

**Joint Stock Company
“The Ural Bank for Reconstruction and Development”**

**Consolidated Condensed Interim Financial Information
in accordance with International Financial
Reporting Standards**

30 June 2012

Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated Condensed Interim Financial Information
in accordance with International Financial Reporting Standards

CONTENTS

Consolidated Condensed Interim Financial Information

Consolidated Condensed Interim Statement of financial position	3
Consolidated Condensed Interim Income statement	4
Consolidated Condensed Interim Statement of comprehensive income	5
Consolidated Condensed Interim Statement of changes in equity	6
Consolidated Condensed Interim Statement of cash flows	8

Selected notes to the Consolidated Condensed Interim Financial Information


1	Introduction	9
2	Cash and cash equivalents	10
3	Trading securities	11
4	Other securities at fair value through profit or loss	11
5	Securities available-for-sale	12
6	Due from other banks	13
7	Loans and advances to customers	14
8	Finance lease receivables	20
9	Property and equipment	22
10	Intangible assets	23
11	Investment property	24
12	Advances to real estate developers	24
13	Other assets	25
14	Assets held for sale	25
15	Due to other banks	26
16	Customer account	26
17	Debt securities in issue	27
18	Other liabilities	27
19	Subordinated debt	28
20	Share capital, share premium and additional capital	28
21	Interest income and expense	29
22	Fee and commission income and expense	29
23	Financial risk management	30
24	Capital management	35
25	Derivative financial instruments and operations with precious metals	36
26	Related party transactions	37

Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated Condensed Interim Statement of financial position

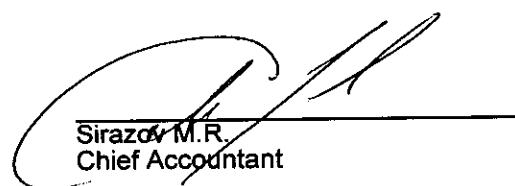
<i>In thousands of Russian Roubles</i>	Notes	30 June 2012 (Unaudited)	31 December 2011
ASSETS			
Cash and cash equivalents	2	14 536 574	13 372 036
Mandatory cash balances with the Central Bank of the Russian Federation		946 056	874 345
Trading securities	3	716 414	129 955
Other securities at fair value through profit or loss	4	31 136 213	23 847 034
Securities available-for-sale	5	113 428	303 706
Due from other banks	6	88 041	64 391
Loans and advances to customers	7	53 888 204	44 962 190
Finance lease receivables	8	705 924	689 440
Goodwill		162 122	162 122
Property and equipment	9	4 934 165	4 989 139
Intangible assets	10	158 417	147 029
Investment property	11	5 610 561	6 047 875
Advances to real estate developers	12	2 776 119	2 730 523
Current income tax asset		87 494	11 243
Deferred tax asset		592 215	446 099
Other assets	13	1 589 111	1 181 468
Assets held for sale	14	222 485	36 814
TOTAL ASSETS		118 263 543	99 995 409
Liabilities			
Due to other banks	15	26 829 953	15 798 922
Customer accounts	16	74 636 670	69 503 461
Debt securities in issue	17	5 168 989	5 052 182
Current income tax liability		4 042	172 820
Deferred tax liability		292 062	351 967
Other liabilities	18	662 984	416 250
Subordinated debt	19	1 680 553	1 646 691
TOTAL LIABILITIES		109 275 253	92 942 293
EQUITY			
Share capital	20	3 634 812	2 634 812
Share premium	20	1 581 956	581 956
Additional capital	20	2 379 203	2 379 203
Revaluation reserve for land and premises		1 336 739	1 387 612
Revaluation reserve for securities available-for-sale		1 134	597
Cumulative translation reserve		(34 992)	(29 026)
Retained earnings		89 438	97 962
TOTAL EQUITY		8 988 290	7 053 116
TOTAL LIABILITIES AND EQUITY		118 263 543	99 995 409

This consolidated condensed interim financial information was signed on behalf of the Board of Directors on 29 August 2012.

Solovjev A. I.
President



Sirazov M. R.
Chief Accountant



Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated Condensed Interim Income statement

<i>In thousands of Russian Roubles</i>	Notes	Six-Month Period Ended 30 June 2012 (Unaudited)	Six-Month Period Ended 30 June 2011 (Unaudited)
Interest income	21	6 072 063	4 494 919
Interest expense	21	(3 382 455)	(2 587 804)
Net interest income		2 689 608	1 907 115
(Provision) for/ recovery of impairment:			
Loans and advances to customers	7	(731 443)	(893 728)
Finance lease receivables	8	4 031	29 089
Net interest income after provision for impairment		1 962 196	1 042 476
Fee and commission income	22	838 320	409 891
Fee and commission expense	22	(121 485)	(69 139)
Loss from trading securities		(17 983)	(56 504)
(Loss)/income from other securities at fair value through profit or loss		(419 765)	201 238
Income from securities available-for-sale		1 306	890
(Loss)/income from trading in foreign currencies		(312 065)	902 175
Income from trading in precious metals		23 673	56 245
Foreign exchange translation income/(loss)		336 260	(743 481)
Rental income		44 402	29 024
Loss from sale of loans		(11 995)	(69 753)
Other operating income		14 237	13 343
Loss from termination of lease agreements		(12 403)	(3 218)
Administrative and other operating expenses		(2 148 600)	(1 595 421)
Profit before tax		176 098	117 766
Income tax benefit/(expense)		65 152	(13 942)
Profit for the period		241 250	103 824

Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated Condensed Interim Statement of comprehensive income

<i>In thousands of Russian Roubles</i>	Six-Month Period Ended 30 June 2012 (Unaudited)	Six-Month Period Ended 30 June 2011 (Unaudited)
Profit for the period	241 250	103 824
Other comprehensive (loss)/income for the period		
Revaluation of securities available-for-sale	824	(2 769)
Realised revaluation reserve for securities available-for-sale	(153)	(1 300)
Foreign currency translation difference	(7 457)	30 110
Deferred income tax recorded in other comprehensive income	1 357	(5 208)
Other comprehensive (loss)/income	(5 429)	20 833
Comprehensive income	235 821	124 657

Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated Condensed Interim Statement of changes in equity

<i>In thousands of Russian Roubles</i>	Notes	Share capital	Share premium	Additional capital	Revaluation reserve for land and premises	Revaluation reserve for securities available-for-sale	Cumulative translation reserve	(Accumulated losses)/ Retained earnings	Total equity
Balance as at 1 January 2011		2 634 812	581 956	524 203	1 469 825	10 493	(10 169)	(489 077)	4 722 043
Securities available-for-sale:									
- revaluation (unaudited)		-	-	-	-	(2 769)	-	-	(2 769)
- realised revaluation reserve (unaudited)		-	-	-	-	(1 300)	-	-	(1 300)
Land and premises:									
- realised revaluation reserve (unaudited)		-	-	-	(39 349)	-	-	39 349	-
Foreign currency translation difference (unaudited)		-	-	-	-	-	30 110	-	30 110
Deferred income tax recorded in other comprehensive income (unaudited)		-	-	-	7 870	814	(6 022)	(7 870)	(5 208)
Other comprehensive (loss)/income		-	-	-	(31 479)	(3 255)	24 088	31 479	20 833
Profit for the period (unaudited)		-	-	-	-	-	-	103 824	103 824
Comprehensive (loss)/income		-	-	-	(31 479)	(3 255)	24 088	135 303	124 657
Transactions with owners recognized directly in equity									
Additional funding from the controlling shareholder (unaudited)	20	-	-	1 355 000	-	-	-	-	1 355 000
Balance as at 30 June 2011 (unaudited)		2 634 812	581 956	1 879 203	1 438 346	7 238	13 919	(353 774)	6 201 700

Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated Condensed Interim Statement of changes in equity

<i>In thousands of Russian Roubles</i>	Notes	Share capital	Share premium	Additional capital	Revaluation reserve for land and premises	Revaluation reserve for securities available-for-sale	Cumulative translation reserve	(Accumulated losses)/ Retained earnings	Total equity
Balance as at 1 January 2012		2 634 812	581 956	2 379 203	1 387 612	597	(29 026)	97 962	7 053 116
Securities available-for-sale:									
- revaluation (unaudited)		-	-	-	-	824	-	-	824
- realised revaluation reserve (unaudited)		-	-	-	-	(153)	-	-	(153)
Land and premises:									
- realised revaluation reserve (unaudited)		-	-	-	(63 591)	-	-	63 591	-
Foreign currency translation difference (unaudited)		-	-	-	-	-	(7 457)	-	(7 457)
Deferred income tax recorded in other comprehensive income (unaudited)		-	-	-	12 718	(134)	1 491	(12 718)	1 357
Other comprehensive (loss)/income		-	-	-	(50 873)	537	(5 966)	50 873	(5 429)
Profit for the period (unaudited)		-	-	-	-	-	-	241 250	241 250
Comprehensive (loss)/income		-	-	-	(50 873)	537	(5 966)	292 123	235 821
Transactions with owners recognized directly in equity									
Dividends (unaudited)		-	-	-	-	-	-	(300 647)	(300 647)
Issue of share capital (unaudited)	20	1 000 000	1 000 000	-	-	-	-	-	2 000 000
Balance as at 30 June 2012 (unaudited)		3 634 812	1 581 956	2 379 203	1 336 739	1 134	(34 992)	89 438	8 988 290

Joint Stock Company "The Ural Bank for Reconstruction and Development"
Consolidated Condensed Interim Statement of cash flows

	Notes	Six-Month Period Ended 30 June 2012 (Unaudited)	Six-Month Period Ended 30 June 2011 (Unaudited)
<i>In thousands of Russian Roubles</i>			
Cash flows from operating activities			
Interest received		5 996 747	4 511 301
Interest paid		(3 259 734)	(2 738 171)
Fees and commissions received		890 273	442 934
Fees and commissions paid		(130 431)	(76 164)
Receipts/(payments) from trading securities		11 929	(50 302)
(Payments)/receipts from other securities at fair value through profit or loss		(210 881)	56 536
Receipts from securities available-for-sale		1 153	2 190
(Payments)/receipts from foreign currencies		(313 175)	868 522
Receipts from precious metals		10 271	156 687
Administrative and other operating expenses paid		(1 968 418)	(1 433 928)
Income tax paid		(384 540)	(41 337)
Other operating income received		57 632	39 044
Cash flows from operating activities before changes in operating assets and liabilities		700 826	1 737 312
(Increase)/decrease in operating assets			
Mandatory cash balances with the Central Bank of the Russian Federation		(71 711)	(276 404)
Trading securities		(616 371)	(384 855)
Other securities at fair value through profit or loss		(7 456 864)	(1 450 230)
Securities available-for-sale		189 974	104 539
Due from other banks		(22 479)	(25 347)
Loans and advances to customers		(9 487 965)	(9 427 661)
Finance lease receivables		(12 453)	24 181
Advances to real estate developers		(19 523)	(636 662)
Other assets		52 917	(2 683 493)
Assets held for sale		(185 671)	21 127
Increase/(decrease) in operating liabilities			
Due to other banks		10 996 598	4 563 341
Customer accounts		4 990 179	2 256 072
Promissory notes in issue (included in debt securities in issue)		208 804	1 719 423
Other liabilities		264 782	1 070 175
Subordinated debt		(2 602)	(3 038)
Net cash used in operating activities		(471 559)	(3 391 520)
Cash flows from investing activities			
Acquisition of property and equipment		(155 059)	(130 096)
Proceeds from disposal of property and equipment		12 147	11 239
Acquisition of intangible assets	10	(24 122)	(10 740)
Acquisition of investment property	11	(48 186)	(2 057 424)
Net cash used in investing activities		(215 220)	(2 187 021)
Cash flows from financing activities			
Proceeds from issue of share capital		2 000 000	-
Dividends paid		(299 097)	-
Additional funding from the controlling shareholder		-	1 355 000
Proceeds from bonds issued on domestic market (included in debt securities in issue)		-	1 502 280
Repayment of bonds issued on domestic market (included in debt securities in issue)		(11 110)	-
Net cash from financing activities		1 689 793	2 857 280
Effect of exchange rate changes on cash and cash equivalents		161 524	(171 964)
Net increase/(decrease) in cash and cash equivalents		1 164 538	(2 893 225)
Cash and cash equivalents at the beginning of the reporting period		13 372 036	8 434 707
Cash and cash equivalents at the end of the reporting period	2	14 536 574	5 541 482

1 Introduction

This consolidated condensed interim financial information of Joint Stock Company "The Ural Bank for Reconstruction and Development" (the Bank) and its subsidiaries, special purpose entities and mutual investment funds (together referred to as the Group) are prepared in accordance with International Financial Reporting Standards for the six-month period ended 30 June 2012.

The Bank was incorporated and is domiciled in the Russian Federation. The Bank is an open joint-stock company set up in accordance with regulations of the Russian Federation.

Principal activity. The Bank's principal business activity is commercial and retail banking operations within the Russian Federation. The Bank operates under a general banking license issued by the Central Bank of the Russian Federation (the CBRF) on 28 September 1990. The Bank is a member of the state deposit insurance system, which was introduced by the Federal Law #177-FZ "Deposits of individuals insurance in Russian Federation" dated 23 December 2003 (as in force on 3 December 2011). The State Deposit Insurance System guarantees repayment of 100% of individual deposits up to RUB 700 thousand per individual in case of the withdrawal of a license of a bank or the CBRF imposed moratorium on payments.

The Bank is licensed by the Federal Commission on Securities Markets for trading in securities.

As at 30 June 2012 and 31 December 2011 the Group has the following consolidated subsidiaries, special purpose entities and mutual investment funds:

Name	Country of incorporation	Nature of business	% of ownership	
			30 June 2012	31 December 2011
Subsidiaries				
OOO "UBRiR-Finance"	Russian Federation	securities management	100	100
OOO "UBRiR-leasing"	Russian Federation	leasing company	100	100
OOO "Fininvest K"	Russian Federation	ownership of property and equipment	100	100
OOO "Investleasing"	Russian Federation	leasing company	100	100
Special purpose entities				
Sebright Finance Limited	United Kingdom	ownership of property and equipment	-	-
OOO "Invest Techno"	Russian Federation	ownership of property and equipment	-	-
OOO "Uralstroyinvestservice"	Russian Federation	ownership of property and equipment	-	-
OOO UK "Invest-Ural"	Russian Federation	investment funds management	-	-
OOO "FinTrust"	Russian Federation	financial intermediation	-	-

1 Introduction (continued)

Name	Country of incorporation	Nature of business	% of ownership	
			30 June 2012	31 December 2011
Mutual investment funds				
Closed unit investment fund "UBRR -Nedvizhimost"	Russian Federation	ownership of property and equipment	100	100
Closed unit investment fund "Invest-Ural Kommercheskaya nedvizhimost"	Russian Federation	ownership of property and equipment	100	100
Closed unit investment fund "Antey"	Russian Federation	ownership of the Group investment property	100	100
Closed unit investment fund "NIKS"	Russian Federation	ownership of the Group investment property	100	100
Opened unit investment fund "Aktivnye investitsii"	Russian Federation	investments in securities	100	100
Opened unit investment fund "Alternativniy protsent"	Russian Federation	investments in securities	100	100
Opened unit investment fund "Bazovye otrasli"	Russian Federation	investments in securities	100	100
Opened unit investment fund "Lombardniy spisok"	Russian Federation	investments in securities	100	100
Opened unit investment fund "Mobilniy kapital"	Russian Federation	investments in securities	100	-

As at 30 June 2012 the main shareholder of the Bank, Mr. I.A. Altushkin, affiliated with ZAO "Russian Copper Company", ultimately controls 85.31% (31 December 2011: 77.99%) of the share capital of the Bank.

Registered address and place of business. The Bank's registered address and place of business is 620014, 67, Sakko and Vancetti st., Yekaterinburg, Russian Federation.

Presentation currency. This consolidated condensed interim financial information is presented in thousands of Russian Roubles (RUB thousand).

2 Cash and cash equivalents

<i>In thousands of Russian Roubles</i>	30 June 2012 (Unaudited)	31 December 2011
Cash on hand	2 410 530	2 910 323
Cash and balances with the CBRF (other than mandatory cash balances)	2 128 659	1 324 694
Placements with other banks with original maturities of less than three months	2 102 812	3 811 914
Correspondent accounts and overnight placements with banks:		
- Russian Federation	131 051	277 753
- other countries	7 538 378	4 908 839
Settlement accounts with trading systems	225 144	138 513
Total	14 536 574	13 372 036

Correspondent accounts, overnight placements and placements with other banks with original maturities of less than three months are placed with large Russian and OECD banks.

Currency and maturity analyses of cash and cash equivalents are disclosed in note 23.

3 Trading securities

<i>In thousands of Russian Roubles</i>	30 June 2012 (Unaudited)	31 December 2011
Corporate shares	716 414	129 955
Total	716 414	129 955

Analysis by credit quality of trading securities as at 30 June 2012 is as follows:

<i>In thousands of Russian Roubles</i>	Corporate shares (Unaudited)
- Rated BBB	608 961
- Rated from BB- to BB+	10 176
- Rated from B- to B+	95 126
- Not rated	2 151
Total	716 414

Analysis by credit quality of trading securities as at 31 December 2011 is as follows:

<i>In thousands of Russian Roubles</i>	Corporate shares
- Rated BBB	125 731
- Rated from BB- to BB+	2 531
- Not rated	1 693
Total	129 955

Ratings presented in the tables above are defined in accordance with the definitions of the international rating agency Standard & Poor's.

Currency and maturity analyses of trading securities are disclosed in note 23.

4 Other securities at fair value through profit or loss

<i>In thousands of Russian Roubles</i>	30 June 2012 (Unaudited)	31 December 2011
Corporate bonds	25 534 775	23 370 379
Russian government bonds	3 400 475	178 022
Municipal bonds	2 200 963	298 633
Total	31 136 213	23 847 034

The Group irrevocably classified these securities, which are not a part of the trading portfolio, as securities at fair value through profit or loss. These securities meet the requirements for classification as carried at fair value through profit or loss due to the fact that management evaluates results from these of investments based on their fair value in accordance with a documented strategy.

4 Other securities at fair value through profit or loss (continued)

Analysis by credit quality of other securities at fair value through profit or loss outstanding at 30 June 2012 is as follows:

<i>In thousands of Russian Roubles</i>	Corporate bonds	Russian government bonds	Municipal bonds	Total
- Rated BBB	12 251 716	3 400 475	455 668	16 107 859
- Rated from BB- to BB+	9 188 325	-	1 652 650	10 840 975
- Rated from B- to B+	4 094 734	-	92 645	4 187 379
Total (unaudited)	25 534 775	3 400 475	2 200 963	31 136 213

Analysis by credit quality of other securities at fair value through profit or loss outstanding at 31 December 2011 is as follows:

<i>In thousands of Russian Roubles</i>	Corporate bonds	Municipal bonds	Russian government bonds	Total
- Rated BBB	11 326 637	-	178 022	11 504 659
- Rated from BB- to BB+	8 379 813	293 704	-	8 673 517
- Rated from B- to B+	3 663 929	4 929	-	3 668 858
Total	23 370 379	298 633	178 022	23 847 034

Ratings presented in the tables above are defined in accordance with the definitions of the international rating agency Standard & Poor's.

Currency and maturity analyses of other securities at fair value through profit and loss are disclosed in note 23.

5 Securities available-for-sale

<i>In thousands of Russian Roubles</i>	30 June 2012 (Unaudited)	31 December 2011
Municipal bonds	113 428	303 706
Total	113 428	303 706

Analysis by credit quality of securities available-for-sale outstanding at 30 June 2012 is as follows:

<i>In thousands of Russian Roubles</i>	Municipal bonds (Unaudited)
- Rated from BB- to BB+	113 428
Total	113 428

5 Securities available-for-sale (continued)

Analysis by credit quality of securities available-for-sale outstanding at 31 December 2011 is as follows:

<i>In thousands of Russian Roubles</i>	Municipal bonds
- Rated from BB- to BB+	296 852
- Rated from B- to B+	6 854
Total	303 706

Ratings presented in the tables above are defined in accordance with the definitions of the international rating agency Standard & Poor's.

Currency and maturity analyses of securities available for sale are disclosed in note 23.

6 Due from other banks

<i>In thousands of Russian Roubles</i>	30 June 2012 (Unaudited)	31 December 2011
Short-term placements with other banks with original maturities of more than three months	92 794	69 144
Allowance for impairment	(4 753)	(4 753)
Total	88 041	64 391

At 30 June 2012 and 31 December 2011 due from other banks are represented by Russian Rouble denominated current term deposits and promissory notes of other banks placed in the Russian Federation.

An analysis by credit quality of due from other banks (before allowance for impairment) as at 30 June 2012 and 31 December 2011 is as follows:

<i>In thousands of Russian Roubles</i>	30 June 2012 (Unaudited)	31 December 2011
- Rated BBB	88 041	64 390
- Not rated	4 753	4 754
Total	92 794	69 144

Ratings presented in the table above are defined in accordance with the definitions of the international rating agency Standard & Poor's.

Due from other banks are not collateralized. Currency and maturity analyses of due from other banks are disclosed in note 23.

7 Loans and advances to customers

<i>In thousands of Russian Roubles</i>	30 June 2012 (Unaudited)	31 December 2011
Loans to legal entities		
- Related parties	9 933 237	9 607 269
- Corporate loans	19 893 915	16 108 569
- Small and medium size businesses	3 285 848	2 383 111
Total loans to legal entities	33 113 000	28 098 949
Loans to individuals		
- Express loans	7 758 594	7 339 811
- Loans to employees participating in payroll projects	3 742 690	2 744 326
- Unsecured consumer loans	11 376 784	8 260 788
- Collateralised consumer loans	1 289 570	1 189 063
Total loans to individuals	24 167 638	19 533 988
Total loans and advances to customers before allowance for impairment	57 280 638	47 632 937
Allowance for impairment	(3 392 434)	(2 670 747)
Total	53 888 204	44 962 190

Movements in the allowance for impairment for loans to legal entities during six-month period ended 30 June 2012 are as follows:

<i>In thousands of Russian Roubles</i>	Related parties	Corporate loans	Small and medium size businesses	Total
Allowance for impairment as at 1 January 2012	17 484	408 394	112 005	537 883
(Recovery)/Charge of provision (unaudited)	(3 261)	(529)	78 939	75 149
Write offs (unaudited)	-	-	(9 756)	(9 756)
Allowance for impairment as at 30 June 2012 (unaudited)	14 223	407 865	181 188	603 276

Movements in the allowance for impairment for loans to individuals during six-month period ended 30 June 2012 are as follows:

<i>In thousands of Russian Roubles</i>	Express loans	Loans to employees participating in payroll projects	Unsecured consumer loans	Collateralised consumer loans	Total
Allowance for impairment as at 1 January 2012	1 715 007	48 656	311 731	57 470	2 132 864
Charge of provision (unaudited)	370 032	23 762	212 190	50 310	656 294
Allowance for impairment as at 30 June 2012 (unaudited)	2 085 039	72 418	523 921	107 780	2 789 158

7 Loans and advances to customers (continued)

Movements in the allowance for impairment for loans to legal entities during six-month period ended 30 June 2011 are as follows:

<i>In thousands of Russian Roubles</i>	Related parties	Corporate loans	Small and medium size businesses	Total
Allowance for impairment as at 1 January 2011	23 910	350 763	119 504	494 177
Recovery of provision (unaudited)	(16 339)	(29 374)	(2 968)	(48 681)
Write offs (unaudited)	-	-	(11 323)	(11 323)
Allowance for impairment as at 30 June 2011 (unaudited)	7 571	321 389	105 213	434 173

Movements in the allowance for impairment for loans to individuals during six-month period ended 30 June 2011 are as follows:

<i>In thousands of Russian Roubles</i>	Express loans	Loans to employees participating in payroll projects	Unsecured consumer loans	Collateralised consumer loans	Total
Allowance for impairment as at 1 January 2011	2 025 739	172 737	546 538	79 930	2 824 944
Charge of provision (unaudited)	723 087	33 101	145 983	40 238	942 409
Write offs (unaudited)	(422)	-	-	-	(422)
Allowance for impairment as at 30 June 2011 (unaudited)	2 748 404	205 838	692 521	120 168	3 766 931

The loan portfolio structure by economic sectors is as follows:

<i>In thousands of Russian Roubles</i>	30 June 2012 (Unaudited)		31 December 2011	
	Amount	%	Amount	%
Individuals	24 167 638	42.2	19 533 988	41.0
Metallurgy and metals trade	11 824 456	20.6	10 503 808	22.1
Trade	7 059 417	12.3	6 354 129	13.3
Manufacturing	2 578 706	4.5	3 618 882	7.6
Construction	2 294 914	4.0	1 970 263	4.1
Services	2 382 081	4.2	740 839	1.6
Other	6 973 426	12.2	4 911 028	10.3
Total loans and advances to customers before allowance for impairment	57 280 638	100.0	47 632 937	100.0

7 Loans and advances to customers (continued)

Information in respect of collateral for loans and advances to customers as at 30 June 2012 is as follows (unaudited):

	Unsecured loans	Real estate	Motor vehicles	Guarantees	Goods in turnover	Other collateral	Total loans and advances to customers before allowance for impairment
<i>In thousands of Russian Roubles</i>							
Loans to individuals							
Express loans	7 736 558	-	-	22 036	-	-	7 758 594
Loans to employees participating in payroll projects	3 636 916	-	-	105 774	-	-	3 742 690
Unsecured consumer loans	11 376 784	-	-	-	-	-	11 376 784
Collateralised consumer loans	-	511 016	124 506	648 106	333	5 609	1 289 570
Total loans to individuals	22 750 258	511 016	124 506	775 916	333	5 609	24 167 638
Loans to legal entities							
Related parties	84 515	-	-	-	177 723	9 670 999	9 933 237
Corporate loans	6 052 010	3 719 500	518 495	6 530 573	669 727	2 403 610	19 893 915
Small and medium size businesses	930 264	397 521	166 567	1 720 426	71 070	-	3 285 848
Total loans to legal entities	7 066 789	4 117 021	685 062	8 250 999	918 520	12 074 609	33 113 000
Total	29 817 047	4 628 037	809 568	9 026 915	918 853	12 080 218	57 280 638

7 Loans and advances to customers (continued)

Information in respect of collateral for loans and advances to customers as at 31 December 2011 is as follows:

	Unsecured loans	Real estate	Motor vehicles	Guarantees	Goods in turnover	Other collateral	Total loans and advances to customers before allowance for impairment
<i>In thousands of Russian Roubles</i>							
Loans to individuals							
Express loans	7 315 215	-	-	24 596	-	-	7 339 811
Loans to employees participating in payroll projects	2 586 422	-	-	157 904	-	-	2 744 326
Unsecured consumer loans	8 260 788	-	-	-	-	-	8 260 788
Collateralised consumer loans	-	308 762	75 739	798 061	-	6 501	1 189 063
Total loans to individuals	18 162 425	308 762	75 739	980 561	-	6 501	19 533 988
Loans to legal entities							
Related parties	1 187 223	-	-	1 497 458	-	6 922 588	9 607 269
Corporate loans	3 123 730	4 669 832	333 768	5 895 316	322 449	1 763 474	16 108 569
Small and medium size businesses	543 092	364 369	147 664	1 267 821	60 165	-	2 383 111
Total loans to legal entities	4 854 045	5 034 201	481 432	8 660 595	382 614	8 686 062	28 098 949
Total	23 016 470	5 342 963	557 171	9 641 156	382 614	8 692 563	47 632 937

Other collateral is represented by pledge of deposits, securities and other property.

Amounts in the tables above represent the carrying amount of the loans and not the fair value of the underlying collateral.

7 Loans and advances to customers (continued)

Analysis by credit quality of loans outstanding at 30 June 2012 is as follows (unaudited):

	Express loans	Loans to employees participating in payroll projects	Unsecured consumer loans	Collateralised consumer loans	Total loans to individuals
<i>In thousands of Russian Roubles</i>					
Loans to individuals					
Current and not past due:	3 724 652	3 527 519	10 060 468	1 096 289	18 408 928
- with credit history of less than 90 days	1 442 716	1 114 912	3 200 631	497 979	6 256 238
- with credit history of more than 90 days	2 281 936	2 412 607	6 859 837	598 310	12 152 690
Past due:	4 033 942	215 171	1 316 316	193 281	5 758 710
- loans past due less than 30 days	643 214	124 439	460 550	35 650	1 263 853
- loans past due 31 to 90 days	419 364	22 159	209 288	16 470	667 281
- loans past due 91 to 210 days	484 718	18 862	205 997	17 649	727 226
- loans past due 211 to 360 days	679 636	21 597	168 917	11 872	882 022
- loans past due over 360 days	1 807 010	28 114	271 564	111 640	2 218 328
Total loans to individuals before allowance for impairment	7 758 594	3 742 690	11 376 784	1 289 570	24 167 638
Allowance for impairment	(2 085 039)	(72 418)	(523 921)	(107 780)	(2 789 158)
Total	5 673 555	3 670 272	10 852 863	1 181 790	21 378 480
Allowance for impairment to gross loans, %	26.87	1.93	4.61	8.36	11.54

	Related parties	Corporate loans	Small and medium size businesses	Total loans to legal entities
<i>In thousands of Russian Roubles</i>				
Loans to legal entities				
Current and individually not impaired	9 933 237	18 934 322	2 987 129	31 854 688
Past due:	-	959 593	298 719	1 258 312
- loans past due less than 30 days	-	22 917	74 866	97 783
- loans past due 31 to 90 days	-	153 729	40 883	194 612
- loans past due 91 to 180 days	-	-	47 015	47 015
- loans past due 181 to 360 days	-	39 891	48 121	88 012
- loans past due over 360 days	-	743 056	87 834	830 890
Total loans to legal entities before allowance for impairment	9 933 237	19 893 915	3 285 848	33 113 000
Allowance for impairment	(14 223)	(407 865)	(181 188)	(603 276)
Total	9 919 014	19 486 050	3 104 660	32 509 724
Allowance for impairment to gross loans, %	0.14	2.05	5.51	1.82

7 Loans and advances to customers (continued)

Analysis by credit quality of loans outstanding at 31 December 2011 is as follows:

	Express loans	Loans to employees participating in payroll projects	Unsecured consumer loans	Collateralised consumer loans	Total loans to individuals
<i>In thousands of Russian Roubles</i>					
Loans to individuals					
Current and not past due:	3 858 372	2 623 519	7 493 265	1 079 056	15 054 212
- with credit history of less than 90 days	705 302	566 968	2 314 975	276 747	3 863 992
- with credit history of more than 90 days	3 153 070	2 056 551	5 178 290	802 309	11 190 220
Past due:	3 481 439	120 807	767 523	110 007	4 479 776
- loans past due less than 30 days	507 471	54 752	270 337	6 022	838 582
- loans past due 31 to 90 days	371 665	16 766	122 368	300	511 099
- loans past due 91 to 210 days	621 983	19 694	138 836	1 722	782 235
- loans past due 211 to 360 days	968 620	16 564	102 293	101 963	1 189 440
- loans past due over 360 days	1 011 700	13 031	133 689	-	1 158 420
Total loans to individuals before allowance for impairment	7 339 811	2 744 326	8 260 788	1 189 063	19 533 988
Allowance for impairment	(1 715 007)	(48 656)	(311 731)	(57 470)	(2 132 864)
Total	5 624 804	2 695 670	7 949 057	1 131 593	17 401 124
Allowance for impairment to gross loans, %	23.37	1.77	3.77	4.83	10.92

	Related parties	Corporate loans	Small and medium size businesses	Total loans to legal entities
<i>In thousands of Russian Roubles</i>				
Loans to legal entities				
Current and individually not impaired	9 607 269	15 320 712	2 194 754	27 122 735
Past due:	-	787 857	188 357	976 214
- loans past due less than 30 days	-	23 612	26 290	49 902
- loans past due 31 to 90 days	-	13 190	25 895	39 085
- loans past due 91 to 180 days	-	-	12 016	12 016
- loans past due 181 to 360 days	-	11 668	13 568	25 236
- loans past due over 360 days	-	739 387	110 588	849 975
Total loans to legal entities before allowance for impairment	9 607 269	16 108 569	2 383 111	28 098 949
Allowance for impairment	(17 484)	(408 394)	(112 005)	(537 883)
Total	9 589 785	15 700 175	2 271 106	27 561 066
Allowance for impairment to gross loans, %	0.18	2.54	4.70	1.91

7 Loans and advances to customers (continued)

The loans to individuals are mostly represented by express loans and unsecured consumer loans. Express loans are loans issued to individuals at points-of-sale with minimum credit requirements. Unsecured consumer loans are issued to individuals in banking offices after a scoring review. Management structures the credit analysis procedures with the aim to minimise the credit risk on unsecured consumer loans. Differences in credit quality of these products are reflected in higher interest rates on express loans.

The Group assesses the loans to individuals as current and not impaired if there were no overdue amount as at reporting date, and no evidence that individuals will not be able to meet their obligations on repayment of the loans in full and in time.

The Group assesses the credit quality of current and not impaired corporate loans by analyzing the following factors:

- there are no delays in repayment of principal and interest due to the financial insolvency of the borrower
- financial statements and other financial information of the borrowers are submitted to the Group timely and in accordance with the terms of the loan agreements, and that information is transparent and allows analysis of the financial position of the borrower
- the borrower is not sued for improper servicing of loans granted by other credit institutions
- the loan is secured by liquid collateral, the fair value of which covers the outstanding loan amount

Current and not impaired corporate loans are mostly represented by loans issued to large corporate entities which have a long credit history with the Group.

The amount reported as past due under loan agreements of legal entities and individuals is the outstanding balance of such loans, not only the individual instalments that are past due.

Currency and maturity analyses of loans and advances to customers are disclosed in note 23. Information on related party transactions is disclosed in note 26.

8 Finance lease receivables

Finance lease payments receivable (gross investment in the leases) and their present values at 30 June 2012 and 31 December 2011 are as follows:

<i>In thousands of Russian Roubles</i>	Less than 1 year	From 2 to 5 years	More than 5 years	Total
Finance lease payments receivable at 30 June 2012 (unaudited)	356 075	549 901	45 257	951 233
Unearned finance income (unaudited)	(31 849)	(182 277)	(23 433)	(237 559)
Allowance for impairment (unaudited)	(2 882)	(4 552)	(316)	(7 750)
Present value as at 30 June 2012 (unaudited)	321 344	363 072	21 508	705 924
Finance lease payments receivable at 31 December 2011	346 059	544 398	67 255	957 712
Unearned finance income	(33 530)	(186 990)	(35 971)	(256 491)
Allowance for impairment	(3 895)	(6 910)	(976)	(11 781)
Present value as at 31 December 2011	308 634	350 498	30 308	689 440

8 Finance lease receivables (continued)

Analysis of changes in the allowance for impairment of finance lease receivables is as follows:

<i>In thousands of Russian Roubles</i>	2012	2011
Allowance for impairment as at 1 January	11 781	48 381
Recovery of provision (unaudited)	(4 031)	(29 089)
Allowance for impairment as at 30 June (unaudited)	7 750	19 292

Analysis by credit quality of finance lease receivables outstanding at 30 June 2012 is as follows:

<i>In thousands of Russian Roubles</i>	Before allowance for impairment (Unaudited)	Allowance for impairment (Unaudited)	Net amount (Unaudited)
Not overdue	681 009	(7 027)	673 982
Overdue:	32 665	(723)	31 942
- overdue less than 30 days	21 055	(122)	20 933
- overdue 31-90 days	6 046	-	6 046
- overdue 211-360 days	5 564	(601)	4 963
Total	713 674	(7 750)	705 924

Analysis by credit quality of finance lease receivables outstanding at 31 December 2011 is as follows:

<i>In thousands of Russian Roubles</i>	Before allowance for impairment	Allowance for impairment	Net amount
Not overdue	675 517	(7 312)	668 205
Overdue:	25 704	(4 469)	21 235
- overdue less than 30 days	7 425	(206)	7 219
- overdue 31-90 days	12 769	(3 239)	9 530
- overdue 91-210 days	5 189	(1 024)	4 165
- overdue 211-360 days	321	-	321
Total	701 221	(11 781)	689 440

Currency and maturity analyses of finance lease receivables are disclosed in note 23.

Joint Stock Company "The Ural Bank for Reconstruction and Development"
Notes to the Consolidated Condensed Interim Financial Information – 30 June 2012

9 Property and equipment

<i>In thousands of Russian Roubles</i>	Land and premises	Office and computer equipment	Construction in progress	Total
Cost or valuation as at 1 January 2011	4 902 443	1 207 075	94 286	6 203 804
Accumulated depreciation	(666 382)	(640 012)	-	(1 306 394)
Carrying amount as at 1 January 2011	4 236 061	567 063	94 286	4 897 410
Additions	27 512	83 897	43 534	154 943
Transfers	12 720	24 298	(37 018)	-
Disposals – cost	(16 008)	(24 932)	-	(40 940)
Disposals - accumulated depreciation	438	15 913	-	16 351
Depreciation charge	(58 808)	(61 028)	-	(119 836)
Carrying amount as at 30 June 2011 (unaudited)	4 201 915	605 211	100 802	4 907 928
Cost or valuation as at 30 June 2011 (unaudited)	4 926 669	1 290 338	100 802	6 317 809
Accumulated depreciation (unaudited)	(724 754)	(685 127)	-	(1 409 881)
Carrying amount as at 30 June 2011 (unaudited)	4 201 915	605 211	100 802	4 907 928
Cost or valuation as at 1 January 2012	4 905 983	1 435 731	167 648	6 509 362
Accumulated depreciation	(782 693)	(737 530)	-	(1 520 223)
Carrying amount as at 1 January 2012	4 123 290	698 201	167 648	4 989 139
Additions	29 853	50 068	52 987	132 908
Transfers	8 636	70 802	(79 438)	-
Transfer to «Investment property»	(44 920)	-	-	(44 920)
Disposals – cost	(9 760)	(98 650)	-	(108 410)
Disposals - accumulated depreciation	1 555	94 459	-	96 014
Depreciation charge	(59 113)	(71 453)	-	(130 566)
Carrying amount as at 30 June 2012 (unaudited)	4 049 541	743 427	141 197	4 934 165
Cost or valuation as at 30 June 2012 (unaudited)	4 888 347	1 457 951	141 197	6 487 495
Accumulated depreciation (unaudited)	(838 806)	(714 524)	-	(1 553 330)
Carrying amount as at 30 June 2012 (unaudited)	4 049 541	743 427	141 197	4 934 165

Construction in progress consists of construction and refurbishment of branch premises. Upon completion, assets are transferred to premises and office and computer equipment.

10 Intangible assets

<i>In thousands of Russian Roubles</i>	Software licenses
Cost as at 1 January 2011	169 848
Accumulated depreciation	(39 344)
Carrying amount as at 1 January 2011	130 504
Additions	10 740
Disposals – cost	(5 193)
Disposals - accumulated depreciation	4 877
Depreciation charge	(9 036)
Carrying amount as at 30 June 2011 (unaudited)	131 892
Cost as at 30 June 2011 (unaudited)	175 395
Accumulated depreciation (unaudited)	(43 503)
Carrying amount as at 30 June 2011 (unaudited)	131 892
Cost as at 1 January 2012	201 000
Accumulated depreciation	(53 971)
Carrying amount as at 1 January 2012	147 029
Additions	24 122
Disposals – cost	(1 111)
Disposals - accumulated depreciation	1 111
Depreciation charge	(12 734)
Carrying amount as at 30 June 2012 (unaudited)	158 417
Cost as at 30 June 2012 (unaudited)	224 011
Accumulated depreciation (unaudited)	(65 594)
Carrying amount as at 30 June 2012 (unaudited)	158 417

Additions to intangible assets represent capitalised software and license costs related to a centralised operational banking system which is used as a basis for decision making and control of financial and operating activities at all management levels of the Group.

11 Investment property

<i>In thousands of Russian Roubles</i>	Land and premises
Cost as at 1 January 2011	-
Accumulated depreciation	-
Carrying amount as at 1 January 2011	-
Transfer from «Advances to real estate developers»	678 989
Additions	2 057 424
Carrying amount as at 30 June 2011 (unaudited)	2 736 413
Cost as at 30 June 2011 (unaudited)	2 736 413
Accumulated depreciation (unaudited)	-
Carrying amount as at 30 June 2011 (unaudited)	2 736 413
Cost as at 1 January 2012	6 057 332
Accumulated depreciation	(9 457)
Carrying amount as at 1 January 2012	6 047 875
Transfer from «Property and equipment»	44 920
Additions	48 186
Disposals – cost	(471 583)
Disposals - accumulated depreciation	3 058
Depreciation charge	(61 895)
Carrying amount as at 30 June 2012 (unaudited)	5 610 561
Cost as at 30 June 2012 (unaudited)	5 678 855
Accumulated depreciation (unaudited)	(68 294)
Carrying amount as at 30 June 2012 (unaudited)	5 610 561

12 Advances to real estate developers

Advances to real estate developers represent investments under investment contracts for construction of apartment buildings, business centres, hotels and other properties in Moscow, Ekaterinburg and Sochi. Upon completion of construction the Group is contractually entitled to receive the real estate property. The Group intends to sell the majority of these investments close to completion stage. In 2011 the Group has changed this intention in respect of certain contracts and upon completion of construction real estate objects were received by the Group and transferred to investment property. The Group receives income from the amounts advanced to developers at imputed rates of interest. The income is received in the legal form of penalties payable by the developers for breaches of various terms of the contracts and recognised as interest income. The consolidated condensed interim income statement for the six-month period ended 30 June 2012 includes interest income of RUB 26 073 thousand (30 June 2011: RUB 26 384 thousand) relative to the above mentioned investments.

Advances to real estate developers are neither past due or impaired as of 30 June 2012 and 31 December 2011. These investments are secured by the underlying real estate. Management of the Group believes that the fair value of collateral is at least equal to the carrying amount of each investment contract at the reporting date. Currency and maturity analyses of advances to real estate developers are disclosed in note 23.

13 Other assets

<i>In thousands of Russian Roubles</i>	Notes	30 June 2012 (Unaudited)	31 December 2011
Settlements on transactions with securities and precious metals		176 583	167 905
Credit and debit cards receivables		72 091	80 837
Settlements on cash and other operations		43 460	83 844
Foreign exchange forward contracts	24	35 047	22 588
Precious metals forward contracts	24	15 362	28 720
Other		9 258	8 489
Total other financial assets		351 801	392 383
Prepayments for administrative services		883 998	585 358
Prepayments for construction in progress		79 057	38 356
Prepaid taxes other than income tax		73 084	53 199
Precious metals		31 548	30 943
Equipment purchased for finance leases		28 062	7 251
Deferred expenses		8 607	6 357
Other non-financial receivables		132 954	67 621
Total other non-financial assets		1 237 310	789 085
Total		1 589 111	1 181 468

Currency and maturity analyses of other assets are disclosed in note 23. The information on related party transactions is disclosed in note 26.

14 Assets held for sale

<i>In thousands of Russian Roubles</i>	30 June 2012 (Unaudited)	31 December 2011
Premises	217 530	33 159
Motor vehicles	4 431	3 156
Other property	524	499
Total	222 485	36 814

Included in assets held for sale is property obtained from borrowers as settlement for loans.

Management estimates that the fair value of assets held for sale as at 30 June 2012 and 31 December 2011 exceeds their carrying value.

In accordance with the requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* these assets are accounted for in this consolidated condensed interim financial information at the lower of their carrying amount and fair value less costs to sell as at 30 June 2012 and 31 December 2011. These assets are expected to be sold within 1 year.

15 Due to other banks

<i>In thousands of Russian Roubles</i>	30 June 2012 (Unaudited)	31 December 2011
Sale and repurchase agreements on securities	24 535 482	13 731 226
Short-term deposits	1 802 113	1 556 551
Correspondent accounts and overnight placements	492 358	511 145
Total	26 829 953	15 798 922

As at 30 June 2012 included in due to other banks are obligations under direct repurchase agreements with the CBRF of RUB 10 718 327 thousand (31 December 2011: RUB 9 572 592 thousand).

Currency and maturity analyses of due to other banks are disclosed in note 23.

16 Customer account

<i>In thousands of Russian Roubles</i>	30 June 2012 (Unaudited)	31 December 2011
State and public organisations		
- Current/settlement accounts	1 220	8
Other legal entities		
- Current/settlement accounts	9 941 103	7 909 099
- Term deposits	8 387 181	11 935 496
Individuals		
- Current/demand accounts	4 942 348	4 694 027
- Term deposits	51 364 818	44 964 831
Total	74 636 670	69 503 461

State and public organisations exclude government owned profit oriented businesses.

The economic sector concentrations within customer accounts are as follows:

<i>In thousands of Russian Roubles</i>	30 June 2012 (Unaudited)		31 December 2011	
	Amount	%	Amount	%
Individuals	56 307 166	75.4	49 658 858	71.4
Services	7 025 912	9.4	6 286 214	9.0
Trade	3 857 881	5.2	3 901 955	5.6
Manufacturing	2 393 922	3.2	2 613 480	3.8
Construction	1 778 120	2.4	1 800 460	2.6
Other	3 273 669	4.4	5 242 494	7.6
Total	74 636 670	100.0	69 503 461	100.0

Currency and maturity analyses of customer accounts are disclosed in note 23. The information on related party transactions is disclosed in note 26.

17 Debt securities in issue

<i>In thousands of Russian Roubles</i>	30 June 2012 (Unaudited)	31 December 2011
Promissory notes	3 657 408	3 529 992
Bonds issued on the domestic market	1 511 581	1 522 190
Total	5 168 989	5 052 182

As at 30 June 2012 debt securities in issue are represented by Russian Rouble denominated bonds in amount of RUB 1 511 581 thousand (31 December 2011: RUB 1 522 190 thousand) issued by the Group. These bonds were placed in April 2011 with maturity in May 2014; the bonds amounted to RUB 2 000 000 thousand; the par value of 1 bond is RUB 1 thousand. The interest rate of the first three coupons was set at 9.5% p.a., and the coupon period is 183 days. In 2012 and 2011 the Group has bought back bonds issued to manage the debt. The carrying value of these bonds is RUB 517 048 thousand as of 30 June 2012 (31 December 2011: RUB 506 069 thousand).

Currency and maturity analyses of debt securities in issue are disclosed in note 23. The information on debt securities in issue held by related parties is disclosed in note 26.

18 Other liabilities

<i>In thousands of Russian Roubles</i>	Notes	30 June 2012 (Unaudited)	31 December 2011
Trade payables		382 078	42 893
Payables on mandatory insurance of deposits		49 724	45 126
Precious metals forward contracts	24	20 199	43 067
Foreign currency forward contracts	24	11 977	628
Settlements on plastic cards		2 134	1 210
Payables for construction of investment property		1 422	208 756
Other		22 618	8 402
Total other financial liabilities		490 152	350 082
Taxes other than income tax payable		69 965	53 454
Advances received under finance lease agreements		44 880	-
Payables to employees		27 023	195
Provision for financial guaranties contracts		23 232	11 214
Other		7 732	1 305
Total other non-financial liabilities		172 832	66 168
Total		662 984	416 250

Currency and maturity analyses of other financial liabilities are disclosed in note 23. The information on transactions with related parties is disclosed in note 26.

19 Subordinated debt

On 27 December 2007 the Group attracted a non-secured subordinated debt of USD 50 million for 10 years. The loan was granted by The Royal Bank of Scotland (previous name - ABN AMRO BANK N.V.) at a contractual interest rate of Libor plus 8.0% p.a. As at 30 June 2012 this subordinated debt was accounted for at amortised cost of RUB 1 680 553 thousand (31 December 2011: RUB 1 646 691 thousand). In the event of the Bank's liquidation the creditors under this subordinated debt would be the last ones entitled to receive repayment.

Currency and maturity analyses of subordinated debt are disclosed in note 23.

20 Share capital, share premium and additional capital

<i>In thousands of Russian Roubles</i>	Number of outstanding shares (in thousands)	Ordinary shares
At 1 January 2011	668 121	2 634 812
At 30 June 2011 (unaudited)	668 121	2 634 812
At 1 January 2012	668 121	2 634 812
At 30 June 2012 (unaudited)	1 001 454	3 634 812

Share capital contributions made before 1 January 2003, are adjusted by RUB 630 449 thousand according to changes in general purchasing power of the Russian Rouble as defined by IAS 29 *Financial Reporting in Hyperinflationary Economies*.

As at 30 June 2012 and 31 December 2011 all outstanding shares were authorised, issued and fully paid in.

As at 30 June 2012 all ordinary shares have a nominal value of RUB 3 per share (31 December 2011: RUB 3 per share). Each share carries one vote.

On 29 June 2012 the Department for the Licensing of the Activities and the Financial Rehabilitation of Credit Organizations of the CBRF registered the Bank's additional issue of shares in the amount of RUB 1 000 000 thousand. The additional issue comprises directed placements of 333 333 thousand ordinary uncertificated registered shares with the nominal value of RUB 3. The share capital after the issue amounts to RUB 3 004 363 thousand.

Share premium is the amount by which the contributions to share capital exceeded the nominal value of the shares issued.

Additional capital, included in equity, is represented by cash contributions made by the controlling shareholder in the form of the gratuitous financial aid. As at 30 June 2012 additional capital amounts to RUB 2 379 203 thousand (31 December 2011: RUB 2 379 203 thousand).

21 Interest income and expense

<i>In thousands of Russian Roubles</i>	Six-Month Period Ended 30 June 2012 (Unaudited)	Six-Month Period Ended 30 June 2011 (Unaudited)
Interest income		
Loans and advances to customers	4 386 074	3 389 102
Other securities at fair value through profit or loss	1 526 869	994 322
Finance lease receivables	65 961	39 711
Correspondent accounts with other banks	58 576	918
Advances to real estate developers	26 073	26 384
Due from other banks	8 237	6 810
Securities available-for-sale	273	37 672
Total	6 072 063	4 494 919
Interest expense		
Term deposits of individuals	1 989 747	2 011 767
Sale and repurchase agreements	611 818	246 670
Term placements of legal entities	395 280	144 375
Debt securities in issue	197 801	54 130
Subordinated debt	69 240	61 771
Current/settlement accounts	58 036	26 423
Term placements of other banks	56 118	37 375
Correspondent accounts of other banks	4 415	3 547
Other	-	1 746
Total	3 382 455	2 587 804
Net interest income	2 689 608	1 907 115

22 Fee and commission income and expense

<i>In thousands of Russian Roubles</i>	Six-Month Period Ended 30 June 2012 (Unaudited)	Six-Month Period Ended 30 June 2011 (Unaudited)
Fee and commission income		
Transactions with plastic cards and cheques	556 609	178 228
Settlement transactions	171 537	145 935
Cash transactions	41 031	36 287
Guarantees issued	15 853	7 721
Cash collection	6 541	4 450
Transactions with securities	2 265	3 448
Fiduciary activities	791	1 197
Other	43 693	32 625
Total	838 320	409 891
Fee and commission expense		
Transactions with plastic cards and cheques	50 672	22 088
Cash collection	23 048	20 273
Letters of credit	20 118	508
Settlement transactions	18 155	18 360
Trade finance transaction	3 558	5 918
Transactions with securities	2 460	1 117
Transactions with precious metals	974	875
Other	2 500	-
Total	121 485	69 139
Net fee and commission income	716 835	340 752

23 Financial risk management

The risk management function is carried out in respect of financial risks (credit, market, geographical, currency, liquidity and interest rate), operational risks and legal risks. The primary objective of the financial risk management is to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

Currency risk. Management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The table below summarises exposure to foreign currency exchange rate risk at 30 June 2012 (unaudited):

<i>In thousands of Russian Roubles</i>	RUB	USD	Euro	Precious metals	Other	Total
ASSETS						
Cash and cash equivalents	4 706 443	8 616 057	1 204 606	-	9 468	14 536 574
Mandatory cash balances with the CBRF	946 056	-	-	-	-	946 056
Trading securities	716 414	-	-	-	-	716 414
Other securities at fair value through profit or loss	30 931 304	204 909	-	-	-	31 136 213
Securities available-for- sale	113 428	-	-	-	-	113 428
Due from other banks	6 000	82 041	-	-	-	88 041
Loans and advances to customers	51 240 416	2 567 297	80 491	-	-	53 888 204
Finance lease receivables	705 924	-	-	-	-	705 924
Advances to real estate developers	2 126 432	649 687	-	-	-	2 776 119
Other financial assets	300 754	616	17	-	5	301 392
Total monetary assets	91 793 171	12 120 607	1 285 114	-	9 473	105 208 365
Liabilities						
Due to other banks	25 228 398	967 167	634 388	-	-	26 829 953
Customer accounts	67 363 586	4 612 398	2 302 184	288 029	70 473	74 636 670
Debt securities in issue	4 974 865	125 296	68 828	-	-	5 168 989
Subordinated debt	-	1 680 553	-	-	-	1 680 553
Other financial liabilities	175 940	282 036	-	-	-	457 976
Total monetary liabilities	97 742 789	7 667 450	3 005 400	288 029	70 473	108 774 141
Net position	(5 949 618)	4 453 157	(1 720 286)	(288 029)	(61 000)	(3 565 776)
Derivative financial instruments	1 213 949	(3 219 643)	1 716 558	249 624	57 745	18 233
Net position including derivative instruments	(4 735 669)	1 233 514	(3 728)	(38 405)	(3 255)	(3 547 543)

23 Financial risk management (continued)

The table below summarises exposure to foreign currency exchange rate risk at 31 December 2011.

<i>In thousands of Russian Roubles</i>	RUB	USD	Euro	Precious metals	Other	Total
ASSETS						
Cash and cash equivalents	4 354 657	8 488 624	448 981	71 716	8 058	13 372 036
Mandatory cash balances with the CBRF	874 345	-	-	-	-	874 345
Trading securities	129 955	-	-	-	-	129 955
Other securities at fair value through profit or loss	23 847 034	-	-	-	-	23 847 034
Securities available-for-sale	303 706	-	-	-	-	303 706
Due from other banks	-	64 391	-	-	-	64 391
Loans and advances to customers	43 869 922	1 057 840	34 428	-	-	44 962 190
Finance lease receivables	689 440	-	-	-	-	689 440
Advances to real estate developers	2 093 126	637 397	-	-	-	2 730 523
Other financial assets	332 643	8 415	12	-	5	341 075
Total monetary assets	76 494 828	10 256 667	483 421	71 716	8 063	87 314 695
LIABILITIES						
Due to other banks	14 627 770	1 146 553	24 599	-	-	15 798 922
Customer accounts	60 964 573	5 742 138	2 403 958	328 707	64 085	69 503 461
Debt securities in issue	4 853 958	127 556	70 668	-	-	5 052 182
Subordinated debt	-	1 646 691	-	-	-	1 646 691
Other financial liabilities	306 387	-	-	-	-	306 387
Total monetary liabilities	80 752 688	8 662 938	2 499 225	328 707	64 085	92 307 643
Net position	(4 257 860)	1 593 729	(2 015 804)	(256 991)	(56 022)	(4 992 948)
Derivative financial instruments	(1 672 791)	(617 544)	2 018 980	224 505	54 463	7 613
Net position including derivative instruments	(5 930 651)	976 185	3 176	(32 486)	(1 559)	(4 985 335)

Derivatives in each column represent the fair value at the reporting date of the respective currency that the Group agreed to buy (positive amount) or sell (negative amount) with the counterparty. The net total represents the fair value of the currency derivatives. The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

Liquidity risk. Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivative instruments.

The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Group manages liquidity risk at two levels: the first level is the Assets and Liabilities Management Committee; the second level is the Treasury and the Asset and Liability Department.

23 Financial risk management (continued)

The Assets and Liabilities Management Committee determines the type of liquidity management strategy for up to one year with possible revision in response to certain events. The Treasury manages instant liquidity (up to three days) by forming liquid asset provisions in accordance with requirements of the Assets and Liabilities Management Committee. The Asset and Liability Department monitors 90-day transactions planned for execution, performs stress testing of liquidity and provides analytical support to the Assets and Liabilities Management Committee.

The Group seeks to maintain a stable funding base comprising primarily amounts due to other banks, corporate and retail customer deposits and debt securities and invest the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management process includes: performing daily calculations of liquid assets necessary for covering resource base risks; reviewing the level and structure of liquid assets and available liquidity forming instruments; providing access to different finance sources; maintaining liquidity contingency plans; monitoring compliance with legal requirements to balance liquidity ratios.

Information on the required level and structure of liquid assets by age is provided to the Treasury. The Treasury provides for an adequate portfolio of liquid assets, largely made up of bonds available for sale and for sale and repurchase transactions, liquid trading securities, deposits with banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The Treasury Department is responsible for monitoring of the daily liquidity position. The Asset and Liability Department regularly carries out stress tests on the level of liquidity on the basis of various scenarios that cover both standard and more unfavourable market conditions.

The Group maintains liquidity management when the bond portfolio, composed of liquid securities of issuers which have high credit quality, is used as an instrument for regulation of cash liquidity gaps and can be converted into cash in 1 month. Therefore other securities at fair value through profit or loss as well as securities available for sale as at 30 June 2012 and 31 December 2011 are classified as "Demand and less than 1 month".

23 Financial risk management (continued)

The following table shows financial assets and liabilities by remaining contractual maturity dates as at 30 June 2012, except for term deposits from individuals, which are shown by expected maturity dates (unaudited):

<i>In thousands of Russian Roubles</i>	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 years	Total
ASSETS						
Cash and cash equivalents	14 536 574	-	-	-	-	14 536 574
Mandatory cash balances with the CBRF	196 511	24 308	84 730	64 147	576 360	946 056
Trading securities	716 414	-	-	-	-	716 414
Other securities at fair value through profit or loss	31 136 213	-	-	-	-	31 136 213
Securities available-for-sale	113 428	-	-	-	-	113 428
Due from other banks	-	-	500	87 541	-	88 041
Loans and advances to customers	1 770 684	1 983 239	18 396 568	21 037 874	10 699 839	53 888 204
Finance lease receivables	38 718	63 923	218 702	286 731	97 850	705 924
Advances to real estate developers	-	-	2 776 119	-	-	2 776 119
Other financial assets	343 312	-	-	-	8 489	351 801
Total financial assets	48 851 854	2 071 470	21 476 619	21 476 293	11 382 538	105 258 774
Liabilities						
Due to other banks	25 209 724	658 212	462 643	295 484	203 890	26 829 953
Customer accounts	15 503 250	1 917 689	6 684 565	5 060 702	45 470 464	74 636 670
Debt securities in issue	326 761	121 271	3 301 515	1 419 442	-	5 168 989
Subordinated debt	-	71 732	69 517	248 616	1 290 688	1 680 553
Other financial liabilities	208 116	-	282 036	-	-	490 152
Total financial liabilities	41 247 851	2 768 904	10 800 276	7 024 244	46 965 042	108 806 317
Net liquidity gap as at 30 June 2012	7 604 003	(697 434)	10 676 343	14 452 049	(35 582 504)	(3 547 543)
Cumulative liquidity gap as at 30 June 2012	7 604 003	6 906 569	17 582 912	32 034 961	(3 547 543)	

23 Financial risk management (continued)

The following table shows financial assets and liabilities by remaining contractual maturity dates as at 31 December 2011, except for term deposits from individuals, which are shown by expected maturity dates.

<i>In thousands of Russian Roubles</i>	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 years	Total
ASSETS						
Cash and cash equivalents	13 372 036	-	-	-	-	13 372 036
Mandatory cash balances with the CBRF	164 390	8 455	51 183	125 218	525 099	874 345
Trading securities	129 955	-	-	-	-	129 955
Other securities at fair value through profit or loss	23 847 034	-	-	-	-	23 847 034
Securities available-for-sale	303 706	-	-	-	-	303 706
Due from other banks	-	-	-	64 391	-	64 391
Loans and advances to customers	1 166 510	2 028 868	10 919 550	19 405 728	11 441 534	44 962 190
Finance lease receivables	35 921	60 717	211 996	262 430	118 376	689 440
Advances to real estate developers	-	-	418 149	2 312 374	-	2 730 523
Other financial assets	383 894	-	-	-	8 489	392 383
Total financial assets	39 403 446	2 098 040	11 600 878	22 170 141	12 093 498	87 366 003
LIABILITIES						
Due to other banks	14 504 822	711 100	45 723	63 707	473 570	15 798 922
Customer accounts	13 067 707	672 114	4 068 623	9 953 798	41 741 219	69 503 461
Debt securities in issue	408 537	1 627 278	477 017	2 539 350	-	5 052 182
Subordinated debt	-	68 831	65 380	237 159	1 275 321	1 646 691
Other financial liabilities	350 082	-	-	-	-	350 082
Total financial liabilities	28 331 148	3 079 323	4 656 743	12 794 014	43 490 110	92 351 338
Net liquidity gap as at 31 December 2011	11 072 298	(981 283)	6 944 135	9 376 127	(31 396 612)	(4 985 335)
Cumulative liquidity gap as at 31 December 2011	11 072 298	10 091 015	17 035 150	26 411 277	(4 985 335)	

Management expects that contractual maturity dates of term deposits from individuals are not representative for analysis of liquidity position, as based on analysis of internal statistics, 80% of agreements are prolonged and based on past experience this ratio has never gone lower than this limit. Accordingly, 80% of term deposits from individuals in categories "On demand and less than 1 month", "From 1 to 3 months", "From 3 to 12 months" and "From 1 to 3 years" are classified in the category "Over 3 years" to present more accurately expected cash flows. However in accordance with Russian legislation, individuals can withdraw their term deposits at any time, losing in most cases the accrued interest.

24 Capital management

The Group monitors its capital adequacy levels calculated in accordance with the requirements of the Basle Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and Amendment to the Capital Accord to incorporate market risks (updated November 2007), commonly known as Basel I.

The following table shows the composition of the capital position calculated in accordance with the requirements of the Basle Accord as at 30 June 2012 and 31 December 2011:

<i>In thousands of Russian Roubles</i>	30 June 2012 (Unaudited)	31 December 2011
Tier 1 capital		
Share capital	3 634 812	2 634 812
Share premium	1 581 956	581 956
Additional capital	2 379 203	2 379 203
Retained earnings	89 438	97 962
Less goodwill	(162 122)	(162 122)
Total Tier 1 capital	7 523 287	5 531 811
Tier 2 capital		
Revaluation reserve for property and equipment	1 336 739	1 387 612
Revaluation reserve for securities available-for-sale	1 134	597
Cumulative translation reserve	(34 992)	(29 026)
Qualifying subordinated debt	1 680 553	1 646 691
Total Tier 2 capital	2 983 434	3 005 874
Total capital	10 506 721	8 537 685
Capital adequacy ratio		
Risk weighted average of assets	102 955 114	89 908 064
Total capital	10 506 721	8 537 685
Tier 1 capital ratio, %	7.3	6.2
Tier 2 capital ratio, %	10.2	9.5

Revaluation reserve for property and equipment and for securities available-for-sale, cumulative translation reserve and long-term subordinated debt are included in calculation of capital adequacy ratios within limits set for tier 2 capital.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for unrecognized exposures, with some adjustments to reflect the more contingent nature of the potential losses.

25 Derivative financial instruments and operations with precious metals

Foreign exchange and other derivative financial instruments entered into by the Group are generally traded in an over-the-counter market with professional market counterparties on standardised contractual terms and conditions. Derivatives have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The table below sets out fair values of currencies receivable or payable under foreign exchange forward contracts entered into by the Group as at 30 June 2012 and 31 December 2011. The table reflects gross positions before the netting of any counterparty positions and covers the contracts with settlement dates after the respective reporting date. The contracts are short term in nature.

<i>In thousands of Russian Roubles</i>	30 June 2012 (Unaudited)		31 December 2011	
	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
Foreign exchange forwards: fair values, at the reporting date, of				
- USD receivable on settlement	-	1 674 266	1 448 825	160 981
- USD payable on settlement	(4 552 002)	(82 728)	(1 949 724)	(38 774)
- Euro receivable on settlement	3 260 385	84 299	2 060 651	-
- Euro payable on settlement	-	(1 628 126)	-	(41 671)
- RUB receivable on settlement	1 212 201	-	-	41 280
- RUB payable on settlement	-	(2 970)	(1 552 913)	(161 158)
- Other currencies receivable on settlement	114 463	-	15 749	38 714
- Other currencies payable on settlement	-	(56 718)	-	-
Net fair value of foreign exchange forwards	35 047	(11 977)	22 588	(628)
Forwards with precious metals: fair values, at the reporting date, of				
- USD receivable on settlement	346 571	146 810	488 907	-
- USD payable on settlement	(336 035)	(416 525)	(114 386)	(613 373)
- Precious metals receivable on settlement	336 652	396 644	114 439	570 306
- Precious metals payable on settlement	(331 826)	(151 846)	(460 240)	-
- RUB receivable on settlement	-	4 718	-	-
Net fair value of forwards with precious metals	15 362	(20 199)	28 720	(43 067)

Currency and maturity analyses of derivative financial instruments are disclosed in note 23. Information on related party transactions is disclosed in note 26.

26 Related party transactions

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can 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.

At 30 June 2012 the outstanding balances with related parties are as follows (unaudited):

<i>In thousands of Russian Roubles</i>	Shareholders	Companies under common control	Other related parties
Gross amount of loans and advances to customers (contractual interest rates: 8%-18%)	179 609	9 933 237	12 273
Allowance for impairment of loans and advances to customers	(733)	(14 223)	(50)
Other assets	-	3	841
Customer accounts (contractual interest rates: 0%-10.5%)	167 805	238 816	116 611
Precious metals forward contracts	-	(9 320)	-
Other liabilities	-	513	-

At 30 June 2012 the other commitments with related parties are as follows (unaudited):

<i>In thousands of Russian Roubles</i>	Shareholders	Companies under common control	Other related parties
Guarantees issued	-	227 275	-

At 31 December 2011 the outstanding balances with related parties are as follows:

<i>In thousands of Russian Roubles</i>	Shareholders	Companies under common control	Other related parties
Gross amount of loans and advances to customers (contractual interest rates: 5.4%-13%)	201 038	9 607 269	9 510
Allowance for impairment of loans and advances to customers	(820)	(17 484)	(39)
Other assets	-	95	2 319
Customer accounts (contractual interest rates: 0%-8.5%)	350 641	2 595 116	102 790
Debt securities in issue (contractual interest rates: 10%)	-	8 823	-
Foreign exchange forward contracts	-	(17 003)	-
Other liabilities	-	17 158	-

At 31 December 2011 the other commitments with related parties are as follows:

<i>In thousands of Russian Roubles</i>	Shareholders	Companies under common control	Other related parties
Guarantees issued	-	260 039	-