

Open Joint Stock Company “BANK URALSIB”
Interim Condensed Consolidated Financial Statements

For the six-month period ended June 30, 2007

CONTENTS

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Interim condensed consolidated balance sheet	1
Interim condensed consolidated statement of income	2
Interim condensed consolidated statement of changes in equity	3
Interim condensed consolidated statement of cash flows	4

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Principal activities	6
2. Basis of preparation	7
3. Cash and cash equivalents	10
4. Trading securities and securities pledged under repurchase agreements	10
5. Amounts due from credit institutions	11
6. Derivative financial instruments	11
7. Loans to customers	12
8. Available-for-sale securities	13
9. Net investments in finance leases	13
10. Property and equipment	14
11. Goodwill	15
12. Taxation	15
13. Allowances for impairment and provisions	17
14. Amounts due to credit institutions	17
15. Amounts due to customers	18
16. Promissory notes and certificates of deposit issued	19
17. Other borrowed funds	19
18. Equity	19
19. Commitments and contingencies	20
20. Gains less losses from trading and available-for-sale securities	21
21. Gains less losses from foreign currencies	21
22. Segment analysis	22
23. Related party transactions	25
24. Capital adequacy	26
25. Subsequent events	26

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and Board of Directors of Open joint stock company "BANK URALSIB" –

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Open joint stock company "BANK URALSIB" and its subsidiaries (together the "Bank") as at June 30, 2007, and the related interim condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of Matter

We draw attention to Note 23, which describes that the Bank has significant transactions with related parties, in particular with regard to securities and lending operations.



October 15, 2007

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET*(Thousands of Russian Rubles)*

	<i>Notes</i>	<i>June 30, 2007 (Unaudited)</i>	<i>December 31, 2006</i>
Assets			
Cash and cash equivalents	3	43,569,247	32,403,564
Precious metals		328,719	90,889
Trading securities	4	39,693,001	63,243,099
Securities pledged under repurchase agreements	4	–	1,104,850
Amounts due from credit institutions	5	10,868,101	15,618,066
Derivative financial assets	6	45,650	41,175
Loans to customers	7	182,117,066	157,465,558
Available-for-sale securities	8	12,816,396	3,666,004
Net investments in finance leases	9	13,195,408	10,980,180
Property and equipment	10	5,922,661	5,798,425
Goodwill	11	4,527,406	4,527,406
Current tax asset	12	1,774,313	410,856
Deferred tax asset	12	755,964	116,575
Other assets		10,959,001	11,077,440
Total assets		326,572,933	306,544,087
Liabilities			
Amounts due to credit institutions	14	67,553,599	54,712,536
Derivative financial liabilities	6	120,257	38,155
Amounts due to customers	15	199,139,242	182,948,280
Promissory notes and certificates of deposit issued	16	11,366,611	10,967,529
Other borrowed funds	17	1,819,451	5,027,021
Current tax liability	12	60,108	29,146
Deferred tax liability	12	282,119	2,716,755
Other liabilities		3,091,697	3,984,668
Minority interest in limited liability companies	2	294,375	263,490
Total liabilities		283,727,459	260,687,580
Equity			
Share capital	18	32,606,703	32,606,703
Additional paid-in capital		7,681,009	7,681,009
Unrealised gains on available-for-sale securities		156,153	280,703
Revaluation reserve for property and equipment		737,223	737,743
Retained earnings		1,033,423	3,908,207
Total equity attributable to shareholders of the Bank		42,214,511	45,214,365
Minority interest		630,963	642,142
Total equity		42,845,474	45,856,507
Total equity and liabilities		326,572,933	306,544,087

Signed and authorised for release on behalf of the Management Board of the Bank

Andrey M. Donskikh

Chairman of the Board

Yury V. Petukhov

Chief Accountant

October 15, 2007

The accompanying notes on pages 6 to 26 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**For the six-month period ended June 30, 2007***(Thousands of Russian Rubles)*

	<i>Notes</i>	For the six months ended June 30,	
		2007 (Unaudited)	2006 (Unaudited)
Interest income			
Loans to customers		10,542,873	8,782,549
Securities		1,277,371	715,345
Finance leasing		1,204,712	578,584
Amounts due from credit institutions		470,352	481,956
Factoring		–	9,316
		13,495,308	10,567,750
Interest expense			
Amounts due from customers		4,024,574	2,803,694
Amounts due to credit institutions		2,146,560	1,014,602
Promissory notes and certificates of deposit issued		314,569	304,658
Other borrowed funds		150,425	384,051
		6,636,128	4,507,005
Net interest income		6,859,180	6,060,745
Impairment of interest earning assets	13	(1,831,148)	(2,802,264)
Net interest income after impairment of interest earning assets		5,028,032	3,258,481
Fee and commission income		2,771,368	2,130,886
Fee and commission expense		486,961	383,144
Net fee and commission income		2,284,407	1,747,742
Trading gains less losses from securities	20	(4,658,747)	6,444,136
Gains less losses from available-for-sale securities	20	680,301	223,175
Gains less losses from foreign currencies	21	177,752	13,716
Gains less losses from operations with precious metals		23,926	175,253
Dividend income		43,548	21,145
Other income		517,852	239,857
Other non interest income (expenses)		(3,215,368)	7,117,282
Salaries and benefits		4,422,991	2,993,892
Administrative and operating expenses		2,667,403	2,162,673
Depreciation and amortisation		399,386	335,280
Loss on revaluation of property		–	45,580
Impairment of other assets and provisions	13	63,847	(4,640)
Minority interest in limited liability companies	2	34,516	104,714
Other non interest expenses		7,588,143	5,637,499
(Loss) profit before income tax expense		(3,491,072)	6,486,006
Income tax benefit (expense)	12	604,447	(1,626,612)
(Loss) profit for the period		(2,886,625)	4,859,394
Attributable to:			
- shareholders of the Bank		(2,875,304)	4,906,147
- minority interest		(11,321)	(46,753)
		(2,886,625)	4,859,394

The accompanying notes on pages 6 to 26 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the six-month period ended June 30, 2007***(Thousands of Russian Rubles)*

	<i>Attributable to shareholders of the Bank</i>							<i>Total equity</i>
	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Unrealized gains/(losses) on available-for-sale securities</i>	<i>Revaluation reserve for buildings</i>	<i>Retained earnings (Accumulated deficit)</i>	<i>Total equity attributable to shareholders of the Bank</i>	<i>Minority interest</i>	
December 31, 2005	32,606,703	7,681,009	1,069,792	238,820	(444,001)	41,152,323	581,532	41,733,855
Net unrealised losses on available-for-sale securities	–	–	(138,117)	–	–	(138,117)	–	(138,117)
Realised losses on available-for-sale securities reclassified to the statement of income	–	–	(223,175)	–	–	(223,175)	–	(223,175)
Tax effect of net gains on available-for-sale securities	–	–	86,710	–	–	86,710	–	86,710
Revaluation of property, net of tax	–	–	–	446,601	–	446,601	–	446,601
Total income and expense recognized directly in equity	–	–	(274,582)	446,601	–	172,019	–	172,019
Profit for the six-month period ended June 30, 2006	–	–	–	–	4,906,147	4,906,147	(46,753)	4,859,394
Total income and expense for the six-month period ended June 30, 2006	–	–	(274,582)	446,601	4,906,147	5,078,166	(46,753)	5,031,413
Purchase of minority stakes in subsidiaries	–	–	–	–	(36,048)	(36,048)	36,048	–
June 30, 2006 (Unaudited)	32,606,703	7,681,009	795,210	685,421	4,426,098	46,194,441	570,827	46,765,268
Net unrealised gains on available-for-sale securities	–	–	444,439	–	–	444,439	–	444,439
Realised gains (losses) on available-for-sale securities reclassified to the statement of income	–	–	(1,121,422)	–	–	(1,121,422)	15,872	(1,105,550)
Tax effect of net gains on available-for-sale securities	–	–	162,476	–	–	162,476	–	162,476
Transfer of revaluation reserve on disposal of property previously revalued	–	–	–	(99,819)	99,819	–	–	–
Revaluation of property, net of tax	–	–	–	152,141	–	152,141	–	152,141
Total income and expense recognized directly in equity	–	–	(514,507)	52,322	99,819	(362,366)	15,872	(346,494)
Loss for the six-month period ended December 31, 2006	–	–	–	–	(745,535)	(745,535)	65,513	(680,022)
Total income and expense for the six-month period ended December 31, 2006	–	–	(514,507)	52,322	(645,716)	(1,107,901)	81,385	(1,026,516)
Purchase of minority stakes in subsidiaries	–	–	–	–	127,825	127,825	(10,070)	117,755
December 31, 2006	32,606,703	7,681,009	280,703	737,743	3,908,207	45,214,365	642,142	45,856,507

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the six-month period ended June 30, 2007***(Thousands of Russian Rubles)*

	<i>Attributable to shareholders of the Bank</i>							<i>Total equity</i>
	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Unrealized gains/(losses) on available-for-sale securities</i>	<i>Revaluation reserve for buildings</i>	<i>Retained earnings (Accumulated deficit)</i>	<i>Total equity attributable to shareholders of the Bank</i>	<i>Minority interest</i>	
December 31, 2006	32,606,703	7,681,009	280,703	737,743	3,908,207	45,214,365	642,142	45,856,507
Net unrealised gains on available-for-sale securities	–	–	516,420	–	–	516,420	–	516,420
Realised gains (losses) on available-for-sale securities reclassified to the statement of income	–	–	(680,301)	–	–	(680,301)	142	(680,159)
Tax effect of net gains on available-for-sale securities	–	–	39,331	–	–	39,331	–	39,331
Transfer of revaluation reserve on disposal of property previously revalued	–	–	–	(520)	520	–	–	–
Total income and expense recognized directly in equity	–	–	(124,550)	(520)	520	(124,550)	142	(124,408)
Loss for the six-month period ended June 30, 2007	–	–	–	–	(2,875,304)	(2,875,304)	(11,321)	(2,886,625)
Total income and expense for the six-month period ended June 30, 2007	–	–	(124,550)	(520)	(2,874,784)	(2,999,854)	(11,179)	(3,011,033)
June 30, 2007 (Unaudited)	32,606,703	7,681,009	156,153	737,223	1,033,423	42,214,511	630,963	42,845,474

The accompanying notes on pages 6 to 26 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For the six month period ended June 30, 2007***(Thousands of Russian Rubles)*

	<i>Notes</i>	June 30, 2007	June 30, 2006
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Interest received		13,550,691	10,567,750
Interest paid		(6,481,554)	(4,507,005)
Fees and commissions received		2,771,368	2,130,773
Fees and commissions paid		(486,961)	(383,144)
Gains less losses from securities		(3,975,689)	2,141,412
Realised gains less losses from dealing in foreign currencies		516,943	545,541
Realised gains less losses from dealing in precious metals		47,373	17,384
Dividends received		39,629	19,242
Other income received		517,852	239,857
Salaries and benefits paid		(5,572,056)	(3,144,536)
Operating and administrative expenses paid		(2,571,674)	(2,071,610)
Cash flows from operating activities before changes in operating assets and liabilities		(1,644,078)	5,555,664
<i>Net (increase)/decrease in operating assets</i>			
Precious metals		(237,830)	(249,664)
Trading securities		23,459,963	(13,214,711)
Securities pledged under repurchase agreements		1,057,758	–
Derivative financial assets		–	–
Amounts due from credit institutions		4,485,037	(1,418,822)
Loans to customers		(27,422,518)	(13,484,189)
Net investments in leases		(3,262,762)	(4,155,802)
Other assets		781,336	408,455
<i>Net increase / (decrease) in operating liabilities</i>			
Amounts due to credit institutions		4,376,327	608,834
Amounts due to customers		16,543,965	26,107,592
Promissory notes and certificates of deposit issued		389,027	(1,874,244)
Other liabilities		(994,337)	2,640,486
Net cash flows from operating activities before income tax		17,531,888	923,599
Income tax paid		(3,758,658)	(1,772,702)
Net cash (used in)/from operating activities		13,773,230	(849,103)
Cash flows from investing activities			
Purchase of available-for-sale securities		(11,628,078)	1,170,017
Proceeds from sale of available-for-sale securities		2,318,772	(1,106,816)
Proceeds from sale of investment property		801,680	254,558
Purchase of property and equipment		(525,210)	(180,365)
Proceeds from sale of property and equipment		58,920	177,897
Proceeds from sale of subsidiaries		15,515,408	–
Purchase of subsidiaries		(15,137,193)	–
Net cash used in investing activities		(8,595,701)	315,291
Cash flows from financing activities			
Proceeds from syndicated loans		8,777,508	5,740,727
Syndicated loans repaid		(5,582,193)	(1,885,254)
Proceeds from subordinated loan		(3,574,456)	–
Redemption of Eurobonds		6,454,050	–
Purchase of minority stakes in subsidiaries		–	(25,675)
Net cash from financing activities		6,074,909	3,829,798
Effect of exchange rates changes on cash and cash equivalents		(86,755)	(227,244)
Net increase in cash and cash equivalents		11,165,683	3,068,742
Cash and cash equivalents, beginning		32,403,564	26,623,311
Cash and cash equivalents, ending	5	43,569,247	29,692,053

The accompanying notes on pages 6 to 26 are an integral part of these interim condensed consolidated financial statements.

*(Thousands of Russian Rubles)***1. Principal activities**

The accompanying interim condensed consolidated financial statements comprise the accounts of Open joint stock company "BANK URALSIB" and its subsidiaries (together the "Bank"). Open joint stock company "BANK URALSIB" was established in January 1993, by a decree of the Supreme Soviet of the Bashkortostan Republic as an open joint stock company. The Bank previously operated as Republican Investment and Credit Bank "BashCreditBank". In December 2001, the Bank changed its name to Open joint stock company "Uralo - Sibirsky Bank".

On September 20, 2005, the reorganisation in the form of merger with OJSC AKB "AVTOBANK-NIKoil", OJSC AB "IBG NIKoil", OJSC "Bryansky Narodny Bank" and OJSC AKB "Kuzbassugolbank" was completed and the Bank changed its name to Open joint stock company "BANK URALSIB". All merged banks were members of Financial Corporation URALSIB, parent entity of a group of companies (the "Group") whose principal subsidiaries are engaged in the provision of financial services in Russia, UK, Cyprus, and other jurisdictions.

Open joint stock company "BANK URALSIB" possesses a general banking license from the Central Bank of Russia (the "CBR") granted on September 20, 2005. Furthermore, Open joint stock company "BANK URALSIB" also possesses licenses for securities operations and custody services from the Federal Service for the Securities Market, as well as a license for precious metals operations granted by the CBR.

Open joint stock company "BANK URALSIB" is among the seven largest banks in Russia in terms of net assets calculated under local accounting rules as at June 30, 2007. Its main office is in Moscow and it has 43 branches in Ufa, Saint-Petersburg, Krasnoyarsk, Nizhny Novgorod, Omsk and other regions. The Bank accepts deposits from the public and extends credit, transfers payments in Russia and abroad, exchanges currencies and provides other banking services to its commercial and retail customers. The Bank's registered legal address is Moscow, 119048, Efremova Street, 8.

Starting January 20, 2004, the Bank is a member of the obligatory deposit insurance system. The system operates under the Federal laws and regulations and is governed by State Corporation "Agency for Deposits Insurance". From March 26, 2007, insurance covers the Bank's liabilities to individual depositors for the amount up to RUB 400 for each individual in case of business failure and revocation of the CBR banking license.

As at June 30, 2007, and December 31, 2006, respectively, the following shareholders held the issued shares of Open joint stock company "BANK URALSIB":

Shareholder	June 30, 2007 (Unaudited) %	December 31, 2006 %
LLC "Financial Corporation URALSIB" (former LLC "Complex investments")	48.92	48.92
LLC "Aktiv-Holding"	32.32	32.32
Government of Republic of Bashkortostan	7.41	7.41
OJSC "Uralsib – Capital Management"	5.06	5.06
CJSC "Business Centre Uralsib"	2.57	2.57
LLC "Arienta-MV"	1.61	1.61
Other	2.11	2.11
Total	100.00	100.00

The Bank is ultimately controlled by Mr. Nikolai A. Tsvetkov.

(Thousands of Russian Rubles)

2. Basis of preparation

General

These interim condensed consolidated financial statements for the six months ended June 30, 2007, have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".

These interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's annual financial statements as at December 31, 2006.

Changes in accounting policies

The accounting policies adopted in the preparation of interim condensed consolidated financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended December 31, 2006.

IFRSs and IFRIC interpretations not yet effective

The Bank has not applied the following IFRSs and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that have been issued but are not yet effective:

IFRS 8 "Operating Segments";
Amendment to IAS 23 "Borrowing Costs";
IFRIC 8 "Scope of IFRS 2";
IFRIC 10 "Interim Financial Reporting and Impairment";
IFRIC 11 "IFRS 2 – and Treasury Share Transactions".

The Bank expects that the adoption of the pronouncements listed above will have no significant impact on the Bank's consolidated financial statements in the period of initial application.

Reorganisation under common control

The Bank's policy with respect to accounting for reorganisations under common control is pooling of interest using predecessor basis. As noted above, the reorganisation in the form of merger with OJSC AKB "AVTOBANK-NIKoil", OJSC AB "IBG NIKoil", OJSC "Bryansky Narodny Bank" and OJSC AKB "Kuzbassugolbank" was completed in September 2005. Predecessor basis is the cost of the merged banks for Financial Corporation URALSIB. Therefore, the cost of each of the merged banks for Financial Corporation URALSIB was pushed down to the Bank including goodwill. Opening balances and comparative information in the Bank's interim condensed consolidated financial statements were presented as if the merging banks have been acquired by the Bank at the date of their acquisition by Financial Corporation URALSIB. Consideration paid by Financial Corporation URALSIB to third parties at the dates of acquisition of each of the merging banks was presented in the Bank's interim condensed consolidated financial statements as additional paid-in-capital.

	<i>AVTOBANK- NIKOIL</i>	<i>URALSIB Banking Group</i>	<i>Total</i>
Consideration paid	2,078,049	5,284,383	7,362,432
Less - share in fair value of net assets acquired	986,548	(3,265,126)	(2,278,578)
Goodwill at acquisition	3,064,597	2,019,257	5,083,854
Less - elimination of accumulated amortisation of goodwill for a period from acquisition till December 31, 2005, on adoption of IFRS 3	(435,039)	(121,409)	(556,448)
December 31, 2005 and 2006	2,629,558	1,897,848	4,527,406

Inflation accounting

The Russian economy was considered hyperinflationary until December 31, 2002. As such, the Bank applied IAS 29 "Financial Reporting in Hyperinflationary Economies". The effect of applying IAS 29 is that non-monetary items, including components of equity, were restated to the measuring units current as at December 31, 2002 by applying the relevant inflation indices to the historical cost or revalued amount, and that these restated values were used as a basis for accounting in subsequent periods.

*(Thousands of Russian Rubles)***2. Basis of preparation (continued)****Subsidiaries**

The interim condensed consolidated financial statements include the following incorporated subsidiaries:

June 30, 2007

<i>Subsidiary</i>	<i>Ownership, %</i>	<i>Country</i>	<i>Date of incorporation</i>	<i>Industry</i>	<i>Date of receiving control</i>
OJSC "Bashprombank"	48.5%	Russia	November 28, 1990	Banking	June 6, 2002
OJSC "Bank Dorozhnik"	91.87%	Russia	April 6, 1990	Banking	September 24, 2001
OJSC AKB "Evrazia"	53.0%	Russia	October 24, 1990	Banking	February 5, 2002
OJSC AKB "Stroyvestbank"	84.4%	Russia	January 24, 1992	Banking	September 28, 2001
OJSC "Tumenprofbank"	19.2%	Russia	October 4, 1990	Banking	January 23, 2003
OJSC "Volgoinvestbank"	19.3%	Russia	October 20, 1994	Banking	March 6, 2003
CJSC "Stock Agency"	100%	Russia	June 6, 1996	Investment	June 6, 1996
LLC "Operating Factoring Company URALSIB-NIKoil"	100%	Russia	February 27, 2002	Factoring	February 27, 2002
LLC "Uralsib Electronic Tehnologies"	100%	Russia	March 4, 2003	Consulting	March 4, 2003
LLC "Ufa-City"	100%	Russia	April 29, 2002	Construction	May 13, 2002
LLC "Inzhtorgstroy"	99%	Russia	June 15, 2001	Factoring	August 21, 2003
Members of Leasing Group Uralsib					
LLC "Uralsib Leasing Company"	87.61%	Russia	October 9, 1990	Leasing	December 22, 2006
LLC "St-Petersburg Uralsib Leasing Company"	87.61%	Russia	December 29, 1999	Leasing	December 22, 2006
LLC "Ufa Uralsib Leasing Company"	87.61%	Russia	November 25, 1999	Leasing	December 22, 2006
LLC "Uralsib Avto Leasing Company"	87.61%	Russia	January 14, 2001	Leasing	December 22, 2006
LLC "Region Leasing Ufa"	86.73%	Russia	November 10, 2000	Leasing	December 22, 2006
LLC "Region Leasing Consult"	86.73%	Russia	November 12, 2001	Leasing	December 22, 2006
LLC TPK "YUG"	87.61%	Russia	October 21, 1997	Leasing	December 22, 2006

December 31, 2006

<i>Subsidiary</i>	<i>Ownership, %</i>	<i>Country</i>	<i>Date of incorporation</i>	<i>Industry</i>	<i>Date of receiving control</i>
OJSC "Bashprombank"	48.5%	Russia	November 28, 1990	Banking	June 6, 2002
OJSC "Bank Dorozhnik"	91.87%	Russia	April 6, 1990	Banking	September 24, 2001
OJSC AKB "Evrazia"	53.0%	Russia	October 24, 1990	Banking	February 5, 2002
OJSC AKB "Stroyvestbank"	84.4%	Russia	January 24, 1992	Banking	September 28, 2001
OJSC "Tumenprofbank"	19.2%	Russia	October 4, 1990	Banking	January 23, 2003
OJSC "Volgoinvestbank"	19.3%	Russia	October 20, 1994	Banking	March 6, 2003
CJSC "Stock Agency"	100%	Russia	June 6, 1996	Investment	June 6, 1996
LLC "Operating Factoring Company URALSIB-NIKoil"	100%	Russia	February 27, 2002	Factoring	February 27, 2002
LLC "Uralsib Electronic Tehnologies"	100%	Russia	March 4, 2003	Consulting	March 4, 2003
LLC "Ufa-City"	100%	Russia	April 29, 2002	Construction	May 13, 2002
LLC "Inzhtorgstroy"	99%	Russia	June 15, 2001	Factoring	August 21, 2003
Members of Leasing Group Uralsib					
LLC "Uralsib Leasing Company"	87.61%	Russia	October 9, 1990	Leasing	December 22, 2006
LLC "St-Petersburg Uralsib Leasing Company"	87.61%	Russia	December 29, 1999	Leasing	December 22, 2006
LLC "Ufa Uralsib Leasing Company"	87.61%	Russia	November 25, 1999	Leasing	December 22, 2006
LLC "Uralsib Avto Leasing Company"	87.61%	Russia	January 14, 2001	Leasing	December 22, 2006
LLC "Region Leasing Ufa"	86.73%	Russia	November 10, 2000	Leasing	December 22, 2006
LLC "Region Leasing Consult"	86.73%	Russia	November 12, 2001	Leasing	December 22, 2006
LLC TPK "YUG"	87.61%	Russia	October 21, 1997	Leasing	December 22, 2006

*(Thousands of Russian Rubles)***2. Basis of preparation (continued)****Subsidiaries (continued)**

The interim condensed consolidated financial statements include also the following unincorporated subsidiaries:

June 30, 2007

<i>Subsidiary</i>	<i>Ownership, %</i>	<i>Country</i>	<i>Date of incorporation</i>	<i>Industry</i>	<i>Date of acquisition</i>
Closed Unit Investment Fund "Strategy I"	100%	Russia	December 22, 2003	Investment	December 22, 2003
Closed Unit Investment Fund "Strategy II"	100%	Russia	December 22, 2003	Investment	December 22, 2003
Closed Unit Investment Fund "Strategy III"	100%	Russia	December 22, 2003	Investment	December 22, 2003

December 31, 2006

<i>Subsidiary</i>	<i>Ownership, %</i>	<i>Country</i>	<i>Date of incorporation</i>	<i>Industry</i>	<i>Date of acquisition</i>
Closed Unit Investment Fund "Strategy I"	100%	Russia	December 22, 2003	Investment	December 22, 2003
Closed Unit Investment Fund "Strategy II"	100%	Russia	December 22, 2003	Investment	December 22, 2003
Closed Unit Investment Fund "Strategy III"	100%	Russia	December 22, 2003	Investment	December 22, 2003
Closed Unit Investment Fund "Construction Investments"	85.29%	Russia	October 13, 2004	Investment	October 13, 2004

In accordance with the Russian legislation, participants in limited liability companies may unilaterally withdraw their contributions from the entities. In such cases the company will be obliged to pay the withdrawing participant's share of net assets of the company, determined on the basis of statutory accounting reports for the year of withdrawal, in cash or, subject to the consent of the participant, by an in-kind transfer of assets. The payment should be made no later than six months after the end of the year of the withdrawal. Participants in closed unit investment funds may withdraw from the funds in case of change in the fund's rules or change of the management company. Thus, minority interest in limited liability companies and closed unit investment funds is presented within liabilities in the consolidated balance sheet.

Movements in minority interest in limited liability companies were as follows:

December 31, 2005	487,245
Share of minority in profit for the six-month period ended June 30, 2006	104,714
June 30, 2006 (Unaudited)	591,959
Share of minority in loss for the six-month period ended December 31, 2006	(103,606)
Change in minority share	(117,996)
Dividends to minority	(106,867)
December 31, 2006	263,490
Share of minority in profit for the six-month period ended June 30, 2007	34,516
Disposal of subsidiary	(3,631)
June 30, 2007 (Unaudited)	294,375

*(Thousands of Russian Rubles)***3. Cash and cash equivalents**

Cash and cash equivalents comprise:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Cash on hand	7,175,238	8,705,940
Current accounts with the Central Bank	9,783,893	11,193,468
Current accounts with MICEX	5,766,209	89,731
Current accounts with other credit institutions	3,005,416	2,930,656
Time deposits with credit institutions up to 90 days	15,229,497	6,902,933
Reverse repurchase agreements with credit institutions up to 90 days	2,608,994	2,580,836
Cash and cash equivalents	43,569,247	32,403,564

The Bank had entered into reverse repurchase agreements with a number of credit institutions. The subject of these agreements are shares and bonds issued by Russian companies and banks and OFZ with a fair value of RUB 2,828,187 (2006 – RUB 2,916,432).

4. Trading securities and securities pledged under repurchase agreements

Trading securities owned comprise:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Treasury bills of foreign governments	12,041,447	8,823,881
Corporate bonds	8,935,682	9,275,968
Corporate shares	4,697,541	21,189,143
Promissory notes	4,110,734	4,079,818
Russian Federation Eurobonds	3,351,723	3,877,639
OJSC "LUKOIL" ordinary shares and ADRs	2,802,480	13,195,773
Russian State bonds (OFZ)	2,534,636	932,823
Units in LUKoil security investment funds	691,340	1,106,807
Municipal and government bonds	527,418	761,247
Trading securities	39,693,001	63,243,099

As at June 30, 2007, and December 31, 2006, Treasury bills of foreign governments represented US Treasury bills and Treasury bills of Latin America countries governments; corporate bonds represented bonds of various Russian companies, including blue-chip; corporate shares represented shares of blue-chip Russian companies; promissory notes included notes of top Russian banks and blue-chip Russian companies.

Securities pledged under repurchase agreements comprise:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Russian State bonds (OFZ)	–	1,053,116
Municipal and government bonds	–	51,734
Securities pledged under repurchase agreements	–	1,104,850

Nominal interest rates and maturities of these securities are as follows:

	<i>June 30, 2007</i> <i>(Unaudited)</i>		<i>December 31, 2006</i>	
	<i>%</i>	<i>Maturity</i>	<i>%</i>	<i>Maturity</i>
Treasury bills of foreign governments	4.5%-11.0%	2007-2040	4.7%-6.2%	2007-2017
Corporate bonds	0%-16.0%	2007-2017	5.5%-16.0%	2007-2016
Promissory notes	0%-1.4%	2007-2008	–	2006-2008
Russian Federation Eurobonds	5.0%-12.8%	2010-2030	10%-12.8%	2007-2028
Russian State bonds (OFZ)	0%-10%	2009-2036	5.8%-10.0%	2009-2036
Municipal and government bonds	6.8%-14.0%	2007-2015	7.6%-13.5%	2007-2015

*(Thousands of Russian Rubles)***5. Amounts due from credit institutions**

Amounts due from credit institutions comprise:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Obligatory reserve with the Central Bank	7,002,280	6,426,290
Reverse repurchase agreements for more than 90 days	2,168,400	7,974,248
Time deposits for more than 90 days or overdue	1,715,772	1,236,229
	10,886,452	15,636,767
Less – Allowances for impairment (Note 13)	(18,351)	(18,701)
Amounts due from credit institutions	10,868,101	15,618,066

Credit institutions are required to maintain a non-interest earning cash deposit (obligatory reserve) with the CBR, the amount of which depends on the level of funds attracted by the credit institution. The Bank's ability to withdraw such deposit is significantly restricted by the statutory legislation.

The Bank had entered into reverse repurchase agreements with a credit institution. The subject of these agreements are US Treasury bills with a fair value of RUB 2,246,174 (2006 – 8,113,138 RUB). These reverse repurchase agreements of RUB 2,168,400 with US Treasury bills with a single OECD bank are subject to risks associated with loans granted by this OECD bank.

During the six-month period ended June 30, 2007, the Bank placed with and received short-term funds from Russian banks in different currencies. At June 30, 2007, the Bank placed RUB 475,000, equivalent of RUB 138,860 in EUR and RUB 320,120 in USD (2006 – nil) as deposits in Russian banks, which relate to deposits received from the same banks (see Note 14).

6. Derivative financial instruments

The Bank enters into derivative financial instruments for trading purposes. The outstanding deals with derivative financial instruments and trading liabilities are as follows:

	<i>June 30, 2007</i> <i>(Unaudited)</i>			<i>December 31, 2006</i>		
	<i>Notional principal</i>	<i>Fair values</i>		<i>Notional principal</i>	<i>Fair value</i>	
		<i>Asset</i>	<i>Liability</i>		<i>Asset</i>	<i>Liability</i>
Precious metals contracts						
Forwards and Swaps – foreign	3,422,179	23,584	97,551	1,777,389	10,879	32,047
Forwards and Swaps – domestic	222,567	6,011	–	–	–	–
Foreign exchange contracts						
Forwards and Swaps – foreign	7,334,349	6,720	5,045	8,262,030	26,403	6,108
Forwards and Swaps – domestic	10,856,549	8,933	1,965	4,893,195	3,893	–
Equity contracts						
Forwards and Swaps – foreign	1,749,598	402	15,490	–	–	–
Forwards and Swaps – domestic	248,538	–	206	–	–	–
Total derivative assets/liabilities	23,833,780	45,650	120,257	14,932,614	41,175	38,155

*(Thousands of Russian Rubles)***7. Loans to customers**

Loans to customers comprise:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Loans to customers	179,381,934	154,425,065
Loans granted under reverse repurchase agreements	8,892,436	8,888,646
Overdrafts	5,232,738	3,812,405
Factoring	71,541	102,607
Promissory notes	31,810	11,810
	193,610,459	167,240,533
Less – Allowance for loan impairment (Note 13)	<u>(11,493,393)</u>	<u>(9,774,975)</u>
Loans to customers	<u>182,117,066</u>	<u>157,465,558</u>

The Bank has entered into reverse repurchase agreements with a number of Russian companies. The subject of these agreements are bonds, shares and global depository receipts issued by Russian companies with a fair value of RUB 10,211,976 (2006 – RUB 10,961,900). As at June 30, 2007, loans granted under reverse repurchase agreements include RUB 3,419,394 (as at December 31, 2006 – RUB 7,106,724) placed with related parties.

As at June 30, 2007, the Bank had a concentration of loans represented by RUB 16,290,257 due from the ten largest third party borrowers (8% of gross loan portfolio) (as at December 31, 2006 – RUB 13,563,321 or 8%). An allowance of RUB 354,623 (2005 – RUB 238,404) was recognised against these loans.

Loans and advances to customers include loans granted under the EBRD Small and Medium Enterprise Support Programme of RUB 4,016,974 (2006 – RUB 2,701,497). An allowance of RUB 88,022 (2005 – RUB 48,405) was recognised against these loans.

Loans are made principally within Russia in the following industry sectors:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Trading enterprises	57,935,090	45,505,255
Individuals	45,870,803	36,754,910
Financial services, other than credit institutions	19,479,310	28,365,955
Real estate construction	18,854,142	10,864,317
Food processing	6,966,926	8,764,655
Manufacturing	6,485,549	4,933,315
Machine-building	5,841,218	3,304,575
Gold mining	4,994,533	2,969,809
Metallurgy	4,757,540	2,548,262
Oil and gas	4,249,445	4,229,296
Agriculture	2,601,005	2,813,018
Energy	2,233,603	2,508,236
Transport	2,201,258	2,247,846
Leasing	1,807,739	1,524,512
Chemical	1,277,094	1,166,625
Metal mining and refinery	1,107,097	2,578,940
Light industry	905,259	619,802
Forestry	848,823	1,179,498
Government and municipal bodies	824,087	456,239
Telecommunication	286,510	340,719
Services	61,581	102,771
Other	4,021,847	3,461,978
	193,610,459	167,240,533

*(Thousands of Russian Rubles)***7. Loans to customers (continued)**

Loans have been extended to the following types of customers:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Private companies	144,829,425	127,857,451
Individuals	45,870,803	36,754,910
State companies	2,086,144	2,171,933
State budget or local authorities	824,087	456,239
	193,610,459	167,240,533

8. Available-for-sale securities

Available-for-sale securities comprise:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Units in LUKoil security investment funds	8,561,112	–
Corporate bonds	2,641,868	1,586,362
Units in closed unit investment fund	934,073	–
Corporate shares	528,073	1,085,217
Participation in limited liability companies	140,038	131,838
LUKoil shares	7,557	857,528
Equity investments	3,675	5,059
Available-for-sale securities	12,816,396	3,666,004

Nominal interest rates and maturities of these securities are as follows:

	<i>June 30, 2007</i> <i>(Unaudited)</i>		<i>December 31, 2006</i>	
	<i>%</i>	<i>Maturity</i>	<i>%</i>	<i>Maturity</i>
Corporate bonds	6.9%-11.5%	2009-2039	7.1%-14.5%	2009-2013

9. Net investments in finance leases

Net investments in finance leases comprise:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Gross investments in finance leases	17,881,250	15,129,335
Less – Unearned finance lease income	(4,300,924)	(3,877,317)
	13,580,326	11,252,018
Less – Allowance for impairment	(384,918)	(271,838)
Net investments in finance leases	13,195,408	10,980,180

At June 30, 2007 and December 31, 2006, the Bank owned most of the leased equipment in accordance with statutory legislation.

There is no residual value related to lease contracts existing as at June 30, 2007, and December 31, 2006. Future minimum lease payments to be received following June 30, 2007, and December 31, 2006, are disclosed below:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Within 1 year	7,009,142	5,377,387
From 1 to 5 years	10,596,339	9,521,986
More than 5 years	275,769	229,962
Minimum lease payments receivable	17,881,250	15,129,335

(Thousands of Russian Rubles)

9. Net investments in finance leases (continued)

Gross investment in leases as at June 30, 2007 and December 31, 2006, is payable in the following currencies:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
RUB	7,407,434	5,533,279
USD	4,737,868	3,968,360
EUR	5,735,948	5,627,696
Gross investments in finance leases	17,881,250	15,129,335

10. Property and equipment

The movements in property and equipment were as follows:

	<i>Buildings</i>	<i>Furniture and fixtures</i>	<i>Assets under construction</i>	<i>Total</i>
Cost or valued amount				
December 31, 2005	3,864,582	2,293,146	556,366	6,714,094
Additions	1,994	100,547	77,824	180,365
Disposals	(5,766)	(72,574)	(163,177)	(241,517)
Netting of cost due to revaluation	(115,299)	–	–	(115,299)
Revaluation	542,050	–	–	542,050
Transfer	–	55,332	(55,332)	–
June 30, 2006	4,287,561	2,376,451	415,681	7,079,693
Additions	52,975	270,675	197,414	521,064
Disposals	(313,463)	(205,699)	(20,072)	(539,234)
Netting of cost due to revaluation	(40,879)	–	–	(40,879)
Revaluation	66,808	–	–	66,808
Transfer	–	133,133	(133,133)	–
December 31, 2006	4,053,002	2,574,560	459,890	7,087,452
Additions	120,056	125,749	279,405	525,210
Disposals	(17,766)	(145,862)	(3,091)	(166,719)
Transfer	687	55,873	(56,560)	–
June 30, 2007	4,155,979	2,610,320	679,644	7,445,943
Accumulated depreciation				
December 31, 2005	180,638	915,305	–	1,095,943
Charge for the period	44,234	253,213	–	297,447
Disposals	(504)	(63,116)	–	(63,620)
Netting of depreciation at revaluation	(115,299)	–	–	(115,299)
June 30, 2006	109,069	1,105,402	–	1,214,471
Charge for the period	55,818	246,063	–	301,881
Disposals	(40,142)	(146,304)	–	(186,446)
Netting of depreciation at revaluation	(40,879)	–	–	(40,879)
December 31, 2006	83,866	1,205,161	–	1,289,027
Charge for the period	60,088	281,966	–	342,054
Disposals	(7,328)	(100,471)	–	(107,799)
June 30, 2007	136,626	1,386,656	–	1,523,282
Net book value				
December 31, 2005	3,683,944	1,377,841	556,366	5,618,151
June 30, 2006	4,178,492	1,271,049	415,681	5,865,222
December 31, 2006	3,969,136	1,369,399	459,890	5,798,425
June 30, 2007	4,019,353	1,223,664	679,644	5,922,661

*(Thousands of Russian Rubles)***10. Property and equipment (continued)**

The Bank engaged independent appraisers to determine the fair value of its buildings. Fair value was determined by reference to market-based evidence. The dates of the revaluation were June 30, 2006, and December 31, 2006. If the buildings were measured using the cost model, the carrying amounts would be as follows:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Cost	3,477,894	3,479,443
Accumulated depreciation and impairment	431,448	402,688
Net carrying amount	3,046,446	3,076,755

11. Goodwill

Goodwill relates to:

	<i>June 30, 2007</i>	<i>December 31,</i> <i>2006</i>
URALSIB Banking Group	1,897,848	1,897,848
AVTOBANK-NIKOIL	2,629,558	2,629,558
Goodwill	4,527,406	4,527,406

12. Taxation

The corporate income tax expense comprises:

	For the six months ended June 30,	
	<i>2007</i> <i>(Unaudited)</i>	<i>2006</i> <i>(Unaudited)</i>
Current tax charge	2,430,082	476,179
Deferred tax expense		
<i>Movement in net deferred tax liabilities (assets)</i>	<i>(3,074,025)</i>	<i>1,204,755</i>
<i>Recognized directly in equity</i>	<i>39,496</i>	<i>(54,322)</i>
	<u>(3,034,529)</u>	<u>1,150,433</u>
Income tax expense (benefit)	<u>(604,447)</u>	<u>1,626,612</u>

Russian legal entities must file individual tax declarations. The tax rate for banks for profits other than on state securities was 24% for 6 month period ended 2007 and 2006. The tax rate for companies other than banks was also 24%. The tax rate for interest income on state securities was 15% for Federal taxes.

Tax assets and liabilities comprised the following:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Current tax assets	1,774,313	410,856
Deferred tax assets	755,964	116,575
Tax assets	2,530,277	527,431
Current tax liability	60,108	29,146
Deferred tax liability recognized through income statement	—	2,395,140
Deferred tax liability relating to property revaluation	232,807	232,972
Deferred tax liability relating to unrealised gains (losses) on available-for-sale securities	49,312	88,643
Tax liabilities	342,227	2,745,901

*(Thousands of Russian Rubles)***12. Taxation (continued)**

The effective income tax rate differs from the statutory income tax rates. A reconciliation of the income tax expense based on statutory rates with actual is as follows:

	For the six months ended June 30,	
	2007 (Unaudited)	2006 (Unaudited)
Profit before tax (loss)	(3,491,072)	6,486,006
Statutory tax rate	24%	24%
Theoretical income tax expense (benefit) at the statutory rate	(837,857)	1,556,641
State securities taxed at different rates	(10,017)	(4,573)
Transfer pricing adjustment on dealing gain	69,434	–
Dividend income taxed at different rate	(5,592)	(2,715)
Non-deductible administrative expenditures	187,330	78,726
Other	(7,745)	(1,467)
Income tax expense (benefit)	(604,447)	1,626,612

Deferred tax assets and liabilities as at June 30, 2007, and December 31, 2006, comprise:

	June 30, 2007 (Unaudited)	December 31, 2006
Tax effect of deductible temporary differences:		
Loans to customers	1,051,762	693,947
Allowance for net investments in finance leases	121,070	106,226
Administrative expenses accrued	87,668	99,739
Intangible assets	36,810	36,066
Allowance for other assets	35,898	55,803
Bonuses and compensation accrued	32,963	293,654
Derivative financial instruments	17,906	–
Deferred tax asset	1,384,077	1,285,435
Less part of deferred tax asset which can not be offset against deferred tax liability	–	116,575
Deferred tax asset eligible to decrease deferred tax liability	1,384,077	1,168,860
Tax effect of taxable temporary differences:		
Property and equipment	441,458	447,930
Securities	365,177	3,365,380
Net investments in finance lease	77,307	9,337
Borrowed funds	26,290	62,243
Derivative financial instruments	–	725
Deferred tax liability	910,232	3,885,615
Deferred tax (asset) liability, net	(473,845)	2,716,755

(Thousands of Russian Rubles)

13. Allowances for impairment and provisions

The movements in allowances for impairment of interest earning assets were as follows:

	<i>Due from credit institutions</i>	<i>Loans to customers</i>	<i>Net investments in finance leases</i>	<i>Total</i>
December 31, 2005	–	5,671,933	95,492	5,767,425
Charge	269	2,711,883	90,112	2,802,264
Write-offs	–	(64)	–	(64)
June 30, 2006 (Unaudited)	269	8,383,752	185,604	8,569,625
Charge	18,432	1,391,223	86,234	1,495,889
December 31, 2006	18,701	9,774,975	271,838	10,065,514
Charge (reversal)	(350)	1,718,418	113,080	1,831,148
June 30, 2007 (Unaudited)	18,351	11,493,393	384,918	11,896,662

The movements in allowances for other assets were as follows:

	<i>Other assets</i>
December 31, 2005	93,434
Charge (reversal)	(4,640)
Write-offs	(473)
June 30, 2006 (Unaudited)	88,321
Charge	147,507
Write-offs	(102)
December 31, 2006	235,726
Charge	63,847
Write-offs	(150,000)
June 30, 2007 (Unaudited)	149,573

Allowances for impairment of assets are deducted from the carrying amounts of the related assets. Provisions for claims, guarantees and commitments are recorded in liabilities. In accordance with the Russian legislation, loans may only be written off with the approval of the Board of Directors and, in certain cases, with the respective decision of the Court.

14. Amounts due to credit institutions

The amounts due to credit institutions comprise:

	<i>June 30, 2007 (Unaudited)</i>	<i>December 31, 2006</i>
Current accounts	2,814,973	3,334,753
Time deposits and loans	35,064,417	29,620,732
Syndicated loans	23,261,314	20,756,417
Subordinated loan	6,412,895	–
Repurchase agreements	–	1,000,634
Amounts due to credit institutions	67,553,599	54,712,536

During the six-month period ended June 30, 2007, the Bank placed with and received short-term funds from Russian banks in different currencies. At June 30, 2007, the Bank placed RUB 475,000, equivalent of RUB 138,860 in EUR and RUB 320,120 in USD as deposits in Russian banks, which relate to deposits received from the same banks (see Note 5).

As at December 31, 2006 the Bank has entered into repurchase agreements with a number of credit institutions. The subject of these agreements as at December 31, 2006, were Russian State bonds (OFZ) with a fair value of RUB 1,053,118.

As at June 30, 2007, nominal amount of syndicated loans received by the Bank comprised USD 961,000,000 (RUB 24,809,368). These syndicated loans were received from Russian, OECD and non-OECD banks and companies. The amount received from a non-credit institution is recognized in other borrowed funds. The contractual maturity of syndicated loans is 2007-2008 and the interest rate is tied to six-month LIBOR.

*(Thousands of Russian Rubles)***14. Amounts due to credit institutions (continued)**

During 2007 the Bank received a subordinated loan in total nominal amount of USD 250,000,000 (RUB 6,454,050) from an OECD bank. The contractual maturity of the subordinated loan is 2017, and the interest rate is LIBOR plus 4.5 per cent during the first 5-year period and LIBOR plus 6.5 per cent after the first five year period.

15. Amounts due to customers

The amounts due to customers include the following:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Current accounts	92,803,808	74,489,233
Time deposits	106,335,434	108,402,139
Repurchase agreements	—	56,908
Amounts due to customers	199,139,242	182,948,280

At June 30, 2007, amounts due to customers of RUB 27,029,118 or 14% were due to the ten largest third party customers (2006 - RUB 27,529,587 or 15%).

The Bank had entered into repurchase agreements with a number of customers in 2006. The subject of these agreements as at December 31, 2006, were government bonds with a fair value of RUB 51,732.

Included in time deposits are deposits of individuals in the amount of RUB 45,839,332 (2006 – RUB 45,087,530). In accordance with the Russian Civil Code, the Bank is obliged to repay such deposits upon demand of a depositor. In case a term deposit is repaid upon demand of the depositor prior to maturity, interest on it is paid based on the interest rate for demand deposits, unless a different interest rate is specified in the agreement.

Amounts due to customers include accounts with the following types of customers:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Private enterprises	99,084,458	84,475,040
Individuals	62,889,210	61,605,475
State and budgetary organisations	35,757,917	35,943,703
Employees	1,407,657	924,062
Amounts due to customers	199,139,242	182,948,280

An analysis of customer accounts by economic sector follows:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Individuals	64,296,867	62,529,537
Investment and finance	40,787,695	25,995,426
Government bodies	35,196,942	35,611,463
Trade and food processing	17,458,188	14,176,041
Real estate construction	11,010,409	7,615,923
Energy	7,049,063	12,104,090
Production and manufacturing	6,078,073	6,437,516
Transport and communication	4,001,670	2,023,548
Services	2,433,966	2,357,257
Chemical	2,429,427	3,690,308
Leasing	2,177,042	50,721
Non-budget funds	616,695	132,042
City and municipal bodies	48,713	200,198
Other	5,554,492	10,024,210
Amounts due to customers	199,139,242	182,948,280

(Thousands of Russian Rubles)

16. Promissory notes and certificates of deposit issued

Promissory notes and certificates of deposit issued consisted of the following:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Promissory notes	11,366,609	10,967,527
Certificates of deposit	2	2
Promissory notes and certificates of deposit issued	11,366,611	10,967,529
Held as security against guarantees	37,628	5,821

As at June 30, 2007, the Bank had issued non-interest-bearing promissory notes, and deposit certificates having an aggregate nominal value of RUB 1,316,592 (2006 - 1,896,642). Other promissory notes and certificates of deposit issued by the Bank as at June 30, 2007, bear annual interest rates ranging from 2.0% to 21.0% (2006 - from 2.0% to 13.0%).

17. Other borrowed funds

Other borrowed funds comprised the following:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Syndicated loans (Note 14)	1,819,451	1,356,805
Eurobonds	–	3,670,216
Other borrowed funds	1,819,451	5,027,021

In the first half of 2007 the Bank redeemed the second issue of Eurobonds in the total nominal amount of USD 150,000,000 structured as debt securities issued by DEUTSCHE BANK LUXEMBOURG S. A., LU.

18. Equity

The structure of Bank's shares outstanding, issued and fully paid was as follows:

	<i>Number of shares</i>		<i>Nominal amount</i>		<i>Inflation adjustment</i>	<i>Total</i>
	<i>Preferred</i>	<i>Ordinary</i>	<i>Preferred</i>	<i>Ordinary</i>		
December 31, 2005, 2006 and June 30, 2007	–	204,184,218,350	–	20,418,422	12,188,281	32,606,703

The number of authorized ordinary shares is 275,984,185,600 (2006: – 275,984,185,600) with a nominal value per share of Ruble 0.1.

The share capital of the Bank was contributed by the shareholders in Russian Rubles and they are entitled to dividends and any capital distribution in Russian Rubles.

In November 2004 the shareholders of OJSC AB "IBG NIKoil", OJSC AKB "AVTOBANK-NIKOIL", OJSC "Bryansky Narodny Bank", OJSC "Kuzbassugolbank" and OJSC "Uralo-Sibirsky Bank" approved a reorganization in the form of a combination with OJSC "Uralo-Sibirsky Bank", which was completed and registered by the CBR in September 2005. At September 20, 2005, the ordinary and preferred shares of OJSC AB "IBG NIKoil", OJSC AKB "AVTOBANK-NIKOIL", OJSC "Bryansky Narodny Bank" and OJSC "Kuzbassugolbank" were converted into ordinary shares of OJSC "Uralo-Sibirsky Bank".

In accordance with the Russian legislation, dividends may only be declared to the shareholders of the Bank from accumulated undistributed and unreserved earnings as shown in the Bank's financial statements prepared in accordance with RAL. The Bank had approximately RUB 3,544,702 of undistributed losses as at June 30, 2007 (December 31, 2006 – RUB 5,529,256 of undistributed and unreserved gains). In addition, the Bank's share in the undistributed and unreserved earnings of its subsidiaries was approximately RUB 297,584 as at June 30, 2007 (December 31, 2006 – RUB 528,491). As at June 30, 2007, the Bank declared dividends in the amount of 1,051,851 in respect of the year ended December 31, 2006.

(Thousands of Russian Rubles)

18. Equity (continued)

Nature and purpose of other reserves

Revaluation reserve for property and equipment

The revaluation reserve for property and equipment is used to record increases in the fair value of buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

Unrealised gains(losses) on investment securities available for sale

This reserve records fair value changes of available-for-sale investments.

19. Commitments and contingencies

Operating environment

Whilst there have been improvements in the Russian economic situation, such as an increase in gross domestic product and a reduced rate of inflation, Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Legal

In the ordinary course of business, the Bank is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Bank.

Taxation

Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Bank may be challenged by the relevant regional and federal authorities. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in its interpretation of the legislation and assessments and, as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. As such, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

As at June 30, 2007, management believes that its interpretation of the relevant legislation is appropriate and that the Bank's tax, currency and customs positions will be sustained.

Insurance

The Bank has not currently obtained insurance coverage related to liabilities arising from errors or omissions. Liability insurance is generally not available in Russia at present.

*(Thousands of Russian Rubles)***19. Commitments and contingencies (continued)****Financial commitments and contingencies**

As at June 30, 2007, and December 31, 2006, the Bank's financial commitments and contingencies comprised the following:

	<i>June 30, 2007</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2006</i>
Credit related commitments		
Undrawn loan commitments	42,675,537	39,542,475
Guarantees issued	10,241,285	7,334,455
Import letters of credit	9,802,107	11,534,507
Letters of credit on settlements in Russian Federation	602,759	66,540
	63,321,688	58,477,977
Operating lease commitments		
Not later than 1 year	653,909	870,403
Later than 1 year but not later than 5 years	1,203,121	1,159,397
Later than 5 years	464,070	506,276
	2,321,100	2,536,076
Capital expenditure commitments	507,102	525,873
	66,149,890	61,539,926
Less – Cash held as security against letters of credit	–	(1,544)
Less – Bank's promissory notes held as security against guarantees	(37,628)	(5,821)
Financial commitments and contingencies	66,112,262	61,532,561

20. Gains less losses from trading and available-for-sale securities

Trading gains less losses from securities comprise:

	<i>For the six months</i> <i>ended June 30,</i>	
	<i>2007</i>	<i>2006</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Debt and equity securities	(4,768,287)	6,315,685
Derivatives	109,540	128,451
Trading gains less losses from securities	(4,658,747)	6,444,136

Trading gains less losses from securities include RUB 1,103,512 of losses (for the six-month period ended June 30, 2006, – RUB 4,219,469 of gains) from trading operations and revaluation of OJSC "LUKoil" shares.

Gains from available-for-sale securities

Gains less losses from available-for-sale securities include RUB 144,774 of realized losses (for the six-month period ended June 30, 2006, – RUB 101,293 of realized gains) from sale of OJSC "LUKoil" shares.

21. Gains less losses from foreign currencies

Gains less losses from foreign currencies comprise:

	<i>For the six months</i> <i>ended June 30,</i>	
	<i>2007</i>	<i>2006</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Dealing gains	516,943	555,434
Translation differences	(339,191)	(541,718)
Gains less losses from foreign currencies	177,752	13,716

(Thousands of Russian Rubles)

22. Segment analysis

In accordance with the requirements of IAS 14 "Reporting Financial Information by Segment", the Bank defined business segments as primary format for reporting segment information. The secondary format for reporting segment information is geographical segments within the territory of the Russian Federation.

Business Segments. The Bank is organized on a basis of four main business segments:

- Corporate banking – represents corporate banking direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products.
- Retail banking – includes private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- Brokerage and treasury activities – represents financial instruments trading, structured financing, merger and acquisition advice.
- Leasing activities – represents finance leasing operations provided by the group of Bank's subsidiaries "Leasing Group URALSIB".

There are no material items of income or expense between the business segments, apart from those disclosed below. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet, but excluding items such as taxation. Internal charges and transfer pricing adjustments reflected in the performance of each business segment are based on officially approved rates taken from Bank's internal funding system.

*(Thousands of Russian Rubles)***22. Segment analysis (continued)**

Segment analysis of the Bank's activities by business sectors for the 6 month period ended June 30, 2007 and June 30, 2006, is as follows:

<i>June 30, 2007</i>	<i>Corporate banking</i>	<i>Retail banking</i>	<i>Brokerage and treasury operations</i>	<i>Leasing</i>	<i>Unallocated</i>	<i>Total</i>
Interest income	7,640,615	2,898,213	1,642,629	1,313,851	–	13,495,308
Gains less losses from available-for-sale securities	–	–	680,301	–	–	680,301
Gains less losses from foreign currencies - dealing	–	–	516,943	–	–	516,943
Gains less losses from operation with precious metals	–	–	23,926	–	–	23,926
Fee and commission income	1,096,903	1,662,418	5,454	6,593	–	2,771,368
Dividend income	–	–	43,548	–	–	43,548
Other income	261,258	72,326	4,538	87,028	92,702	517,852
Inter-segment revenues	160,453	801,182	1,783,854	27,481	–	2,772,970
Total income	9,159,229	5,434,139	4,701,193	1,434,953	92,702	20,822,216
Interest expense	(2,185,771)	(1,836,509)	(2,261,346)	(352,502)	–	(6,636,128)
Trading gains less losses	–	–	(4,653,970)	(4,777)	–	(4,658,747)
Fee and commission expenses	(122,082)	(298,190)	(44,700)	(21,989)	–	(486,961)
Salaries and benefits	(1,752,100)	(2,093,133)	(494,350)	(83,408)	–	(4,422,991)
Administrative and operating expenses	(1,131,548)	(966,655)	(121,924)	(206,765)	(240,511)	(2,667,403)
Inter-segment expenses	(2,612,517)	–	–	(160,453)	–	(2,772,970)
Total expenses	(7,804,018)	(5,194,487)	(7,576,290)	(829,894)	(240,511)	(21,645,200)
Segment income/(losses) before impairment, translation and non-cash administrative expenses	1,355,211	239,652	(2,875,097)	605,059	(147,809)	(822,984)
Impairment of interest earning assets	(1,267,536)	(414,250)	350	(149,712)	–	(1,831,148)
Gains less losses from foreign currencies - translation differences	–	–	–	(8,808)	(330,383)	(339,191)
Depreciation and amortisation	(160,984)	(192,320)	(45,422)	(660)	–	(399,386)
Impairment of other assets and provisions	23,609	–	–	(87,456)	–	(63,847)
Minority interest in Limited Liability Company	–	–	–	(34,516)	–	(34,516)
Impairment, translation and non-cash administrative expenses	(1,404,911)	(606,570)	(45,072)	(281,152)	(330,383)	(2,668,088)
Profit before income tax expense	(49,700)	(366,918)	(2,920,169)	323,907	(478,192)	(3,491,072)
Income tax expense	–	–	–	(77,534)	681,981	604,447
Profit for the period	(49,700)	(366,918)	(2,920,169)	246,373	203,789	(2,886,625)
Segment assets	153,180,543	53,758,076	95,937,241	16,260,288	7,436,785	326,572,933
Segment liabilities	140,207,262	64,697,912	68,718,474	9,353,075	750,736	283,727,459
Capital expenditures	(212,053)	(253,327)	(59,830)	–	–	(525,210)

*(Thousands of Russian Rubles)***22. Segment analysis (continued)***Business Segments (continued)*

<i>June 30, 2006</i>	<i>Corporate banking</i>	<i>Retail banking</i>	<i>Brokerage and treasury operations</i>	<i>Leasing</i>	<i>Unallocated</i>	<i>Total</i>
Interest income	6,298,997	2,539,939	1,060,619	668,195	–	10,567,750
Trading gains less losses	–	–	6,444,636	(500)	–	6,444,136
Gains less losses from available-for-sale securities	–	–	223,175	–	–	223,175
Gains less losses from foreign currencies - dealing	–	–	573,272	(17,838)	–	555,434
Gains less losses from operation with precious metals	–	–	175,253	–	–	175,253
Fee and commission income	1,460,188	638,315	28,466	3,917	–	2,130,886
Dividend income	–	–	21,143	2	–	21,145
Other income	114,386	48,047	–	35,653	41,771	239,857
Inter-segment revenues	269,206	845,616	1,955,891	30,091	–	3,100,804
Total income	8,142,777	4,071,917	10,482,455	719,520	41,771	23,458,440
Interest expense	(1,150,559)	(1,653,147)	(1,668,538)	(34,761)	–	(4,507,005)
Fee and commission expenses	(90,886)	(220,952)	(66,407)	(4,899)	–	(383,144)
Salaries and benefits	(1,221,846)	(1,464,623)	(277,482)	(29,941)	–	(2,993,892)
Administrative and operating expenses	(969,966)	(888,043)	(118,180)	(86,207)	(100,277)	(2,162,673)
Inter-segment expenses	(2,831,598)	–	–	(269,206)	–	(3,100,804)
Total expenses	(6,264,855)	(4,226,765)	(2,130,607)	(425,014)	(100,277)	(13,147,518)
Segment income/(losses) before impairment, translation and non-cash administrative expenses	1,877,922	(154,848)	8,351,848	294,506	(58,506)	10,310,922
Impairment of interest earning assets	(1,347,373)	(1,364,510)	(269)	(90,112)	–	(2,802,264)
Gains less losses from foreign currencies - translation differences	–	–	–	(22,327)	(519,391)	(541,718)
Depreciation and amortisation	(137,884)	(165,281)	(31,313)	(802)	0	(335,280)
Impairment of other assets and provisions	12,495	–	–	(7,855)	–	4,640
Loss revaluation of property	(18,790)	(22,523)	(4,267)	–	–	(45,580)
Minority interest in Limited Liability Company	–	–	–	(104,714)	–	(104,714)
Impairment, translation and non-cash administrative expenses	(1,491,552)	(1,552,314)	(35,849)	(225,810)	(519,391)	(3,824,916)
Profit before income tax expense	386,370	(1,707,162)	8,315,999	68,696	(577,897)	6,486,006
Income tax expense	–	–	–	(44,069)	(1,582,543)	(1,626,612)
Profit for the period	386,370	(1,707,162)	8,315,999	24,627	(2,160,440)	4,859,394
Segment assets	137,132,106	46,792,276	103,801,637	13,373,783	5,444,285	306,544,087
Segment liabilities	128,024,062	63,294,555	60,405,955	5,898,583	3,064,425	260,687,580
Capital expenditures	(292,830)	(316,715)	(62,847)	(29,037)	–	(701,429)

(Thousands of Russian Rubles)

23. Related party transactions

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties. Significant volume of related party transactions are carried out by the Bank with other members of Financial Corporation URALSIB as the Bank plays an important role in the Group, providing a full range of financial and banking services. All members of FC Uralsib are regarded as related parties since they represent entities under common control. Additionally, there are also other entities under common control, which are not members of FC Uralsib.

The Bank enters into transactions with related parties under the following conditions: loans are granted on market conditions, transactions with securities are performed based on current market conditions and prices, the amounts due to related parties are attracted at market conditions. Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees received for any related party receivables

The volumes of related party transactions, outstanding balances at the year end, and related expense and income for the year are as follows:

	June 30, 2007				December 31, 2006			
	<i>Lukoil related companies</i>	<i>Companies of Financial Corporation Uralsib</i>	<i>Other entities under common control</i>	<i>Key management personnel</i>	<i>Lukoil related companies</i>	<i>Companies of Financial Corporation Uralsib</i>	<i>Other entities under common control</i>	<i>Key management personnel</i>
Loans outstanding at January 1, gross	801,057	7,651,541	18,489,188	18,485	45,884	1,953,144	12,981,211	17,785
Loans issued during the year	1,466,588	21,938,652	51,492,263	15,171	3,547,450	14,032,392	56,599,869	59,628
Loan repaid during the year	(1,606,587)	(23,556,743)	(58,954,720)	(18,048)	(2,792,277)	(8,332,885)	(51,144,449)	(58,770)
Difference from exchange fluctuations	–	–	–	–	–	(1,110)	52,557	(158)
Loans outstanding at the end of the report period	661,058	6,033,450	11,026,731	15,608	801,057	7,651,541	18,489,188	18,485
Less: allowance for impairment at the end of the report period	(387)	–	(382,892)	(289)	(10,515)	–	(321,809)	(673)
Loans outstanding at the end of the report period	660,671	6,033,450	10,643,839	15,319	790,542	7,651,541	18,167,379	17,812
Cash and cash equivalents	756,151	–	2,579,159	–	1,060,128	–	1,139,782	–
Trading securities	3,938,280	–	85,686	–	14,601,870	–	470,479	–
Amounts due from credit institutions, gross	–	437,141	–	–	–	347,144	81,212	–
Available-for-sale securities	8,568,670	696	934,308	–	897,666	696	235	–
Derivative financial assets	–	402	–	–	–	–	–	–
Other assets	–	1,002,703	4,771,800	–	–	1,076,129	5,587,149	–
Amounts due to credit institutions	4,706	555,626	427,075	–	330	1,095,735	144,444	–
Amounts due to customers	453,158	13,133,338	31,748,021	88,438	390,545	10,852,896	26,652,719	78,696
Derivative financial liabilities	–	15,189	–	–	–	–	–	–
Promissory notes and certificates of deposit issued	–	180	553,476	–	60,672	1,552	169,888	–
Other liabilities	–	5	–	–	–	121	241,119	–
Financial commitments and contingencies, gross	12	224,909	3,954,495	–	3,500	1,129,290	910,067	–

(Thousands of Russian Rubles)

23. Related parties (continued)

	For the six-month period ended June 30, 2007				For the six-month period ended June 30, 2006			
	<i>Lukoil related companies</i>	<i>Companies of Financial Corporation Uralsib</i>	<i>Other entities under common control</i>	<i>Key management personnel</i>	<i>Lukoil related companies</i>	<i>Companies of Financial Corporation Uralsib</i>	<i>Other entities under common control</i>	<i>Key management personnel</i>
Interest income	22,057	356,153	1,459,564	–	6,169	130,755	1,036,918	–
Interest expense	(2,634)	(159,844)	(725,569)	–	(48,368)	(28,810)	(225,129)	–
Trading gains less losses:								
– Trading gains	–	207,212	154,373	–	–	40,309	2,337,045	–
– Trading losses	–	(714,005)	(2,699,895)	–	–	(268,767)	(1,071,395)	–
– Gains less losses from revaluation of trading securities	(291,483)	–	–	–	3,854,024	–	–	–
Trading gains less losses	(291,483)	(506,793)	(2,545,522)	–	3,854,024	(228,458)	1,265,650	–
Gain less losses from available-for-sale securities	–	–	680,301	–	–	–	223,175	–
Foreign exchange gains less losses								
– Foreign exchange gains	9,817	32,079	63,634	–	12,819	25,190	33,726	–
– Foreign exchange losses	(2,575)	(6,455)	(25,913)	–	(10,828)	(8,451)	(16,894)	–
Foreign exchange gains less losses	7,242	25,624	37,721	–	1,991	16,739	16,832	–
Net fee and commission income								
– Fees and commissions income	10,394	649	4,934	–	12,191	14,974	10,907	–
– Fees and commissions expenses	(291)	(2,007)	–	–	(10,563)	(21,683)	–	–
Net fee and commission income (expense)	10,103	(1,358)	4,934	–	1,628	(6,709)	10,907	–
Administrative and operating expenses – Occupancy and rent	–	222,673	–	–	–	119,472	1,756	–
Salaries and other short-term benefits	–	–	–	463,535	–	–	–	206,624
Social security costs	–	–	–	12,052	–	–	–	5,372

24. Capital adequacy

The CBR requires banks to maintain a capital adequacy ratio of 10% of risk-weighted assets, computed based on RAL. As at June 30, 2007 and December 31, the Bank's capital adequacy ratio on this basis exceeds the statutory minimum.

The Bank's international risk based capital adequacy ratio, computed in accordance with the Basle Accord guidelines issued in 1988, with subsequent amendments including the amendment to incorporate market risks, as at June 30, 2007 and December 31, 2006, was 14.2% and 13.2%, respectively. These ratios exceeded the minimum ratio of 8% recommended by the Basle Accord.

25. Subsequent events

In September 2007 Bank's subsidiaries Closed Unit Investment Funds "Strategy I", "Strategy II" and "Strategy III" were liquidated.

In August 2007 the reorganization in the form of combination of subsidiary banks OJSC AKB "Stroyvestbank", OJSC Bank "Dorozhnik", OJSC AKB "Evrazia", OJSC "Tumenprofbank" and OJSC "Volgoinvestbank" was registered by the Central Bank of Russia. The combination resulted in liquidation of four banks and in transfer of all respective rights and obligations to OJSC AKB "Stroyvestbank". As a result, Bank's ownership share in OJSC AKB "Stroyvestbank" constituted 56%.