RTS Stock Exchange. Information letters containing the explanation of certain issues related to the practical application of Federal Law No 224-FZ were prepared based on recommendations provided by the Russian Federal Financial Markets Service.

To provide for the compliance control of business processes, FC URALSIB developed new control algorithms and methods to monitor manipulation of the organized securities market. The algorithms and methods were developed in 2011, taking into account new legal requirements. Based on analyzing bids and transactions, the Compliance Department monitors the Bank's exchange operations to identify non-complying operations. The new control system covers the following critical points:

- Transactions concluded on the basis of preliminary agreements;
- Transactions influencing the price, demand, offer and volume of the trade;
- Offsetting orders;
- Deviating orders;
- Misinformation;
- Orders with which there is no intention to fulfill.

ACCESS OF THE LOW-INCOME PUBLIC TO FINANCIAL SERVICES

FC URALSIB's marketing strategy is based on uniform customer service standards that implying the maximal availability of services to all customers. The volume, quality and price of services are independent of the size and development level of the operating region in which the Group's companies are present. The range of the Bank's deposit products includes: the "URALSIB Social" deposit, which enables a customer to receive income on deposited funds while being free to dispose of his/her money with the minimal sum of 1 ruble left in the deposit account.

SB SUPPORT

The development of small businesses is a government priority. URALSIB Bank offers entrepreneurs special banking products intended to increase their turnover at any enterprise development stage. In 2011, the Bank maintained its leading position in SME crediting ratings. According to Expert RA rating agency, the Bank is third in terms of the volume of its credit portfolio. Significant attention is given by the Bank to credit facility availability. In 2011, the Bank conducted a series of "Day of Open Ideas" seminars to improve the financial literacy of SME managers, with federal minister experts and local officials lecturing at seminars. Entrepreneurs can receive on-line advice at the "It's Time to Grow" website at www.porarasti.ru

3.7 thousand

NEW EMPLOYEES

53%

EMPLOYEE INVOLVEMENT

16.9%

STAFF TURNOVER

2.4%

ABSENTEE RATIO

98%

STAFF TRAINED

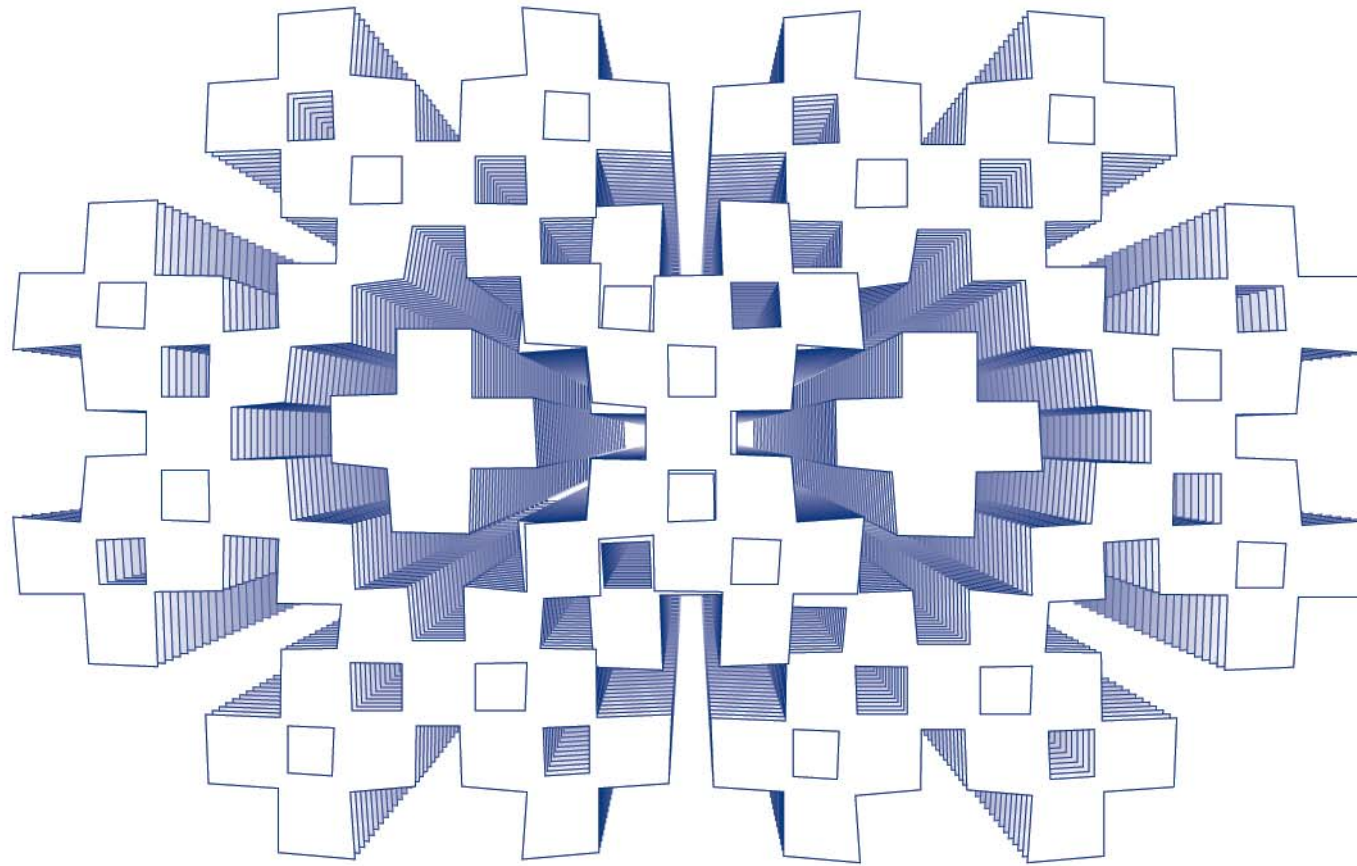
4 PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY

The personnel management scheme employed at FC URALSIB is traditional for major corporations, with HR Department divisions that maintain the main priorities of the Corporation and take into account the priorities of shareholders of the Corporation Group companies.

The HR function at FC URALSIB is engaged in developing priorities, standard as well as unique for the Russian market, including: employee involvement surveys, internal consulting, cross-transfers, corporate culture development and motivation systems for healthy lifestyles. The HR Department structure is defined by three factors: the regional scale of the Corporation's business, presence in different segments of the financial services market and the commitment to socially responsible business practices.

The transition to the new Management by Value (MBV) governance system resulted in a review of the existing competency model. The model updated in 2011 includes 4 corporate-wide and 8 manager-level competencies that contain the Corporation's mission, reference points and ethical principles. The corporate competency model serves as the basis for developing key HR-processes (personnel recruitment, assessment and training and development) and for performing assessments of key employees. These assessments form the basis of the program for new competency development. After transitioning to the MBV system, FC

URALSIB pays significant attention to developing corporate culture, since culture is the most efficient tool to attract, develop and retain employees. The personnel development strategy is intended to implement socially responsible business principles directly in governance and customer service practices. In 2011, the Corporation launched an "Equal Opportunities Service" front-office employees training project, which is unique in Russia. The project aims at implementing service standards for disabled customers and developing a positive attitude toward customer communications.



The Slavic Ornament. Unified Power

Men and women fit together like nothing else in the world and by following this simple rule, one can considerably extend organizational opportunities.



“We are guided by people’s motives”

**An interview with Ekaterina Uspenskaya,
the Head of the HR Department**

Q. During 2011, labor market growth was slow, but steady. Was the Corporation in line with this trend? What strategies influenced the Corporation’s personnel recruitment strategies in 2011?

A. Recently, the main labor market trend has been competition for highly qualified specialists. Among other things this tendency is the result of demographics. Therefore, focusing on young specialists is one solution to this problem. A young specialist brought up within the Corporation is loyal to the Company and result-motivated. Nonetheless, despite the increase in the number of specialists under 25 years of age (8.8%), the specific share of young employees in the general HR structure underwent no considerable changes.

In 2011, considerable transformations occurred inside the Corporation, which were aimed at upgrading business efficiency. The updated banking product sales concept resulted in an increasing number of sales organizers. Credit process centralization led to the appearance of a new category position, in other words, writers who perform technical credit support functions. We had hoped to get great results from agency sales, so we revived the presence of consulting managers in the Bank’s additional offices.

Q. What personnel development strategy did the Corporation implement in 2011?

A. In 2011, we launched the HR reserve program to upgrade the stability of managerial positions in the Corporation. The program is for employees who are practically ready to take up managerial positions.

We are well aware of the fact that it takes a long time to select candidates for managerial and other key positions. The market for such candidates is scarce and everybody is engaged in similar

headhunting. Therefore, it can take two to three months (on average) to find a suitable candidate. The new program enabled the Corporation to fill many managerial positions in 2011. This resulted in minimizing costs for recruiting, adapting and training. On the other hand, the program allowed us to extend the search for qualified managers. We had the luxury of focusing on quality. This program is closely related to forming a new highly efficient structure for regional businesses within the “Cascade” strategic priority. After a brief training period, members of the HR reserve pool succeeded in becoming managers of new structural divisions. This allowed the Corporation to modify the functions and structure of regional business divisions without biasing the governance system. Many employees from the HR pool became mentors for new employees hired by the operations center in Tver. The HR reserve formation strategy proved efficient over quite a short time and in 2012, we plan to expand the program by integrating three separate programs: career growth, mentorship and the HR reserve.

Q. Were there any changes in HR development priorities initiated by management due to the transition to the value of self-awareness model?

— A. After transitioning to the BSC governance model went global, it became evident that the Company’s stability depends not only on goals, but also on ethical principles used to form the business model. Therefore, the MBV model is gaining popularity today. During the most recent two years, URALSIB has implemented a project to transfer its business to this platform. We are guided by peoples’ motives. A man that has certain noble motives, such as encouraging development and self-awareness, is more apt to make weighted ethical decisions. In the pursuit of business interests, we should always be aware of the heritage that we are going to leave for generations to come. After transitioning to the MBV system, FC URALSIB started to pay greater attention to the development of corporate culture as the most efficient tool to attract, develop and retain personnel.

We treat such programs as the management of positive emotions, the promotion of a healthy lifestyle, improved social protection for employees, charitable activities, volunteering, the HR reserve pool and personal development programs as a complex approach to HR management issues.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58		90	100	106	112

Q. One of the strategic tasks that the Corporation faced in 2011 consisted in upgrading the efficiency of business processes. What actions were taken by the HR Department to support this priority?

A. Customer-related processes were the focus of our attention. But we cannot really speak of any quality services for external customers, if we have failures concerning services rendered to internal customers. Therefore, in 2011, we paid significant attention to interacting with our business divisions to develop internal services. To identify development zones, we performed a large-scale 360 degree assessment with business divisions assessing the Corporation's functional departments, while the latter assessed each other. This allowed us to identify faulty services, as well as the causes of faults. We modified the processes and adjusted training programs, correcting the motivational system and competencies on the basis of an agreed upon road map.

For example, in 2011, we implemented a project to reduce the period for making motivational payments. Before the project was implemented, motivation bonuses for Q1 were paid to employees only in Q4 due to a lack of coordination of internal procedures. However, once a road map was executed, allowing for the optimization of activities across all service departments, the payments became available within two months of the end of the quarter (at the latest).

Q. What is the goal of the "Equal Opportunities Service" training project?

A. The seminars on services for disabled customers were conducted by instructors with real experience in the field. Our partners from the "Perspective" organization (an organization for the physically handicapped) told Bank employees about the difficulties that they may face while servicing a customer with speech disabilities, and how can a customer with no hands be serviced if he came to sign papers, and how can front offices be re-equipped to make them more suitable for customers with locomotion disabilities. This joint program was implemented for our sales office managers and customer service managers. This can hardly be considered the only effect of the program, but after training, we received numerous requests from program participants to re-equip customer areas taking into account limitations of disabled customers. The overall service level was also improved. The program's efficiency will be assessed at the end of 2012. Our Bank can rightly be considered the leader in this area among Russian banks. Unfortunately, even the State-owned banks are somewhat slow in implementing these technologies. We hope very much that our initiative will contribute to implementing these practices across Russia.

Q. How would you rate the success of the program to form a corporate culture focused on the value of self-awareness?

A. The success of the program is measured by growing involvement, suggesting that in the mid-term, growth in this parameter will contribute to creating a unique competitive advantage due to the team's special creative atmosphere.

In 2008, we started in the destruction zone. Since that time, the Corporation has increases its involvement with each passing year. In 2011, the Corporation became the best employer in a rating prepared by HeadHunter Company, outstripping all State-owned banks and some international companies, with an involvement ratio of 53% - which falls into the stability category. In the next two to three years, the Company will reach the green zone of efficiency. Employees with an involvement ratio higher than 60% achieve business and personal development results which are entirely different.

Q. The Corporation's member-companies employ different business models. How do you manage staff development projects in such a versatile environment?

A. The strategic staff development priorities cover all member-companies of the Group via the BSC system and the shared business concept. The Bank acts as a management company in relation to all HR policies. For example, the basic principles of the motivation system are used by all member-companies of the Corporation. We have no double standards. Any new motivation system suggested by a member-company is assessed by the Bank's HR Department for compliance and to then be approved by the Company's Board of Directors which made the suggestion. Personnel assessment and involvement surveys are conducted simultaneously in all Group member-companies.

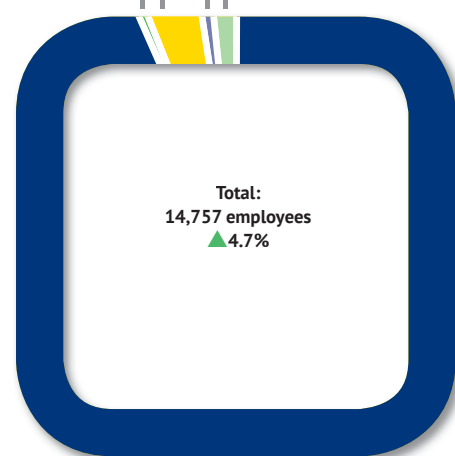
PERSONNEL STRUCTURE

Changes in the Overall Number of Personnel

	31.12.2010	31.12.2011
Overall Number of Personnel	16,461	16,872
Part-time employees	683	340
Full-time employees	14,099	14,757
Full-time employees on leave (maternity)	1,679	1,775

Distribution of Full-time Employees across Sub-holdings, as of 31.12.2011

Leasing Business:	Asset Management:
3.7%	0.8%
541 employees	124 employees
▲194.0%	▼8.1%
Private Banking:	Investment Banking Business:
0.4%	1.6%
62 employees	234 employees
▲1.6%	▲4.5%



Commercial Banking:
93.5%
13,796 employees
▲2.2%

Employee Distribution by Labor Contract Type

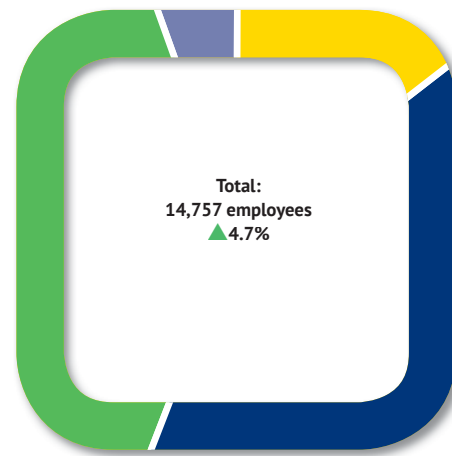
	31.12.2010	31.12.2011
Long-term contract	12,652	13,260
Short-term contract	1,447	1,497
Total	14,099	14,757

Employee Distribution by Employment Type

	31.12.2010	31.12.2011
Full-time employment	13,699	14,495
Part-time employment	400	262
Total	14,099	14,757

Distribution of FC URALSIB employees by age, as of 31.12.2011

Aged 35–54:	Aged less than 25
38.8%	14.6%
5 730 employees	2 153 employees
▲4.9%	▼13.7%
Aged more than 55	
5.3%	
784 employees	
▲30.2%	



Aged 25–34
41.3%
6,090 employees
▲9.9%

Gender Balance, %, as of 31.12.2011



Changes in Personnel Structure by Positions

	31.12.2010	31.12.2011
Top managers	101	103
Line managers	2,527	2,690
Support staff	9,363	10,603
Workers, administrative staff	2,108	1,361

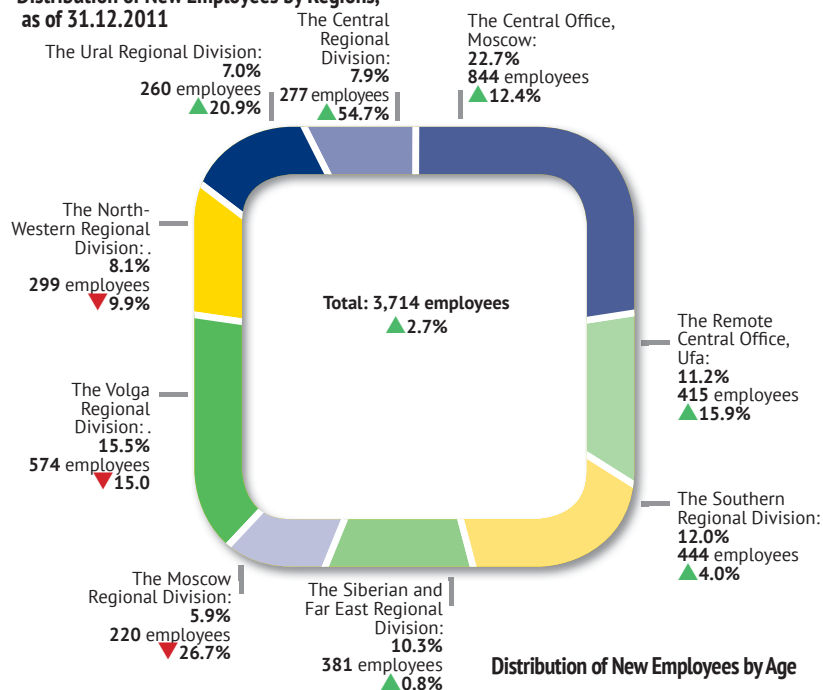
Lost days ratio by regions, %

	2011
The Central offices (Moscow, Ufa)	2.8
The Moscow Regional Division	2.0
The Volga Regional Division	2.4
The Siberia and Far East Regional Division	2.7
The North-Western Regional Division	2.8
The Ural Regional Division	2.6
The Central Regional Division	2.1
The Southern Regional Division	2.4
Average Value	2.4

Number of Employees Resuming Work after Maternity Leave

	31.12.2010	31.12.2011
Total number of employees after maternity leave	328	680
Retained their employment with FC	328	595

Distribution of New Employees by Regions, as of 31.12.2011



Number of Employees Hired in 2011

	31.12.2010	31.12.2011
Количество сотрудников	3,615	3,714

Pursuant to regional laws on quotas, FC URALSIB hires persons with disabilities and young specialists sent by the Moscow and Ufa employment centers. In 2011, the Corporation hired 6 specialists with certified disabilities. This category of the Corporation's employees comprises 64 specialists, which is in line with the established legal quota.

Distribution of New Employees by Age

	31.12.2010	31.12.2011
Total new employees	3,615	3,714
Aged less than 25	1,532	1,485
Aged 25–34	1,407	1,477
Aged 35–54	628	676
Aged 55 and more	48	76
Central offices in Ufa and Moscow	1,109	1,259
Aged less than 25	332	439
Aged 25–34	482	491
Aged 35–54	283	304
Aged 55 and more	12	25
Regional Network	2,506	2,455
Aged less than 25	1,200	1,046
Aged 25–34	925	986
Aged 34–54	345	372
Aged 55 and more	36	51

Minimal Salary

The Corporation has an established scale of salaries and a system of regional coefficients. The salary is calculated based on achieved business results and the planned KPI. The basic tariff rates for similar type positions for men and women are alike.

At the end of 2011, the minimal tariff rate for a full-time specialist was RUR 17,999 (an operations accountant, Kemerovo), which is 3 times higher than the normative minimum salary set by regional law.

City	Minimum salary set by law	Operations accountant salary*	In excess of the minimum salary set by law, %
Moscow	10,900	25,000	229
Ufa	5,500	18,975	345
Kemerovo	4,611	17,999	390
Krasnodar	6,251	20,000	320
Saint Petersburg	7,300	27,000	370

* Salary fund

Personnel Turnover

In 2011, the consolidated personnel turnover index of FC URALSIB complied with the planned range of 15–30%, which according to international standards is optimal for financial sector companies. Keeping the index at this level, the Corporation receives the required inflow of new employees, who bring new ideas and approaches with them.

Personnel Turnover by Age, %

	31.12.2010	31.12.2011
Aged less than 25	44.3	22.3
Aged 25–34	15.2	21.5
Aged 35–54	8.8	10.7
Aged more than 55	14.3	11.5

Personnel Turnover by Regions**, %

	31.12.2011
The North-Western Regional Division	24.1
The Southern Regional Division	20.3
The Volga Regional Division	16.9
The Siberia and Far East Regional Division	20.5
The Ural Regional Division	15.2
The Central Regional Division	25.1
The Moscow Regional Division	15.0

* The amount of salary is based on data from URALSIB Bank's regional network.
** URALSIB Bank.

Yearly and Quarterly Personnel Turnover Indices, %

	31.12.2010	31.12.2011
Yearly percentage	16.7	16.9
QI	3.5	3.3
QII	4.6	4.5
QIII	4.9	5.2
QIV	3.7	4.2

ACTIONS TO UPGRADE LABOR CONDITIONS AND HEALTH

The development of the Corporation's internal social policy is maintained and adjusted by its shareholders. All projects and programs are subject to review and approval by the Corporation's Management Board.

The "Improved Workplace" Program

The Corporation allocates funds to upgrade workplaces annually. Corporation employees are provided with drinking water and cooking equipment. Only 6% of the offices have cafeterias or canteens of their own, with the rest of the offices being provided with dining rooms. Thirty-five percent of such offices have complete cooking equipment, whereas **30%** of the offices are equipped with refrigerators and microwave ovens. To promote a healthy lifestyle and to prevent diseases, each of the offices has health corners with leaflets that contain first aid instructions, medicine boxes, pulse meters and medical balances. Each office that has more than five staff members have health corners equipped as described above. In 2011, program-related costs stood at RUR 2.87 million.

The "Healthy Way of Life" Program

The program is implemented pursuant to FC URALSIB's Internal Social Policy, which was adopted in 2007.

The program is based on strategic developments to decrease economic damage done to public health via behavioral risk factors, such as: smoking, high arterial blood pressure, unhealthy eating, low physical activity and being overweight, etc. The strategies in question were developed by the World Health Organization (WHO) and the Russian Ministry of Health. In developing its own Healthy Way of Life programs, the Corporation is guided by the Framework Convention on Tobacco Control (WHO) and the Concept to Increase Physical Activity and Decrease the Number of Overweight Individuals (as developed by WHO for the European region), as well as by the National Tobacco Control Strategy. The program's efficiency is assessed using methods developed by WHO (BRFSS questionnaire – the Behavioral Risk Factor Surveillance System). The dynamics of behavioral risk development among employees are assessed annually based on random representation. In 2011, the Corporation carried out two motivational campaigns, namely: the "Non-Smoking Office" and the "Health Week" to decrease disease risks.

The efficiency of these programs is rather high. Supported by colleagues and with comprehensive motivation, it's much easier for people to quit smoking, to lose weight and to be more active. The percentage of employees participating in the "Healthy Way of Life" programs amounts to **49%**, whereas the share of employees actively promoting healthy lifestyles and having no bad habits is 31%. The percentage of employees who smoked fell from 24% in 2007 to 19.6% in 2011. The number of employees practicing healthy eating (consuming less fat and sugar and more fruits and vegetables) increased from 41% in 2010 to 46% in 2011. Thirty-one percent of employees decreased their alcohol consumption, an 11% increase compared with 2009. In 2011, the costs related to implementing the "Healthy Way of Life" programs amounted to RUR **1.98** million (134 rubles per employee), a 1.3 times increase compared with 2010.

Voluntary Blood Donations

In 2011, the Corporation had two "Donor's Weeks" (in the spring and in the fall), pursuant to a cooperation agreement that was concluded with the Russian Federal Medical and Biological Agency. The number of initiative participants was **885** employees.

Corporate Sporting Life

The Corporation rents fitness centers and swimming pools to facilitate the physical training of its employees. Corporate team sports championships are held periodically. URALSIB encourages its employees and their families to buy access to leading fitness centers, offering discounts of up to 40%. Approximately 5 thousand employees may engage in sporting activities either free-of-charge or at half price. In 2011, the Corporation's sports-related costs amounted to RUR 33 million (2,239 rubles per an employee), a **20% increase** compared with 2010.

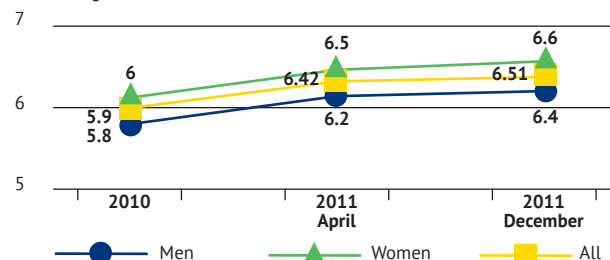
Personnel Vaccination

Taking into account the seasonal risks of infectious diseases, the Corporation encourages its employees to be vaccinated against the flu. The vaccination is free of charge and voluntary. Approximately **6%** of corporate employees are vaccinated annually.

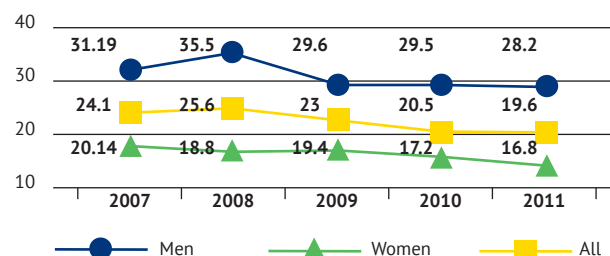
The "Women's Health" Project

In 2011, the Corporation launched a new project called "Women's Health". The project includes webinars for women employees conducted by a mammalogy specialist. Booklets with CDs were circulated among employees; these booklets contained instructions on preventing and ensuring early disease diagnosis.

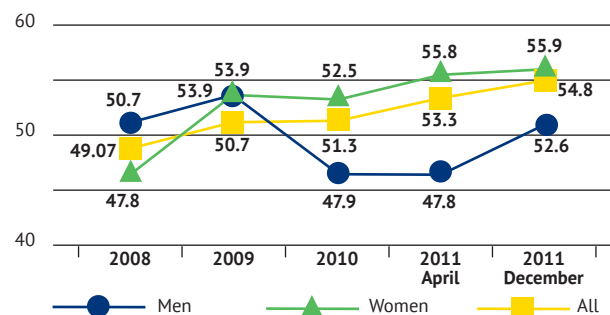
Employee Satisfaction with the "Healthy Way of Life" Programs,
maximal grade – 10



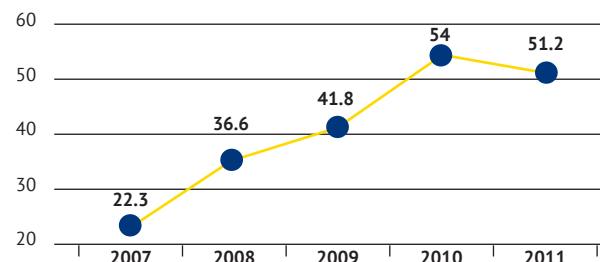
Smoking Popularity, %



Percentage of Employees who Tried to Become More Active, %



Percentage of Employees who Tried to Quit Smoking, %



The "Non-Smoking Office" Campaign

FC URALSIB summed up the results of the "Non-Smoking Office" campaign, which was launched May 31st on the World's No Tobacco Day. Six offices, including those in Barnaul and Stavropol, two additional offices in Yekaterinburg and two internal units in the Volga and Central Regional Divisions became non-smoking, as all of their smoking employees quit this bad habit. Registered campaign participants included approximately 400 employees and more than 60 departments in Moscow and the regions. The total number of campaign participants comprised **11 thousand employees**. The main condition for participation in these initiative consisted in quitting the habit for at least one month. Those who decided to do so for good received professional on-line advice and tests. 189 employees quit smoking during the campaign.

The winners were identified based on the percentage of employees who quit smoking, as well as by assessing photo reports and stories about campaign progress. A contest of motivators in the form of cartoons with slogans encouraging people to quit smoking became one of the campaign's supporting activities. Any employee, smoker or not, could publish his/her cartoon on the intranet portal. The creators of the best cartoons received prizes provided for by the "Healthy Russia" Program. Smoking control initiatives implemented in the Corporation on a systemic basis resulted in more than 500 employees quitting the habit during the last three years.

The "Week of Health" Project

A healthy lifestyle is one of the core corporate cultural values at FC URALSIB today. The Corporation has implemented an educational and motivational program called the "Week of Health" for the first time. Every one of more than 15 thousand corporate employees from more than 50 Russian regions could participate in the program. The program was intended to promote a healthy lifestyle among employees and to decrease health-related risks. The participants were to follow healthy lifestyle recommendations, in particular to try to become more physically active, to eat healthy food, to not smoke and to control their blood pressure. Every day of the program was devoted to overcoming certain health risk factors. The physical condition of participating employees was assessed by a so-called "staircase test" during which volunteers climbed 8 flights of stairs at the Corporation's office building. The campaign also included an educational component with information materials published on the Corporation's intranet, which were also available at the Health Corner in each office, or which were e-mailed to employees. Project participants totaled 700 employees from 30 departments. Project-related costs amounted to RUR 590 thousand.

The "Week of Health" Project was included in the final round of the "Silver Archer" contest in the category "The Best Project in the Field of Social Communications and Charity". The project was also included in the final round of the PRoba Contest in the category "The Best Social PR".

Health and Safety at the Workplace

Health and safety issues at the workplace are part of the Collective Bargaining Agreement, internal regulations and labor agreements with employees. FC URALSIB has no official agreements with trade unions concerning labor safety. All requirements set by trade unions were taken into account during negotiations at the conclusion of the Collective Bargaining Agreement.

The health and safety programs at URALSIB Bank (the Central Office), URALSIB Leasing Company and URALSIB Capital are managed by labor safety specialists. The regional divisions, offices and additional offices have their own responsible specialists, trained and certified as safety engineers. Each company has an approved labor safety manual. Pursuant to the responsibility distribution orders, responsibility for compliance with labor safety laws is borne by the heads of functional departments. The percentage of employees in the membership of joint committees on health and safety comprises 1% of the total number of personnel. The number of employees working in social departments on health and safety projects underwent no changes compared with the previous reporting period.

Percentage of all employees, %

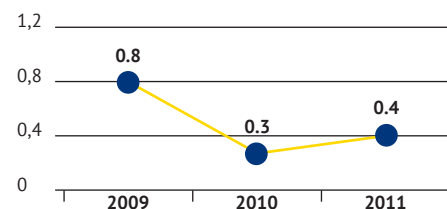
The Social Project Development Division	0.06
The Compensations and Benefits Division	0.03
Social workers in the branch network (HR department specialists responsible for assisting in the organization of social programs within the network)	0.6
Managers participating in the development of social policy	0.01
Safety engineers	0.29

Program efficiency is assessed using the WHO Behavioral Risk Factors Surveillance System. The dynamics of risk development among employees are assessed annually based on surveying employees using the random representation method and analyzing criticisms formulated after implementing these initiatives. In 2011, no occupational diseases were registered at FC URALSIB.

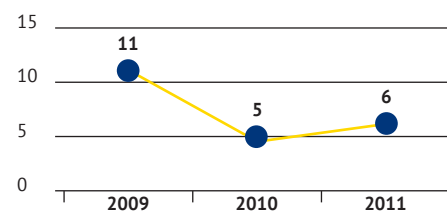
The HR Department received no documents certifying the loss of capacity due to occupational diseases pursuant to the conclusion of medical and social expertise assessments, establishing the capacity loss percentage and assigning the disability group, defining the nature and conditions of possible employment.

In 2011, the absenteeism level from work stood at **2.4%** (compared with 2.7% in 2010).

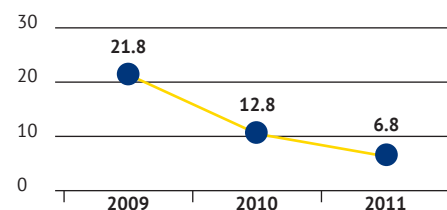
Accident Rate*



Number of accidents at the workplace



Average number of incapacity days due to workplace accidents**



* The accident rate for a thousand employees: $Ar = Na / (Ne/1000)$, where Na is the number of accidents and Ne is the number of employees.

** The number of temporary incapacity days for a thousand employees: $Ti = Dn / (Ne/1000)$, where Dn is the number of incapacity days and Ne is the number of employees.

In 2011, there were six accidents in the Corporation (one traffic accident and five falls in offices). The accidents occurred in Krasnoyarsk, Nizhny Novgorod, Moscow, Yekaterinburg and Novosibirsk. None of these accidents had serious health consequences. The accidents registered in 2011 are not directly related to the performance of professional duties and do not constitute a violation of labor safety requirements. The total number of temporary incapacity days due to workplace accidents was 100 work days.

Measures to Prevent Workplace Accidents

To reduce the risk of workplace accidents, labor safety specialists reviewed the causes of accidents in the department, paying special attention to drivers and traffic accidents. Extraordinary briefings were given at departments where accidents occurred.

Other measures included talks on the observance of labor safety rules in departments during the certification of workplaces, and during the routine inspection of Workplace Briefing Records in additional Moscow offices.

In 2011, the Corporation certified 5,161 workplaces (compared to 1,107 in 2010).

SOCIAL GUARANTEES AND BENEFITS

FC URALSIB'S social package is a consumer basket which includes voluntary medical insurance (VMI), health resort treatment and pre-paid fitness center activities. An employee may select from a range of services focusing on those that are suitable for his/her individual needs. Furthermore, an employee can participate in the corporate pension plan, and the accident insurance program. The Corporation provides additional payments on disability certificates and compensation for children's holiday vouchers. It also provides material help for employees in difficult situations. In 2011, social program costs **increased 50%** to amount to RUR 386.2 million.

Social consumer basket

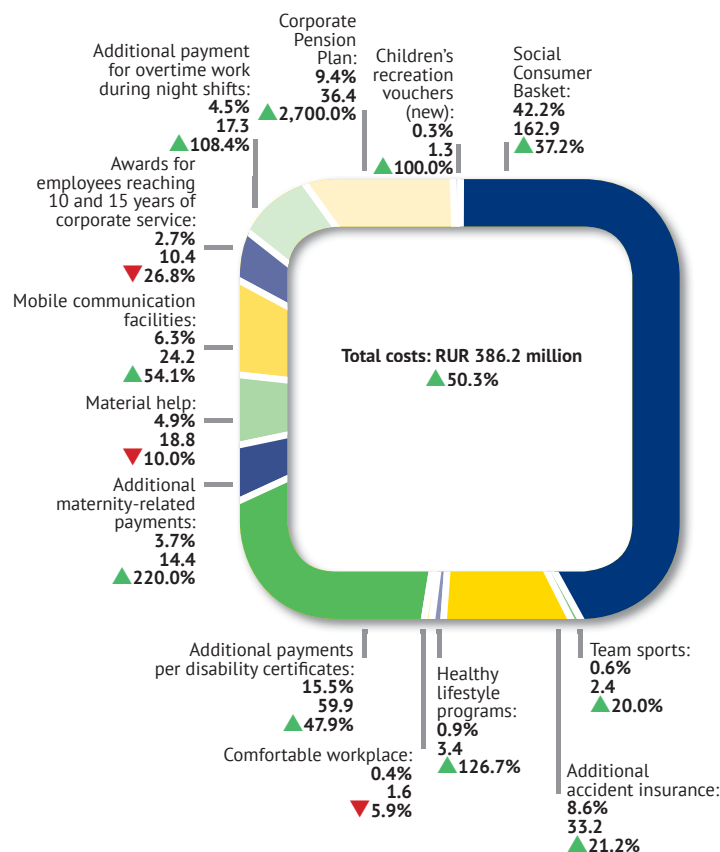
In 2011, the total funds allocated for the social consumer basket (SCB) increased 37% to amount to RUR 162.9 million (42% of overall social programs costs, excluding the salary fund). SCB costs per employee increased 37% from RUR 8,572 to RUR 11,025. In 2011, half of the Corporation's full-time employees used SCB services (7,604 employees) with 44% of them selecting the voluntary medical insurance policy. Compensations for resort treatment and fitness center facilities were used by 4.7% and 2.3%, respectively.

Insurance

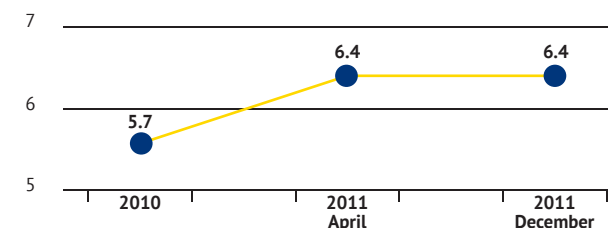
In addition to compulsory accident insurance, FC URALSIB insures its employees who are engaged in risky activities (cash register operators, bill collectors and drivers). The additional insurance coverage is RUR 500

thousand. In 2011, the list of those insured was extended to include employees going on frequent (more than 4 times per year) business trips lasting more than 10 days. The additional insurance coverage for such employees is RUR 1.5 million. The costs for additional insurance grew 20% to reach RUR 2.4 million.

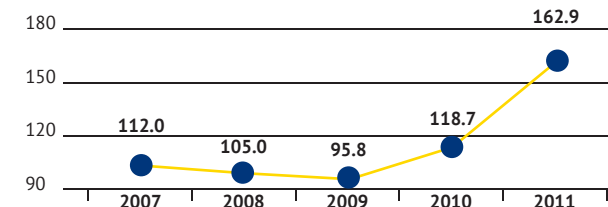
The Structure of Internal Social Policy Costs, RUR million



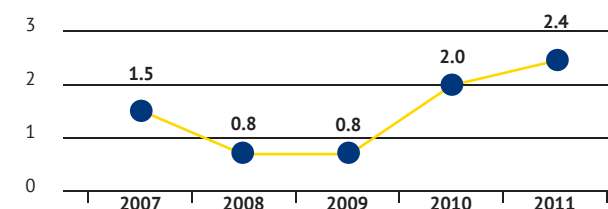
Social programs employee satisfaction, 10 grade maximum



The cost of the Social Consumer Basket Program, RUR million



Employees professional insurance costs, RUR million



Motivational Programs

Disability Compensation

In case of a disease, the Corporation compensates its full-time employees the difference between limits set by the Social Insurance Fund and their salaries for the period of the employees' disability. Beginning from January 1st, 2011, the number of temporary disability days for outpatients, for which compensation is paid, grew from 12 to 14. In case of in-patient hospitalization, or accidents that involve traumatic consequences, compensation is paid for a period of up to 60 days. During maternity leaves, the Corporation makes payments to complement the Social Insurance Fund payments. These additional payments may amount to **75%** of an employee's average pay.

Pension plan

The Corporation's pension plan was implemented October 1st, 2010. The plan consists of two parts, including: the government program to co-finance the funded part pursuant to Russian Federal Law No 56-FZ "On Additional Insurance Contributions to the Funded Part of the Retirement Pension and on State Support of Pension Assets", implemented with the participation of the employer and non-government pension benefits. If an employee chooses to transfer his/her pension's funded part from the Pension Fund of the Russian Federation to the

URALSIB Non-State Pension Fund, the employer will transfer to his/her saving's account the contributions in an amount in proportion to his/her duration of service with the Corporation and the amount of his/her salary. Employer contributions for both programs will be made from corporate funds. In 2011, the number of program participants grew from 230 to 902 employees, i.e. **a 4 times** increase, whereas the program budget grew from RUR 1.26 to RUR 36.4 million.

The average employee contribution per the government pension plan is RUR 835, while the same number for the employer is RUR 777. The average contribution made by the Corporation per its own pension plan is RUR 4,465.

Compensation paid for employees' children rest

2011 was the first year that the Company paid employees' children recreation vouchers. The compensation was paid to 154 employees. The total compensation amounted to RUR 1.3 million. If the proportion between the price of the voucher paid for by an employee and the employee's salary is greater than 25%, such an employee is entitled to compensation that is **25–50%** of the voucher price. Employees of children with disabilities are compensated with 100% of the voucher price. Employees with three or more children are compensated 75% of the voucher price for each child, irrespective of the proportion between the voucher price and the employee salary.

Awards for prolonged meritorious service

The Corporation has a program to award its employees for long-standing and honest service. The program covers corporate employees who have worked at the Company for 10-, 15- and/or 20 years. In 2011, the Corporation recognized **863** employees, of whom 68% had served 10 years, and 24% and 8% had served 15 and 20 years, respectively.

Additions to the social package

The Corporation provides its employees with privileged mortgage and consumer loans, as well as all types of beneficial insurance. Employees with open-ended working days are provided with additional days to complement their leaves. Employees are also given short leaves in connection with the death of a relative or marriage. They are paid addition sums for night shifts and overtime worked in excess of set limits, etc.

The "Women's Health" Project

In 2010, the Regional Charity Fund "Quality of Life" and the Bristol-Myers Squibb Foundation implemented an information campaign called "Information on Breast Cancer and Prevention Methods". The campaign was a success with the Corporation employees and a full-scale project for regional network employees was launched within the frameworks of the "Healthy Way of Life" program in 2011. The project was implemented in partnership with the "Quality of Life" Regional Charity Fund and the Russian Radiology and Nuclear Medicine Research Center. According to statistical data, in 2010, breast cancer was among the leading women's diseases in Russia; it was diagnosed in 20.2% of cases. The alvus body cancer is less "popular" (8.3%), with thyroid cancer ranking last at 5.2%. These diseases can be stopped at an early stage, provided they are diagnosed in a timely manner and properly prevented. According to the latest surveys, only 8% of the population turn to medical professions for prevention, whereas 53% go to see a doctor only when symptoms have become irreversible. The project involved new forms of training for female employees in all offices irrespective of location, as the training was accomplished via webinars. Female employees were briefed at their workplaces on the most popular breast cancer diagnostics and prevention methods and self-examination techniques. A series of four webinars was conducted in regional offices; 164 employees participated. Booklets and DVDs containing information on breast cancer prevention were circulated in the Bank's regional offices. The project costs amounted to RUR 605 thousand.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58		90	100	106	112

The Collective Bargaining Agreement

The Collective Bargaining Agreement has been in force since 2009. During the reporting period, no changes were introduced in the list of social guarantees for employees.

Preventing discrimination among personnel

All of the Corporation's policies and procedures regulating labor relations among personnel are based on fundamental principles of human rights, as recorded in Russian laws. The corresponding norms are contained in the following internal regulations: the Internal Regulations, the Employee Leave Policy and the Employee Business Trips Policy, etc. Adherence to current Russian law by employees of the Corporation Group companies monitored by the departments of: internal control, risk management and compliance. FC URALSIB's employee interaction is based on three principles: cooperation, objectivity and efficiency. The Corporation does not approve of competition among divisions and business units, encouraging the spirit of competition in relationships among employees. The Corporation adheres to the principle of tolerance for any ideological, personal and/or physical differences among employees. Individual traits that do not affect the quality of work performed by an employee cannot be qualified as a violation of the corporate Code of Conduct. The Corporation hires persons with disabilities and students pursuant to laws that are in force, meaning federal laws "On the Employment of the Population in the Russian

Federation", "On Social Security for Disabled Persons in the Russian Federation", and "On Additional Social Security Guarantees for Orphaned Children and Children left without Parental Care". Furthermore, regional divisions are guided by employment quota laws adopted in corresponding Russian subjects.

The percentage of top management hired from the local public in operating regions is **100%**. Vacant managerial positions in FC URALSIB's divisions are filled using the external HR market, as well as by rotating personnel inside the Corporation. Candidates' compliance with Russian Central Bank requirements is compulsory. Candidates for the position of branch office manager are assessed by the HR Department in Moscow for compliance with Regulations on the Intra-bank Document Flow for the Approval of Candidates for the Position of Branch Office Manager in Territorial Departments of the Bank of Russia, dated 18.12.2007.

Young Specialists Employment Project

URALSIB – the Way to Success. Take Your First Step!

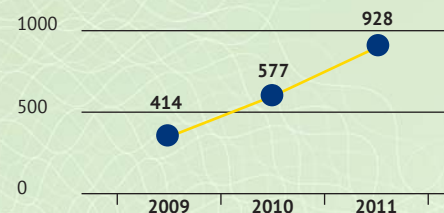
The project was launched in 2009 in line with a Russian Ministry of Health and Social Development program to ease labor market tensions, and it operates in partnership with regional employment centers.

The project calls for the establishment of temporary employment facilities for graduates and students of higher educational establishments, as well as the organization of short-term training for young specialists in the Corporation's business divisions. Beginning from 2010, the period for this training will be 6 months. During this period, the trainees' mentors help them join the team and get a better understanding of organizational and professional issues. The graduates occupy operational positions, including as: junior accountants, legal advisers, credit managers, sales managers and HR and security

specialists. This results in providing newcomers with the experience of working at a prestigious bank and adding a line of distinction to their curriculum vitae.

Beginning from 2010, the program has focused on forming an external HR reserve for the Corporation. The best students are included in the external HR pool. The initial goal of the program, however, remains vital, assisting inexperienced young specialists find jobs and upgrading the financial literacy of the young.

Number of Graduates Trained in the Corporation



Key Indicators of "URALSIB – the Way to Success. Take Your First Step!" Program

	2009	2010	2011
Number of regional branch offices covered by the program	31	43	43
Number of cities covered by the program	42	83	83
Number of trainees enrolled in the Corporation's HR reserve	89	230	291
Number of trainees employed full-time	10	112	82
The Corporation's costs	1,099	3,908	3,921
The amount of government financing received, RUR thousand	5,299	24,262	21,887

PERSONNEL TRAINING

The corporate system of personnel training has evolved in line with the Corporation's strategic tasks and the corporate governance system, based on the value of self-awareness. The Corporation's efforts in training and personnel development are focused on the establishment of conditions for the professional and personal growth of personnel, the formation of corporate commitment and loyalty to the Company's interests and the development of a professional attitude towards oneself and

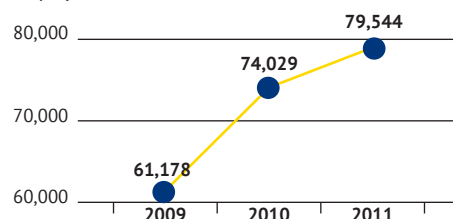
the team. Training priorities are based on the principles of "Opportunities and Incentives for Self-Development" formulated in the corporate Code of Conduct.

The training programs are organized by categories. They are implemented using the services of full-time instructors and business coaches who work in the Corporate University, as well as the services of external business coaches. The distinctive feature of the personnel training and development system employed at FC URALSIB consists of the

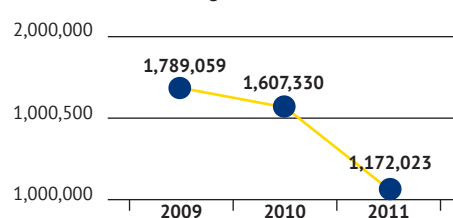
extensive internal training system implemented by the Corporate University and regional training centers located within the regional divisions. The main

goal of the personnel training and development system lies in upgrading the stability and competitiveness of the Corporation's business.

Number of training courses attended, employee/course

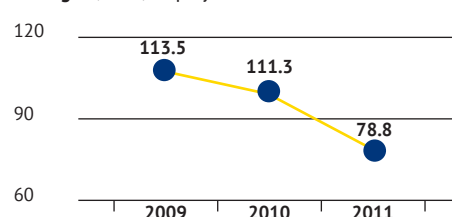


Total number of training hours

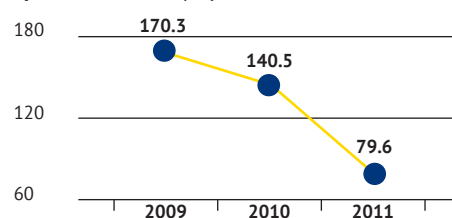


Average number of training hours per employee broken down by years:

Managers, hour/employee



Specialists, hour/employee



Number of the Company Employees Trained in 2011*

	Employees	% of the overall personnel number
Top managers	103	100
Line manager	2,656	98.7
Specialists (support and administrative staff)	10,729	98.8

* If an employee had numerous training sessions during the year, he/she was accounted for as one employee.

Depending on training goals, material can be presented to trainees in their presence or remotely via using the on-line training "Virtual Classroom" technology. Remote training using the Corporation's Training Portal is traditionally popular among employees due to regional specifics of the business and the high volume of materials required for product training. Remote

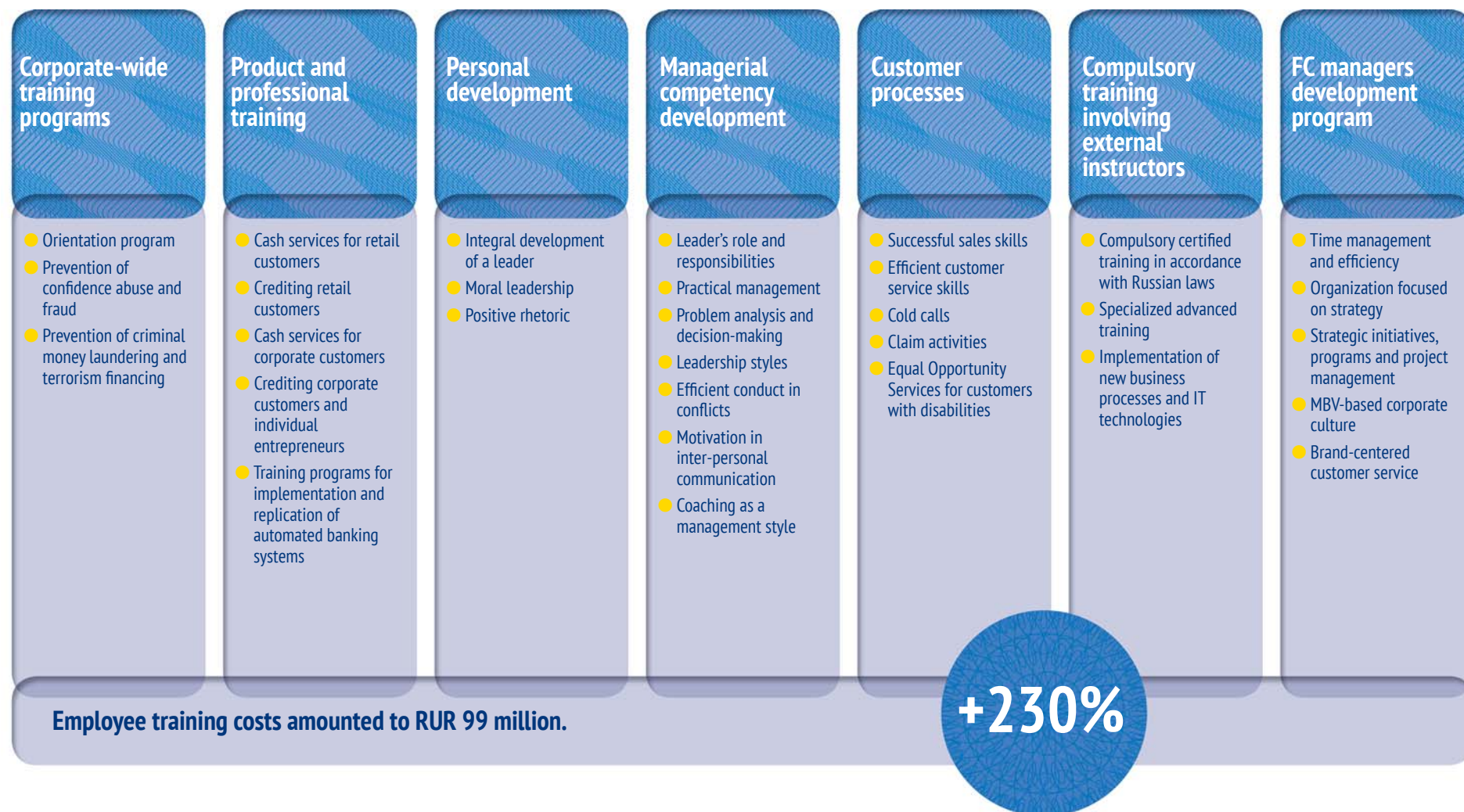
training facilitates the delivery of required information in a short time, allowing any trainee in any location within the country to be tested. During the most recent year, the number of employees trained on-line practically doubled. Webinars as a form of brief training are used mostly to deliver industry reviews and to provide expert advice to employees on emergency issues.

Principles of Personnel Training and the Development System of FC URALSIB



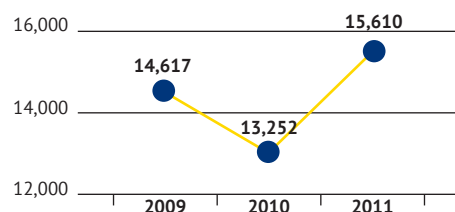
GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58		90	100	106	112

2011 Training Priorities

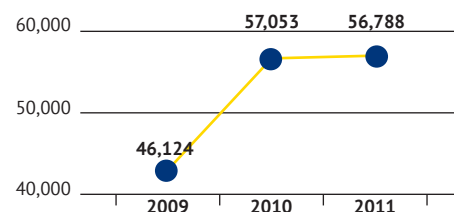


Types of Training	2009			2010			2011		
	Full-time	Number of man/courses Remote	On-Line	Full-time	Number of man/courses Remote	On-Line	Full-time	Number of man/courses Remote	On-Line
Professional training supplied by external providers	2,042			2,788			3,333		
Internal professional and product training	11,635	46,124	437	8,750	57,053	3,724	10,988	56,788	7,146
Training focused on the development of managerial competencies and personal efficiency skills improvement	940			1,714			1,289		
Total		61,178			74,029			79,544	

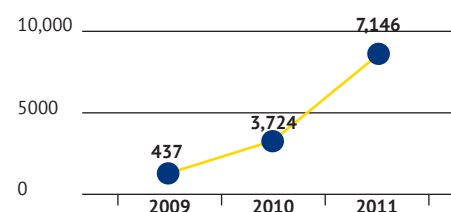
Full-time training volume, man/courses



Remote training volume, man/courses



On-line training volume, man/courses



Initial Training System

The Corporation has an initial training system to train newly hired employees and employees transferred from other corporate departments. The initial training is accomplished in compliance with customer service standards, rules and product processes, which were approved by the Corporation.

Strategic Project Support

Employees' qualifications are periodically advanced in accordance with departmental tasks and employee training plans, which are continuously modified to respond to the

changing environment. The Corporate University develops specialized training programs and organizes training courses to support the "Cascade" strategic program and the "Sphere" project.

Training on Policies and Procedures of Social and Environmental Responsibility

In 2011, training was conducted primarily in external training centers. The main topics included the following:

- Fire safety and fire safety engineering briefing;

- Road traffic safety;
- Operational safety;
- Environmental safety;
- Employee management tools;
- Implementation of federal legal norms on preventing insider information disclosure and manipulation.

The number of employees trained on the above-mentioned topics was **1,023**, a 269 employee increase compared with 2010. The overall number of training hours stood at 15,626.

Training on Policies and Procedures related to Different Aspects of Human Rights

In 2011, the Corporation provided training on the following issues: "Labor Safety", "The Main Issues of Labor Law", "2011 Labor Compensation: Insurance Payments, Taxes and Benefits", "Assessment of HR Risks and the HR Reserve Size", "Personnel Assessment", "Prevention of the Illegal Use of Insider Information and Manipulation", "Difficult Personal Data Law Application Aspects in Credit and Financial Institutions", "Man as Capital – the Best HR Management Practices of the Millennium", etc. The total number of employees trained on the above-mentioned topics was **232**, whereas the number of training hours amounted to 2,753.

The "Equal Opportunities Service" Project

The Corporate University and the "Perspective" regional non-governmental organization for people with disabilities initiated a joint project to upgrade the quality of services rendered to customers with disabilities. In 2011, sales office managers, cash register operators and operations employees underwent 6 training sessions to get a deeper insight in to disability-related problems and to learn corresponding terminology, legal aspects and manners to better serve customers with disabilities. Together with coaches from the "Perspective" organization the trainees reviewed more

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58		90	100	106	112

than two dozen typical situations related to servicing customers with disabilities. This resulted in the development of the most efficient model manners allowing for creating conditions in sales offices that are comfortable for customers with disabilities. The trainings were attended by **100 employees**. Trainings will proceed in 2012, including distributing a brochure on serving customers with disabilities in the Bank's offices and in other corporate member-companies. It is also planned that employees of all front-offices will be trained on servicing such customers using a special training course, which is developed specifically for this purpose.

The "Prevention of Confidence Abuse and Fraud" Program

In 2011, the number of employees remotely trained by the program stood at **1,402**. The program was designed for Bank employees who use or are going to use computers and have or will have access to confidential information.

The Percentage of Employees Trained on Anti-Corruption Policies and Procedures

To implement the "Prevention of Criminal Money Laundering and Terrorism Financing" program, the Corporate University and the regional training centers conducted the following:

- Annual training and competency assessment for **8,681** employees engaged in implementing internal control rules to pursue the above-mentioned program's goals (100% of the target audience trained);
- On request the training of **2,456** employees newly hired or transferred to a new position with different job duties pertaining to the implementation of the above-mentioned program (100% of the target audience trained);
- 5 webinars attended by **512** employees.

External training was provided for **107** Bank officials and employees of the Compliance Department, including **52** investment unit specialists, **71** employees of the Leasing Company and **18** employees of the management companies.

Training of Security Specialists on Policies and Procedures Pertaining to Human Rights

The Security Service is made up of the following departments: the Business Security Department, the Safeguard and Access Department and the Central Office Business Support Department. By year end, Security Service personnel comprised **589** employees in the entire network. The Security Service employees are trained on policies and procedures that pertain to human rights. The training is conducted using external and internal training facilities. The internal training courses were attended by **914** employees, with an overall training duration of 4,597 hours.

Sixty-one employees were trained externally, which makes up 10.4% of the Security Service staff. The duration of external training center training amounted to 608 hours. The training included the following topics:

- Security provisions;
- Specifics of surveillance over credit institutions in the sphere of preventing criminal money laundering and terrorism financing;
- Assessment of banking risks in view of the credit organization's security;
- Economic security of a company: determining economic risks and threats and establishing corporate security provisions;
- Specifics of forming reserves for possible losses on accounts receivable and other assets in the course of the Bank's economic and administrative activities, etc.

Structure of Training Programs for Security Service Specialists

Training program	Number of employees trained	Trained, employees, %	Training duration, hours
Annual training:			
Preventing violations in the credit and finance sphere	369	62.7	2,952
Preventing confidence abuse and fraud	112	18	336
Preventing criminal money laundering and terrorism financing	428	72.7	1,284
Resolving business problems	5	1	25

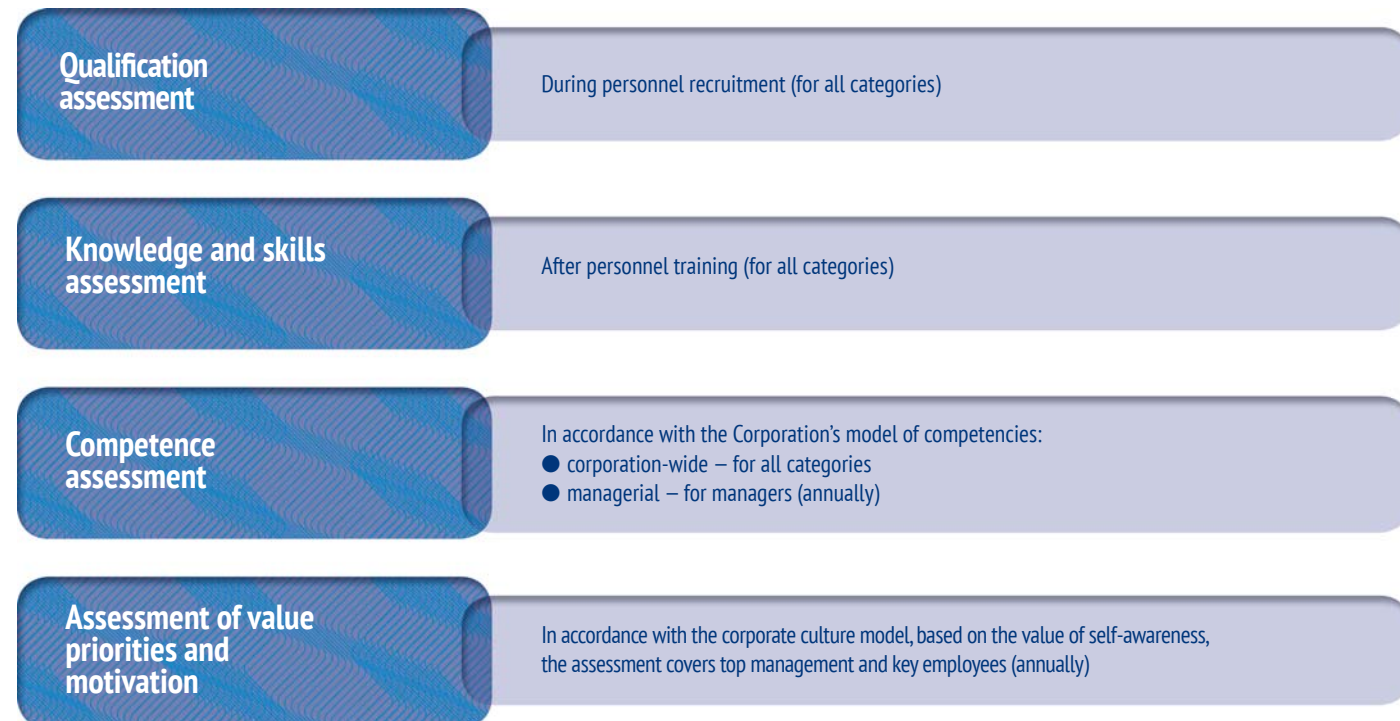
PERSONNEL ASSESSMENT

Personnel is assessed in compliance with the Corporation's strategic goals. The assessment takes into account corporate culture development priorities. Assessment criteria are based on the Corporation's business concept, the competencies model and the Code of Conduct.

In 2011, the Corporation launched the "Managerial and HR Reserve" Project, which was intended to ensure the Corporation's HR stability. The HR reserve consisting of corporate employees was formed in accordance with target managerial positions. During the formation of the HR reserve pool, more than 200 key line managers were assessed. The assessment was accomplished using different assessment methods (360 degrees surveys, intellectual and motivational testing and case studies). The assessment provided objective data, which enabled the employees to design efficient personal development plans.

A complex assessment principle was used to decide on appointing employees to managerial positions in the Corporation's regional divisions. Individual assessment centers for such employees include competency interviews, testing, case studies and role play.

FC URALSIB Personnel Assessment Priorities



GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58		90	100	106	112

Key Assessment Tools

"360 Degrees" assessment

The "360 Degrees" includes an expert assessment of a manager, colleagues and subordinates, as well as a self-assessment of corporate and managerial competencies. In 2011, this assessment was used for top management and key managers (254 employees). Based on assessment results those assessed received full reports to design their own personal development plans.

URALSIB-MBV Test

The tool was developed and tested in 2011. The test facilitates studying employee values, including: motives, personal traits and compliance with corporate competencies. The pilot group was composed of HR Department employees and some of the Corporation's key managers (132 employees in total). Once the test is adjusted, it will be used to assess employee motivation.

Assessment Center

The Assessment Center is a complex tool to assess the professional and managerial potential of managers. In 2011, the Corporation performed 5 group and 7 individual manager career potential assessments. The assessments covered 52 managers. All members of the Management Board are assessed annually with the help of external advisers.

Competency interview

The method is used to assess candidates' compliance with corporate and managerial competencies. The tool was used to assess new employees at the moment of hiring.

Testing

The SHL TOOLS is a survey of intellectual potential. The testing is performed as part of the complex assessment of target employee groups. In 2011, VMG and NMG tests were passed by 226 employees, while 168 employees were surveyed using the MQ motivation priorities method.

Professional testing

Professional testing is used to assess employee competency in regard to materials learned during training. The assessment is compulsory for all initial and advanced training programs. The results of the tests entitle an employee's superiors to make decisions concerning his/her further employment and his/her ability to sell the Bank's products and services. The tests can be performed in a face-to-face or remote format, depending on the goals of the particular training. In 2011, the Corporation performed 56,788 remote tests.

25.5

THOUSAND CHILDREN
HAVE OBTAINED SUPPORT

19

SOCIAL PARTNERSHIP AGREEMENTS

5.5

THOUSAND VOLUNTEERS

+95.3%

COST INCREASE FOR EXTERNAL
SOCIAL PROGRAMS

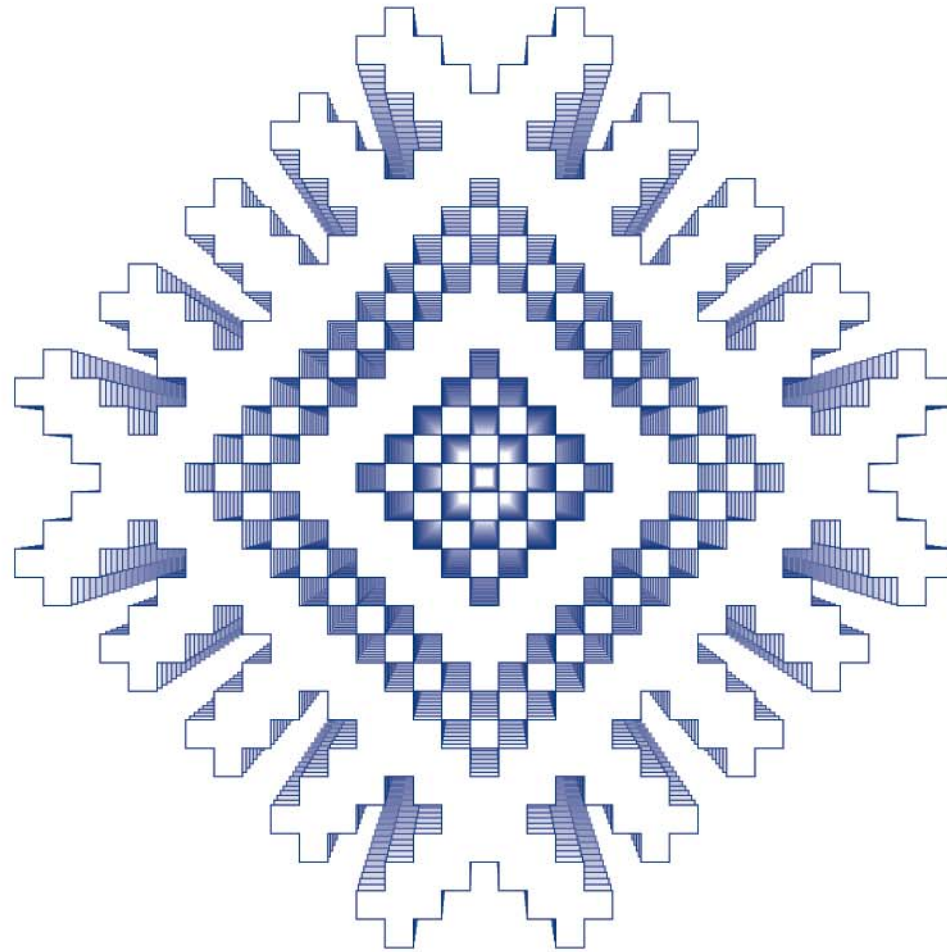
5 SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS

The charitable tradition of FC URALSIB has existed for more than 20 years. During this period, the Corporation has developed its own model for the governance of external social programs, based on a corporate-wide mission and philanthropic best practices. Most corporate social programs are implemented on the basis of a long-term partnership and the development priorities of charity recipients.

Charitable activity is carried out in three strategic directions: “Healthy Generation”, “Corporate Volunteering” and the “Formation of Partner Networks”. Relying on partnership and voluntary initiatives allows for significant improvements in the efficiency of philanthropic programs and eventually results in a noticeable improvement in the quality of life in territory in which the Company operates. The long-term strategy for the development of charitable programs is aimed at upgrading the

quality and efficiency of the Corporation’s social investments. The strategy involves the transfer of functions of priority project implementation to specialized organizations within the direction of “Formation of Partner Networks”. In 2011, the powers of the Corporate Charity Fund of FC URALSIB were delegated to a structural division of URALSIB Bank that sets priorities and exercises control over the quality of the implementation of the

Corporation’s external social programs (see the diagram on p. 93). Focusing on long-term cooperation with strategic partners involves participation in the formation of special-purpose capital of partner non-profit organizations. In 2011, by a decision of the shareholders, funds for these purposes were allocated from previous years’ profit (p. 96).



The Pomo Ornament. The Averter

*A person's understanding of his / her inherent rights and freedoms make
him / her capable of making responsible decisions.*

Structure of external social programs



Amount of funds for important external social projects, RUR million

	2009	2010	2011
Sponsorship of important public events	26	21.3	31.3
Social advertising	57	20.5	22.4
Charitable contributions, including	157	538	1,079
from the profit of the reporting period	157	60	159
on behalf of shareholders (from the profit of previous years)		478	920
Total	240	579.8	1,132.7

CHARITABLE ACTIVITY

Traditionally, FC URALSIB's charitable activity is aimed at supporting children that do not have parental care, as well as in strengthening the family institute, building a healthy lifestyle and education. The basis of the Corporation's responsible external social policy is recipient-oriented free aid and the formation of a wide social coalition for the organization of aid for those in need. Together with government institutions, the public and business colleagues, FC URALSIB seeks to make a positive and comfortable social environment available for an increasing number of Russian citizens each year. Corporate activities in the sphere of social investments and charity is based on a balanced system of principles and

standards, taking into consideration priority directions:

- social partnership;
- voluntary work of fellow-thinkers;
- a focus on future;
- goodness and welfare;
- sincerity and the purity of thoughts;
- transparency and openness;
- reliability and reputation.

The system of the principles and standards of charitable activity is combined with the mission and view of the Corporation itself as a corporate citizen. The medium-term strategy for the development of charitable programs involves improving the efficiency of programs, increasing the number of charitable recipients by distributing and developing the best projects in operating regions of the Corporation, forming partner networks to implement charitable projects and involving partners, customers and employees of FC in charitable activity.

* From 2.08.2012 re-named as the Charitable Children Foundation Victoria

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58	72		100	106	112

Management principles for charitable projects

Planning and monitoring the implementation of FC URALSIB's charitable programs are within the sphere of responsibility of the Department of External Communication, which is a structural-division of OJSC URALSIB. The functions of implementing social projects have been delegated to strategic partners from among specialized non-profit organizations.

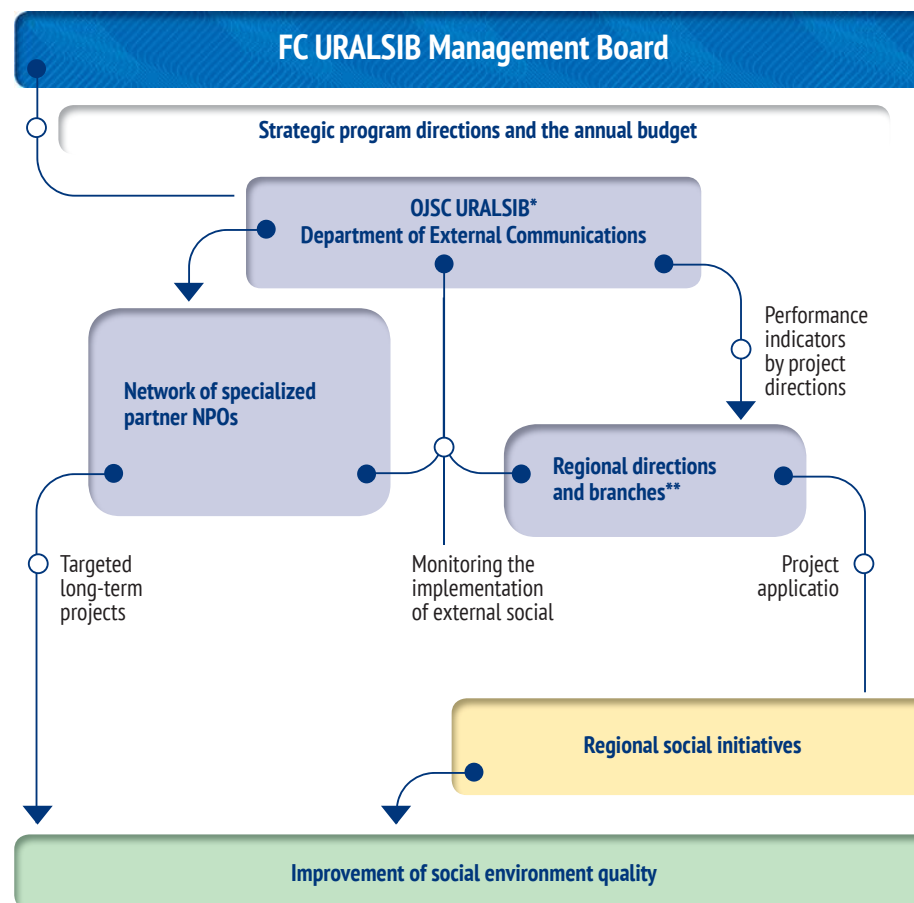
The procedure for selecting projects is based on the open door model, in which the Corporation and its partners do not impose time limits for supporting applications. Project applications are considered, approved and implemented within a year as they are received. New projects, changes in the intended purpose of previously approved projects and budgets are considered in the current mode. In case additional financing is required, a decision is made at the corporate board meeting.

The efficiency of FC URALSIB's charitable activity is assessed on an annual basis at the stage of drawing up consolidated statements in directions of social activities and includes the following criteria:

- quality changes in charitable recipients' lives (according to the purposes of certain projects);
- the number of children that obtained support as a result of implementing charitable projects;
- the number of volunteers that participated in projects;
- the number of regions where charitable activity is conducted;
- the number of charitable and volunteer projects and actions.

In 2011, Bank URALSIB was ranked third in "Leaders in Corporate Charity" and first in the sub-category "Finances". The ranking has been formed according to results of the research, organized by the business newspaper "Vedomosti" in conjunction with the international network of audit and consulting firms and the Russian Donors Forum, a non-profit partnership of grant-making organizations.

External social program management scheme



* Program management is based on the System of Principles and the Standards of Charitable Activity.

** The network of regional coordinators to manage the Corporation's charitable projects has been formed from the most active employee volunteers. The coordinators advance the ideas of projects, communicate with charity recipients and compile documentation and the passports of projects; they also make reports. Charity coordinators form targeted projects.

Major projects under the program “URALSIB for a Healthy Generation”, which was realized in 2011

- The State-financed health institution “Children’s Republican Hospital”, Ufa. Purchase of medical equipment for diagnosis, operations and post-operative care, maintenance requirements for sanitary-epidemiological norms. Each year more than 4,900 children will receive necessary medical care.
- The State-financed health institution “The Bryansk Oblast Children’s Hospital”. Acquisition of neo-natal incubators for newborns and premature infants with extremely low birth weight, which enables the Hospital to provide intensive care for children in need, restoring the work of vital body functions, helping to preserve their life. The average length of a newborn’s stay in the neo-natal incubator – 1.5–2 months.
- The State special (correctional) educational institution for teaching pupils with limited possibilities for health “The Belgorod special (correctional) boarding school № 26 of the 1st kind”. Providing the institution with specialized stationary equipment to form a complete acoustic environment for deaf children.
- The MUZ “City Clinical Hospital № 10”, Ryazan. Medical equipment and furniture for the children’s infectious disease ward (160 children).
- The State special school № 123 of Yekaterinburg. Purchase and installation of sports and a playground on school property, purchase of equipment to prepare oxygen cocktails for children.
- The MBUZ “Children’s City Clinical Hospital № 4 named after V.S. Geraskova”, Novosibirsk. Medical equipment (pediatric electric aspirators – 24 pcs.).
- The municipal budget pre-school educational institution “Kindergarten of combined type №10 ‘Fairytale’”, Troitsk, the Chelyabinsk Region. Purchase of special equipment, including: “Gross paths” that will facilitate the work of teachers in moving children with infantile cerebral paralysis (ICP) and will provide the opportunity to train children’s ligaments.
- The municipal pre-school educational institution “Kindergarten of compensating type № 89”, Lipetsk. The purchase and installation of small architectural forms for street game sites at the PEI (pre-school education institution), sensory room equipment for enhancing the development of children with visual impairments and the organization of training sessions with groups of children.
- The State general educational institution The “Cadet Boarding School “Kuban Cossack Cadet Corps named after Ataman M.P. Babych”, the Krasnodar Region. Carrying out repair work for the physics classrooms and military training (life safety fundamentals).
- The Saratov regional public youth organization “Youth of the Volga Region”. A set of actions to prevent dental cavities for children from orphanages in the Saratov Region (1 500 children, 18 children’s institutions).
- The Neurology Department for infants of the State health care institution “Voronezh Regional Clinical Hospital”, Voronezh. Medical equipment for the treatment and rehabilitation of children with developmental disabilities, and children with infantile cerebral paralysis (ICP).
- State institution of primary vocational education in Tver. The acquisition of sports equipment and equipment for physical education and extra-curricular activities.

Key charitable projects of 2011

STRATEGIC DIRECTION THE “HEALTHY GENERATION”

Aimed at providing assistance to children in difficult life situations.

Within this direction, modern medical equipment for the children’s medical institutions is acquired, individual charitable support to orphans and young people with disabilities in receiving higher education and prestigious professions is carried out, cultural and educational activities that promote the spiritual and moral development and the socialization of children without parental care is also organized.

The program “URALSIB for a Healthy Generation” manages charitable donations to medical and child care centers, rehabilitation centers, non-profit and public organizations for medical equipment, sports equipment, remedial, health and physical training activities. Within the program in 2011 15,174 children were assisted, including: **1,100** children in difficult life situations; **1,320** pupils of the Kuban Cossack cadet corps; **12,754** children with limited physical abilities.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58	72		100	106	112

The program “URALSIB gives Hope: Education, Work and Housing”

Education for orphans is generally limited to the secondary general education school program. Only a few go to university and prestigious technical schools. Developed with the Corporation's support, unique methods of for socializing youth from children's institutions give the opportunity to identify and support talented children, to give them the chance to realize their potential and to find their own purpose in life.

In 2011, the number of regions that implemented the program increased from three to seven: Saint Petersburg (2005), Ufa (since 2006), Perm (since 2010), Vologda, Kaliningrad, Kemerovo and Rostov-on-Don.

By 2012, 236 pupils from children's institutions were involved in the program, 33 of which are students in higher educational institutions. And 101 participants of the program were enrolled in universities and technical schools during the period of program implementation. In 2011, the program was transferred from the Corporate Fund to the implementation of the Victoria Children Foundation.

The program “URALSIB for Equal Opportunities” (started in 2007)

The program aims to create opportunities and additional incentives for disabled children to receive higher education. It is implemented in partnership with Chelyabinsk State University, the Russian State Humanitarian University, the Ural State University (Yekaterinburg) and includes funding for additional educational

services for children with disabilities, a system of individual scholarships and the purchase of specialized equipment for disabled students' learning. The program provides targeted funding for charity recipients. In 2011, the program was transferred from the Corporate Fund to the implementation of the Education Foundation META. 6,712 children with disabilities were supported.

The structure of charity recipients of the program “URALSIB for Equal Opportunities”

Number of charity recipients	
Participants of the “New Names” Festival	5,000
Students with disabilities	50
Children with physical and health disabilities	1,662
Total	6,712

The program “URALSIB to Children” (started in 2008) brings together the initiatives of regional divisions to support short-term projects of the children's institutions and non-profit organizations. Designated donations are directed to the organization of cultural and educational, spiritual and moral and educational activities. The funds are also directed to medical institutions to improve the conditions of children's stays. All projects are carried out with the active participation of volunteers from corporate staff.

Within the program in 2011, 2,172 children in difficult situations were assisted.

Major projects under the program “URALSIB to Children”, which was realized in 2011

- Regional State budgetary institution for orphans and children without parental care the “Krasnoyarsk Orphanage № 3”. Books for the orphanage's library and computer equipment.
- Orphanage № 3 of Nizhny Novgorod, Boarding School № 1 of Nizhny Novgorod, the Pavlovsk Orphanage of Pavlovo, the Arzamas Orphanage of Arzamas, the “Alyi Parus” Orphanage of Kstovo, the Dzerzhinsky Orphanage of Dzerzhinsk. Equipment for the photographic studio organization based at the State public educational institution “Special Boarding School № 1” of Nizhny Novgorod.
- State health care institution “Volgograd Regional Specialized Orphanage for Children with Organic Lesions of the Central Nervous System and Mental Disturbance №4”. Equipment for the orphanages' laundry and children's clothes.
- Special (correctional) boarding school of the VIII-th type, Shirokyi Buerak, the Volsky District. Laundry equipment, finish materials, appliances, hygiene products, stationery and the organization of the New Year's celebration.
- Public health care institution of the Vologda Region “Specialized orphanage № 2”, Cherepovets, the Vologda Region. Gaming equipment and equipment for the sensory room.
- State funded educational institution of the secondary vocational education “Musical and Aesthetic Teacher Training College”. Organization of the New Year's celebration.
- Public health care institution of the Vologda Region “Specialized Orphanage № 1”, Vologda (the Baby House). Gaming equipment and hygiene products.

STRATEGIC DIRECTION “CORPORATE VOLUNTEERING”

In this direction enterprise-wide voluntary actions that take place simultaneously in all regions in which FC URALSIB operates, and the actions initiated by volunteers-employees of regional branches and additional offices are integrated.

Charity recipients during such actions may be for different categories of people in need, and their participation is expressed both in monetary and gift donations, and in individual communications with orphans as volunteers.

In 2011, the volunteer movement in FC URALSIB increased due to more active involvement of employees from the Bank's branch network, as well as family members. The number of charitable program coordinators grew during the year from 119 to 146, the number of employees who took part in charity and voluntary initiatives increased from 4,746 to 5,516 people.

Many voluntary initiatives, such as “Back to School”, “Happy New Year” and “Heart to Heart”, have become a corporate tradition. Several times per year centralized collection is held in offices and the delivery of essentials, books, stationery and gifts is carried out in sponsored children's institutions.

STRATEGIC DIRECTION “FORMATION OF PARTNER NETWORKS” (REALIZED SINCE 2010)

The Corporation's strategic partners in the work of this direction are the Victoria Children Foundation, the Education Foundation META, the E & P (Evolution & Philanthropy) Company, the Higher Business School MIRBIS and the Kremlin School of Horse Riding (the Horse Racing Club KSHR). Joint projects are directed to help orphans and children left without parental care, as well as to support educational activity, spirituality and culture.

The Corporation chooses to support programs of strategic partners that are already in their portfolios. The reliance on strategic partners from the non-profit sector has given the opportunity during two years to significantly improve the effectiveness of the Corporation's social investments, and the amount of charity support has also increased.

The Programs are implemented with the use of technologies and processes that meet international standards of quality and service.

In 2011, the Corporation continued the endowment formation for the Victoria Children Foundation (the contribution value — 390 million rubles). Income from endowment management will be targeted to cover administrative expenses of the Foundation, which will ensure the organization's financial stability in the long run. This strategy should expand fundraising opportunities for the Foundation and will attract external targeted financing for program expenses

and short-term projects more active. In accordance with the corporate charity strategy, means for endowment formation were allocated from the retained earnings of previous years.

The largest partnership projects with VICTORIA Children Foundation



In 2011, partnership projects were implemented in 45 regions. 180 children's institutions, 10,300 children and 1,254 specialists received support.

846 Bank employees participated in events as volunteers. The co-branding Bank program URALSIB “Decent houses for children!” allowed 65,000 Bank customers to be involved in implementing charitable projects by the beginning of 2012.

The project “House for a Decent Life” aims to improve the lives of orphans and children without parental care and those who live in State boarding institutions. Funds are used to upgrade living conditions, food quality, improve life safety, and the creation and formation of skills of domestic self-service and healthy lifestyles, as well as to promote the integration of children into society.

In 2011, 2,164 children from 21 children's institutions received assistance. The project “House for a decent life” was held in Kemerovo, Smolensk, Ryazan, Tver, Tambov and the Chelyabinsk Regions, as well as in the Republic of Bashkortostan and Udmurtia.

The program “I know. I am able. I can”

(“ZUM”) is aimed at developing sustainable motivation for the self-development of children without parental care.

Professionals from children's institutions with the Foundation's employees' methodological support are developing projects to build the cognitive needs of pupils, to increase the orphans' motivation in receiving higher education and in choosing a career. Specialized training and role plays can develop creative skills and improve self-sufficiency.

In 2011, 2,997 children from 227 children's institutions received assistance.

The program “In the bosom of one's family”

is aimed at supporting a family-based facility that provides methodical, information and consulting services and assistance to foster families.

In 2011, within the program, 2,588 children from foster families received assistance.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58	72		100	106	112

The program “I believe in myself” (since 2011) is directed at the psychological rehabilitation of disadvantaged and deprived children lacking parental care via the use of the best and most innovative psychological practices. In 2011, the main focus of the program’s attention was to improve the professional skills of psychologists and teachers at children’s institutions. The number of specialists that improved their competence level and used the methodical program’s development included 223 teachers from 53 institutions in 20 Russian regions.

Partnership projects with the MOSCOW INTERNATIONAL HIGHER BUSINESS SCHOOL MIRBIS



In 2011, the methodological center MIRBIS developed two new training courses designed to develop the managerial skills of employees from partner charitable institutions. 118 project managers and specialists of the Victoria Children Foundation were trained first: “An integrated approach to management and the latest trends in working with children without parental care” – 38 people;

“Human Resource Management and the latest trends in specialists’ work on family care for orphans” – 80 people. Improving the skill set of specialists in the child protection sphere is aimed at mastering modern methods for resolving professional problems, updating theoretical and practical knowledge and improving family care for orphans.

Partnership projects with the KREMLIN SCHOOL OF HORSE RIDING (the Horse Racing Club KSHR)



In the Horse Racing Club KSHR, due to the efforts of professional coaches and clinicians, a unique school of horse riding for children from 6 to 14 years old has been created. It involves not only the teaching of basic riding skills, but additional comprehensive child development programs as well. In 2011, FC URALSIB supported the performance of the KSHR students at the International Military Music Festival “Spasskaya Tower”. The festival takes place on Red Square to preserve the historical traditions of military ceremonies. With the support of the Corporation, for the second year in a row, a colorful performance of the joint team of the Honor Cavalry Escort of the Presidential Regiment and the Kremlin

School of Horse Riding was organized, as well as a children’s ceremonial group. KSHR pupils presented their new program “To the glory of the Fatherland!”

Partnership projects with the EDUCATION FOUNDATION META



During the reporting period, together with the Education Foundation META, the Corporation has implemented seven major projects in 78 Russian regions. 106,912 people have obtained assistance in various forms. 159 employees of URALSIB Bank volunteered at events.

Construction of the group of buildings of the Kolomna Ecclesiastical Seminary
In 2011, with the support of the Education Foundation META, construction work of the Kolomna Ecclesiastical Seminary building were started, including painting the Temple of the Three Hierarchs, furnishing was in its final stage. Territorial upgrading and the interior design of building spaces and fitting classrooms, and furnishing residential facilities for students and teachers. In December 2011, a ceremony

for the elevation and consecration of bells and crosses in the Kolomna Ecclesiastical Seminary Temple was held.

The project “Construction of the temple of Archangel Michael in the Putilkovo village”

In July 2011, the Metropolitan of Krutitsa and Kolomna Juvenal brought to fulfillment rogation service at the beginning of the construction of the temple of the Archangel Michael in the Putilkovo village. In November 2011, the Bishop Serpukhov Roman consecrated a new wooden temple and started regular worship services. The project aims to build on the benefice basics a center of social life in the Putilkovo and Krasnogorsk Districts of the Moscow Region.

All-Russian Students’ Olympiad on basics of Orthodox culture

In 2011, more than 140,000 students from grades 1-11 from 78 Russian regions, as well as Belarus, Ukraine, Lithuania and Germany sent their works to the IV-th All-Russian Olympiad based on Orthodox culture, which was held thanks to the support of FC URALSIB. The Olympiad theme was the history of the 1812 Patriotic War. At the end of the Olympiad, approximately 400 finalists received the preferential right to enroll in capital and regional universities specializing in “History” and “Theology”.

The project “Education through Art”

The project involved the free-of-charge distribution of tickets to performances of the State Academic Maly Theater of Russia for young people, students, learners and pupils of children’s institutions and orphanages. In 2011, 362 people received assistance.

The Opera “Tsaritsa”

The project aims to increase the prestige of opera as a form of leisure and cultural education, the formation of an interest, love and respect for the historical heritage of our country and the promotion of artistic and aesthetic education for young people. In 2011, the Education Foundation META, with the support of FC URALSIB, greatly expanded the project geography from three regions in 2010 to seven regions in 2011 (Moscow, Vladivostok, Krasnoyarsk, Nizhny Novgorod, Orenburg, Samara, and Chelyabinsk).

By organizing concert tours that consolidate multiple cities, the number of performances increased from 6 in 2010 to 14 in 2011. The number of charity recipient increased from 4,900 people in 2010 to 19,000 in 2011 (the share of young people up to the age of 30 – 35% of the performance audience). For students and teachers of music and theater schools, free performance attendance was organized.

Partnership programs with the “Evolution & Philanthropy” Company The “Evolution & Philanthropy” Company



Evolution & Philanthropy

The Company was registered in Great Britain in late 2007. The Company develops and supports initiatives aimed at integrating Russia in to the global civil society and developing modern philanthropy in our country. In 2011, a branch of the Company was registered in Moscow.

In order to promote a professional approach to non-financial reporting in accordance with the international standards, in June 2011, the Evolution & Philanthropy Company organized the first certified training based on the international standard of non-financial reporting GRI (GRI Certified Training). The training was attended by 44 people; seven of them were representatives of the non-profit sector. The certified training of GRI standards provided to infrastructure NPOs’ competence for the pilot use of the initial level of the GRI standard.

PUBLIC SERVICE ADVERTISING

THE “BUSINESS TIME” ADVERTISING CAMPAIGN

From September – December 2011, URALSIB Bank and the “People’s Initiative” Foundation in 25 major Russian cities implemented the “Business Time” project, aimed at improving the financial literacy of Russian entrepreneurs.

Examples of advertisements



The “Business Time” Campaign



The “Financial Literacy” Campaign

The first stage of the project was to conduct a comprehensive sociological study of small businesses, which was conducted by the All-Russian Center for the Study of Public Opinion (ACSPo) commissioned in September 2011 under an order of URALSIB Bank. The results were presented at the roundtable “Big questions for Small Businesses. Current problems and new perspectives”, experts on supporting and developing small businesses, representatives of the regional executive and legislative bodies, public organizations, associations and business associations, as well as the media were invited.

The next stage of the “Business Time” project was the realization of special educational seminars for small business “Open Day Ideas”, which were held in 25 Russian cities. Seminar topics were formed based on study results.

To support the project, URALSIB Bank has conducted a social advertising campaign, aimed at promoting the idea of small businesses. The message has been in the form of fixed expressions, which gives the opportunity to increase the motivation of potential entrepreneurs to start their own business. Promotional materials were placed on outdoor advertisement carriers and in print regional press.

* The Opera “Tsaritsa” is about the fate of Empress Ekaterina II. Staging is designed in the format of the “open Opera”, which combines the classic style of performance with the simplicity and melody of music and a dynamic plot. Music by David Tukhmanov, libretto by Yuri Ryashentsev and Galina Polidi. The director of the play is the People’s Artist of Russian Federation Dmitry Bertman. Soloists, chorus and orchestra of the Moscow Musical Theatre “Helikon-Opera” are involved in the performance. The release of the performance took place in 2009 in Saint Petersburg.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58	72		100	106	112

THE “FINANCIAL LITERACY” ADVERTISING CAMPAIGN

The campaign is a continuation of an ambitious program to upgrade financial literacy and the culture of banking product consumption. Promotional messages attract the attention of citizens to important, but not always obvious credit process issues that are not familiar to everyone. It will be very useful for many people to know, for example, that a borrower that receives “white” wages can count on more credit, and that small print text often contains very important contract conditions and that this should definitely be read prior to signing.

Following these simple rules will help borrowers avoid errors in the evaluation of conditions and the signing of Consumer Loan Agreements.

Promotional materials were placed between March and April 2011 on outdoor advertisement carriers in 15 Russian cities.

PRIVATE-PUBLIC PARTNERSHIP AND SPONSORSHIP PROJECTS

Financial Corporation URALSIB in its corporate strategy pays attention to upgrading people’s lives and resolving society’s actual problems. The socio-economic development of regions is impossible without constant and systematic cooperation between the commercial sector and State and local authorities.

In 2011, this work was conducted in the Corporation’s branches in 51 Russian regions, based as well on 19 agreements on social partnership with regional administrations.

Key directions of cooperation: the development of a business environment, the involvement of funding on the bond market, increases in the volume of mortgage lending, improvements in the financial literacy of the population. Within the “Open Day Ideas” program of business support, teleconference bridges between representatives of small businesses in the regions and experts of the Russian Ministry of Economic Development and Trade and the FAS of Russia were successfully held.

The Corporation’s management and experts regularly participate in regional socially significant events, conferences, forums and roundtables, dedicated to the development of the Russian economy.

30 partner projects in 28 regions of FC URALSIB’s presence were implemented in 2011.

The total budget of these projects amounted to approximately 6 million rubles (the average budget of a project – RUR 50–75 thousand). The total audience of projects – approximately 60,000 people.

Participation in regional life

URALSIB actively participates in the implementation of various socially oriented projects at the regional and local levels. URALSIB Bank’s branches traditionally assist in carrying out urban festivals; help organize sports and cultural events for children and young people as well.

For five years, the Corporation has supported carrying out Moscow City Day. In 2011, the Bank’s branches also participated in the celebration of the Cities Days of Krasnodar, Vladimir and Pokrova, etc. URALSIB implements numerous programs, together with regional support funds for small business. In particular, joint projects with the supporting funds of the small business of the Arkhangelsk, Belgorod,

Bryansk, Vladimir, Vologda, Orel, Smolensk, Ryazan, Tver and Tula Regions, the Krasnodar Territory, the Republic of Karelia and the Komi Republic, are also successfully implemented. The Corporation supported carrying out numerous thematic conferences and entrepreneur days at the local level – in Belgorod, Bryansk, Lipetsk and Tula.

In 2011, the Corporation again supported the International Military Music Festival the “Spasskaya Tower”.

Special attention was paid to the traditional 9th of May celebration. URALSIB provided targeted assistance to veterans and financial support to veterans’ organizations.

The Corporation also participated in the Krasnoyarsk Economic Forum and the Voronezh Industrial Forum; sponsored the conference “Banks. Processes. Standards. Quality” (Ufa) and the X-th International Balloon Festival “Heavenly Fair of Ural – 2011”.

At the regional level, programs aimed at helping orphans and children without parental care, etc., are still operating.

–12.9%

TOXIC WASTE (TONS)

–4.8%

PAPER CONSUMPTION (TONS)

+20.2%

ENERGY CONSUMPTION

+9.9%

HEAT CONSUMPTION (GJAL)

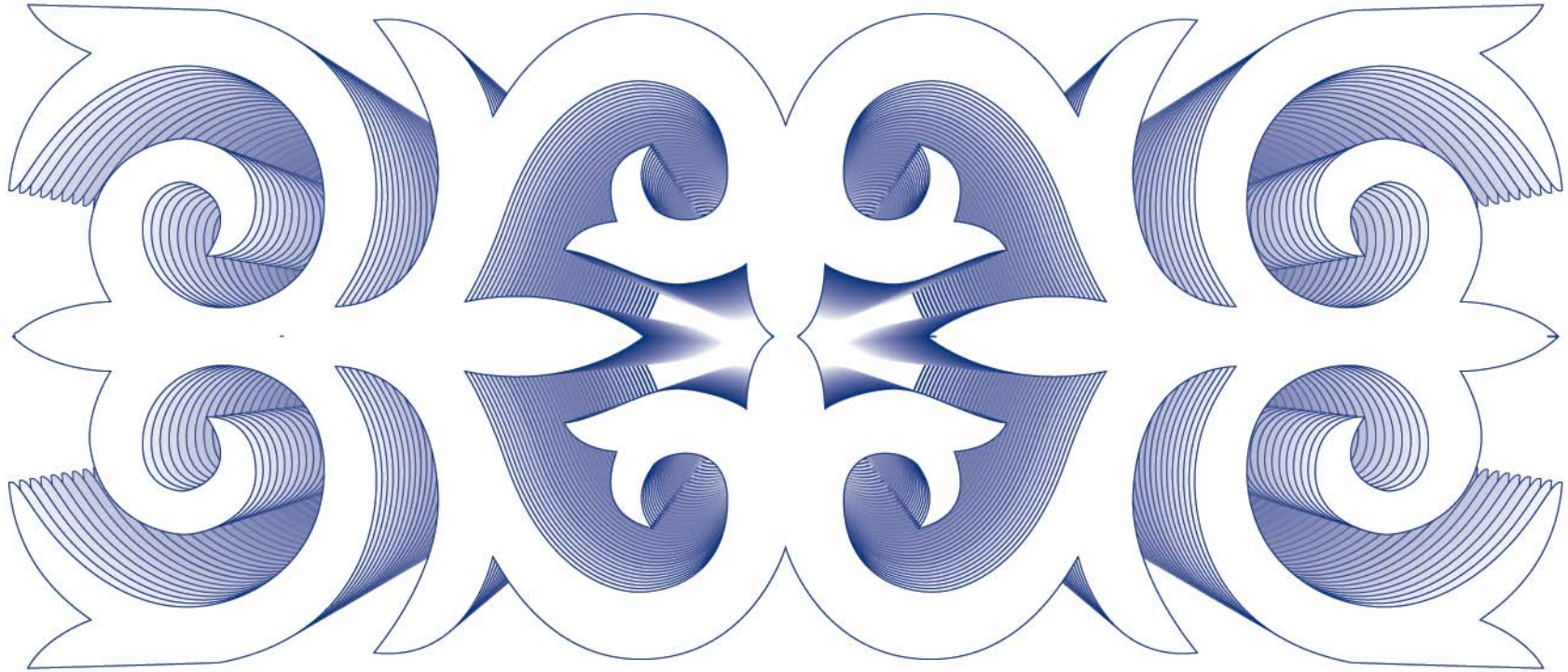
6 ENVIRONMENTAL IMPACT

FC URLASIB'S environmental policy is based on the principles of information transparency and environmental risk management, including investment contract risks. Taking into account the Corporation's business specifics and low environmental impact, the Corporation's Environmental Department monitors a limited number of indicators.

Being a major regional group of companies, the Corporation is well aware of the necessity to continuously upgrade business processes and technologies to mitigate the environmental burden. The Corporation's environmental management system is based on the requirements of GOST R ISO 14001 (2007) and requirements and guidelines on the application of key federal laws that regulate the activities of enterprises in the environmental safety sphere ("On Sanitary-Epidemiological Well-being of the Population", "On the Protection of Consumer Rights", "On

Environmental Protection", "On Environmental Appraisal", "On Energy Saving, Energy Efficiency Improvement and on the Modification of Certain Acts of the Russian Federation", "On Production and Consumption Waste" and "On the Protection of Atmospheric Air") and Federal and regional by-laws and regulations. To organize accounting for the Corporation's environmental impact, the Corporation has its own environmental monitoring departments staffed with managers

of corporate divisions, branches and additional offices, as well as by specialists of the Environmental Department and the Business Support Division, and employees of environmental and fire safety departments. The environmental monitoring system takes into account four basic parameters, including: energy, heat and water consumption and solid waste generation. The environmental risk control system has three priorities – energy, climate and environment.



The Tatar Ornament. The Endless Steps

*Making responsible decisions is simplified based on ethical norms
that do not let us borrow
opportunities from future generations.*

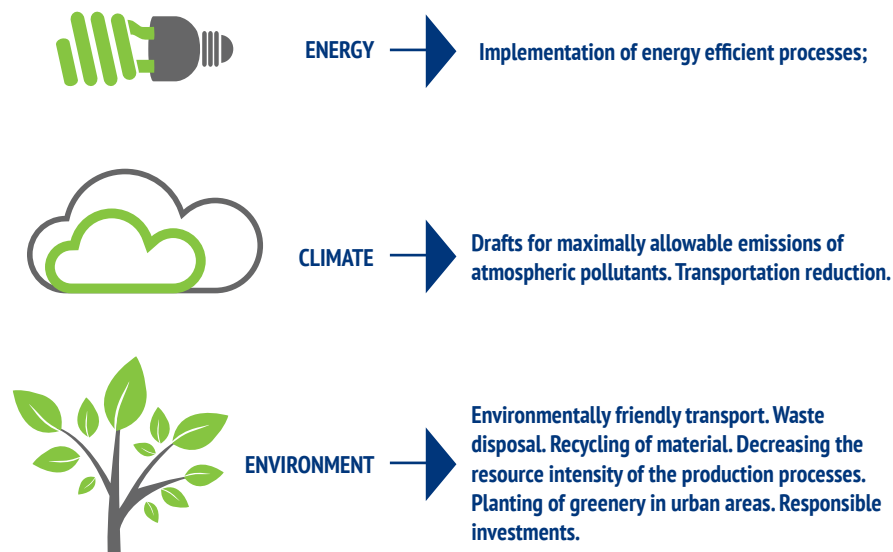
ENVIRONMENTAL RISKS MANAGEMENT

Energy-Saving Priorities

To reduce energy consumption, FC URALSIB implements the following:

- The use of energy efficient equipment, including the replacement of gas discharge lamps with similar energy-saving lamps;
- Ongoing control of energy consumption;
- Planned repair of power equipment;
- Periodic control over the adherence to operating rules for electrical installations;
- The use of automatic systems to regulate energy consumption.

FC URALSIB Environmental Risk Management Priorities



Climate Change

To implement the program to reduce atmospheric emissions, FC URALSIB developed drafts for the maximal allowable emissions of atmospheric pollutants. The norms adopted by the Corporation take into account requirements of the Russian federal law "On the Protection of Atmospheric Air", OND-86 guidelines for the calculation of pollutant concentrations in atmospheric air and the SN-244, GOST 17.2.3.02-78 sanitary norms for the design of production facilities, etc. To reduce harmful emissions generated by the Corporation's transportation vehicles, transportation is controlled by the corporate dispatch service. Corporate transportation is optimized by delegating wholesale cargo delivery functions to third-party carriers and by the opportune use of public transportation facilities (air, railway and motor).

Draft for the Maximal Allowable Atmospheric Pollutant Emissions

Pursuant to Russian environmental protection laws, in 2007, the Environmental Department of the Remote Central Office in Ufa recorded stationary sources of atmospheric pollutant emissions and developed a five-year draft for maximal allowable emissions. The draft regulates the norms for allowable atmospheric emissions from every emission source, as well as conditions under which emissions reach the atmosphere.

The Draft contains no description of specific atmospheric protection measures, as the Corporation is not a production facility capable of considerably harming the environment. The Draft is intended to assess the quality and volume of potential emissions. The volumes of pollutants were calculated based on normative and research publications and depended on the pollution source. The 2011 version of norms

for maximal allowable atmospheric emissions was developed by the State Health and Safety Research Facility. In 2012, norms were updated in connection with changes in the regional network and an update in office buildings operating systems. The current norms will be effective till 2017.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58	72	90		106	112

Decreasing the Risk of Environmental Pollution

Environmentally Friendly Transport

The Corporation transport facilities remain the main source of environmental pollution. To decrease the negative environmental impact, the Corporation implements the following:

- Priority is given to purchasing transportation vehicles equipped with high class (at least Euro-2) power units;
- Diagnostics and maintenance of systems that support the operation of transportation vehicles' power units are performed periodically;
- The amount of fuel consumed by transportation vehicles is monitored;
- Monthly limits are optimized and the use of motor transport is rationalized to reduce fuel consumption;
- The Corporation's motor transport is fueled at automatic fueling stations to prevent fuel spillage and environment pollution.

Household Waste Disposal

The main bulk of waste generated by corporate activities has low toxicity and is practically non-hazardous. In 2011, class IV and V waste (as classified by the Russian Ministry of Natural Resources) amounted to 98.8% (947 tons) of the overall waste (958 tons).

Waste is transferred for disposal to specialized external contractors. A contract for the removal and disposal of waste is concluded based on open tender results. The tender's compulsory conditions include the contractor's use of environmentally-friendly materials and the availability of a license to perform waste removal and disposal, as well as the availability of landfills to dump household wastes.

Material Recycling

The Corporation's activities generated the following materials for recycling: paper (some 10%), used oils (100%), car batteries (100%) and car tires (100%). A small amount of paper handed over for recycling is due to financial business specifics that imply the mandatory duplication of customer agreements on paper.

Planting of Greenery in Urban Areas

Corporate offices are located in cities and locations with developed economic infrastructure that do not belong to protected natural sites. To better protect air from dust, dirt and harmful gases and to oxygenate the air and provide beneficial landscaping and bio-diversity, employees of regional offices participate in the "Plant a Tree with URALSIB" regional environmental action. The action is performed annually in partnership with local volunteer organizations. The action allows for the restoration of damaged recreational zones, which are of high importance to the local public. Corporate volunteers and employees participate in upgrading alleys, boulevards, parks and squares.

Decreasing the Resource Intensity of the Production Processes

Beginning from 2006, the Corporation has used a unified electronic document flow system. The automation of the document flow procedure allowed for a reduction in the resource intensity of internal processes, including: paper consumption and courier delivery volume. In 2011, the Corporation increased the number of teleconferences, webinars and online training sessions. To facilitate energy saving, the main office buildings in Moscow and Ufa are equipped with automatic systems that control the operation of engineering equipment (lighting and HVAC systems), in accordance with pre-set time schedules. The operations resource intensity is also reduced due to the implementation of a unified IT platform based on the Finance system.



▲ Ufa. Participants in the "Plant a Tree with URALSIB" action

Applying the Principles of Responsible Investment

While interacting with partners, suppliers and customers, the Corporation focuses on minimizing adverse environmental impacts by setting reasonable environmental requirements for investment and partner projects. The assessment of the environmental component of investment projects is performed based on

Environmental Assessment Guidelines. The Guidelines are used to assess customer-selected sites, feasibility studies and construction designs (renovation, expansion and technical re-equipment). Environmental risk assessment related to major investment projects is performed by the Corporation's Risk Management Department.

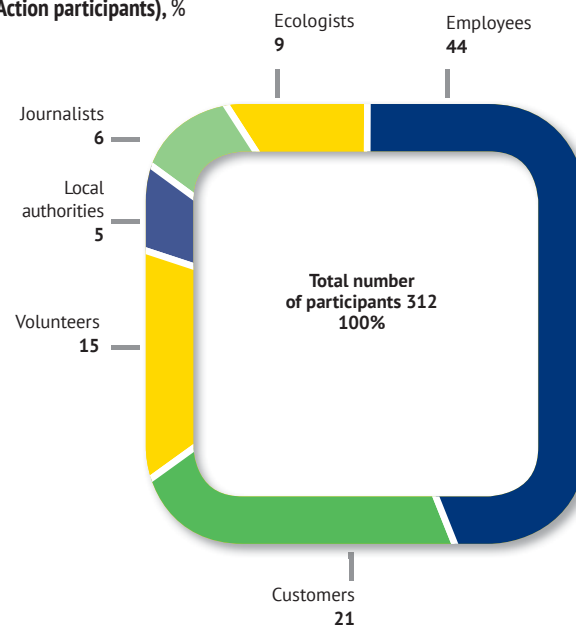
The "Plant a Tree with URALSIB" Project

In 2011, the action took place from May to June and covered seven cities, including: Kaliningrad, Tomsk, Nizhny Novgorod, Yekaterinburg, Saint Petersburg, and Chelyabinsk. The number of participants was 312.

Greenery planted

City	Greenery planted	Quantity
Kaliningrad	Rhododendron	6
	Barberry	15
	White cedar	6
	Fir	1
Ufa	Fir	20
Tomsk	Cedar	100
Nizhny Novgorod	Blue fir	18
Yekaterinburg, the Sensory Garden	Different plants	34
Saint Petersburg	Linden	8
	Hawthorn	14
Chelyabinsk	Lombardy poplar	12
Total		234

The Structure of Stakeholders (Action participants), %



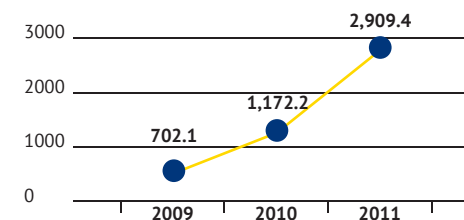
Environmental safety costs

The Structure of Environmental Safety Costs, RUR thousand

	2010	2011
Payments to federal budget for atmospheric emissions	435.4	8.7
Personnel training	9.2	9.0
Payments to external contractors engaged in disposal/neutralization of waste that is unsuitable for burial	166.8	300.9
Payments to federal budget for the use landfills for solid household waste	450.6	547.7
Payments to carriers engaged in transportation of solid household waste to landfills	110.2	2,043.1
Total	1,172.2	2,909.4

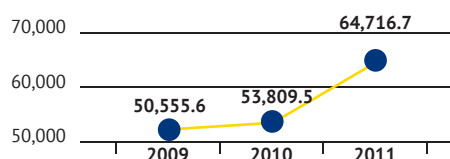
In 2011, total environmental safety costs grew 148.2% to amount to RUR 2.9 million. The major share (70.2%) of the costs in question was associated with payments for the disposal of Hg-lamps. The costs related to training managers and specialists on the safe handling of hazardous wastes were kept level with the previous year's costs. No considerable penalties and non-financial sanctions for non-compliance with environmental norms were imposed on FC URALSIB's divisions in 2011. An increase in the costs related to the neutralization and transportation of waste occurred due to the implementation of a project involving the replacement of Hg-lamps in corporate offices with energy efficient lamps.

Environmental Safety Costs, RUR thousand



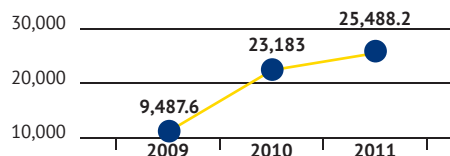
RESOURCE CONSUMPTION (including the regional network)

Electric Energy, Gigajoule*



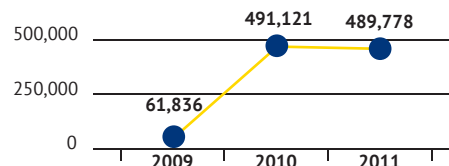
* Gigajoule = kW x 0.0036

Heat, Giga calories



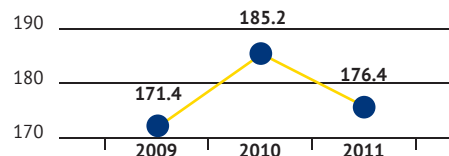
During the reporting period, energy and heat consumption increased compared with the preceding period. This was caused by an increase in the number of FC URALSIB employees. At the same time, total water consumption fell 0.3% in 2011. Water is usually supplied for FC URALSIB

Water, cubic meter**



** The water for FC URALSIB's divisions is mainly supplied from municipal water supply networks. Water consumption values are specified in accordance with per capita SNIP norms.

Paper, tons



divisions by municipal utilities. The main material used in the Corporation's core activities is writing paper. Due to the optimization of the organizational structure implemented with the help of the Cascade program, paper consumption fell 4.8%.

EMISSIONS

In 2011, the Corporation handed over for disposal 100% of its toxic waste (834.6 tons). All waste generated in the course of the Corporation's business activities are transferred to waste-handling contractors for removal, placement, use, disposal and neutralization, irrespective of the waste class. Household waste (hazard class V) is handed over to municipal waste handlers for burial, pursuant to concluded contracts.

The volume of waste water is calculated as 100% of water consumption. The Corporation's production process requires no recycled water. The Corporation does not pollute open water bodies with waste water. The waste water is directed to municipal sewage collectors to then be transferred to centralized water treatment facilities.

The volume of waste per toxicity class, tons

Hazard class	2010	2011
I	4.8	1.4
II	1.8	0.9
III	4.2	4.3
IV	655.2	664.4
V	292.0	163.5
Total	958.0	834.6

Atmospheric Pollutant Emissions

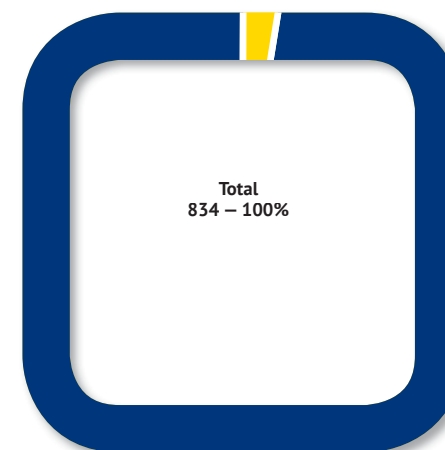
Основным источником выбросов токсичных веществ являются транспортные средства. The Corporation's transportation vehicles are the main source of toxic gases emitted in to the atmosphere. FC URALSIB has developed and implemented drafts for maximal allowable atmospheric emissions. In 2011, the total volume of atmospheric pollutant emissions by all corporate divisions was in line with values specified in the drafts.

Pollutant limits according to the Draft for Maximal Allowable Atmospheric Emissions, tons/year

Green gases	1.304
NOX	0.589
SOX	0.062

Waste Disposal and Burial Structures, tons

Handed over for neutralization/disposal 21.4



813.2
Handed over for burial at landfills for solid household waste

1st

POSITION IN A RANKING
OF BANKS BY SME LOAN VOLUME

2nd

POSITION IN THE "LEADERS IN PERSONNEL
MANAGEMENT QUALITY" RATING

1st

POSITION IN THE RANKING OF ORGANIZERS
OF MUNICIPAL BOND LOANS;

8,500 ATMs

IN THE UNIFIED NETWORK

1st

POSITION IN THE "LEADERS IN CORPORATE
CHARITY 2011" RANKING

7

KEY EVENTS AND AWARDS

JANUARY

URALSIB Leasing Company launched a special leasing program for Isuzu trucks

The financing for the joint with Isuzu truck leasing program is provided under the auspices of the "Trucks and Special Equipment" leasing product, which was developed by URALSIB Leasing Company. Organizations and individual entrepreneurs receive financial leases for up to 5 years, with zero percent p.a. rise value.

FEBRUARY

URALSIB Bank becomes the fastest growing of all Russian banking brands

According to the Brand Finance rating, the price of URALSIB Bank's brand grew 40.8% during 2010, moving the Bank from the 405th to the 388th position and making it the fastest growing brand among all Russian banks. A considerable improvement in the Bank's financial position led the authors of the rating to upgrade brand rating from BB to A-.

URALSIB Bank became one of the Top Ten Russian banks, as rated by the branch network

According to the RBC.Rating, URALSIB Bank ranked sixth in "The Most Branch Banks of 2010".

URALSIB Bank became one of the Top Ten Russian banks as rated by the number of retail customers

According to a rating prepared by "Profile" Magazine (January 1st, 2011), URALSIB Bank became the tenth bank rated by the volume of physical customer deposits, and also tenth as rated by loan volume issued to retail customers.

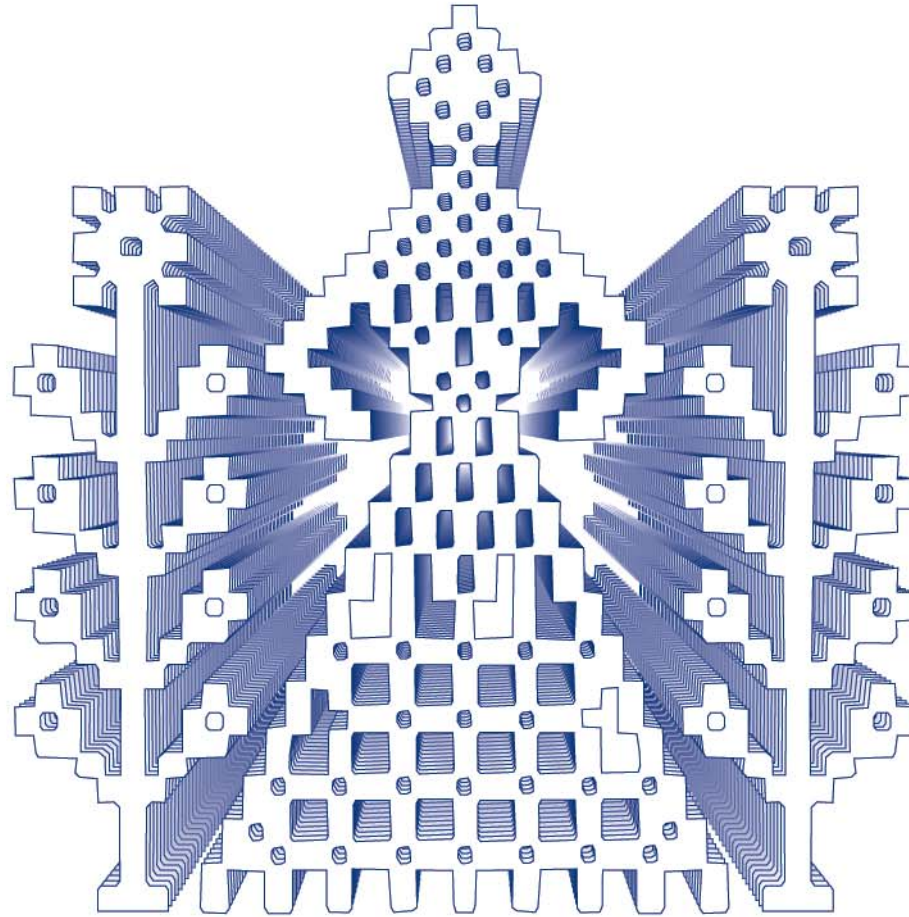
URALSIB Leasing Company concluded a Partner Agreement with the "Avtomir" Group of Companies

The cooperation between the "Avtomir" Group of Companies and URALSIB Leasing Company will enable customers living in 11 cities in which the companies operate to utilize wide choices for motor cars and optimal conditions for leasing new cars.

MARCH

FC URALSIB organized the traditional "Donors' Days"

482 corporate employees in 31 regions participated in "Donors' Days". This major action took place pursuant to the Social Partnership Agreement with the Russian Federal Medical and Biologic Agency. The blood drive was accompanied by charitable events to support orphaned children and those left without parental care.



The Baltic Ornament. Fruitfulness

Too much depends on one's health to neglect it ~ one's ability to work, one's outlook, one's relationships with those around him / her and ultimately the level of human capital.

URALSIB Bank was ranked in the Top Ten of the “Customer Impression Index”

According to “The Customer Impression Index – 2010: post-crisis retail banking sector” survey, which was conducted by PricewaterhouseCoopers, URALSIB Bank was one of the Top Ten leading Russian banks.

Fifty thousand customers contributed to URALSIB Bank’s program, “Decent Housing for Children!”

Fifty thousand customers of URALSIB Bank contributed to the Bank’s charity program, “Decent Housing for Children”, by ordering credit cards or deposits of the same name. From the day the program was launched in September 2009, the Bank has issued 36,500 credit cards and opened 18,500 deposit accounts. The amount transferred to the Victoria Children’s Fund comprised RUR 14,227,201. The accumulated funds will be spent on the “Decent Homes for Decent Life” project, a project which was implemented by the Victoria Children Fund to provide children in orphanages with comfortable and safe living conditions.

URALSIB Leasing Company launched a joint program with the ATT Group of Companies, which is the leading dealer of Tatra trucks and special equipment

The program, which was jointly implemented by the ATT Group of Companies and URALSIB Leasing Company, will enable customers living in all cities in which the companies operate to make use of beneficial conditions for leasing Tatra trucks and related equipment.

APRIL

The government of the Republic of Bashkortostan and FC URALSIB signed the General Cooperation Agreement

The General Cooperation Agreement concluded between the Government of the Republic of Bashkortostan and FC URALSIB was signed in the Government House of the Republic of Bashkortostan. The parties agreed to assist in developing and implementing up-to-date banking technologies and banking infrastructure in Bashkortostan, including the “Universal Electronic Card” project. The parties will also implement joint investment programs, support innovative development of the production complex and encourage the re-equipment and modernization of production facilities.

URALSIB Bank placed second in the “Leaders in Personnel Management Quality” ranking

The rating was conducted by the HeadHunter Company. The rating assessed the organizational and staffing structure of different HR departments, as well as personnel-related document flow, daily performance records, payroll calculations, personnel training, employee hiring procedures, staff adaptation and internal communication tools. Other parameters under assessment included: motivation systems and the KPIs, as well as material and non-material incentives, etc.

URALSIB Bank hosted the Days of Open Mortgage in key operating regions

The Days of Open Mortgage were organized by URALSIB Bank in Novosibirsk, Chelyabinsk, Ufa, Nizhny Novgorod and Krasnodar. The purpose of the event was to upgrade the public’s financial literacy in the sphere of mortgage crediting. Each meeting included an overview of the Russian real estate market and regional development forecasts, as well as a review of offers to buy real estate

property using URALSIB’S crediting programs. The program involved more than 3,500 individual interviews with customers. All those who attended the Days of Open Mortgage were eligible for a discount in case they decided to apply for a mortgage.

URALSIB Bank rose 48 positions in the ranking of Russia’s most expensive companies

According to the “Most Expensive Companies” rating prepared by Finance Magazine, URALSIB Bank went to ninety-third in the rating, a step up of 48 positions. This was the best result among all financial companies. The Bank was assessed primarily via its capitalization growth rate.

URALSIB Bank became one of the Top Ten banks rated by plastic card operations

According to the MForum Analytics Center, in 2010, URALSIB Bank became one of the top ten banks as rated by the volume of operations with plastic cards. The Bank’s customers actively used cards both to make cashless payments for goods and services, and to get cash via ATMs.

URALSIB became one of the Top Ten organizers of corporate bond issues on the Russian DCM

According to the Cbonds.ru rating, URALSIB was one of the six non-governmental investment companies with the best results in Q1 2011. The total volume of bonds placed by FC URALSIB during this period was RUR 8.9 billion.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58	72	90	100		112

109

URALSIB Leasing Company launched a special program to lease Skoda and Volvo cars

Customers who live in cities that have official Skoda and Volvo dealers were be offered special conditions to lease new Skoda and Volvo motor cars.

FC URALSIB was awarded the diploma of the “Best Russian Enterprises – Dynamics, Efficiency, Responsibility” all-Russian Contest

The Corporation was awarded for its program of social investments and projects to develop operating regions. The annual contest organized by the Russian Union of Industrialists and Entrepreneurs, beginning in 1997, is based on ratings assessments. The contest aims to encourage the most dynamic developing organizations which voluntarily bear high social missions.

MAY

Moody's Agency confirmed URALSIB'S credit ratings as Ba3/D-

Moody's Investors Service ratings agency confirmed the long-term and financial stability ratings of OJSC URALSIB to be Ba3/D-. The outlook was updated from “negative” to “stable”. The adjustment of URALSIB Bank's ratings outlook was caused by a considerable decrease in aggregate investments in related parties in the form of loans and investments in securities, as well as by credit portfolio quality stabilization.

URALSIB Bank was awarded the “Financial Olympus” Prize

URALSIB Bank was recognized as the best SME creditor in the “Result and Success” category. According to experts and the National Financial Rating, which was organized by RBC, URALSIB Bank is one of the key players on the SME crediting market.

Standard and Poor's Agency confirmed URALSIB Bank's credit ratings at B+/B

Standard and Poor's rating agency confirmed the long and short-term ratings of OJSC URALSIB at B+/B. The outlook was upgraded from “negative” to “stable”, as URALSIB reduced the number of transactions with related parties and the dynamics of asset quality is positive. Liquidity pressure eased and the Bank uses large market funding sources less than other Russian banks in the same rating category.

URALSIB Management Company's unit investment funds will be sold via CJSC Commercial Bank Citibank

URALSIB Management Company and CJSC Commercial Bank Citibank announced the conclusion of an agency agreement that enabled Russian customers of Citibank to invest in the unit investment funds of URALSIB Management Company.

FC URALSIB'S Direct Investment Fund bought a share in “Academy's” children's goods retail network

The operations of the “Academy” network retailer consisting of more than 20 shops will be supervised by management. The Fund is focused on the efficient operation of financial division, the organization of corporate governance and on the strategic management of a dynamically growing company. In the nearest 2-3 years, the network is going to expand to 60 shops, so it is becoming a major player on the children's goods market basket. The investment period will range from 3 to 5 years.

JUNE

URALSIB Capital placed the Samara Region bond series 35007 for RUR 12.2 billion

The placement of the Samara Region bonds with a fixed coupon yield and debt depreciation (state registration number RU 35007SAM0) was done on CJSC MICEX. During an auction to set an interest rate for all coupon periods, the participants made more than 150 applications for an amount that exceeded RUR 27 billion. Bond maturity is 5.5 years, with a quarterly coupon period. Standard & Poor's rated the issue of the Samara Region's bonds as BB+/ruAA. Moody's Interfax Rating Agency rated this issue as Aa1.ru. on its national scale. The funds raised by the Samara Region during the successful placement of said bonds will be used to finance the regional budget deficit and to discharge past debts.

The Bank of Moscow and URALSIB Bank signed an agreement on the integration of ATMs and terminal networks

The parties signed an agreement on integrating ATM and terminal networks. The total number of ATMs and the terminals that enable different transactions for the owners of cards issued by the two banks will exceed 8,500 (6,550 ATMs are owned by URALSIB and 1,950 belong to the Bank of Moscow). The integration of terminal networks will result in improved customer services (the integrated network will include more than 30,000 terminals owned both by URALSIB and the Bank of Moscow).

FC URALSIB'S Direct Investment Fund became a co-investor in the project which involved the manufacture of heavy-duty springs

The total budget of the project, which is co-invested by ROSNANO, JSC "Izhevsk Machine Tool Works" and FC URALSIB, amounted to RUR 1,110 million. The first stage of manufacturing heavy-duty springs made via a unique Russian manufacturing process is already running.

URALSIB Bank won the "Best Moscow Employer" Contest

URALSIB Bank was named the winner of the "Best Moscow Employer" Contest, which was held as part of the all-Russian Contest "Russian Organization of High Social Efficiency". The Bank became an absolute winner in the category "For participation in resolving social problems of the regions and for developing corporate charity". It also won a prize in the "For forming a healthy lifestyle in the organization" category.

JULY

URALSIB Bank was named the "Best Commercial Bank in Russia", according to World Finance Magazine

The contest results are based on the expert opinion of more than 40 thousand key representatives of the financial sector from different countries, as recorded in a special questionnaire prepared by World Finance Magazine. An open poll on the magazine's web site should also be taken into account. The winners are decided by a special international panel of judges headed by Alexander Redcliff, editor-in-chief of World Finance Magazine.

FC URALSIB was ranked first among municipal bond issues organizers

FC URALSIB'S position in the overall rating for bond issues organizers has improved considerably, as during H1 2011, the Corporation rose from 9th place in 2010 to the fifth position. The Corporation organized 8 bond issues for 8 issuers, with a total amount in excess of RUR 30 billion.

URALSIB Leasing Company signed an agreement with the BMW Group of Russia

This partner agreement will enable organizations and individual entrepreneurs to choose from a wide range of BMW and MINI motor cars to lease on optimal conditions, including at zero percent interest. This service will be available in all cities that have BMW dealers and URALSIB Leasing Company's branch offices.

AUGUST

Fitch Rating Agency upgraded the ratings of URALSIB Bank and URALSIB Leasing Company to BB- with a "stable" outlook

Fitch Rating Agency upgraded the long-term ratings of URALSIB Bank and LC URALSIB from B+ to BB- with a "stable" outlook. The improvement reflects a reduction in Bank risks associated with related parties, as well as positive dynamics for the Bank's asset quality.

URALSIB Bank became one of the Top Ten banks, as rated by the volume of deposits owned by physical persons

On July 1st, 2011, URALSIB Bank became one of the top ten banks as rated by the volume of deposits owned by physical persons. The Bank is also one of the top fifteen banks ranked by the volume of loans granted to physical persons and legal entities. The Bank is the tenth bank in terms of liquid assets and twelfth in terms of net assets.

SEPTEMBER

Sberbank of Russia and URALSIB Bank signed agreements on joining the Rules of OJSC "UEC", a Federal Authorized Organization

OJSC Sberbank of Russia and OJSC URALSIB signed agreements on joining the Rules of OJSC UEC, a Federal Authorized Organization (the Rules of the Unified Payment Service System the "Universal Electronic Card", hereinafter referred to as the Rules).

Joining the Rules of leading players on the Russian retail market, meaning OJSC Sberbank of Russia and OJSC URALSIB, will contribute to the successful formation of infrastructure for the acceptance of universal electronic cards on the entire territory of the country.

URALSIB Bank became one of the Top Five banks in terms of the number of activated plastic cards

According to RBC Rating Agency, URALSIB Bank was also one of the Top Five Russian banks in terms of the number of activated plastic cards in H1 2011. The number of the Bank's plastic cards in circulation July 1st, 2011 comprised 158,047 cards issued by the Bank.

URALSIB Bank signed an agreement with Eximbank, the Republic of China (Taiwan)

URALSIB Bank signed an inter-bank credit agreement with the Export-Import Bank of the Republic of China (Eximbank, Taiwan). The agreement will enable the Bank to re-finance past and future import deliveries from Taiwan for a period ranging from 180 days to 5 years.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58	72	90	100		112

OCTOBER

URALSIB Bank became the leader in the Banks' rating, as determined by the volume of loans granted to the SME sector

URALSIB Bank became the leader among Russian banks (not considering Sberbank) as rated by the volume of loans granted to the SME sector in H1 2011. According to a survey conducted by RBC.Rating Agency, the volume of loans issued to the SME sector grew by 50%, compared with the preceding period, and amounted to RUR 134.2 billion.

URALSIB Bank became one of the Top Five retail banks in H1 2011

According to a survey conducted by RBC.Rating Agency, URALSIB Bank became one of the Top Five retail banks in H1 2011. The rating was based on the comprehensive assessment of banking activities in different retail business segments, including: auto loans, mortgages, unsecured crediting and issuing and servicing plastic cards. The number of bank-owned ATMs was also taken into account.

NOVEMBER

URALSIB Bank became the first in the "Leader of Corporate Charity 2011" ranking

The ranking took into account the financial performance of companies, including the charity concept and strategy, charity management and results and prospects, as well as the companies' information policies. The ranking was based on results of a survey conducted by "Vedomosti" business newspaper, in conjunction with the international network of PricewaterhouseCoopers auditing firms and the "Donors' Forum", which are all non-commercial partnerships of grant issuers.

URALSIB Capital placed the Kostroma Region bond issue with the yield of 11.5%

An auction was held for the placement of the Kostroma Region's medium-term bond issue, series 34006, with a fixed coupon rate and amortized debt redemption. The total value of bonds issued comprised RUR 4 billion with a maturity period of 5 years. The attracted funds will be used to refinance the Region's debt, as well as to optimize its structure to smooth the debt discharge schedule.

URALSIB Bank received a special prize, "For the Development of Social Innovations" at the People's Investor 2011 Contest

URALSIB presented its "Open Ideas for Small Business", a project organized by the Association of Managers. The project is intended to establish conditions for SME sector development by encouraging business activities of the public, to improve financial literacy and crediting conditions, as well as to popularize business success stories.

An Extraordinary General Shareholders Meeting of URALSIB Bank was held

On November 24th, 2011, OJSC URALSIB (Open Joint Stock Company URALSIB Bank) disclosed the results of the Extraordinary General Shareholders Meeting that was held on November 18th, 2011 in the form of a joint presence. The GSM decided to allocate undistributed profit of OJSC URALSIB in the amount of RUR 731.4 million to pay dividends. Therefore, the amount of dividends paid per single ordinary share of the nominal value of RUR 0.10 was RUR 0.0025.

Olga Degtyareva, Executive Director of URALSIB/Bank 121 was awarded the title of Lady of the Private Banking Industry

Chivas Spear's Russian Wealth Management Awards is conducted to pursue the tradition of Spear's WMA, and is organized on an annual basis by Spear's UK Magazine in London. In Russia, the ceremony is organized by the Chivas brand, the PBWM.ru Internet Portal and Spear's Russian Magazine.

DECEMBER

Standard and Poor's upgraded URALSIB Bank's rating

URALSIB Bank's long-term rating was improved from BB- to B+ with a "stable" outlook. The short-term B rating was confirmed.

FC URALSIB held its traditional "Donor Days"

During the "Donorship Week", 412 FC URALSIB employees donated blood. The campaign, which was held from December 5th till December 16th, resulted in collecting 185 liters of blood from 25 corporate regional offices. The campaign was implemented as part of the Social Cooperation Agreement in the sphere of free mass donor development. The Agreement was concluded between FC URALSIB and the Russian Federal Medical and Biologic Agency.

URALSIB Bank was third in the category "For Participation in the Resolution of Social Problems of the Territories and for the Development of Charitable Activities"

The "Russian Organization of High Social Efficiency" Contest has been held annually since 2000. In 2011, the regional phase of the Contest was attended by 1,500 organizations from 80 Russian subjects.

GRI 3.1

INTERNATIONAL STANDARD FOR NON-
FINANCIAL REPORTING

A – GRI

STANDARD APPLICABILITY LEVEL

IIRC

RECOMMENDATIONS OF THE INTERNATIONAL
INTEGRATED REPORTING COUNCIL

IFRS

INTERNATIONAL FINANCIAL
REPORTING STANDARDS

FFMS

REQUIREMENTS OF THE FEDERAL
FINANCIAL MARKETS SERVICE

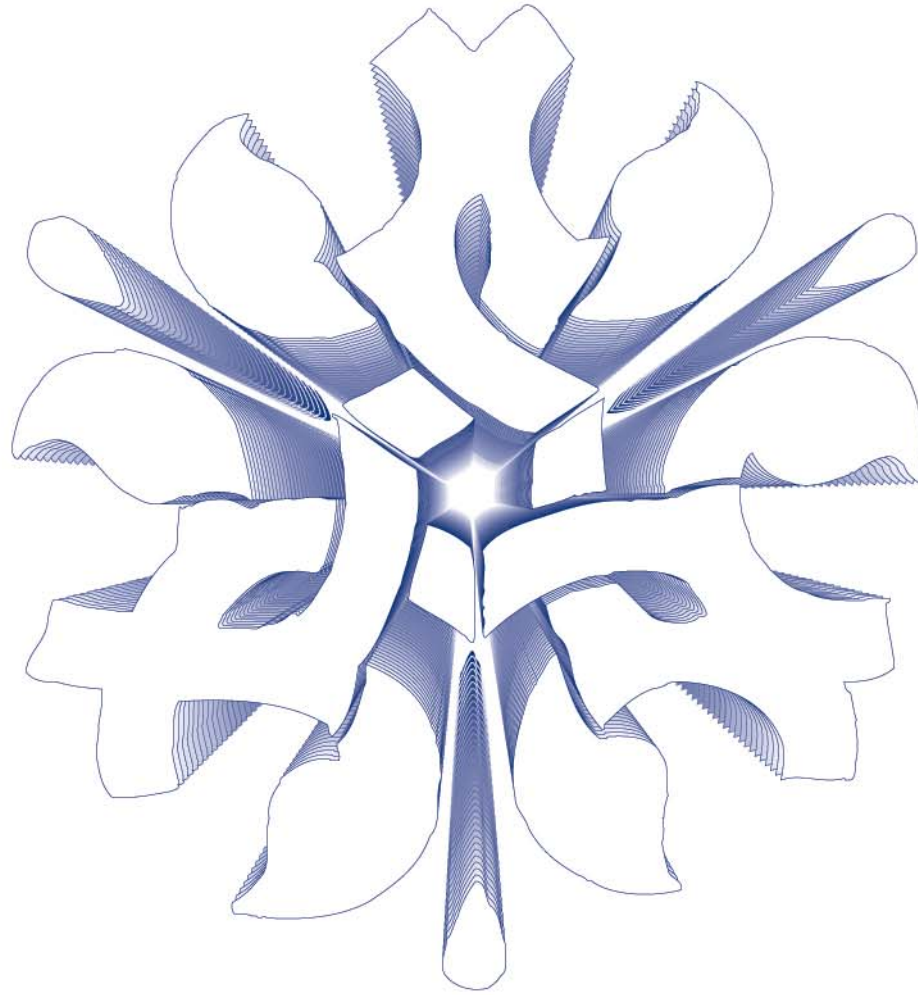
8 GENERAL INFORMATION ON THE REPORT

This report is the seventh report in FC URALSIB'S history prepared in accordance with GRI requirements. The Corporation's previous report on sustainable development published in October 2011 was prepared in compliance with G3.1 recommendations of the Global Reporting Initiative.

While preparing its 2011 Report, the Corporation kept in mind indicators of the updated GRI (Version 3.1, 2011) and these of FSSS, 2008, taking into account the previous reports on sustainable development and the Corporation's 2011 development priorities. Beginning from 2007, economic performance indicators are specified based on the data of the consolidated financial statements of FC URALSIB, prepared according to IFRS. The full version of FC URALSIB'S consolidated statements (audited by KPMG auditors) is available at the Corporation's website under the "Financial Reports" heading (www.uralsib.ru/investor_relations/financial_reports/index.wbp). Data in the "Corporate Governance" section are based on the 2011 Annual

Report of Open Joint Stock Company "Financial Corporation URALSIB", prepared in compliance with requirements of the Federal Financial Markets Service and approved by OJSC FC URALSIB'S Annual General Shareholders Meeting (June 29th, 2012). The Corporation's business model and information on strategic priorities is disclosed taking into account recommendations of the International Integrated Reporting Council (IIRC). Mechanisms of shareholder value formation (construed here as value formation not only for shareholders and the organization, but for a broad range of stakeholders and the public

in general) and the Key Performance Indicators (KPIs) are disclosed based on the Report on the Fulfillment of FC URALSIB'S 2011 Business Concept (as approved by the Board of Directors of OJSC Financial Corporation URALSIB June 9th, 2012). This integrated Report explicitly discloses the essence of the internal governing process pertaining to setting goals of the organization's activities associated with the formation of shareholder value. To make the Report perfectly clear and explicit, the Report contains the most important and essential aspects of corporate activities.



*The Nanai Ornament. Purity
Transparency is an active category. It is not just
a demonstration and possibility for self-awareness.
This is a topic for dialogue and mutual feedback.*



Statement

GRI Application Level Check

GRI hereby states that **URALSIB Finance Corporation** has presented its report "THE 2011 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, 1 October 2012


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 13 September 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

GRI Applicability Level

The 2011 Report complies with GRI G3.1 requirements, which was independently certified by GRI. The information disclosure complies with the maximal applicability level (A) of GRI G3.1, which in fact is properly certified. Data were audited by URALSIB'S Internal Audit Department.

This Report uses the following correspondences:

Open Joint Stock Company Financial Corporation URALSIB is also referred to as OJSC FC URALSIB, and the Company. The Group of Companies "Financial Corporation URALSIB" is also referred to as FC URALSIB, the Financial Corporation, the Corporation, the Group and URALSIB.

Open Joint Stock Bank URALSIB is also referred to as OJSC URALSIB, the Bank and URALSIB Bank. Management Company URALSIB is also referred to as MC URALSIB. The Private Bank URALSIB is also referred to as Bank 121 and the Private Bank. The Leasing Company URALSIB is also referred to as URALSIB Leasing Company.

Forward-looking statements

The forward-looking statements include: statements on plans, goals, tasks and strategies of future activities and the indicators of FC URALSIB and also assumptions that substantiate such statements. Sometimes, statements concerning the future and sections concerning plans, prospects, forecasts, tendencies and predictions in particular may contain words such as: "expects", "evaluates", "supposes", "considers", "can", "will" or "must" and similar expressions. Such statements do not guarantee future indicators, as they are based exclusively on the vision of the situation shared by FC URALSIB management at the moment the statements were made. The statements reflect the most weighted opinion of FC URALSIB'S management, but are subject to risks and uncertainty factors, which may lead to a situation in which actual results are different from those forecast by FC URALSIB. Among other things such factors include: the ability of FC URALSIB to implement its strategic initiatives, and economic, political and market conditions, State regulations, interest rate risks and competition. Taking into account the uncertainties listed, one should not rely on future statements. FC URALSIB takes no responsibility for updating statements concerning the future, as well as related evaluations and assumptions, that are connected with events or consequences, changes in expectations or the onset of assumed events after the date for which such statements were originally made.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58	72	90	100	111	

SCOPE AND LIMITS OF THE REPORT

Data in the Report are collected from all sub-holdings of Financial Corporation URALSIB, covering the period from January 1st, 2011 to December 31st, 2011.

FC URALSIB prepares reports on sustainable development annually. Report data are used by the governing bodies of FC URALSIB member-companies to assess the efficiency of the Corporation's social and charity programs, and to develop strategies for stakeholder relations. The collection, consolidation and analysis of information on sustainable development is based on Russian legal requirements, the internal standards for processing statistical data and on IFRS, ISO 26 000 and GRI standards.

This Report does not contain any material changes in the methods of measurement, as compared with the previous period. No essential changes in the scope and limits of the Report had taken place compared with the previous period. No material changes in the size, structure, ownership and the structure of assets and subsidiaries which could influence the comparability of previous and present reports have taken place. All essential indicators in the 2011 Report are specified in comparison with similar indicators for 2010. The membership of the Group for which the data are consolidated in this

Report is based on the Consolidated Annual Financial Statements of FC URALSIB.

Preparation of the Report, including structure development and the collection and consolidation of data is carried out by the Corporation's staff, namely by specialists in the Social Reporting Division, a division of the External Communications Department. The Report design and pre-press is done by Design to Business (D2B) branding agency. The artistic concept of the Report's cover and section miniatures is produced by Pixelband Agency. The copyright for graphic design belongs to OJSC Bank URALSIB.

FC URALSIB is a major regional group of companies that exert a considerable influence on the quality of the social environment in the regions in which it operates and in Russia in general. This fact caused the Corporation's shareholders to prepare non-financial reports reflecting the maximum number of GRI efficiency indicators (an A applicability level).

The importance is determined by indicators and issues voiced by stakeholders during dialogues held in 2011-2012. During the reporting period, the External Communications Department analyzed the main themes and issues related to

financial industry development prospects. The key themes of the Report concerning corporate culture development were determined based on dialogues with employees held to develop new corporate culture standards based on management by value (MBV). A series of expert interviews with the managers of the Corporation's key departments helped to identify critical success factors and major operational risks. Interviews with top managers (some of which are published in the Report) helped to identify the priority themes of the Report in regard to social and environmental aspects. The internal factors of great influence were identified taking into account the KPIs of the Corporation's business concept. Potential Report users are identified based on the circulation of previous reports and the requests of the member-companies' functional department managers.

To fully reflect the Report's key indicators, such as materiality, completeness and development priorities, the Report contains interviews with managers of the Corporation's key departments. The interviews reflect the Corporation's top management position in relation to the general context of social and economic development, as well as the main themes and issues associated with financial sector development prospects, corporate

values, critical success factors and short- and long-term development priorities. The interviews also disclose the approaches to DMA and key performance indicators regarding sustainable development priorities (economic, environmental, the organization of labor, human rights and the interactions with the public and product responsibility).

The terms and definitions in the Report are used in the meanings given in GRI G3.1 sustainable development guidelines and in the Corporation's own documents. The Report contains no definitions modified as compared with the previous period. All data and indicators used in the Report are provided by responsible persons in the Corporation's departments, following official procedures. The data and indicators were checked for reliability by the Corporation's Internal Audit Department and by the Social Reporting Division of the External Communications Department.

Taking into Account the Recommendations of the International Integrated Reporting Council (the IIRC)

FC URALSIB's Integrated Public Report includes the following content-related elements, which disclose the Corporation's

essential inter-related strategic priorities. The correlation of the different indicators of activities performed during the reporting

period is illustrated on "FC URALSIB's 2011 Priorities and KPIs" on p. 15.

Integrated Reporting Principles	Report Section	Page
1 Description of the organization and its business model		
1.1 Mission	FC URALSIB's value, brand mission, FC URALSIB's vision	4
1.2 Core activities	Brands	16
1.3 Markets	Markets	18
1.4 Products and services	2011 Marketing campaigns	69
1.5 Business model	FC URALSIB structure, FC URALSIB's 2011 Priorities and KPIs	5, 15
1.6 Attitude to risk	An interview with Natalia Tutova, the Head of FC URALSIB's Risk Management Department	50
2 Business context		
2.1 Economic and social aspects of the organization's business	An overview of 2011 financial market conditions	12
2.2 Environmental impact	Environmental impact	100
2.3 Key stakeholders and their needs	Interaction with stakeholders	56
2.4 Risk management	Risk management system	48–53
3 Strategic goals and implementation strategies		
3.1 Strategic priorities	FC URALSIB's 2011 priorities and KPIs. Complex strategic plan	15, 36
3.2 Development projects	FC URALSIB's strategic projects implemented in 2011	64–68
3.3 Taking into account the principles of sustainable development during business planning	Complex strategic plan	36
4 Corporate management and labor compensation		
4.1 Governing bodies	The Board of Directors	33
4.2 Corporate governance	Corporate governance	30–34
4.3 Corporate culture	The supreme governing body	32
4.4 Labor compensation principles and non-material motivation system	Personnel structure	77–83
5 Efficiency		
5.1 Key Performance Indicators	FC URALSIB's 2011 priorities and KPIs	15
5.2 Organization's influence on development resources	Responsible business practices	70–71
5.3 Essential external factors influencing the organization's activities	An overview of 2011 financial market conditions	12
6 Prospects		
6.1 External environment development forecast	Interviews with top managers	40–45
6.2 Possible results of the implementation of the organization's plans	A message from the the Chief Executive of OJSC FC URALSIB	7
6.3 Potential development opportunities	A message from the Chairman of the Board of Directors of OJSC FC URALSIB	6

STANDARD GRI ELEMENTS TABLE

Some of the economic efficiency indicators contained in the GRI Guidelines are not relevant for FC URALSIB as a financial organization. Due to this fact, the indicators EN3, EN4, EN7, EN11, EN12, EN13, EN14, EN15, EN17, EN19, EN23, EN25 and EN26 are disclosed partially, or not disclosed at all, as they are not applicable in the description of the Corporation's environmental impact.

The EN3 indicator containing information on primary sources of energy used is not disclosed in the Report. The information on the primary sources of energy used by the unified national energy system of Russia is unavailable for the Corporation. This prevents the calculation of the percentage of consumed electric energy generated using primary energy sources. This fact is true for all regional divisions of the Corporation.

EN4. The majority of the Corporation's Group organizations use only intermediate energy in the form of electricity. Electricity consumption is specified in the "Consumption of Resources" section. Data on primary energy sources are unavailable for accounting.

EN7. Due to the insignificant volumes of transportation performed by third party carriers, FC URALSIB does not monitor the decrease in the indirect consumption of energy.

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58	72	90	100	111	

But the Corporation uses the electronic document flow system and tele-conferencing facilities (from 2006), contributing to the minimization of indirect energy usage.

EN26. This indicator is partially disclosed in the "Risk Management System". The Corporation plans to report this indicator after testing a new credit policy that takes into account responsible investment principles (the "Equator Principles"). The Corporation does not report on the following indicators (now or in the future), as the disclosure of this information in the form specified in the GRI Guidelines is not applicable to the Corporation's business.

EN11 and EN12. Offices and branches of FC UALSIB's member-companies are opened in major cities beyond the borders of protected natural areas or territories with valuable bio-diversity.

EN13, EN14 and EN15. The activities of the Corporation and its member-companies do not result in a direct impact on the natural environment.

EN19. The Corporation's activities do not result in the emissions of ozone-destroying substances in to the atmosphere.

EN23. The Corporation's activities are not associated with the production, storage and / or transportation of hazardous liquid chemicals.

EN25. The Corporation's activities do not result in a direct discharge of waste water in to water bodies. Water disposal is the responsibility of the owners of leased buildings and of the municipal utility services.

PR1. Financial products offered to the market by the Corporation have no direct influence on the health of employees and customers.

SO9. The Corporation's priority is to upgrade living standards in the regions in which it operates. To achieve this priority, the Corporation develops a range of socially significant products, including: SME loans, the "Decent Housing for Children" program, pension deposits and mortgage programs. The activities and products of the Corporation do not affect local communities. In 2011, no complaints from public organizations or State authorities were registered.

SO10. Developing the public availability of a wide range of products in the regions in which it operates by decreasing interest rates and issuing SB loans on favorable terms, the Corporation indirectly contributes to the mitigation of negative consequences of the financial crisis.

HR2. At present, the Corporation does not screen the contractors' activities for compliance with human rights. This function is performed by the State supervisory authorities.

HR10. The Corporation concluded the Collective Bargaining Agreement with its employees. The Agreement regulates the rights of employees in all regional divisions of the Corporation in Russia. In 2011, the Company did not initiate any noticeable initiatives or projects in the field of human rights. No dedicated human rights checks were performed in the Corporation's member-companies in 2011. The Corporation monitors human rights violations pursuant to current risk management and compliance control regulations.

HR11. The Corporation has established a "360 Degrees" managerial evaluation system. Adherence to internal corporate norms and the norms of the Universal Declaration of Human Rights is controlled by the Corporation's Compliance and HR departments. No claims or formal complaints in regard to human rights violations were registered by controlling departments in 2011.

EC6. The Corporation selects its suppliers on the basis of a uniform standard (irrespective of the region) tender bid assessment. A contractor is selected based on the optimal price-quality ratio. The Corporation gives no preferences to local suppliers. More than 90% of supply contracts are concluded with local contractors.

DMA. Information on management approaches with regard to GRI KPIs can be found on the following pages:

EC – 42;
EN – 50, 70;
LA – 74;
SO – 100;
PR – 70;
HR – 80, 81, 84;
FS – 15, 36.

Each of the above-mentioned indicators is accompanied by a brief comment. Other main and additional GRI 3.1 and FSSS 2008 indicators are disclosed in the text of the Report on corresponding pages.

GRI	Page	Section/Comments
1. Strategy and analysis		
1.1	8–9	A message from N.A. Tsvetkov, the Chairman of the Board of Directors of FC URALSIB A message from I.R. Muslimov, the CEO of FC URALSIB
1.2	40	An interview with Oleg Litovkin, the General Manager of URALSIB Leasing Company
	41	An interview with Alexander Afonin, the Head of the Chief Executive Office, Corporate Banking, URALSIB Bank
	42	An interview with Svetlana Kulagina, the Head of the Chief Executive Office, Small Business, URALSIB Bank
	44	An interview with Mark Temkin, the Chief Executive Officer of URALSIB Capital
	45	An interview with Andrei Vekhlov, the Chief Executive Officer of URALSIB Bank /121
2. Description of the Organization		
2.1	10	Full name of the organization
2.2	16	Main brands, products and services
2.3	5	FC URALSIB. Functional structure of the organization
2.4	22	FC URALSIB's geographical scope
2.5	22	FC URALSIB's geographical scope
2.6	2	FC URALSIB ownership and development history
2.7	18	Markets
2.8	24, 76	Organization size
2.9	30	Changes in the Group structure
	22	FC URALSIB's geographical scope
	33	Changes in the shareholding structure
2.10	106	Key events and awards

GRI	Page	Section/Comments
3. Parameters of the Report		
3.1	112	The reporting period
3.2	112	Recent and previous report publication dates
3.3	112	The reporting cycle
3.4	2 nd cover	Contact information for enquiries regarding the Report or its contents
3.5	113	The Report's content defining process
3.6	112	About the Report
3.7	112	About the Report
3.8	10	General information
3.9	115	About the Report
3.10	116	About the Report
3.11	115	About the Report
3.12	116	GRI standard elements table
3.13	114	External certification of the Report
4. Management, liabilities and interaction with stakeholders		
4.1	32	The structure of the organization's management, including committees attached to the supreme governing body
4.2	34	FC URALSIB's management
4.3	76	The number and gender of the independent members of the main governing body of the organization
4.4	32	General Shareholders Meeting
4.5	33	Remuneration
4.6	32	General Shareholders Meeting
	55	Compliance control
4.7	88	Mechanisms used to determine the composition, qualification and experience of members of the supreme governing body
4.8	44	The Mission, Vision and Values
	33	The Corporate Code of Conduct
4.9	33	The Board of Directors
4.10	36	The Complex Strategic Plan

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58	72	90	100	111	

GRI	Page	Section/Comments
4.11	50	The Corporation does not apply the precautionary principle for the assessment of social and environmental risks for investment projects. The risk management system will be modified in 2012
4.12	46	Participation in social, economic and environmental charters
4.13	46	Participation in associations and external initiatives
4.14	56	The list of groups of stakeholders that are involved in interactions with the organization
4.15	56	Interaction with stakeholders
4.16	56	Interaction with stakeholders
	71	Interaction with suppliers
4.17	56	Interaction with stakeholders
5. The information on the approaches in the sphere of management and performance indicators		
5.1. Economic performance indicators		
EC1	24	Key economic indicators
EC2	102	Climate change
	100	Environmental impact
EC3	82	Pension programs
EC4	29	The volume of State support received by FC URALSIB member-companies in 2009–2010
EC5	77	Initial employee salary ratio range broken down by gender, compared with the minimal wage in key regions of operation
EC6	71	Interaction with suppliers
EC7	70	Employing local people is a fully-formed practice within the Corporation
EC8	71	Indirect economic impact
	92	Charitable activities
EC9	71	Indirect economic impact
5.2. Environmental performance indicators		
EN1	105	Consumption of resources
EN2	105	Consumption of resources

GRI	Page	Section/Comments
EN3	102	Information on the primary sources of energy used by Russia's unified national energy system is unavailable for the Corporation. This prevents the calculation of the percentage of consumed electric energy generated using the primary energy sources. This indicator will be reported in 2013.
EN4	117	Disclosed partially (see notes on the table)
EN5	105	Consumption of resources
EN6	102	The organization of economic management
EN7	117	Disclosed partially (see notes on the table)
EN8	105	Consumption of resources
EN9	105	The Corporation uses municipal water supply systems. The identification of primary water sources is not possible
EN10	105	The organization of economic management. Emissions
EN11	117	Not applicable (see notes on the table)
EN12	117	Not applicable (see notes on the table)
EN13	117	Not applicable (see notes on the table)
EN14	117	Not applicable (see notes on the table)
EN15	117	Not applicable (see notes on the table)
EN16	105	Emissions
EN17	117	Not applicable (see notes on the table)
EN18	102	Climate change
EN19	117	Not applicable (see notes on the table)
EN20	105	Emissions
EN21	105	Emissions
EN22	105	Emissions
EN23	117	Not applicable (see notes on the table)
EN24	105	Emissions. Waste is accounted for without the application of Appendices I, II, III, and VIII to the Basel Convention
EN25	117	Not applicable (see notes on the table)
EN26	50	The indicator is partially disclosed in the "Risk management" section. The Corporation plans to report this indicator in 2012 after implementing the new Credit Policy, which will take into account responsible investment principles (the "Equator Principles").

GRI	Page	Section/Comments
EN27	70	The Corporation is involved in financial services and does not produce material products. The Corporation uses no packing materials.
EN28	105	Environmental impact
EN29	102	Climate change
EN30	105	Environmental impact
5.3. Indicators of the efficiency of approaches to the organization of labor and decent labor		
LA1	76	The total number of personnel broken down by employment type, labor agreement type, by region and by gender
LA2	77	The total number and frequency of newly hired employees and personnel turnover broken down by age groups, gender and regions
LA3	82	Internal social policy cost structure
	81	Social guarantees and benefits. Social benefits and the right to use the social package are granted to full-time employees following a successful trial period
LA4	83	Collective Bargaining Agreement
LA5	83	Collective Bargaining Agreement
LA6	80	Workplace health and safety
LA7	78	Frequency of accidents and occupational diseases by regions and gender
LA8	79	Measures to improve labor conditions and health
	82	Educational, training and consulting programs relating to serious diseases
LA9	83	The Collective Bargaining Agreement. The Corporation concluded no health and safety agreements with any trade unions
LA10	85	The average number of per employee training hours per annum, broken down by gender and employment category
LA11	84	Personnel training
LA12	88	The percentage of employees whose performance and career is periodically assessed, broken down by gender
LA13	76	Composition of governing bodies
LA14	77	Male and female employees' employment ratio broken down by the employment category
LA15	76	Return to work and the percentage of employees returning to the organization after maternity leave, broken down by gender

GRI	Page	Section/Comments
5.4. Performance indicators: human rights		
HR1	48	The percentage and total number of major investment agreements and contracts assessed for compliance with human rights
HR2	117	The percentage of major suppliers, contractors and other business partners assessed for compliance with human rights (see notes on the table)
HR3	84	The total number of hours spent on training on regulations and procedures associated with human rights
HR4	83	The total number of cases of discrimination and associated prevention measures
HR5	83	Measures to support the freedom of associations and the conclusion of the Collective Bargaining Agreement
HR6	71	Observance of human rights
HR7	78	Measures taken to liquidate all forms of forced or compulsory labor
HR8	85	The percentage of Security Service personnel trained on regulations and procedures concerned with human rights
HR9	117	No cases of the violation of rights of aboriginal peoples were registered
HR10	117	The number of companies assessed for the observance of human rights (see notes on the table)
HR11	117	The number of registered complaints concerning human rights violations (see notes on the table)
5.5. Efficiency of interactions with the public		
SO1	71, 103	Measures to involve local communities and programs for the development of territories
SO2	48	Risk management system
SO3	84	Personnel training
SO4		Instance(s) of corruption – not revealed
SO5	46	Participation in associations and external initiatives
	99	Public-private partnership
SO6	99	Public-private partnership
SO7	48	The risk management system

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58	72	90	100	111	

GRI	Page	Section/Comments
SO8	48	Risk management system
	59	Marketing and product promotion
SO9	117	Negative influence on local communities (see notes on the table)
SO10	117	Measures to prevent a negative influence on local communities (see notes on the table)
5.6. Performance indicators: product responsibility		
PR1	117	Not applicable (see notes on the table)
PR2	70	Compliance with legal requirements
PR3	69	Marketing and product promotion
PR4	70	Compliance with legal requirements
PR5	70	Customer satisfaction practices
PR6	71	Observance of laws, standards and voluntary codes regulating marketing communications
PR7	70	Compliance with legal requirements
PR8	71	Privacy rights
PR9	70	Marketing and product promotion
6. The influence of products and services (the FSSS Appendix for financial organizations)		
FS1	90	Social development aspects
	32	The Corporate Code of Conduct
	102	Climate change. The Corporation produces financial services, which do not exert any direct environmental or social impact on the public. To analyze product impact, the Corporation monitors indirect impacts (increasing demand for financial products, the social card implementation effect, etc.) The Corporation has no special policies and procedures for the assessment of the social and environmental impact of products and services. r
FS2	48–54	Risk management system. Social and environmental risks are not accounted for in the Corporation's priorities.
FS3		Major corporate customers preparing reports on sustainable development periodically send the Corporation their non-financial reports. This process is not formalized, as it is performed on notice. No monitoring of customers' observance of the principles of social and environmental responsibility is conducted.

GRI	Page	Section/Comments
FS4	84	Personnel training
FS5	50	An interview with Natalia Tutova, the Head of FC URALSIB's Risk Management Service
FS6	42	An interview with Svetlana Kulagina, the Head of the Chief Executive Office, Small Business Division of URALSIB Bank
FS7	60	The volume of socially significant services
FS8		The Corporation produces financial services, which have no direct environmental impact on the public. At present, the Corporation does not categorize products and services depending on their environmental effect, but the effect is taken into account when making financing decisions.
FS9		The Corporation has prepared social reports from 2004. The reports are subject to external certification by an independent advisor. In 2012, a public certification procedure took place (by the Russian Union of Industrialists and Entrepreneurs).
FS10	10	General information
FS11	100	Subsidiaries and dependent companies, members of FC URALSIB operate on the financial market and do not exert negative environmental or social impact on the public. The Corporation has regulations and procedures permitting to control compliance with social standards and environmental norms set by Russian law.
FS12	32	The terms of reference for the General Shareholders Meeting
FS13	40–45	Interviews with top managers
FS14	68	URALSIB Bank's pension deposits
FS15	40–45	Interviews with top managers
FS16	98	Social advertising
	83	Employment for students

COMPLIANCE OF THE REPORT WITH OTHER REPORTING SYSTEMS

The Global Compact

*A Message on Progress Achieved (MPA)
pursuant to principles of the UN Global Compact*

FC URALSIB shares ten principles of the UN Global Compact. In 2010, a decision was made for FC URALSIB to join the UN Global Compact (UNGC) and the Russian UNGC Network. This Report reflects essential achievements of the Corporation in regard to four key UNGC topics, namely human rights, labor relations, the environment and the fight against corruption. Pursuant to UNGC recommendations, a Message on Progress Achieved is prepared based on international GRI Guidelines for sustainable development reporting. The information is disclosed on corresponding pages of the Report.

Topic	No	UNGC Principle	GRI element	Page
Human rights	1	Business circles should support and respect the approach implying a protection of international human rights	EC5	77
			LA4	83
			LA6	80
			LA7	78
			LA8	79, 82
			LA9	83
			LA13	76
			LA14	77
			HR1	48
			HR2	117
			HR3	84
			HR4	83
			HR5	83
			HR6	71
Labor relations	2	Business circles should take no part in human rights violation(s)	HR7	78
			HR8	85
			HR9	117
			SO5	46, 99
			PR1	117
			PR2	70
			PR8	71
			SO5	46, 99
	3	Business circles should support the freedom of association and effective recognition of the right to a collective bargaining agreement	LA4	83
			LA5	83
			HR1	48
			HR2	117
			HR3	84
			HR5	83
	4	Business circles should advocate the liquidation of all forms of forced and compulsory labor	SO5	46, 99
			HR1	48
			HR2	117
			HR3	84
			HR7	78
			SO5	46, 99

GENERAL INFORMATION	CORPORATE GOVERNANCE	RESPONSIBLE BUSINESS	PERSONNEL MANAGEMENT AND THE INTERNAL SOCIAL POLICY	SOCIAL INVESTMENTS AND CHARITABLE PROGRAMS	ENVIRONMENTAL IMPACT	KEY EVENTS AND AWARDS	GENERAL INFORMATION ON THE REPORT
10	30	58	72	90	100	111	

Topic	No	UNGC Principle	GRI element	Page
	5	Business circles should advocate the complete elimination of child labor	HR1	48
			HR2	117
			HR3	84
			HR6	71
			SO5	46, 99
	6	Business circles should advocate the liquidation of discrimination in labor and employment	EC7	70
			LA2	77
			LA13	76
			LA14	77
			HR1	48
			HR2	117
			HR3	84
			HR4	83
			SO5	46, 99
Окружающая среда	7	Business circles should support the approach to the environment based on the pre-caution principle	EC2	102
			EN18	102
			EN30	105
			SO5	46, 99
	8	Business circles should undertake initiatives aimed at increasing responsibility for environmental conditions	EN1–EN30	50, 70, 102, 105
			SO5	46, 99
			PR3	69
			PR4	70
	9	Business circles should support the development and popularization of environmentally safe processes	EN2	105
			EN5–EN6	102, 105
			EN10	105
			EN18	102
			EN27	70
			EN30	105
Fight against corruption	10	Business circles should fight all forms of corruption, including solicitation and bribery	SO5	46, 99
			SO2	48
			SO3	84
			SO4	
			SO6	99

ISO 26000

The collection and consolidation of data for FC URALSIB's Report on Sustainable Development is based on requirements of international guidelines for sustainable development reporting, which were authored by the Global Reporting Initiative (GRI).

While preparing this Report, the Social Reporting Department monitored data compliance with new international

guidelines known as ISO 26000. The monitoring identified the current system of preparing non-financial reporting, which takes into account factors, conditions and important issues that influence the Corporation's social responsibility. Corporate governance principles used by the Corporation comply with definitions used in the ISO 26000 standard. The ISO 26000 key indicators are contained in the following sections of this Report:

The main topic and issues of corporate social responsibility pursuant to ISO 26000	Section of the Report	Page
1. Organizational governance	Corporate governance	30
2. Human rights		
2.1. Proper pre-cautions	Product safety assessment	70
2.2. Human rights risks	Observance of human rights	78
2.3. Avoidance of involvement	Environmental impact	100
	Risk management system	50
2.4. Complaints satisfaction	Responsible business	70
2.5. Discrimination and vulnerable groups	Prevention of discrimination	83
2.6. Civil and political rights	Internal social policy	74
2.7. Economic, social and cultural rights	Interaction with the public and human rights	90
2.8. Basic principles and rights in the labor sphere	Internal social policy	76
3. Labor practices		
3.1. Hires and labor relations	Personnel structure	76–78
3.2. Labor conditions and social security	Social guarantees and benefits	81
3.3. Social dialogue	Social guarantees and benefits (the Collective Bargaining Agreement)	81–83
3.4. Health and safety in the workplace	Health and safety in the workplace	80
3.5. Development of HR potential and onsite training	Personnel training	84

The main topic and issues of corporate social responsibility pursuant to ISO 26000	Section of the Report	Page
4. Environment		
4.1. Prevention of pollution	Reducing environmental pollution risks	102
4.2. Sustainable use of natural resources	Consumption of resources, emissions	105
4.3. Mitigation of climate change and adaptation	Climate change	103
4.4. Protection of the environment and bio-diversity, and the restoration of natural sites	Organization of environmental management	102
5. Fair business practices		
5.1. Fight against corruption	Risk management system	55
5.2. Responsible involvement in politics	Private-public partnership	99
5.3. Fair competition	Marketing and product promotion	69
5.4. Promotion of social responsibility within the value-add chain	Marketing and product promotion	69
5.5. Respect for property rights	Observance of human rights	71
6. Consumer-related problems		
6.1. Fair practices in marketing, contracting and unbiased information based on facts	Marketing and product promotion	69
6.2. Protecting consumer health and safety	Product safety assessment	70
6.3. Sustainable consumption	Socially significant products	60
6.4. Customer service and support and the settlement of claims and disputes	Taking into account the customer requirements for products already in circulation	70–71
6.5. Data protection and customer confidentiality	Customer privacy	71
6.6. Access to first necessity services	Projects for retail customers	71
6.7. Education and awareness	Social advertising campaigns	98
7. Participation in the life of communities and their development		
7.1. Participation in the life of communities	Social investments and charity projects	90
7.2. Education and culture	Social investments and charity projects	90
7.3. Creation of employment and skills development	The "URALSIB – the Way to Success. Take your first step" Project	83
7.4. Development of technologies and their accessibility	Direct access to the stock market	68
7.5. Creation of wealth and income	Markets	18
7.6. Health	The Healthy Lifestyle program	80
	The "Women's Health" Project	82
7.7. Social investments	Social investments and charity projects	92