

APPROVED BY
The Chairman of the Management Board
OJSC AK BARS BANK
R. Minnegaliev.
“ ” _____ 2011

SOCIAL REPORT
OJSC AK BARS BANK
2010

Kazan-2011

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Introduction

Dear friends!

We present the social report of AK BARS Bank for your attention, which covers the main achievements and activity areas of the Bank in 2010 in the sphere of social development.

The basis of the report is the public position which reflects the vision of the bank as the subject of socially-responsible business and principles, which serve as a guidance for the bank in making strategic decisions.

We present to the public the information about the structure of the corporate management, about the intra-corporate policy and bank participation in the life of the society.

We share the principles of social responsibility and confirm the willingness to perform constructive dialogue with the society, we aspire to meet the expectations of the society and welcome the recommendations of the interested parties on the improvement of our social policy. We hope that the present report will become the next step of AK BARS Bank in promoting interaction between the business and the society.

1. The Address of the Bank Directorate

Dear friends!

We prepared the social report of AK BARS Bank for 2010, which reflects all the directions of our social activity, including the sponsorships and charity realized by the bank last year. We tried our best to reflect quality changes in the bank activity, emphasize the innovative side of our approach, and show the openness and benevolence of AK BARS bank to business, society and government.

Despite the difficult economic situation, which still persists in Russia and abroad, the Bank continues to fulfill the undertaken social commitments.

Social responsibility and social partnership - is the business foundation nowadays in every highly-developed country. Competitiveness of the company, business growth and region prosperity depend on the scale and quality of social activities. The Bank takes social care of its partners, organizations and individuals, who need it, as well as its employees. The corporate social responsibility of AK BARS Bank is expressed in aspiration for creating the most comfortable working conditions for the employees, because the success of the bank activity depends on their work. As a part of our personnel policy, we always try to take into consideration and implement the wishes of our coworkers.

The following pages of the present social report also contain information on the charity activity of the Bank in 2010. Last year AK BARS Bank carried out more than 150 charity and sponsorship projects. Particular attention was given to the issues of financial aid to seriously ill children, senior and disabled people.

Social institutions, like hospitals, schools, orphanages received necessary expensive equipment from the Bank.

During the reporting period AK BARS Bank expanded its charity work contributing into strengthening of public health and sport development. The formation of new directions of our policy demonstrates the dynamics and positive changes in this particular sphere; we hope to retain the same course in the future.

Charity as a part of your business is the indicator of the maturity of the society, development of its moral and economic components. The aspect of this kind of activity of AK BARS Bank is regarded as the establishment and distribution of trusting relations, reputation growth, influence expansion which in total brings concrete and well-deserved results.

The components of our success are high professional competence, responsibility, accordance of business and society interests. We see AK BARS Bank as a reliable partner, ready for cooperation in various business spheres and participation in realization of new interesting business projects.

Best regards,

The Chairman of the Board of Directors
of OJSC AK BARS Bank

R. Musin

The Chairman of the Management Board
of OJSC AK BARS Bank

R. Minnegaliev

2. General information on OJSC AK BARS Bank

Joint-stock commercial bank AK BARS (Opened Joint-stock Company) was officially registered in the Central Bank of the Russian Federation in 1993 and successfully operates on the financial market of Russia ever since. AK BARS bank is socially responsible, stable and developing institution. AK BARS Bank is in the list of top 20 largest financial institutions of Russia. The Bank was rated the 17th by equity and the 20th by assets among Russian banks as of 01.01.2011.

AK BARS Bank is one of the largest universal financial institutions of Russia offering a wide range of banking, financial, investment products and services for corporate and individual clients. The bank owes 38% of assets of the whole banking system of the Republic of Tatarstan, 50% of bank equity.

The Bank serves key branches of oil and gas and petrochemical industry, mechanical engineering, transport, construction, communications, agricultural complex, commerce and other.

Retail is also the strategic area of our activity. The individual clients are offered the full range of our services: credit products, deposits, transaction services, bank cards, and so on. **The Bank holds strong positions in both Russian and international financial markets.** It is the leader in different spheres of the investment business such as corporate financing, asset management and many others.

Over 47 thousand corporate clients and 2 million individuals are among customers of AK BARS Bank. As of 01.01.2011 the Bank's regional network includes 42 branch establishments, one subsidiary bank, 134 sub-branches and 142 operating cash desks, 8 operating offices, mobile station for cash transactions.

Being one of the leaders of Russian credit institutions OJSC AK BARS realizes its responsibility for Russian society and it yearns to contribute into the welfare and steady regions development. The Bank tends to continue its work in the sphere of the improvement of social responsibility, being based on main international principles and requirements, putting forth to Russian business in present-day conditions.

3. The Structure of the Corporate Management

In 2010 OJSC AK BARS Bank maintained the commitment to its own strategic targets and continued its work on perfecting the corporate management system. The key factor in the process of corporate management development is the prolongation of forming the managements system of bank risks, which allows providing bank stability and increasing the effectiveness of the bank activity, strengthening trust of our shareholders, creditors and clients. The bank focused on determining risks profiles, control and risk management systems effectiveness evaluation, functional development of the interior business processes. During the year the bank regularly performed its work to provide informational availability and to match the interior regulatory and legal principles with the federal legislation and international legal acts, to follow the requirements and recommendations of the regulating authorities. In addition to that, in February 2010 the corporate management system was self-assessed, and in December 2010 the work of the Board of Directors and its main Committees, along with the work of the Management Board as a collegiate controlling body, went through the self-assessment process. As a result, we have elaborated and now carry out different activities to eliminate the flaws revealed in the above-mentioned assessment.

Shareholders, capital structure

In 2010 we had two general meetings of shareholders of OJSC AK BARS Bank (annual meeting and additional meeting). The meeting reviewed questions related to the approval of annual accounting reports, profit distribution, dividend payments, alterations to the Articles and the Bank's internal documents, related party transactions approval and so on.

The Bank auditor was approved and new members of the Board of directors selected.

The implementation of decisions made by the General meeting of shareholders is under the constant control and supervision of Bank management bodies. People-shareholders relationship is based on the principles of direct constructive dialogue (interaction) based on unconditional compliance with Russian legislation, maximum equivalence to international standards and generally accepted world practice. The Bank is pursuing to build transparent policy and offers equal and timely access of shareholders and investors to the information on

the society, thus providing the compliance of their rights, property interests' protection and bank business reputation.

At present the authorized capital of OJSC AK BARS equals to 28 215 396 326 rubles and is divided into 28 215 396 326 registered ordinary voting shares with nominal value of 1 (one) ruble each.

According to present legislation Bank shareholders used their right upon their discretion the alienation of their shares in 2010. As a result of some transactions with AK BARS Bank shares on the secondary market we got the changes in the structure of share capital of the Bank: the part of the share which belongs to the Republic of Tatarstan in the person of Ministry of Land and Property Relations went over to OJSC "Svyazinvestneftekhim", whose share in the authorized capital increased from 8,992% to 18,492%. The list of AK BARS Bank owners also had some changes: a block of shares in the size of 2,426% of the authorized capital belonged to OJSC "Delta investments" transferred to KIT Finance Europe Company.

The information on the bank owners and people with direct or indirect influence on the decisions accepted by the Bank managing board is officially available via our website to a wide range of people.

The activities of the Board of Directors and their Committees

The quality of corporate management system depends on the effective performance of the members of the Board of Directors. By supervising the work of senior managers, the Board of Directors makes decisions which contribute to the company's development significantly; plays the key role in the formation of the Bank's strategy; determines the priority areas for its development; provides enforcement and protection of shareholders rights; and facilitates the resolution of corporate conflicts.

Among the priority tasks for 2010 the Board of Directors pointed out the following: the adjustment of the medium-term development strategy of the bank, the search for the most optimal ways of bank development under the current market conditions considering social and economic prognosis on the development of Russia in the next years.

In May 2010 the annual general meeting approved the members of the Board of Directors with the total of 11 people, 4 of which are considered as independent directors.

During 2010 OJSC AK BARS held 17 Board of Directors meetings (7 presence meetings and 10 non-presence meetings) which discussed the issues stipulated by the OJSC AK BARS Board of Directors Work Plan along with unplanned subjects requiring operative decisions.

According to its Work plan the Board of Directors affirmed a number of normative documents regulating Bank activity and going beyond the required minimum, taking into consideration best rules of corporate management international practice. In particular, the Board of Directors implemented interior

documents regulating the **AK BARS Bank** policy concerning the bank risks management (operational, legal, reputational, credit risks and many others). Besides, in order to increase the level of information transparency of the Bank and to match its information policy with the requirements of the Russian legislation, the Board of Directors approved the new edition of the Clause "On the information policy of OJSC AK BARS Bank".

In 2010 specialized committees of the Board of directors (on audit, strategies, risks, human resources and remuneration) continued their work. Independent directors were selected as chairmen of the committee to achieve the objectivity level and independence of judgments during the profound analysis of vital issues and the preparation of professional recommendations for the Board of Directors and to isolate the board members from the negative influence of managers and controlling shareholders. Within its competence the Committees worked closely with the **Bank's management and control bodies**, auditors and consultants.

Sergey Shibaev became the head of the Auditing Committee, the independent director, the certified accountant of the Association of Chartered Certified Accountants (ACCA) (Great Britain), the Director of the "Kafa Finance Inc." Company (Canada). The chairman of the Strategy Committee is the independent director Andrei Vernikov, the Professor of State University - Higher School of Economics (Moscow). The chairman of the Risks Committee is the independent director Juri Levin, the Managing Director, the member of the Management Board "B.V. Murray & Co., Inc.". The Chairman of the Committee on Human Resources and Remuneration is the independent director Ruslan Ilyasov, the Vice-President for HR of LLC "Eldorado".

The priority task for the **Auditing Committee** in 2010 was providing practical help for the Bank management by making suggestions on issues in the internal control system improvement and the performance enhancement of the new subdivision in the organizational Bank structure called the **Department of Internal and Compliance Control**. The Auditing Committee together with the Risks Committee regularly listened to the report on the implementation of the "Action plan for restructuring of the Internal Control System of OJSC AK BARS Bank to increase the effectiveness of the Internal Control System and Risks management System and defects elimination. The Auditing Committee based on its powers and competence elaborated certain recommendations for the Board of Directors on the external consultants' election, which were approved on the annual general meeting of Bank shareholders. In 2010 the Auditing Committee actively interacted with the external auditors of the Bank, inviting them for the meetings and discussing with them the preparatory procedures and stages of the audit, all of that allowed the members of the Committee to have full and reliable information on the course of Bank's **financial statements audit**.

In 2010 the **Risks Committee** paid special attention on the subject of the improvement of the bank's control and risk management systems, putting emphasis on the evaluation of the system effectiveness and on the activities aimed towards the implementation of development stages of the internal business projects of the

Bank. The Committee carried out significant work to minimize bank risks in order to refine the procedure of related party transactions approval. The Committee members directly participated in the elaboration and approbation of petitions addressed to the Board of Directors on the approval of related party transactions, major transactions and transactions related to OJSC AK BARS Bank officials. In order to update the internal normative basis of the banking risks management area the Risk Committee has developed a number of recommendations for the Board of Directors on the subject of amendments to previously approved internal documents, and also reviewed new editions of the Regulations: “On the management order of legal risks of AK BARS Bank”, “On the management order of operational risks of AK BARS Bank”, “On the information policy of OJSC AK BARS Bank”. One of the crucial priorities of the Risk Committee for 2010 was the reputational risks monitoring of the Bank. The Committee Members responded promptly to various publications about the Bank in the media, analyzed the situation and advised to the Bank management to minimize reputational risks. The Risk Committee and the Auditing Committee gave detailed attention to the control over the liquidity situation in the Bank, along with the measures for its maintenance.

One of the most important tasks for the **Strategy Committee** in 2010 was the adjustment of the medium-term development strategy of AK BARS Bank for 2011 -2013 and determination of the further direction of its development considering the outlining trends of business activity recovery in the Russian economy and the banking segment. During the whole year the Committee was focused on the monitoring of the implementation process of the annual **financial and economic plan** for 2010 and the activities on realization of the main development directions of the Bank for 2009-2012. Among the priority issues examined by the Committee in 2010 were the corporate and retail business units related questions. In particular, the Committee members approved launching the **pilot loan programme** for small and medium-sized businesses and paid significant attention to the implementation of AK BARS Bank Internet banking programme.

In 2010 **The Committee of Human Resources and Remuneration** put emphasis on the improvement of the Board of Directors activity effectiveness based on self-assessment activities of the Board of Directors and its profile Committees. During the year the Committee also worked on the matters related to major areas of the Bank strategy concerning labour remuneration, including the regions, “Human Resource Pool” programme implementation and the work plan for sharing the corporate values of AK BARS Bank. **The issues related to the monitoring of staff turnover level, the improvement of organizational structure, the effective functioning of the staff motivation system under the financial downturn, as well as the improvement of the corporate management system in OJSC AK BARS Bank, were under the constant attention and supervision of the Committee.**

4. Intracorporate bank policy

In 2010, the work on the implementation of the main development areas of AK BARS Bank for 2009-2012 was continued, including the realization of the Bank's HR-strategy.

Activities for the implementation of HR Management Strategy are presented in the following strategic initiatives:

- **Employee training and development** – introduction of the development programme aimed at the systematic staff development; annual implementation of complex educational plan for all staff categories, containing programmes of adaptive education, professional training, business skills and managerial competencies development, and customer service standards training.
- **Motivation** - Development and implementation of the complex system of personnel motivation; maintaining competitive salaries due to the study of labour markets and the improvement of living standards evaluation methodology in the bank regions; improvement of the system of staff appraisal and remuneration - to manage the staff work effectiveness, motivate teammates to achieve strategic Bank objectives .
- **Strengthening recruiting functions** - elaboration and implementation of the innovative programmes of cooperation with universities, development of strategic recruiting, developing methods of regional recruitment support, develop profiles of key positions to assess the selection.
- **Organizational changes** - the transformation of organizational structure aimed towards the optimization of the decision-making process in accordance with the best Russian and foreign practice, improving the structure of corporate and retail business units in order to construct the management vertical and to increase the efficiency of sales in the distribution network.
- **Corporate culture** - the implementation of programmes to support the image of the “preferred employer”.

Complex and focused work of AK BARS Bank on the effective management of their staff has established reliable and trustworthy reputation, the brand of the Bank has only positive associations. Objectives of the Bank, its values and priorities, as well as the opportunities provided to the staff fully correspond with the general notion about the company, whose potential staff is willing realize its goals and achievements and develop together for years.

4.1. Socially responsible regulations of labour and employment issues

Social protection of employees of AK BARS Bank is an investment in human capabilities, which are always justified and beneficial. Human Resources are the main “assets” of the Bank.

The social policy of AK BARS Bank developed and implemented in a systematic

manner in accordance with the approved regulations. Such as the Regulations on the social responsibility of AK BARS Bank, which defines the commitments to socially responsible management of labour and employment, the improvement of life quality and working conditions of employees and their families, as well as the development of education and science. Statement of social support of the employees (2003), which guarantees the employees the environment for the full realization of their abilities and professional skills, as well as decent social compensation.

Corporate social guarantees:

- incentive payments
- health insurance
- sport, physical education, recreation, leisure guarantees
- non-government pensions
- social worker benefits

4.1.1. Staff Structure of AK BARS Bank

In 2010, the average number of the Bank employees amounted to 5,007 people, while 70% of the employees fell on the branch network. The greatest share of staff was the number of front-office employees - 53%, working directly with the customers and bringing the revenue to the Bank in equal measure, both in corporate and retail businesses. The number of personnel of support units was 32%. A much smaller share in the share of total employment received the specialists of middle office (analytical subdivisions) - 12%, and the back office, providing direct support to front-office units - 3%.

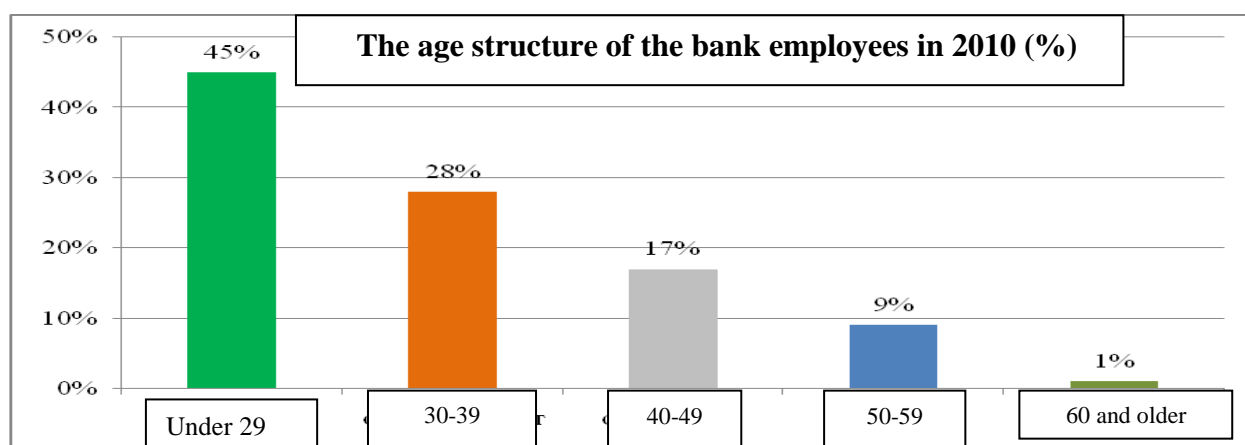


Distribution of employees over the divisions

- 53% - Front office employees**
- 32% - Support units' employees**
- 12% - Middle office employees**
- 3% - Back office employees**

Gender-age structure in 2010 did not change. The man-women ratio in the staff is 74%.

The Bank cooperates actively with universities and attracts the graduates and young professionals, which is reflected in the age composition of the staff. In 2010, the number of employees aged 29 and younger was 45% of the total number of employees of the Bank.



4.1.2. Payment policy and labour motivation

AK BARS Bank presents high requirements on professional knowledge of the staff, their working productivity, professional skills of teamwork. The Bank guarantees the competitive and work adequate salary, which is regularly indexed on the basis of an annual market analysis of the banking work in Russia and Tatarstan.

Compensation of the employees of AK BARS Bank is the part of an integrated system of tangible and intangible incentives for the staff. Wages policy has a significant influence on staff motivation. AK BARS Bank is realizing the systematic approach in this area that takes into account the development strategy and the objective conditions of the market. The current system of remuneration and bonuses is designed to encourage the **teammates** to increase the productivity rates and accomplish the planned indicators.

The Bank monitors the situation on the labour market, participating in the nationwide salary surveys. Considering the financial resources and taking into account the changes in social and economic indicators, the size of minimum wages, inflation rate and other factors, the Bank decides to change the salaries of the employees.

Since 2008, the new system of **basic labour payment** has been implemented, which takes into account the cost of banking specialists in the labour market, to vary the costs depending on qualifications and performance of the employees, all of that allows to retain the key employees of the Bank. The system helps in the formation of salaries and allows to control labour costs by using clear

rules of positioning the wages within the salary range established for a certain position.

The staff motivation system, adopted in 2007 and based on the KPI in the framework of “The Performance management system” project, confirmed its high efficiency. System develops according to the lines of new strategic business objectives.

The KPI-based incentive system went through a new stage of development in 2010.

The KPI cascading process for the departments and independent divisions within the departments was held at the Head office, which allows to evaluate the contribution of and compare the remuneration system for each structural unit with the overall performance of the Department;

The branches held the KPI cascading from their offices to the internal business units, lending department for legal entities and individuals, Departments of corporate / retail business, operating divisions, additional offices, as a result the new system of bonuses distribution implementation, which affects individual responsibility for results achievements as well as the justice and transparency of the whole bonus system.

4.1.3. Non-material labour motivation

In addition to material incentives for its employees, the Bank uses a wide range of tools related to non-material motivation. In this matter, the Bank focuses on encouraging its employees’ professional, career and personal growth as well as on developing their loyalty to the Bank.

One of the major factors of non-material motivation of the staff is the promotion and recognition of the employees. In 2010 to promote the achievements of the best and the most efficient employees, the employees were nominated for both internal and external awards.

In 2010 113 employees were nominated for the following awards:

- Thank You Letter from the Cabinet of Ministers of the Republic of Tatarstan / For 5 Bank employees;
- Diploma of the Association of Russian Banks / for 6 Bank employees;
- Thank You Letter from the Banking Association of Tatarstan / for 10 Bank employees;
- Internal awards / for 92 Bank employees;
- AK BARS Bank Honoured Employee Award/ for 6 Bank employees
- AK BARS Bank Diploma / for 15 Bank employees
- Thank You Letter from the Chairman of the Board of OJSC AK BARS Bank / for 71 Bank employees.

Thanks to the introduction of the system of non-financial incentives stimulation, each employee and each bank team focused on implementing its strategic goals, feeling the involvement in the promotion of the Bank on the market.

4.1.4. Corporate Values

Strict adherence to the established rules and the commitment to corporate values of the Bank are the keys to success and conditions for maintenance and development of high ethical standards of the Bank.

Corporate values of AK BARS Bank evolved during 17 years. An important feature of this unified system is its impact on team cohesion and well-coordinated work of the staff, on the development of their sense of belonging to the team of highly professional teammates who operate under the unified brand of AK BARS Bank. The key principles and corporate behaviour rules and business ethics of AK BARS Bank are regulated by the Code of Ethics adopted in the Bank.

The Bank carries out purposeful work on the transmission of corporate values through education and development projects, as well as internal and external PR.

A special electronic course was elaborated and devoted to corporate values of the Bank. This course is included in the programme of mandatory adaptive training of the newly hired employees. 596 newcomers passed the training session.

Within the framework of the annual employee professional evaluation the diagnostic of knowledge of the normative documents regulating corporate culture and values of the Bank is conducted. In 2010 the knowledge level of the employees amounted to 90, 4%.

4.1.5. Labour rights of employees

AK BARS Bank is a bona fide member of the labour market. The trustworthy reputation of the Bank as a reliable employer, based on politics related to its professional team. Work in the Bank equally provides rights and opportunities to the young professionals and experienced managers. For each of them work in the Bank is a fruitful source of experience and a unique opportunity to fulfill their career ambitions.

The Bank's activities are directed towards the implementation of the principles of equal rights and opportunities for all the employees in the labour sphere and help to prevent all forms of discrimination and forced labour, promote professional and personal growth of its employees. These principles are reflected in local normative acts and regulations of the Bank in the sphere of Human Resources management, which were accepted in accordance with the requirements of international and Russian legislation.

According to the Recruitment Regulations the Bank follows the principle of equal rights and opportunities for the job candidates while looking at their resumes and while hiring them. Other local normative acts determine the equality of the labour and freedom rights during the evaluation procedures for promotion, remuneration and training of an employee.

4.1.6. Education and training

The need in highly qualified professionals in Russia on its innovative way of development is tremendously increasing. Following the global trends AK BARS Bank took over the functions of a business school and became one of

the federal grounds of educating the masters of business decisions. The Bank strictly adheres to the principle accepted in the entire world: the education of the employees should become a lifelong process. For that purpose one of the major directions of the Bank's Human Resources policy is the continuous educational experience and professional training. Thus, investing into intellectual resources, the Bank fosters first-rate employees, capable of finding unique solutions and business ideas for the steady development of AK BARS Bank.

The Bank spent over 9 million rubles on the external training of staff in 2010. 92% of these costs were addressed on the professional training, employee seminars and conferences participation and qualification improvement training sessions.

Professionalism and efficiency are the fundamental corporate values of AK BARS Bank. The Bank introduces modern technology and uses innovative approaches to work more effectively. The Bank follows the principle of the result-oriented activity. The Bank strives to achieve maximum results, considering the practicability of the resources expended. The success of banking projects greatly depends on the leadership talents and abilities of the managers.

In 2010 the Bank continued MBA training programme for the executives along with the government training programmes for the professional development of the managerial staff. Two executives obtained MBA degrees. Due to the ability of obtaining additional knowledge on team-building, the top managers and medium-level managers of AK BARS Bank are able to go beyond conventional solutions, using the human resources potential in a new way and conduct planned and systematic policy on the organization of an effective team of associates.

In 2010 the Bank continued training sessions on the managerial staff corporate training programme "Operative Management". The managers of the branch network and the Head office of the Bank have been trained on "Non-material motivation". 21 training sessions were held and attended by 226 managers.

In order to improve the Bank staff qualifications the employees were educated on the following topics: "Active selling of bank products to corporate customers", "Basic methods and techniques of product training to retail banking products", "Working technology in the mobile points of sale", "Dealing with difficult customers", "Conditions and benefits of the retail lending products", "Conditions and benefits of Bank deposit products". 1632 employees from the head office and regional units passed the educational training.

Special attention was given to the work with the outstanding credit debt in 2010. There was a strategic session held for the managers of branch network and Safety Department divisions called "Dealing with the outstanding credit debt in territorial subdivisions", which involved experts from the Institute of Banking of the Association of Russian Banks.

The educational seminar “Working with overdue debts over the telephone” was attended by 378 employees of the branch network.

In 2010, learning by the means of educational videos became a common practice. There were two educational films: “ABBCreditRating Programme Operation, designed for the automatization of the credit rate calculation” and “The exploitation of ABBEEventManager designed to collect and store the information on the discovered facts of operational, legal and reputational risks”.

The Bank constantly works on improving the quality of customer service.

Compliance with the service standards is one of the main criteria of the staff evaluation during the quarterly action "Secret Shopper". 145 branch divisions of the Bank were included in the programme of the full-time action.

The main feature of the educational curriculum “School of the cashier” and “School of the loan officer” is the practice-oriented approach to the process learning. 166 people have been trained on the programme “School of the cashier”. 89 people have been trained on the programme “School of the loan officer”.

Particular attention is paid to the adaptation of new employees. The Bank applies the remote adaptation programme for the newcomers, 13 training programmes were developed on key areas of banking (cash management services for individuals and legal entities, crediting of individuals and legal entities, accounting, personnel management, branches activity legal support, assessment liens).

Distant education system has become one of the effective ways to improve the educational level of the Bank employees. The branch network staff adaptation programmes are being implemented through the distant learning system. 1,280 employees were trained through distant electronic course “Bank Deposit products”. 590 employees passed the training course on “Bank Loan Products”.

The Bank uses modern technology actively. In 2010, significant work was continued to fill the testing base on internal normative documents. Currently, there are more than 1000 tests at the Bank disposal to test the employees' knowledge.

4.1.7. Personnel Evaluation

An important event of 2010 was the certification of the Bank employees, held in 4 consecutive phases:

- Assessment of Bank Competency by indicating description:
 - the line employees were evaluated on corporate competencies of the Bank;
 - the managers evaluated on corporate and managerial competencies of the Bank.
- Professional evaluation of (specialized) knowledge using the testing method and the method of solving business cases.
- Organizing the meetings of evaluation committees to make decisions on the compliance of the employees to their working position.
- Conducting the meetings of the Central Certification Committee for subsequent monitoring and evaluation of the testing results for the approval of the Bank

Management.

1347 employees of the Bank branch network passed the testing procedures.

According to the evaluation results, the list of long-term human resources reserve pool was formed.

The managers of the branch network went through the appraisal procedures, which were aimed at the complex evaluation of processes and results from the branch office management. The evaluation was made in the form of analytical report, which contained individual recommendations on the professional development, teamwork and business results achievements for every leader.

4.1.8. Social guarantees of the Bank employees

Attractive bonus system for the employees, concern for their welfare and social immunity are the key factors of keeping of the best “brains” of the Bank. In the future social benefits of the employees of AK BARS Bank will expand and go away from the standards.

Basic social guarantees of AK BARS Bank are the *business benefits* offering services and advantages for the convenience of work (mobile communications, staff training, transportation), the *vital benefits* (corporate vacations), as well as *social benefits*, improving the quality of life and lowering personal costs of time and effort (guaranteed welfare payments, emergency payments, gifts, motherhood and childhood support, and discounts on Bank products and services).

Social benefits programme is a part of the Bank Social Policy, the manifestation of respect and care for people. Therefore, the benefits extend to all employees of the Bank's head office and regional offices, regardless of the official level, status and working experience.

Thus, well-built and effectively implemented system of guarantees allows the Bank to adjust labour and employment matters in a socially responsible manner, improve the quality of living and working conditions for **employees** and their families, and also to provide the Bank with highly professional and loyal staff.

4.2. The Quality of working and living conditions of the employees

High efficiency and productivity depends not only on the intellectual capacities of the employees. The Bank provides a comfortable, up-to-date and modern working conditions that encourage to work, develop the potential of each employee and improve standards of working performance. The bank complies with all the strict requirements of the workplace organization.

In addition, the Bank approved the rules of the internal working order that govern the process of hiring and dismissing the employees, basic rights and duties, working hours, resting periods, rewards and penalties and other matters of labour relations.

Taking into account the interests of retail customers and standardizing the work of the regional network, the Bank introduced the new

standard OJSC AK BARS Bank customer service mode in the branch divisions that provide retail products”. This document regulates the work of branch subdivisions and sets a single working mode, while improving brand awareness of AK BARS Bank.

4.2.1. Sport, recreational and cultural activities

Corporate events, along with the common work, unite the staff and allow them to stay on the same page. It is a unique opportunity to meet their colleagues without business uniforms in the informal atmosphere. That is why corporate events for the employees of AK BARS Bank became a good tradition.

The main corporate event for AK BARS Bank employees in 2010 was certainly the New Year holiday night. Corporate festivals were held in all Bank divisions. The Bank organized holiday concerts with the participation of the staff.

In addition every year right before AK BARS Bank birthday party the staff holds the traditional mini-football tournament. The interest in the tournament increases annually both from the employees-fans and the employees-players wishing to show their strength on the football field. Teams are developing new tactics, team compositions before the tournament, which certainly is another important way to unite the working team of AK BARS Bank. The Bank has two permanent collective football teams – “CUBA”, which consists of the Treasury Department, the Affiliates Department, the Regional Business Organization Department, and the Accounting Department; and “SoVKi”, which combines the employees of the Internal Control Service and the Department of Internal and Compliance Control. As a part of the regular annual mini-football tournament the number of the participating teams of the tournament counts 10-12 teams. According to the results of 2010 tournaments “CUBA” team officially became the mini-football championship winner.

Thanks to such corporate activities Bank demonstrates the collective and the business values of its brand and unites employees around the common idea, common matter and common mission. These vivid and memorable events in the life of the company form great traditions along with the spirit of the Bank.

4.2.2. Social support of the families

The Bank's management cares both about its employees and their families by providing them with a package of social benefits and guarantees.

In 2010 the Bank employees have received the following types of social benefits:

Guaranteed social payments – 13.5 million rubles:

- one-time allowance for the first time legally married;
- one-time allowance for the birth (adoption) of a child;
- a monthly allowance to the employee (mother or father) who is being absent due to the childcare reasons until the age of 3 years old;
- in connection with the death of close relatives (parents, children, husband, wife);
- in connection with the anniversary;

- contributions for social insurance against the accidents;
- due to the retirement;
- financial assistance for medical treatment;
- financial assistance for family reasons.

Payments for motherhood and childhood support:

- Payment vouchers for children's recreational facilities.
Amount paid from the funds of the Bank in 2010 counted up to 332,816 rubles;
- Payment vouchers “Mother and Child”.

Amounts paid from the funds of the Bank counted up to 625 880 rubles. Christmas holidays events and Christmas gifts were organized during childrens’ vacations. Total costs in 2010 amounted to 2 684 969,73 rubles.

4.2.3. Elderly people and pensioners support

AK BARS Bank being a socially responsible company, calls upon the State and citizens, businesses and community organizations to create a society of all ages, in which every person, regardless of his or her age, could have the feeling of significance and necessity by giving something away and getting something in return. The Bank hopes that by supporting the elderly people, it contributes to the creation of a civilized society where people live longer, and their life is more interesting and brings joy.

AK BARS Bank is supporting the elderly people and the pensioners. During 2010 they received payments for major anniversaries due to the retirement. For the Day of Elderly people the non-working pensioners are traditionally invited to attend the festive event with tea and gifts presentation of gifts.

4.3. The Development of Education and Science

To support, promote and attract the most talented students and college graduates for the permanent job, the Bank annually provides several programmes aimed towards the development of education.

4.3.1. Nominal scholarships

OJSC AK BARS Bank Nominal Grant contest is held traditionally to encourage and to attract the most talented students of the leading universities to take part in its practical training.

In 2010, 85 students from 19 cities of the Russian Federation and of the Republic of Tatarstan took part in the contest including:

Kazan, Tyumen, Krasnodar, Samara, Ulyanovsk, Omsk, Moscow, Krasnoyarsk, Izhevsk, Barnaul, Kirov, Yoshkar-Ola, Naberezhnye Chelny, Cheboksary, Saint-Petersburg, Nizhnekamsk, Nizhniy Novgorod, Bugulma, and Togliatti.

In total, students from 25 higher educational institutions of the Russian Federation and the Republic of Tatarstan presented their projects to the electing committee, such as below:

1. Cheboksary cooperative institute of the Russian University of cooperation,
2. The branch of Kazan State University named after V.I. Lenin in the city of Naberezhnye Chelny,
3. Ulyanovsk State Technological University,
4. Udmurtiya State University,
5. Tyumen State Agricultural Academy,
6. Siberia Federal University,
7. Saint Petersburg State Polytechnical University,
8. Samara State Economic University,
9. Omsk State University named after F.M. Dostoevsky,
10. NEPI HPE (Non-state Educational Private Institution of Higher Professional Education) Institute of Economics, Law and Humanities,
11. Nizhnekamsk Institute of Information Technology and Communications, the branch of Kazan State Technical University named after A.N. Tupolev,
12. Nizhniy Novgorod branch of the State University of the Higher School of Economics, Nizhniy Novgorod Commercial Institute,
13. Moscow State University named after M.V. Lomonosov,
14. Mari-El State University,
15. Kuban State Technological University,
16. Kazan State University,
17. Kazan State Technological University,
18. Kazan State University of Architecture and Engineering,
19. Izhevsk State Technological University,
20. State University of Management,
21. Vyatka State Humanitarian University,
22. Volzhsk University named after Tatichev,
23. Bugulma branch of the Institute of Economics, Management and Law,
24. Academy of Management “TISBI”,
25. Academy of State and Municipal Management under the President of the Republic of Tatarstan.

29 students passed onto the second round of the contest after the projects had been evaluated. Further on they had interviews with the scholarship committee.

According to the results of the second round, 10 scholarships were nominated.

The official awarding ceremony of 10 best students took place in September. The winners received diplomas and plastic cards, which would have 3 000 rubles of a monthly scholarship deposited to during the course of the academic year.

In 2010 the volume of the “Nominal Scholarship of OJSC AK BARS Bank” programme financing amounted to 300 000 roubles.

4.3.2. Cooperation with the universities

The innovative “Open University” programme, launched in September 2008 on the grounds of Kazan State Technical University (Kazan Aviation Institute) was completed in June, 2010.

During two school years 15 contests winners, the students of the departments of technical cybernetics and computer science, engineering and economics of Kazan State Technical University named after A.N. Tupolev, studied according to the advanced curriculum. It included special economic disciplines like banking, accounting, as well as IT studies, developed according to the aims of the Bank. Other than theoretical studies, the curriculum also included practical experience in the Bank: seminars, field trips, studies of bank departments’ activities, relevant to the chosen major of the student, as well as acquaintance with normative documents of the Bank and requirements of business etiquette.

Upon the full course completion of the “Open University” programme 13 students were hired to work in our IT Department in June 2010.

The volume of financing of the “Open University” programme amounted to 1 540 650 rubles.

In December 2010, the agreement was concluded with “Kazan (Volga region) Federal University” in order to apply the educational programme “Open University” on the basis of this educational institution.

The aim of the educational programme “Open University” is the preparation of highly educated professionals for “Distant Banking Services” project realized in OJSC AK BARS Bank. The investments into this educational project will amount to 700 000 rubles. The due date of the programme is the 1st half-year of 2010. According to the results of the contest, which was held in November 2010, 10 Kazan (Volga region) Federal University students, representing departments of Calculus Mathematics and Cybernetics, Mechanics and Mathematics, Economics and Physics, have been enrolled in the educational group. Based on the conditions of the programme, all students have average grading results, not lower than 4

points for the last two semesters, and also good characteristics and recommendations from the University. Moreover, "Open University" programme students have a high level of professional competency and are motivated for the further work in OJSC AK BARS Bank.

The "Open University" programme is practice-oriented. The educational plan contains 500 hours. Apart from classes with the application of innovative technology, it also includes regular apprenticeship and hands-on trainings in OJSC AK BARS Bank.

The first classes started in February 2011. Additional classes were added into the educational plan including "Banking" and "Financial mathematics" involving the most qualified professors from the Universities of Kazan.

The volume of financing of the programme "Open University" on the basis of Kazan Federal University in 2010 amounted to 400 000 rubles.

In addition, in November 2010, OJSC AK BARS Bank signed an agreement with **Kazan Finance and Economics Institute in order to realize the project "Open University"**.

On the basis of Kazan State Finance and Economics Institute it is planned to form a group of 20 students, studying according to a specially elaborated programme, in order to hire young specialists to work in AK BARS Bank in the following spheres: crediting, risk analysis, banking technologies, corporate business development, and compliance control.

On top of the additional disciplines the students of the group will be actively involved into practical work and internships in Bank subdivisions.

Currently, the contest is opened for those who want to enrol in the programme "Open University".

The programme "Nominal Scholarship" and "Open University" are not the only educational projects of AK BARS Bank. Thus, in April-May 2010, the Bank implemented the project "**Business Game**" on the basis of Kazan Finance and Economics Institute, namely its departments of "Enterprise Economics" and "Credit and Finance", as well as on the grounds of Kazan State Technical University, department of Economics and Management of an Enterprise. Implementation of this project evaluates the senior students (4-5 college years), objectively shows the knowledge level of the future professionals, as well as their business skills and development potential. For the Bank itself the aim of the project "Business Game" is, foremost, the establishment of the external human resources pool based on university students as the project provides an opportunity to discover the "stars" or potentially talented professionals and promising young managers. Higher educational institutions cooperating with the Bank's top 20 students' evaluation project get an opportunity to obtain new techniques for students' development at a new level quality wise. For the students it is a wonderful opportunity to gain practical skills that could be valuable and helpful in the future employment; it is also a chance to show their potential and possible enrollment in

the human resources reserve pool of OJSC AK BARS Bank, to improve their professional level, to apply knowledge acquired during the school years into practice in solving certain business issues.

In 2010, 142 4-5-year students took part in the project. They were divided into 14 groups. Competency of all students was evaluated within 3 hours using the assessment-centre technique, which included team and individual tasks. This technique allowed the students to open up and express themselves in the following areas: "Integrated Thinking", "Innovativeness", "Effective interaction", "Leadership", "Future-oriented thinking", all of that gave combined information about the potential of each project participant.

Particular attention was paid to professional case studies especially to the motivation level of each student. As a result of the project, each participant received his motivational portrait.

The results of the "Business Game" were announced in April and May 2010. During the presentation students received the information on the competency level of each group and on the development zones, in order to form the key qualities of the professionals requires by the existing employers.

19 students, who proved their best, were awarded with diplomas in various categories. 38 students were enrolled into external human resources reserve pool of the Bank.

OJSC AK BARS Bank regularly carries out work with the leading universities. It actively cooperates with the faculties and dean's offices on students practical and pregraduation training, participates in diploma presentations, organizes "Open day" events for the Banking School students to provide information on the activities and priorities of the Bank, on the types of rendered services and functions of the main departments. In April 2010, 60 students of the Banking School had a meeting with the heads of the main Bank departments, took a tour to the cash processing centre of the Bank.

In 2010, more than 130 students received **practical and pregraduation training** in the Head Office and in the territorial Bank subdivisions. The Bank actively cooperates with the following universities in Kazan: Kazan Federal University, Kazan State Finance and Economics Institute, Kazan State Architecture and Engineering University, Tatar Institute of Business Assistance, Institute of Economics, Management and Law, as well as with Kazan Banking School.

4.4. Labour protection

Labour protection, as a system of life and health perseverance of the employees in the process of labour activity, is a part of the general management system of the Bank which includes legal, social and economic, organizational, technical, sanitary, medical and preventive, rehabilitation and other aspects.

AK BARS Bank has set important goals in the sphere of labour protection, the solution of which ensures the maximum level of health security during the working process of the employees.

Priority in the field of labour protection of the OJSC AK BARS Bank is to ensure safe working conditions including as it follows:

- employees' safety while maintaining buildings and equipment, as well as tools and materials used in their working activity;
- use of means of individual and collective protection of the employees, which have been obligatory certified and approved in accordance with the established laws of the Russian Federation on technical regulation;
- working conditions in accordance with the labour protection requirements at every workplace;
- work and rest conditions in accordance with the labour legislation and other normative legal acts containing norms of labour law;
- acquisition and distribution at its own expense of working uniform, special footwear and other personal protective equipment, detergents, certified and avowed in accordance to the established laws of the Russian Federation on technical regulation, to the workers employed for jobs with harmful and (or) dangerous working conditions, as well as for people working in special temperature conditions or pollution-related;
- training to use safe techniques and methods while at work, training to provide first aid to those injured at work, instructions on labour protection, training at the workplaces and labour protection requirements knowledge tests;
- work exemption of those who did not pass training and orientation on health and safety requirements, training and knowledge tests on labour protection requirements in the established order;
- organization of control over labour conditions at the workplaces, as well as over the proper use of individual and collective protection by the employees;
- workplaces examination on working conditions with subsequent certification of labour protection organization;
- organization at its own expense of mandatory preliminary (when applying for a job) and periodic (further on during the working process) medical examinations (check-ups);
- preventing the employees to perform their job duties without compulsory medical examinations (check-ups), mandatory psychiatric examinations, as well as in the case of medical contraindications;
- informing employees of the working conditions and labour protection at the workplace, of health risks and its compensation and personal protective equipment;
- providing information and all necessary documents to the competence of federal executive authorities forming state policy and legal regulation of labour, to the

federal executive bodies, authorized to carry out state supervision and control of compliance with labour law and other normative legal acts containing norms of labour law, to other federal executive bodies performing control and supervision functions in the established sphere of activity, to the executive authorities of the regions of the Russian Federation in the sphere of labour protection, to trade union bodies monitoring compliance with labour laws and other acts containing norms of labour law;

- taking measures to prevent accidents, to preserve life and health of the employees when such situations arise, including rendering first aid;
- investigation and registration of industrial accidents and occupational diseases in order, established by Labour Code of the Russian Federation, other federal laws and other normative legal acts of the Russian Federation law;
- sanitary, medical and preventive services for the employees according to labour protection requirements, as well as transportation of sick employees who became ill at the workplace to the medical organizations if necessary providing them with emergency medical aid;
- unhindered access for the officials of federal executive authorities responsible for carrying out state supervision and control, for the executive authorities of the regions of the Russian Federation in the field of labour protection, representatives of the Social Insurance Fund of the Russian Federation, as well as representatives of social control, to conduct inspections of working conditions and labour protection and industrial accidents and occupational diseases investigation;
- compliance with the requirements of the officials of federal executive authorities responsible for carrying out state supervision and control, and consideration of the reports of the social control bodies in terms, established by the present Code and by other federal laws;
- obligatory social insurance of the employees against industrial accidents and occupational diseases;
- informing the employees on occupational safety requirements;
- elaboration and adoption of rules and regulations on labour protection for the employees, considering opinion of a body authorized by the staff in order prescribed by the Labour Code of the Russian Federation for the adoption of local normative acts,

According to the established plan of activities aimed at the improvement of labour conditions at the workplaces of OJSC AK BARS Bank in 2010, expenditures amounted to more than 14 million rubles, which included:

- in order to prevent injuries and accidents local acts on labour protection have been created, they are currently valid and are being regularly updated;
- in order to increase their professionalism, the employees are being trained and examined on labour protection.

In 2010, more than 100 people went through courses of external training and labour protection knowledge examination.

- in order to familiarize the employees with occupational safety and health matters, the electronic source is functioning successfully **and is easily accessible** from any computer;

- in order to create activities plan on working conditions improvement, the working conditions at workplaces are being examined within the framework of the production control and workplaces certification.

In 2010, more than 850 workplaces have been certified in accordance with the requirements of labour conditions.

- The employees of certain occupation are provided with working clothes, working footwear and other personal protective equipment for reliable prevention from the exposure of harmful industrial factors.

In 2010, the cost of individual protective equipment amounted to more than 2 million rubles.

- for dynamic observation of health, the employees undergo preventive medical examinations which help to detect and resolve the problems in time; in cases of any medical contraindications, the employee will be transferred to other job not connected with harmful factors exposure.

In 2010, around 4500 employees underwent medical examinations, the cost of which amounted to more than 5 million rubles.

- when the disease is detected at the expense of the Bank, the employees are sent to receive sanatorium treatment. 17 employees from the head office received such help.

- in order to control occupational safety, internal planned inspections of compliance with labour protection requirements are conducted in all divisions of the Bank.

In current year, according to the results of internal inspections carried out by the Labour Protection Service, 470 violations of labour protection standards have been detected, 392 of them have been eliminated.

Accidents at work in 2010	
Average number, people	5007
Number of accidents	2
Percentage of accidents, %	0,04

Accidents investigation is carried out strictly in accordance with the Labour Code of the Russian Federation.

- processing and storage of documents related to labour protection requirements in accordance with established deadlines is provided.

- measures are taken to improve working conditions and to eliminate detected violations.

In 2010, working conditions at the workplaces were improved regarding the lighting factor by changing regular lamps to embedded lamps with electronic starting and control device, to conform to the Sanitary Norms and Regulations 2.2.2/2.4.1340-03 pulsation coefficient at the workplaces with the personal computer.

- in order to control the level of radiation of the received banknotes at the cash desks of the Bank, people who have been trained on the subject: "Radiation control of banknotes", have received more than 300 radiation monitors MKS-01 SA1M and DRGB ECO-01 1.

In order to continuously improve labour protection, OJSC AK BARS Bank tries to meet international standards reflected in GOST 12.0.230-2007 "Labour protection standards System. Labour protection management System. General requirements".

5. Socially responsible participation of the Bank in public life

Economic activity of AK BARS Bank is the key component, but the Bank remains a socially-oriented company.

The Bank intends to realize a large number of charity and sponsorship programmes. With the support of AK BARS Bank social activities, assistance on programmes for social, cultural, sports organizations and for confessional communities are being realized in the Republic of Tatarstan and regions of Russia. One of the main directions of the Bank's activity in the field of charity is to support seriously ill children, children from poor families, as well as minors in difficult life situations. Every year hundreds of people from these groups receive financial aid from the Bank.

The Bank's participation in such projects is a proof of its financial strength and stability.

In 2010, more than 150 charity and sponsorship projects have been realized in the cultural, educational and sports spheres; sick children received help.

AK BARS Bank is working both with long-term projects as well as providing a one-time assistance to the needy.

The structure of the social investments of AK BARS Bank in 2010 (%):

77% - Public health promotion

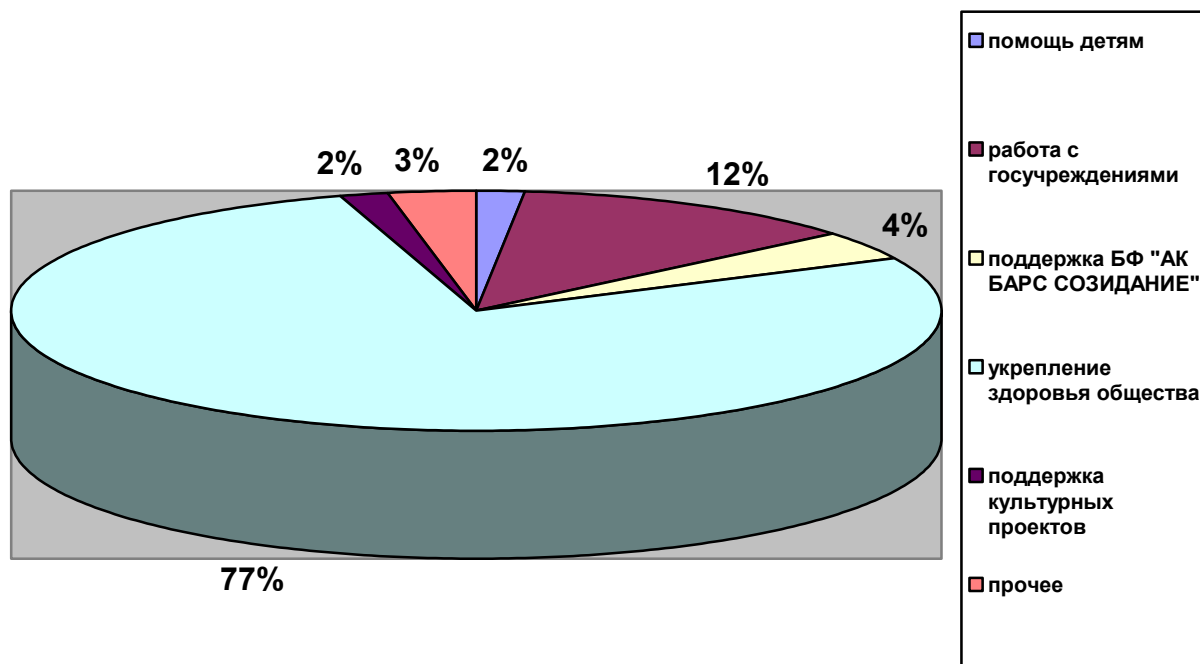
12% - Work with government institutions

4% - Supporting AK BARS "SOZIDANIE" Charity Fund

3% - Other

2% - Supporting cultural projects

2% - Child support



5.1. Environmental protection

Environmental programmes support is one of the traditional philanthropic initiatives of OJSC AK BARS Bank. The Company recognizes its social responsibility to preserve favorable environmental conditions which is a complex and a large-scale problem. The Bank is always opened to the dialogue with all interested parties who care about the quality of the environment and its ecological state. Therefore, in its environment preserving activities the Bank supports certain environmental projects, participates in programmes aimed at protection of rare plants and animals listed in the “Red List of Threatened Species”, develops the infrastructure and contributes to the improvement of ecology of municipalities, on the territory of which it operates.

Charity Fund “AK BARS CREATION” has been supporting Kazan Zoo for several years with the help of OJSC AK BARS Bank In order to display and to keep three snow leopards.

5.1.1. Rare animals and plants protection

In many countries around the world the problems of rare animals and plants protection are solved at the international and national level. AK BARS Bank took one of the segments of this issue, which requires a comprehensive approach and makes a significant contribution to support the zoos. Long-term patronage of the zoos in Kazan and St. Petersburg has already become a good tradition for the charitable activities of the Bank.

Large portion of the expenses in this area takes the patronage of snow leopards - the most famous inhabitants of Kazan zoo and St Petersburg zoo. The

snow leopard is listed in the IUCN Red List (2000) as an "endangered species" (the highest security category). In the Red Book of the USSR (1984) it obtained the status of "rare species with a relatively small natural habitat" (Category 3), in the Red Book of Mongolia (1997) - "very rare", and in the Red Book of the USSR (1983) and in the Red Book of the Russian Federation (2001) – “endangered species at the limit of the habitat "(1st category). In 2004 the Bank built the enclosure in Kazan zoo at its own expense, which has no analogues in Russia for technical equipment and the levels of leopards’ maintenance, the Bank also provided the full complex of rare animals housing, current maintenance, treatment and animal diseases prevention.

And in the future the Bank will continue to work in this direction.

Thus, AK BARS Bank traditionally contributes to the maintenance of the ecological balance in Tatarstan; therefore, environmental issues are constantly under the focus of its social policy.

5.2. Charity

Charity in business is the indicator of the maturity of society, improvement of its moral and economic components. This aspect of the activities of “AK BARS” Bank is regarded as the establishment and development of confidential relations, the growth of reputation, expansion of its influence, which bring further concrete and good results.

AK BARS Bank directed the main part of its expenditures to strengthen public health and support talented children and youth. At the same time, the philanthropic activity of the Bank affected other spheres of life of the society: support of socially unprotected groups, support of arts and cultural programmes, educational and social institutions, support to social organizations, charity funds, and so on. Many charitable projects of AK BARS Bank have been realized by the Charity Fund "AK BARS SOZIDANIE” (please read below about the Fund activity), which was created in 2006 by the group of companies of AK BARS Bank. Total social investment of OJSC AK BARS Bank during the reporting period amounted to more than 100 million rubles.

5.2.1. Charity and sponsorship committee

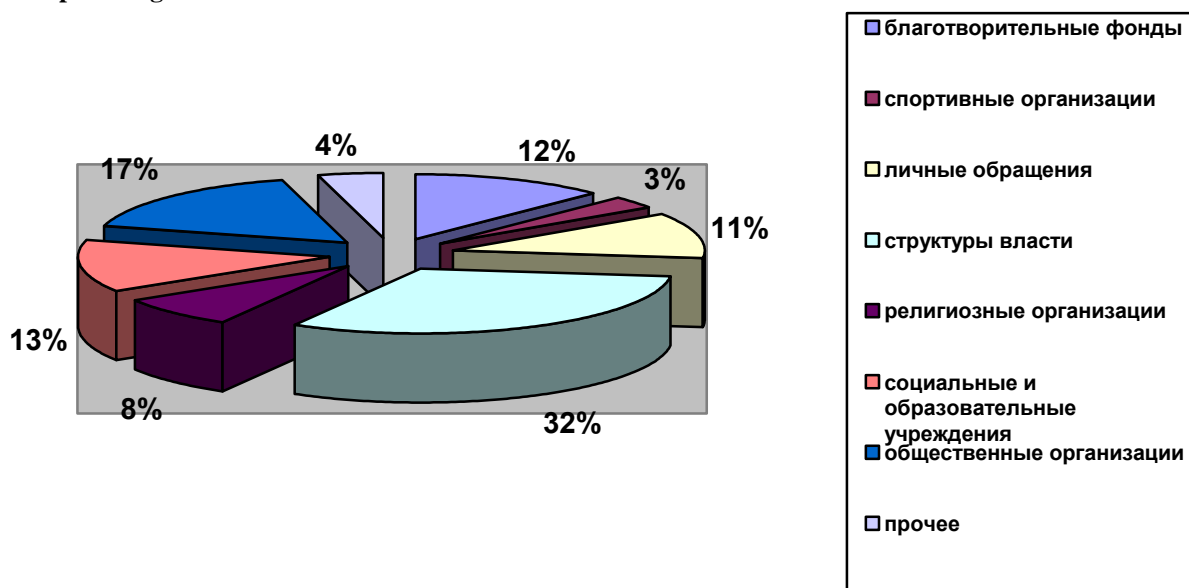
Charity and sponsorship committee of OJSC AK BARS Bank was established in April 2003. The purpose of forming this structure was a necessity to use clear and transparent corporate criteria in the procedure of evaluation and selection of charitable projects and appeals, as the financial and organizational support for social and cultural projects, charitable donations to social organizations, medical and child welfare institutions have become the part of the Bank’s daily activities. Charity and sponsorship committee deals with citizens and organizations, makes decisions about rendering assistance, determines the main directions of the development of this kind of activity of AK BARS Bank

The Committee consists of the Chief accountant of the Bank Airat Bayazitov, the Head of advertising and public relations department Elena Gulko, the Head of risks analysis department Natalya Arsentyeva, and the Head of the organization of regional business department Marat Khabibrakhmanov. The Chairman of the Committee is Ilfan Gubaidullin, the Deputy Chairman of OJSC AK BARS Bank.

In 2010, the Committee reviewed about 350 letters from organizations and citizens from all over Russia. More than 150 appeals, addressed to the Commission, were resolved with the positive outcome. In total, 36 meetings have been held.

**The structure of requests of organizations and citizens
for the Charity and Sponsorship Committee**

- 32% - Government authorities
- 17% - Public organizations
- 13% - Social and educational institutions
- 12% - Charity funds
- 11% - Personal requests
- 8% - Religious organizations
- 4% - Other
- 3% - Sports organizations



5.2.2. Assistance to educational institutions

In order to support national education and the projects carried out in its framework and aimed towards educational programmes development, strengthening the role of education in society and state, AK BARS Bank has traditionally provided financial support to educational institutions of Russia.

School books for the first graders

A gift for every first grader of Tatarstan on the Day of Knowledge is one of the traditional programmes of “AK BARS” Bank in its education support activities. In 2010, the charity event "Gift to the first grader" was held for the fourteenth time. On the 1st of September, 42 000 first graders received textbooks for learning two official languages of the Republic of Tatarstan.

Every year the professional employees of AK BARS Bank in cooperation with the teaching methodologists and art designers edit this unique book, which does not duplicate the standard curriculum, but helps a child to learn a lot of new interesting facts about the world. The book “Travelling in Time” supplemented with a CD in the entertaining form of a game introduces the first-graders to the distant past of the planet in two official languages of the Republic of Tatarstan - Tatar and Russian. While doing the assignments the children acquire skills of logical and spatial reasoning. Riddles and poems enrich kids’ vocabulary. The big part of the exercises contributes to the development of hand fine motor skills and help to acquire computer working skills.

Textbook is an assistant for creative teachers and caring parents, and every year the book provokes genuine interest among children.

Assistance to educational institutions

The Bank provides regular support to educational institutions of the Republic of Tatarstan. As an example in 2010, 10 teachers from Zainsk municipal district have been awarded on the occasion of the Teacher of the Year contest. Tukaevsky district also received funds to organize the Teacher’s Day. The Bank helped the school of Kaybitskiy district to purchase sound amplifying system. “Feodorovskaya Secondary School named after E.G.Tutaev” of the same district was granted with funds for the purchase of school furniture.

Financial assistance was rendered for Kazan (Volga region) Federal University on the scientific-practical conference organization.

5.2.3. Help for children with disabilities and children in difficult life situations

Children addressed charity programmes of AK BARS Bank are accomplished jointly with the Charity Fund AK BARS “CREATION”. Their aim is to fulfill social projects supporting children with disabilities and children in difficult life situations, including those left without parental care and those residing in orphanages.

Promoting children's social institutions

Yelabuzhsky orphanage has been under the patronage of AK BARS Bank for several years now. Principal position of the Bank is not only to provide a regular targeted financial assistance to the children, but also to be actively involved in educating and supporting the future citizens of our country, including the discovery of gifted children among them. The Bank considers as its primary

purpose indispensable support and participation in the development of a new individual, free and confident in his or her choice, socially positively adapted and focused on further self-development. For the last couple of years, “AK BARS” Bank and the Charity Fund “AK BARS CREATION” provide systematic financial support to Yelabuga orphanage which hosts 30 children aged 5 to 18.

In 2010 the Bank donated skis and sleds, household electrical and digital appliances, interactive and educational games for the children, and the video projector and wide screen for the orphanage. On top of this within the framework of this project, the Fund bought train tickets to the summer camp in Anapa for 15 inmates of the Elabuzhsky orphanage of the Republic of Tatarstan.

"Help to get ready for school!"

In 2010 the first graders from low-income and large families of Kaybitskiy, Rybnaya Sloboda, Tukaevskiy, Alkeevskiy municipal districts of the Republic of Tatarstan in honor of the upcoming Day of Knowledge received gifts from “AK BARS” Bank - tracksuits and schoolbags staffed with all the school necessities in the framework of the republican campaign "Help to get ready for school!". Bank actively participates in this project annually.

5.2.4. Social protection of elderly people, assistance to socially unprotected groups and people with disabilities

Retired people and people with disabilities form a special category which requires special complex social support. This is absolutely true: they are obviously restricted in life - some because of their age, others due to their illness or injury. The Bank always pays attention to various aspects of life support of these social groups. Thus, regular charitable aid from “AK BARS” Bank is received by six sponsored institutions, under the surveillance of Nizhnekamsk Branch of OJSC “AK BARS” Bank: the house of veterans, single elderly people in the Krasno-Kadkinskiy district hospital, the boarding school for deaf children “The Rainbow”, children's rehabilitation center for disabled children “Hope”, social rehabilitation center for minors “Balkysh”, secondary school № 1 with profound learning of specific subjects named after N.N. Maximov. During 2010, AK BARS Bank supported these institutions in honour of several occasions: the 65th-anniversary of the Great Patriotic War Victory, Elderly People Day, the Day of Disabled People and the New Year. Arskiy boarding home for elderly and disabled people is also under the patronage of OJSC AK BARS Bank. Medical beds (16 pcs.) and massage tables (3 pcs.) were purchased for them. Veterans and disabled people of Kirov district of Kazan received the subscriptions for “Chayan” magazine.

For the Victory Day anniversary, the Charity Fund AK BARS “SOZIDANIE” organized the hotline on the issues of subject property for the Great Patriotic War veterans. Each of the 45 received requests was reviewed by lawyers and a bunch of advices were prepared about how to act in each case.

In addition, 127 teachers – participants of the WWII received food packages for the holiday.

5.2.5. Public Health Strengthening

A healthy society, and therefore, each person individually is a key to successful and stable state. It is important to provide timely medical treatment for citizens and carry out preventive measures aimed at the promotion of healthy lifestyle.

Sports and healthy lifestyle Support

Public health is the guarantee of national development and wellbeing of each citizen. AK BARS Bank participates in the construction of medical and sports facilities, provides financial help to healthcare institutions.

The Bank also runs long-term sponsorship projects. Once again in 2010, AK BARS Bank sponsored the women's volleyball club "Dynamo-Kazan", the basketball club "UNICS", the hockey club "Neftekhimik" and others. Also amidst other sports charity programmes is the assistance to the ice hockey team LLC "Gertruda" (the city of Izhevsk), to the Judo Federation of the Republic of Tatarstan in organizing the Youth Championship of the Republic of Tatarstan among men and women. Cash support was received by Izhevsk branch of "AK BARS" Bank for holding the Youth Judo Tournament among men. Martial Arts Palace has repeatedly received funds, including financial aid, for the organization of the universal fight tournament between the combined team of the Republic of Tatarstan and the combined team of Rostov region. The Bank has sponsored Specialized Youth Sports School of the Olympic Reserve № 12 by providing to it regular financial support.

Funding for medical treatment of children

Oncology, functional musculoskeletal system disorders, cerebral spastic infantile paralysis, burn scar treatments are the most widespread types of medical care for children supported by AK BARS Bank. 17 children, whose parents sought help from the Bank in 2010, are diagnosed with severe illnesses and urgently need up-to-date medical care, laboratory and diagnostic procedures and long-term recovery rehabilitation. Due to timely full or partial financing of the expensive treatment provided by AK BARS Bank, the condition of these children has improved.

5.2.6. Support of gifted children and youth

Money investments into the process of searching, development and implementation of creative potential of children and young people are the best dividends. Kazan being the capital of Tatarstan can rightfully be named as the city with highly valued education subject. A large number of universities, schools, supplementary education centers turn the city, the Republic of Tatarstan and Russia as a whole, into the basis for the country innovative development.

"Top 50 Innovative Ideas for the Republic of Tatarstan"

Among the priority projects of Tatarstan supporting talented young people, the contest “Top 50 Innovative Ideas for the Republic of Tatarstan” has a special place in the social policy of the Bank. This annual competition aims to stimulate the activities of the scientists, inventors, engineers, technicians, graduate students for innovation-oriented fundamental scientific researches, performing research, development and technological works. AK BARS Bank has been one of the main sponsors of the contest for several years. By tradition, at the awarding ceremony of the "Top 50 Innovative Ideas for the Republic of Tatarstan" contest winners the Chairman of the Board Robert Minnegaliev presented Nominal Grants of AK BARS Bank for 10 authors of the best innovative projects.

5.2.7. Cooperation with state institutions in realization of socially oriented projects and mass culture development

Participation in the realization of state policy is also one of the main directions of AK BARS Bank social responsibility. Adhering to the principle of “Business and government are partners”, the Bank **helps** the state in the implementation of priority national projects and the development of socially-oriented programmes.

This type of assistance involves providing funds for the equipment of public institutions and holding various celebration events. The financial support of the Bank allows us to make holidays brighter and more **large-scale**.

City Day

August 30th is a special date in the calendar of Tatarstan. Thanks to financial assistance of AK BARS Bank, as one of the sponsors of the celebration of the Republic Day and the City Day, towns and villages of the republic are changing their appearance, Tatarstan inhabitants have the opportunity to go out and take part in nationwide celebrations which include performances of the masters of culture and arts of the Republic of Tatarstan and Russia. Celebrations in the cities are completed by beautiful fireworks. Thus, the financial help of the Bank for celebration on the occasion of the Day of the Republic of Tatarstan and the City Day was received by the cities of Kazan, Nizhnekamsk, Mendeleevsk, and Bavly.

Sabantuy

Traditionally, in summertime the Republic of Tatarstan celebrates Sabantuy - holiday of work and friendship, beloved by all. Today it is a universal and interethnic holiday, and it is celebrated in the villages, towns, districts, cities, in the capital of Tatarstan, in Moscow, in St. Petersburg and in many other parts of the country, as well as in different parts of the world inhabited by Tatars. Celebration takes place at the end of spring sowing in the villages of the republic, then in the cities of Tatarstan and in Kazan. Sabantuy acquired the status of the national holiday, and financial support of AK BARS Bank has become one of the sources of its funding. Thanks to the sponsorship of the Bank, Sabantuy was held at the highest level in all regions and cities of Tatarstan, as well as in St. Petersburg.

New Year

In many countries, the New Year is a very important holiday. It is accompanied by various shows, festivities and national festivals. Thanks to the sponsorship of AK BARS Bank, many cities and district centers of Tatarstan were able to celebrate the New Year at the highest level.

5.2.8. Support for arts and cultural programmes

Participation in preservation and development of cultural and spiritual values takes a special place in the activities of “AK BARS” Bank. The year 2010 brought many developments in culture and arts for the residents of the Republic of Tatarstan and Russia as a whole.

In 2010, OJSC AK BARS Bank became a member of the board of trustees of public cultural newspaper of the Tatar community in St. Petersburg and Leningrad region "Nur-Petersburg". The newspaper is very popular among the Tatars. Membership of AK BARS Bank in the Board strengthens its positive image and cooperation between the Republic of Tatarstan and the North-Western region.

In September 2010, Moscow Art Theatre named after A.P Chekhov, and the music band, "Turetsky Choir" came on tour to Kazan with the financial support of AK BARS Bank

Tatar State Academic theatre named after G. Kamal received charitable help for the anniversary event of the artist AS Shakirov.

AK BARS Bank largely supports the development of children's creative works. In the past year, financial aid was received by choreographic ensemble “Happy Childhood” for holding international children's folklore festival in Kazan. Pop-folk ensemble “Happy Volgari” was sponsored to attend an international festival in France. The ensemble of Kryashens from Sarsaz-Bagryazh village was sponsored by the Bank to purchase costumes.

In 2010, the Fund supporting creative talents of Ildar Khanov also received charitable aid.

In addition, the Bank assisted in the reconstruction of religious buildings and structures of the Republic of Tatarstan and transferred funds for repairing works in the building of the mosque “Helil” of Tyulyachinskiy municipal district of the Republic of Tatarstan and to Bavlinskiy municipal district for celebration of the 80years city anniversary.

Social organization of the Kryashens of the Republic of Tatarstan has been allocated financial support for organization of the traditional national holiday of Kryashen Tatars “PITRAU”.

The support of AK BARS Bank also made it possible to erect the monument to soldiers’ paratroopers.

In 2010, a few distinguished religious leaders of the republic were able to make a Hajj.

Report of the Charity Fund “AK BARS SOZIDANIE”

Charity Fund “AK BARS CREATION”, established by the initiative of OJSC AK BARS Bank during a short period of time finally got recognition and became known and respected in the Republic of Tatarstan and far beyond.

The amount of funds raised for the charity matters:
- for the Republican projects (**current account - 40703810100020000999**) in 2009 amounted to **58 913 675,10** rubles, in 2010 – **64 122 881, 57** rubles;
- for own projects (**current account- 40703810100020000287**) in 2009 – **13 249 074,72** rubles (out of which AK BARS Bank - 10 652 842,15 rubles, legal entities - 1,748557,41 rubles, individuals - 847 675,16 rubles), in 2010 - **125 184 070,09** rubles, out of which AK BARS Bank – 92 758 091,40 rubles, legal entities - 30 383 771,69 rubles, individuals – 2 042 207.00 rubles.

Within three years the Fund has been working on the implementation of large-scale socially significant projects, announced by the Republican Council for charity issues. Council Chairman is R. Minnikhanov the President of the Republic of Tatarstan (*“Victory”, “SMS-action”, “Cultural heritage of the Republic of Tatarstan”, “Help the Child”, “Kind terminal” and so on.*).

The most active citizens participated in the “Victory” charity event announced during the celebration of 65th anniversary of the Great Patriotic War Victory in 1941 - 1945. In order to improve social conditions, health and financial security for the lonely war veterans of the Republic of Tatarstan the amount in total sum of 47 061 977, 21 rubles (4419 733,86 – legal entities and 42,642 243,35 - individuals) was transferred to the Fund’s current account.

During the reporting period six long-term projects were elaborated: 2 all-Russian projects and 1 - corporate project. AK BARS Bank is general projects’ sponsor.

“We are together!” - *The slogan for the socialization process of children in difficult life situations.*

The orphanage of Elabuzhsky Municipal District of the Republic of Tatarstan has been under the patronage of OJSC AK BARS Bank and the Fund since 2008.

During the reporting period the Fund together with the teaching staff and the orphanage students organized and conducted a series of events such as birthday parties, Sabantuy, Graduation parties, the New Year and many others. The orphans were granted with skis and sleds, household electrical and digital appliances, interactive and educational games, and the orphanage itself received a projection unit and a wide screen. In addition significant help was rendered to the Regional

Public Organization “Ata Yorty - Father's House” for the opening of the camp for 20 orphans in foster families of the municipal districts of Tatarstan.

Over the past three years the work is focused on the socialization of children of the republic who found themselves in difficult life situations. In 2010 the Fund performed as an expert in the national contest of authoring programmes of orphanage postresidential services assistance announced by the Ministry of Education and Science of the Republic of Tatarstan. Among the 12 orphanage postresidential services 5 best programmes have been selected in Bugulminsky, Yelabuzhsky, Nizhnekamsky, Laishevsky and Kirovsky orphanages that contain and use an innovative approach to solve their problems. The Fund **presented them with musical centers**.

On the initiative of G. Rapota, the Plenipotentiary Representative of the President of Russian Federation in the Volga Federal Districts from the beginning of 2010 the new project “RETURN OF CHILDHOOD”, was launched in the Volga Federal District. It is aimed to support the orphanages and help the children left without parental care with social adaptation. In terms of this project the Fund held an annual national arts and crafts contest “I love You, Tatarstan!” at the level of the Volga Federal District with the new title “Living on the banks of Volga **as one family**” to find gifted children among the orphans of Volga Federal District.

In 2010 the project “We are together!” raised funds in the total amount of 620 559, 74 rubles.

“Healthy Lifestyle Planet”- *promotion of sport and healthy lifestyle.*

With the purpose of introducing people with disabilities to an active lifestyle in 2010, the Fund began to implement the project "Creation of health groups for disabled people of different age groups” within the framework of the Russian President grant.

Within three years, the Fund upon the decision of the Cabinet of Ministers of the Republic of Tatarstan is the member of the expert committee of the Republican contest **“Social Initiative”**. Annually the fund prepares expert evaluations on 100 projects. In the 1st half of 2010, the Fund awarded grants for social projects aimed to encourage people with disabilities to regular sport activities. The grant holders were TRO **“Association of the Blind”** from Kazan, a social center for children and adolescents “Sweet Home”, Chistopolsky Municipal District of Tatarstan, the rehabilitation center for children with disabilities “Istok-Bashlangych” Leninogorsky Municipal District of Tatarstan.

In addition this year OJSC AK BARS Bank assisted in the IX All-Russia table tennis tournament in Sabinsky Municipal District of the Republic of Tatarstan and judo tournament in the city of Izhevsk, transferred money for ANO “Women's Volleyball Club Dinamo-Kazan”, junior sports school “Smena”, the club “Fakel” to organize tourist trips to Elbrus region (Republic of Kabardino-Balkaria) and Judo Federation to hold the Junior Judo Championship in the Republic of Tatarstan.

During the preparation for the Universiade-2013 within the framework of the “Five years of health” programme Charity Fund “AK BARS CREATION” has

been actively involved in promoting healthy lifestyles and support of young athletes.

Thus, the Fund systematically supports specialized youth sports school of the Olympic reserve № 12 in Kazan. For today the number of students amounts to 451 people (31 groups). According to the competitions results in various sports (judo, sambo, taekwondo, Greco-Roman wrestling, freestyle and national wrestling) from January to December 2010, held in the cities of the Russian Federation and Tatarstan, the students took first places.

The project “Healthy Lifestyle Planet” successfully raised 113 553 117, 52 rubles in total, where 84 210 049, 00 rubles were granted by OJSC AK BARS Bank.

“DO GOOD”- targeted assistance to seriously ill children, support of social agencies working with children with disabilities

To support seriously ill children to providing them with emergency help AK BARS “CREATION” Fund implemented social project “Do Good”.

This year OJSC AK BARS Bank on the initiative of the Fund has implemented a special socially oriented deposit "Do Good" for its customers under the conditions of transfer of a certain percentage on the project "Do Good" realization.

The analysis of the incoming mail of the Fund shows that 9 out of 10 letters come from the parents whose children have been diagnosed with ICP (infantile cerebral paralysis). In order to attract public attention to the problem of children diagnosed with infantile cerebral paralysis (ICP), the Fund together with Kazan zoo developed the programme of “Mutual Understanding”, the basic idea of which is the rehabilitation of disabled children by using an effective method of hippotherapy (therapeutic horseback riding).

There are 3 rehabilitation centers working in Kazan. These institutions are taking more than 750 children on average per year, 44% of them need special treatment and horseback riding. 90% of children under 5 years old with diagnosed cerebral paralysis can recover from the disease under the intensive treatment.

In 2010 AK BARS Bank paid for the medical treatment of 47 children, 28 of them - with cerebral paralysis. Children could receive treatment at medical institutions of Russia and Tatarstan, as well as in clinics in Ukraine, America, Germany and China.

To support children with cancer, the Fund together with the Bank of stem cells of Kazan State Medical University implemented a social programme “Children Cancer is not a verdict!” in the end of 2009. The Bank has a license for the use of new cellular technology in health care, issued by the Federal Service for Supervision of Health and Social Development. Stockpiling of donor stem cells (in the absence of its own) will provide emergency assistance for the treatment of children with more than 50 serious diseases. The first partners of the project were five organizations which transferred the funds with the total amount of 500 000,00 rubles.

In the 2nd quarter of 2010 AK BARS “CREATION” Fund was included in the Coordinating Center for the organization, development and promotion of voluntary blood donation at the Public Chamber of Russia.

In addition, during the reporting period, the Fund presented to the evening secondary school № 34 for deaf people (Kazan) special educational materials, school № 172 for blind and visually impaired children and the boarding school № 6 named after E.G. Lastochkina (Kazan) the set of interactive equipment, for the boarding school № 4 (Kazan) for children with cerebral paralysis the powerful massage table. The Fund provided financial assistance to social institutions of Nizhnekamsk municipal district of Tatarstan, which were under its patronage: the “Rainbow” Boarding School for deaf children, the psycho-neurological center “Hope” for disabled children and social rehabilitation center “Balkysh” for minors.

The Fund works systematically on the rehabilitation of children with disabilities: during the official Year of a Teacher and the International Children's Day the Fund organized special tour programme on the ship “Boris Polevoy” for children with disabilities and the workers of educational sphere.

The total amount of funds is 3845 676, 53 rubles, 1 384 750, 00 rubles transferred from AK BARS Bank, 1606 229, 79 rubles from individuals and 854 696, 74 rubles from legal entities.

“Young Talents” Show – *discovering and encouraging gifted children and young people; providing help for educational institutions working with young talents.*

In 2010 the Fund with the financial support of AK BARS Bank provided assistance to the participants of international and national competitions: the Children's Art Academy of Kukmor Municipal District, children's vocal ensemble “Laysan”, choreographic ensemble “Happy Childhood”, folklore ensemble “Happy Volgar” as well as federal Kazan (Volga) University in the International Conference “Family laws at the turn of XX-XXI centuries”.

Educational institutions No 13, 88, 98 of Kazan, Tukayevsky, Kaibitsky and Zainsk municipal districts of the Republic of Tatarstan did not stay left out and received help for buying musical and interactive equipment, sewing show costumes, purchasing furniture for students and other.

Annually, the Fund supports Zarina Bikmullina who is 11 years old child with disabilities (insulin-dependent) from a large family. She started performing singing at the age of 4. During 6 years after the start of her artistic performance the girl won 17 international and 18 Russian Children's pop music competitions. She is the repeated winner of the republican contest “Constellation” in the categories of pop vocal and entertainer, best video and best lyrics.

After participating and winning the All-Russian contest “Little Star” in St.Petersburg, Zarina was invited as a Russian representative by a member of the jury to the International Festival – the competition of national cultures “Young Ambassadors of Peace” in the city of Kaliningrad.

Also with the support of the Fund the students of the gymnasium No27 in Kazan Anna Semenova and Eleonora Muravyova won the All-Russian contest

“First Steps in Science” and All-Russian conference “I am valued in the XXI century”.

In 2010 the project “Young talents” raised funds in the amount of 751 004, 00 rubles.

“In a large family”- *promotion of family institution and targeted support for low-income families with many children.*

Within the project called "In a large family", the Fund provided charitable assistance to 12 low-income and large families of Kaybitsky Municipal District of Tatarstan for buying refrigerators and microwave ovens in 2010.

With the financial support of “AK BARS” Bank every year during the national holiday of Sabantuy in the municipal districts of Tatarstan and the territories of the Russian Federation the Fund organized playgrounds for children from poor families. This year 61 region received the aid.

For several years the Fund jointly with OJSC “AK BARS” Bank is participating in the Republican campaign “Help me to get ready for school”. During the reporting period the firstgraders of Kaybitsky, Rybnaya Sloboda, Tukaevsky, Alkeevsky municipal districts of Tatarstan received new school bags and the sportswear. In order to improve the status of motherhood for women in difficult life situations, the Fund jointly with the Center for Social Assistance to Families and Children "Gaile" systemically holds meetings and training sessions. For example, during the Mother's Day celebration the event called “Praise the beauty of motherhood!” took place for 55 mothers of disabled children.

In addition the Fund organized a New Year tree party and purchased the gifts for children with disabilities and children from large families in Kazan.

The project raised funds in the amount of 1 943 094, 00 rubles.

“The sun shines for everyone!” - *the project is aimed to help lonely elderly people.*

During the reporting period the following events were arranged for the 65th anniversary of Great Patriotic War Victory celebration:

- organization of the hotline at the phone number of “AK BARS SOZIDANIE” for people with questions related to the property of Great Patriotic War veterans. From March 15th till May 9th 2010, the lawyers reviewed requests from 45 people from all over the Republic and provided them with legal advice;
- 16 medical beds and 3 massage tables were purchased for elder and disabled people of the Arsky Boarding house that is under the patronage of the Fund;
- grocery parcels delivered to 127 teachers - participants of the Great Patriotic War, living in Kazan;
- a 9th-grader of the gymnasium No14 of Kazan, which is under the guardianship of the rear toiler, was given a laptop;
- “Miloserdiye” Charity fund of Kaibitsky municipal district of the Republic of Tatarstan received help to make the bronze bust of T.G. Nazmutdinov, the Soviet Union hero;

- money donation for publishing the books “Interrupted Song” and “Aktanysh – the trailhead”;
- help rendered to lonely disabled Great Patriotic War veterans of the Republic of Tatarstan and the Russian Federation;
- “Chayan” magazine subscription for the disabled people of Kirovsky District of Kazan.

In order to attract public attention to people with disabilities, the Fund together with the initiative group announced the public campaign “The Pulse of Life” which provided charitable aid for Derbyshkinsky Nursing Home for elderly and disabled people of Kazan.

Within the framework of the Teacher’s Year in the Republic of Tatarstan, the “AK BARS SOZIDANIE” Fund in cooperation with the Public Chamber of the Republic of Tatarstan and with the support from the Ministry of Education and Science of Tatarstan held a regional contest of social projects called “A Teacher in an Overcoat”, to support those older teachers who participated in the Great Patriotic War or worked during the war years. The expert committee chose 6 winners out of 100 applicants who received mini-grants for the implementation of their projects.

The total amount of funds raised for the project is 1,867 167.44 rubles.

Interaction with non-profit organizations and the mass media

Since 2010, the Fund represents the interests of non-profit organizations in the Public Chamber of the Republic of Tatarstan, is a member of the Public Chamber of Russia, and also participates in the bylaws examination of the Republic of Tatarstan, develops proposals for changes in existing legislation normative acts and prepares responses to the appeals. *(The expert reviews were prepared for 6 draft laws of the Republic of Tatarstan, the proposal was sent to the Public Chamber of the Russian Federation and the State Duma of the Russian Federation on introducing changes to the Tax Code of the Russian Federation regarding the improvement of taxation of non-profit organizations and charity institutions, which were mentioned in the Address of the President of the Russian Federation. Apart from that, on the occasion of the Great Patriotic War Victory 65th anniversary, the Fund arranged a special hotline for Tatarstan citizens with questions related to the improvement of living conditions of Great Patriotic War veterans. From March 15th till May 9th 2010, the lawyers reviewed requests related to the property of the veterans from 45 people from all over the Republic and provided them with legal advice).*

The Fund staff performs significant public work. The leading expert on the questions of culture and education also supervises the volunteering group of the Republic’s Children Public Organization called “The Union of the Inheritors of Tatarstan”; and the lawyer of the Fund manages the Research committee of the Republic’s Youth Public Organization “The Union of Young Lawyers”, and so on.

To provide free and timely access to our information for the wide range of people the website was elaborated (<http://akbarssozidanie.ru>). According to Google Analytics service the content of the Fund's website was viewed by Internet users

from more than 34 countries, the percentage of new visits amounted to 60.41 %, and the average page view is 4, which certainly confirms the interest in the website along with the activities of the Fund.

The results of the Fund's activity are published on the unified "Portal of Non-Profit Organizations" created with the support of the Public Chamber of Russian Federation; moreover, the links to the Fund website are placed on the informational portals of federal level. Apart from that, since 2010 the Fund employees have been running a column devoted to charity in the "Family Values" magazine. It should be noted that the Fund presents an informational ground for the subsidiaries and the affiliates of OJSC AK BARS Bank – the Fund partners.

According to the results of the Fund's planned field inspection, the Office of the Ministry of Justice of the Russian Federation in the Republic of Tatarstan (October, 2010) recommends all non-profit organizations, registered in the Republic, to consult "AK BARS SOZIDANIE" on legal and financial issues. *(11 newly created and existing non-profit organizations have been consulted).*

The results of the activities of "AK BARS SOZIDANIE" Charity Fund

The Fund is a multiple winner of All-Russian contests and festivals.

Awards received by the Fund in 2010:

1. The winner of the "Philanthropist of the Year" Republican contest;
2. The winner of All-Russia competition of the annual reports on donor and non-profit organizations "The Starting Point";
3. The winner of "So-Uchastiye" award in the nomination "For the sake of life" for the social project "Do Good" in the II All-Russia festival of social programmes "Sodeistviye";
4. Winner of the All-Russia contest "Future Formula" / "Progressive view" nomination/ "Social creativity" nomination/ "Best Creative Project" nomination/ "Young Talents" and "Understanding" projects;
5. Winner of the All-Russian competition "KSO-deistviye" for the corporate project, "We are together!" It was voted as the best in the "good deed category";
6. Fellowship holder of the Volga Federal District for the IV International Conference "The White Nights of the fundraising" (St. Petersburg), as an organization working more than three years in the charity field and obtaining successful experience in fundraising, fast growing and sharing its experiences.

Main target indicators of the effectiveness of Fund activities

№	Evaluation Indicators	Units of Measurement	Threshold limit value	Information on		
				2008	2009	2010
1	The amount of funds aimed to improve children's health	Thousands rubles	1 000	1 334	700	1 521
2	The number of orphans and children left without parental	Quantity	40	155	230	740

	care, covered by the activities of social support					
3	The amount of funds to assist the orphans	Thousands rubles	300	350	392	519
4	The amount of funds aimed to provide rehabilitation services for children with disabilities	Thousands rubles	200	358	1 067	1 212
5	The number of children from low-income families covered by organized events	Quantity	100	208	375	336
6	The number of large families covered by organized events	Quantity	30	47	91	131
7	The number of gifted children covered by the social support events	Quantity	50	119	137	158
8	The number of single elderly people covered by the social support activities	Quantity	100	269	290	396

Numbers:

Indicator	2008	2009	2010
Number of paid trips to summer profile schools for the winners of the republican and All-Russian Olympiads	10	1	4
Number of children with disabilities who received a laptop or a personal computer	5	2	3
Number of specialized educational institutions of the city of Kazan, equipped with interactive and medical equipment	3	3	9
Number of children directed for medical treatment	14	17	47
The number of orphans of RT who received audio-video, digital equipment	70	60	101
Number of students who received sports uniform	86	71	93
Number of low-income families who received gift certificates for the purchase of household appliances and chemicals, products for children	126	91	110
Number of children who attended movie theatres and entertainment facilities	750	120	149
Number of orphans who received the New Year gifts	340	170	109
Number of lonely elderly people who received the food boxes.	219	268	683

Conclusion

During the reporting period, AK BARS Bank launched large-scale projects, supported numerous external initiatives, and provided charitable assistance to the hundreds of citizens. Step by step, from project to project, the Bank is moving towards the creation of its positive reputation – the company whose values and capabilities totally meet the expectations of the surrounding society. Today, many banks, businesses and companies evaluate their business through the lens of socially responsible programmes. The degree of participation of business on its establishment territory is a sign of its stability, and the improved life quality leads to further business development.