

APPROVED BY
The Decision of the Management Board of
OJSC AK BARS BANK
dd. “_” _____
Protocol No _____

SOCIAL REPORT
Of AK BARS BANK - 2012

Kazan
2013

TABLE OF CONTENTS

Introduction.....	3
1. The Address of the Chairman of the Board of Directors R. Musin and the Chairman of the Management Board R. Minnegaliev	3
2. General Information on OJSC AK BARS Bank	3
3. The Structure and Guidelines of Corporate Governance	4
4. Corporate Banking Policy.....	8
4.1. Socially Responsible Regulations on Labour and Employment	8
4.1.1. Personnel Structure	9
4.1.2. Wages and Incentive Policy	10
4.1.3. Non-material Personnel Motivation.....	11
4.1.4. Corporate Values.....	12
4.1.5. Labour Rights of Employees.....	13
4.1.6. Education and Training.....	13
4.1.7. Personnel Evaluation.....	14
4.1.8. Social Guarantees for the Bank Employees	15
4.2. Quality of Working and Living Conditions of Employees.....	16
4.2.1. Sport, Recreational and Cultural Events.....	17
4.2.2. Social Support of Families.....	17
4.2.3. Support to the Elderly and Non-working Pensioners	18
4.3. Development of Education and Science.....	18
4.4. Labour Protection	19
5. Socially Responsible Participation of the Bank in Public Life.....	21
5.1. Charity.....	22
5.1.1. Assistance to Educational Institutions.....	23
5.1.2. Assistance to Children with Disabilities and Children in Difficult Life Circumstances.....	24
5.1.3. Social Protection of the Elderly, Assistance to Socially Disadvantaged Groups and People with Disabilities.....	24
5.1.4. Public Health Promotion	25
5.1.5. Support of Gifted Children and Youth.....	26
5.1.6. Cooperation with State Institutions in Realization of Social Projects and Mass Culture Development.....	26
5.1.7. Environment Protection.....	27
5.1.8. Support of Arts and Cultural Programmes	27
The Report of the Charity Fund “AK BARS SOZIDANIE”.....	27
Conclusion.....	35

Introduction

Dear friends!

The problem of corporate social responsibility and activity of businesses in the Russian circumstances is gaining more importance each year and is becoming a part of doing business in Russia. Following this trend, AK BARS Bank has implemented and supported social projects which are vital to the community for many years. We present the Social Report of AK BARS Bank for your attention, which covers the main targets, objectives and social policy strands in 2012.

1. The Address of the Bank's Management

Dear friends!

AK BARS BANK is known for its active participation in the life of society within the Republic of Tatarstan and across Russia. The achievements in the financial market are always closely linked with those in social projects and charity events. In 2012, the Bank continued its years-long tradition of purposeful work for the community's benefit in its key areas of social activity, at the same time consistently perfecting and enriching each of them.

Today, amidst the rebuilding of the Russian society, the health issues of children, youth and overall population are particularly acute. This is why AK BARS Bank gives priority to health promotion in its social activity. This allows the promotion of both physical and spiritual development, i.e. creation of values for the conscientious support of one's own health and well-being. This large-scale work is supplemented by other areas of our social responsibility: provision of funds to educational and cultural programmes, assistance to social institutions and non-government organizations... As a result of such integrated and comprehensive approach, AK BARS Bank reaches synergies from conducting socially responsible activities.

Another essential part of AK BARS Bank's efforts in the sphere of social development is maintenance of high corporate culture and concern for our employees. We create the environment for professional growth, support initiatives, share priceless experience and provide comfortable conditions for work, fruitful climate and good spirits. Professionalism, legitimacy, responsibility, openness and efficiency – these corporate values of AK BARS Bank for working with clients and partners also relate to the socially responsible regulation of employment matters.

Thus, AK BARS Bank combines its efficient financial performance with constructive work for the society's benefit through showing that charity is one of the key indicators of high business ethics.

Kind regards,

The Chairman of the Board of Directors of AK BARS BANK R. Musin

The Chairman of the Management Board of 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 has successfully operated on the financial market of Russia ever since.

AK BARS BANK is a socially responsible, stable and advancing financial institution. AK BARS Bank is in the TOP-20 largest financial institutions of Russia, placing 16th by equity and 17th by assets as of 1 January 2013.

AK BARS Bank is one of the largest universal financial institutions of Russia offering a wide range of banking, financial, investment products and services to corporate and individual clients.

The bank comprises 37% of assets of the whole banking system of the Republic of Tatarstan, 51% of bank equity. The Bank renders services to key industries of the Russian economy – oil, gas, chemical and petrochemical industries; mechanical engineering; transport; construction; communications; agribusiness; commerce and other.

The Bank holds strong positions in both Russian and international financial markets. It is among the leaders in corporate financing, asset management and other spheres of the investment business.

Retail is another strategic area of the Bank's activity. The individual clients are offered the full range of services: loan products, mortgage product line, deposits, settlement transactions, bank cards, online banking system 'AK BARS Online', SMS-banking, and so on.

Over 2.5 million individuals and over 51 thousand corporate clients are current customers of AK BARS Bank. As of 1 January 2013, the Bank's regional network includes 43 branches, one subsidiary bank, 211 supplementary offices, 119 stand-alone cash desks, 13 operational offices, and one mobile station for cash transactions.

Being one of the leaders of Russian credit institutions, AK BARS BANK realizes its responsibility for the Russian society and, therefore, it yearns to contribute into the welfare and steady development of the presence regions. The Bank aims to continue its work in the sphere of social responsibility advancement based on main international principles and requirements to the Russian businesses in present-day conditions.

3. The Structure and Guidelines of Corporate Governance

Corporate governance is the key factor that affects economic performance of AK BARS Bank and its ability to attract capital for the planned growth and successful development. To meet the interests of shareholders, business partners and customers, AK BARS Bank is committed to comply with international standards of corporate governance and abide by the guidelines of the Corporate Governance Code. The Corporate Governance Code of AK BARS Bank is available to everyone and can be found on the Bank's official website (www.akbars.ru) and on the website of 'Interfax' news agency.

Guided by the principles of disclosure and financial transparency for the public, the Bank discloses full and authentic statements on its financial status, economic indicators, ownership structure, and so on, in time.

With regards to the principles of responsibility and legitimacy, the Bank strictly conforms to the generally recognized rules of international law, Russian legislation and relevant legal acts. It also holds responsibility before the shareholders for its performance, before the clients for the banking services quality, and before business partners for its proper due diligence.

The Bank provides equal treatment of shareholders regardless of capital contribution and enforces their rights and legitimate interests.

In 2012, the Bank continued to bring its internal regulatory framework in line with the Russian legislation and the best practices to confirm that the efficient functioning of the corporate governance system is an essential condition for the Bank's financial stability and consistent development.

In addition to that, following the practice pattern, the Board of Directors annually assessed the Bank's corporate governance (the matter was reviewed at the Board of Directors meeting on 20 February 2012) and self-assessed its own work along with the work of its main Committees (the matter was reviewed at the Board of Directors meeting on 14 December 2012). As a result of such assessment, different measures are elaborated and carried out to eliminate the revealed flaws.

The corporate governance structure of AK BARS Bank supports well-proportioned balance between the governance bodies, clearly assigns authorities and distinguishes management instruments used by the shareholders, the Board of Directors and the Bank's executive bodies.

Shareholders. Capital Structure

The General Meeting of shareholders is the highest governance body in the Bank, which makes decisions on key work matters. The holding of General Meetings lets the Bank inform its

shareholders of its performance, achievements and plans; engage them in discussions and decision-making on the most important matters of the Bank's work no less than once a year.

The Bank gives an opportunity to shareholders to exercise their rights to participate by presenting full and authentic information on its financial status, performance outcomes, management, principal shareholders, and any major facts that impact the financial activity of the company. The annual General Meeting of Shareholders took place in May 2012 and reviewed issues related to the approval of annual financial statements, the distribution of profit, the dividend payments, the amendments to the Charter and the Bank's internal documents, the approval of related party transactions, and so on. In addition, the Bank's auditor was approved and new members of the Board of Directors and the Auditing Committee were elected.

The implementation of decisions made by the General Meeting of shareholders is under the constant supervision of and is executed by the Bank management bodies. The relationship between the management and the shareholders is based upon the direct constructive dialogue with unconditional compliance with the Russian legislation and maximum compliance with the international standards and common world practice. All main issues in the Bank's activity are agreed upon between the joint owners by participating in the work of the Board of Directors and the General Meetings of shareholders.

The Bank goes for the transparency and provides equal and timely access of shareholders and investors to the company information to enforce their rights, as well as its own property interests and goodwill.

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

According to the current legislation, the Bank shareholders used their right to disposition of their shares upon their discretion in 2012.

There were some significant changes in the ownership structure of the Bank's shareholder last year – 'Osmand Holdings Limited' company, who is now owned by OJSC 'Tatneft n.a. V.D.Shashin'. As a result of change of owner, the influence of the Republic of Tatarstan on the decisions made by the Bank's management bodies increased.

Besides, 'Brass Holdings Limited' company is no longer the Bank's shareholder as it sold its shares to limited liability company 'Zvezda', and by that increased the share of the latter to 1,678% of the Bank's authorized capital.

The information on the Bank owners and those with significant (direct or indirect) influence on the decisions made by the Bank's governing bodies is officially available on AK BARS Bank website to a wide range of people.

The Activities of the Board of Directors and Its Committees

The Bank's Board of Directors is a key link in the strategy creation and corporate governance advancement. By selecting the priority areas of the Bank's development, the Board sets long-term activity guidelines for the Bank. Besides, this governing body ensures the rights of shareholders, resolves corporate conflicts, and makes sure the executive bodies work effectively, including by means of controlling their work.

The Annual General Meeting of shareholders elected 11 members of the Board of Directors in May 2012, four of which are independent directors and head the Committees under the Board of Directors.

Each year the renewed Board of Directors forms its Committees – consultative and advisory bodies under the auspices of the Board of Directors. They are designed to increase the efficiency and devote more attention to the issues within the competence of the Board of Directors.

Current Board of Directors is well-balanced between the executive and non-executive directors and closely watches after the fulfillment of goals by the Bank's Management Board.

Positive interaction between the Board of Directors with the management allowed successful implementation of many important decisions and strategic goals during the year.

In 2012, AK BARS Bank continued to improve its market value, capitalization and investment appeal, transparency, and corporate governance standards.

In December 2011 the Board of Directors approved AK BARS BANK's annual financial plan (budget) for year 2012, and throughout 2012 it regularly heard reports by the Management Board on the progress of its implementation. The Board of Directors regarded the control over keeping the Bank's stability indicators high as a key target. Besides, the reports by the Internal control Service on audit results in the Bank and the reports by AK BARS Bank's Inspector on its professional participation in the securities market were reviewed at the Board of Directors' meetings regularly.

Significant attention was given to upgrading the internal documents of the Bank. Thus, in 2012 the Board of Directors approved AK BARS BANK's Compliance policy and the Regulation 'On procedures for inspections by ICS', as well as amendments to the Regulations 'On liquidity management in AK BARS BANK', 'On the Auditing Committee of AK BARS BANK's Board of Directors', 'On prevention and resolution of conflict of interests of AK BARS BANK'.

Within the framework of responsibility for the Bank, the Board of Directors widely used its authority to solve issues related to business strategy and risk management, financial stability and corporate governance; to effectively control the executive bodies, and so on. Special attention was given to AK BARS BANK's development strategy for 2012-2015, expansion in the regions of operation under the 'Regional champion' development strategy, increase of operating efficiency, quality of business processes, advancement of the Bank's IT systems, and the risk management system. The development of IT was vastly impacted by the Bank's active participation in preparations for the 27th World Summer Universiade as the General Partner and Official Provider of banking services.

In the given financial year, the Board of Directors set a strategic task for the Management Board – the necessity to increase the Bank's performance. As a result, a project for the Bank's efficiency improvement was developed jointly with PricewaterhouseCoopers consultants. The control over the project implementation is the Board of Directors' priority.

Under the auspices of the Board of Directors, the Bank's charity and sponsorship activities were continued. The priority was given to financing leading sports clubs of Kazan and Tatarstan, children and youth sports, projects for public health promotion, as well as socially important programmes of non-government organizations and charity funds.

Committees of the Board of Directors

In 2012, the specialized committees of the Board of Directors (Auditing, Risks, Strategy, Human Resources and Remuneration) continued their work. The non-executive directors with relevant skills and experience were elected as their chairmen, which let the Committees function more effectively and to the utmost:

- Chairman of the Auditing Committee - Sergey Shibaev;
- Chairman of the Risks Committee - Juri Levin;
- Chairman of the Strategy Committee - Andrei Vernikov;
- Chairman of the Committee on Human Resources and Remuneration - Ruslan Ilyasov.

The Committees worked closely with the Bank's management and control bodies, auditors and consultants within their competence.

The attention of the **Auditing Committee** in 2012 was focused on raising the efficiency of the internal control system and the control over the completeness and accurateness of the Bank's financial statements. The Committee referred questions on the interest margin dynamics,

the asset quality and so on to the Board of Directors. It paid significant attention to the issue of increasing the return on the Bank's equity and its utilization efficiency. In addition, the Committee controlled the progress of the joint project with PricewaterhouseCoopers consultants on the improvement of the Bank's performance.

Throughout the financial year, the Committee reviewed the auditing of information systems in the Bank, the introduction of IT-solutions for the automated internal audit, and the upgrading of information systems.

The Auditing Committee regularly reviewed the Bank's financial reports in compliance with domestic and international standards; analyzed the auditing results; and inspected plans for addressing the auditors' findings. The members of the Auditing Committee followed the prevailing practice of active cooperation with the external Bank auditors via inviting them to their meetings and discussing the preliminary procedure and audit stages with them. This let the Committee members have full and accurate information on the course of the Bank's financial statements audit. The Committee also consistently monitored the independence of the Bank's statements audit.

In 2012, the **Risks Committee** paid special attention to the cooperation between the Internal control Service and the Internal and Compliance control Department in the field of risk management. Generation of compliance service as an administrative unit, a compliance system covering all Bank divisions and operational risk management participants, is the key task in the activity of any financial institution, and a major high-street Bank in particular.

In the given period, the Committee closely examined reputational and compliance risks of the Bank. One of the priority objectives for the Risks Committee in 2012 was control over the risks related to the transactions with the Bank affiliates and the related party transactions. The Committee also focused on the control over the main banking risks of AK BARS BANK

The Risks Committee members also paid significant attention to the Bank liquidity, measures for its support, as well as asset and liabilities quality.

The **Strategy Committee** reviewed the reports by the Management Board on the budget implementation quarterly, as well as reports on results and prospects of the business-blocks development. The Committee regularly monitored the implementation of the strategic development plan stated in the 'Main development areas of AK BARS BANK in 2012-2015'. The members of the Committee reviewed and recommended target indicators for the Bank's budget for the following year, together with the proposed budget and key performance indicators to the Board of Directors for the approval. One of the key tasks of the Committee in the financial year was to develop a plan for the improvement of the Bank's performance within the framework of a large-scale project involving the international consulting experts. The Committee members concentrated on the following priority projects of the Bank: the introduction and distribution of the Accelerated loan programme for small businesses and the 'Universal electronic card' programme. In addition, the Committee monitored the Internet technology development and initiated the Bank's IT strategy.

Throughout 2012, the **Committee of Human Resources and Remuneration** examined the issues in the flow of personnel both at the management and the specialist levels; the fulfillment of individual development plans by the Management Board members; and the employee incentive system, for which the incentive competitive advantage was compared with the market conditions. The key objectives of the Committee included monitoring the Bank's strategy realization in labour remuneration, including in terms of regions; and the efficiency of personnel expenses as compared to the banks similar to AK BARS in business volume and regional presence. The Committee members recommended a questionnaire for the approval by the Board of Directors to determine the compliance of the members of the Board of Directors with the independence criteria of AK BARS BANK, which helped to streamline the

independence assessment. The ‘Human Resource Pool’ programme implementation and the work plan implementation for sharing the corporate values were constantly supervised. The Committee contributed a lot to the improvement of the Bank’s organizational structure in compliance with the best world practices and principles of commercial bank structure.

4. Corporate Banking Policy

Human resources are the most valuable and essential part of AK BARS Bank’s productive forces. Its business performance heavily relies upon the personnel qualifications, their ranking and employment. The professionalism of our team affects the scope of rendered services and the financial growth rate. That is why the coherent corporate policy is so important for the business growth and its further development.

Main efforts of the corporate policy were devoted to recruitment and training of employees, successful management and corporate culture. In 2012, 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 include:

- Employee training and development – introduction of the development programme aimed at the systematic staff development; annual implementation of a 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; maintenance of competitive salaries based on the study of labour markets and the improvement of living standards evaluation methods in the Bank’s presence regions; improvement of the system of staff appraisal and remuneration – to manage the staff efficiency and motivate employees to achieve strategic Bank objectives.

- Strengthening of recruiting functions – the elaboration and implementation of innovative programmes for cooperation with higher educational institutions; the development of strategic recruitment; the development of methods for regional recruitment support, and the development of key positions profiles for the recruitment selection purposes.

- Organizational changes - the transformation of organizational structure of the Bank aimed towards the optimization of the decision-making process in accordance with the best Russian and foreign practice; the improvement of corporate and retail business blocks structure for setting up the management vertical and for increasing sales in the distribution network.

- Corporate culture - the implementation of programmes to support the image of the “preferred employer”.

Smart corporate social policy offers high-quality educational, healthcare, cultural services to the Bank employees, and supports its veterans. By doing so, the business practically creates new social standards which are then passed to the public environment. Not only it enhances the company’s image, but also assists the development and support of good social values.

4.1. Socially Responsible Regulations on Labour and Employment

AK BARS Bank takes care of the welfare and social protection of its employees and their families. The system of socially responsible regulations on labour and employment is based upon the Bank’s own extensive experience, as well as the international standards on corporate social responsibility.

The social policy of AK BARS Bank is implemented in accordance with the adopted regulations, such as the Regulation ‘On the social responsibility of AK BARS Bank’, which defines the commitments to socially responsible management of labour and employment matters, the improvement of life and

working conditions of employees and their families, as well as the development of education and science.

The Regulation 'On social support of AK BARS BANK employees' guarantees the environment for the full realization of the abilities and professional skills of employees, as well as the decent social compensation.

The Bank provides the following benefits within the framework of the social support of employees:

- Social benefits;
- Vital benefits;
- Business benefits.

Vital benefits are connected with granting or paying for those services and benefits for employees, which support and recover their working efficiency and improve their life quality.

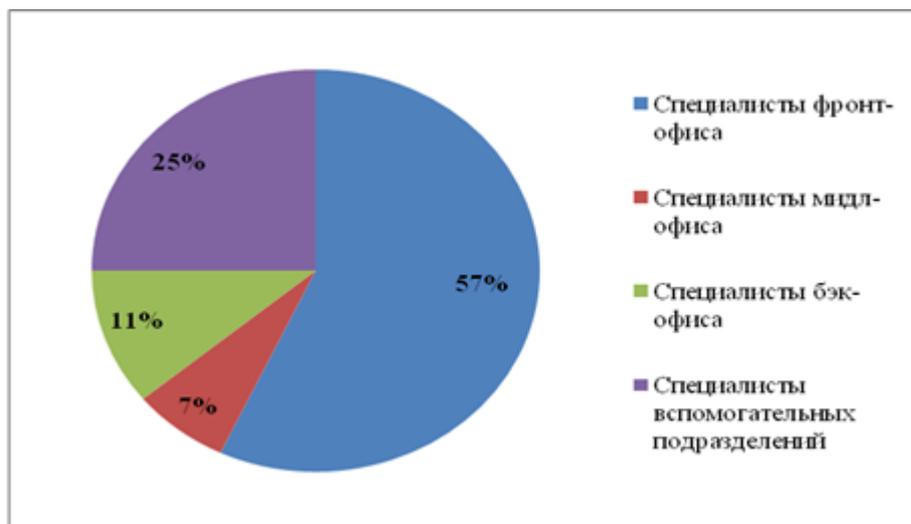
Business benefits are related to the comfort of work and are aimed at maintaining the focus of employees on work.

4.1.1. Personnel Structure

In 2012, the average number of the Bank employees amounted to 6 068 people, of which the branch network employees account for 74% (4 489 people).

The greatest share of personnel was the number of front-office employees - 57%, who work directly with customers and bring the Bank's income in corporate and retail businesses. The number of personnel of support units was 25%. A much smaller share in the total number of employees belongs to the middle office specialists - 7%, and the back office specialists who record business operations - 11%.

Distribution of employees over the Bank divisions:



Distribution of employees over the divisions

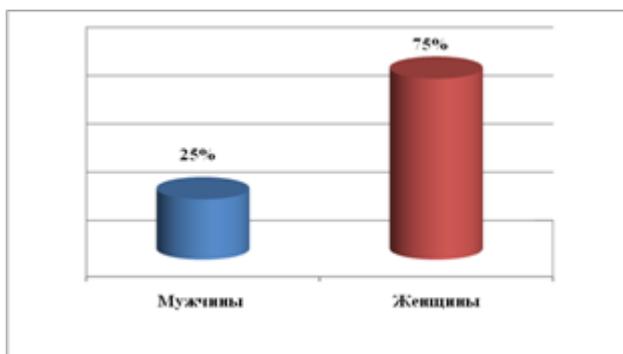
57% - Front office employees

25% - Support unit employees

11% - Back office employees

7% - Middle office employees

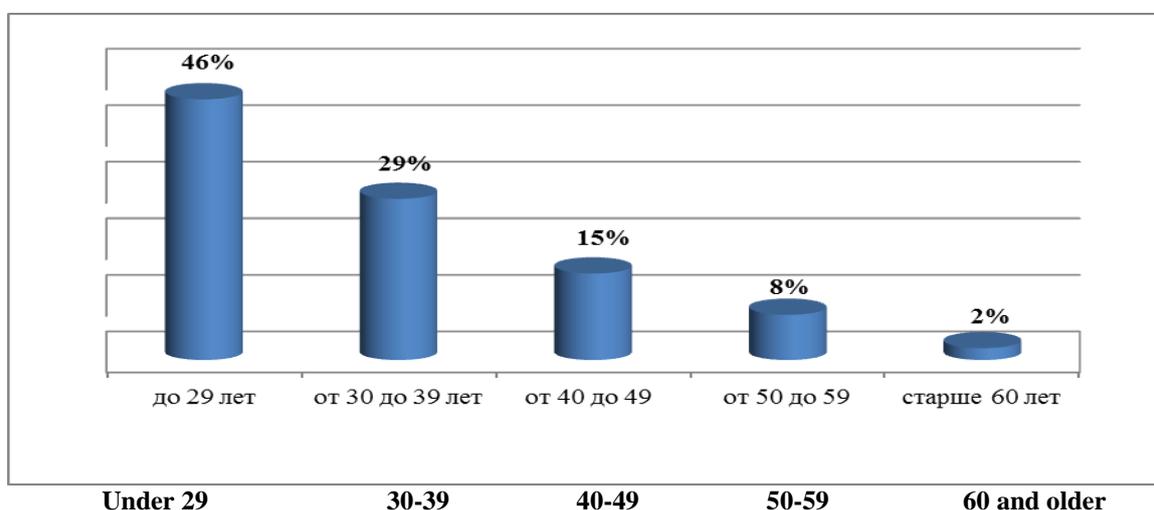
The gender-age structure in 2012: the share of female employees was 76%; the share of male employees was 24%.



76% - Women

24% - Men

While developing the business and increasing the number of staff, the Bank executes the policy of recruiting young professionals and graduates of higher educational institutions, cooperates with universities and specialized institutes across Russia, communicates actively with the youth in the Internet and social networks, and this affects the age composition of staff. In 2012, the number of employees aged 29 and younger was 46.1% of the total number of the Bank employees. The number of employees aged 39 and younger comprises 28.5%.



4.1.2. Wages and Incentive Policy

AK BARS Bank considers remuneration of labour to be part of the integrated system of tangible and intangible incentives for the staff, which lets the company maintain its competitive strength by recruiting highly qualified and motivated employees. AK BARS Bank uses a comprehensive approach in this field that takes into account the development strategy and the objective market conditions. The current system of remuneration in the Bank is designed to encourage the employees to increase their working capability and accomplish the planned indicators.

The Bank monitors the situation in the labour market by 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, the inflation rate and other factors, the Bank makes decisions on changing the salaries of its employees.

Such changes in remuneration affect both the basic wages and the bonuses for achieving KPIs by the Bank employees:

Basic wages

In 2008, the new system of basic labour remuneration was introduced, which takes into account the cost of banking specialists in the labour market, to vary the cost depending on qualifications and performance of the employees, and all of that allows to retain the key employees in the Bank. The present system help to set the wages and to control labour costs by

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

Wage indexation took place in 2011-2012. Various factors influenced the rate of wage increase: macroeconomic indicators of territories where the Bank is present; information from consulting companies on average market wage rates in the regions; and the value of a specific post.

KPI incentives for the Bank employees

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. The KPI-based incentive system went through a new stage of development in 2011. The decomposition of KPI and the procedure for allocating branch bonuses to business units (branch departments and supplementary offices) were introduced to the existing KPI-based staff motivation system for branches. Decomposition allows assigning branch plans in the beginning of a reporting period to its units and supplementary offices and also distributing the branch’s bonus fund in the end of a reporting period according to the achieved work results. The decomposition and the distribution procedure of the branch bonus to the business units during the year proved their substantiality, which allowed increasing the responsibility and the desire of branch business units to achieve the expected result.

In 2012, the work on the decomposition and the distribution of the branch bonus to the business units continued: newly recruited heads of supplementary offices were trained and the quarterly control over the distribution of the branch bonus fund was carried out.

Brand new performance-based incentive systems and two pilot projects on personnel motivation for the front office specialists were launched in 2012: the specialist incentive for the development of corporate business and the consultant incentive for individual lending, who work in shopping centres and car dealerships. The peculiarity of such incentive systems is rewarding employees based upon their results in completion of individual sales plans and given rate of return by products.

During 2012, the efficiency of such incentive systems was assessed: amendments were listed and approved to reduce the turnover index, to retain and support corporate business specialists, individual loan consultants who work in shopping centers and car dealerships.

Also, individual bonus systems were elaborated in 2012. The ones that have been executed so far are as follows:

- Incentive system at the North-West branch for the transition to the new model of individual lending – ‘sales’ and ‘after-sale support’. After the project’s efficiency was assessed, the decision was made to pass this incentive system to the Kazan branch.
- Incentive system for the operational office workers of the Leningrad region in joint cooperation with Molten consultants. The peculiarity of this system is rewarding the employees for completing individual sales plans as well as the incentive to execute the overall operational office plan.
- Quarterly incentive system for retail employees of three Bank branches in order to increase the credit card sales to those enterprises with the ‘salary’ project. After the project’s efficiency was assessed, the decision was made to pass this incentive system to other branches in 2013.
- Incentive system for the Contact Centre employees whose main goal is to increase the sales of Bank products by well-organized informing and attracting customers via electronic communication means.

4.1.3. Non-material Personnel Motivation

AK BARS Bank understands that it is impossible to achieve financial success without motivated employees. Needless to say, the decent salary has major effect on the employer’s positive image. But the non-material personnel motivation is also extremely important as it is a

powerful stimulus for better performance, which is a key component of the corporate culture. This is why the Bank utilizes a wide range of instruments for non-material motivation.

One of the major factors of non-material motivation in the Bank is the recognition of the employees' achievements. 125 employees were nominated for both internal and external awards in 2012.

The Bank also continues to use such a multifunctional instrument for incentive and loyalty enhancement purposes as holding corporate contests. For instance, the children drawing contest has already become a tradition. Children of the Bank employees aged 4 to 12 take part in it with great pleasure and last time submitted 357 drawings. They depicted the topics related to the Summer Universiade in Kazan: 'Barsik at the Universiade', 'I choose sports!', 'Barsik in the wonderland'. Winners and participants of the contest received presents.

For the first time in 2012 the Bank hosted a contest among the territorial divisions – a Championship of branch teams on professional skills and team work, which was held in three stages during the year. The teams competed in creativity and professionalism and submitted videos to the jury which represented their branches, and showed their competence in 10 different banking activities. The final coincided with the Bank's Birthday on 23 November 2012 in Kazan and contained 6 finalist teams, over 100 spectators and supporters from the Head Office and branches. The winners were rewarded with prizes – certificates for corporate events at corresponding branches, the Bank's signature cups, and titles of Champion (Mari branch), Vice-Champion (Kazan branch) and Runner-up (Barnaul).

In addition to that, the contest by MasterCard and Maestro payment systems was held in the Bank from 1 July to 31 December 2012. The participants were the employees who are responsible for attracting legal entities to the payroll cards project. 100 winners of two contest stages received prizes from the payment systems.

In 2012, the programme which lets every employee be promoted to a more interesting career-wise position and obtain a wider work experience was carried on. The human resource pool allows complying with the key principle of AK BARS Bank – harmony of interests, since a new vacancy in a worker's 'native' Bank is more convenient and beneficial, and the Bank nurtures its own personnel and develops their professional skills and competences. In 2012, the composition of the pool was renewed on a quarterly basis: as of December 2012, the human resource pool contained 600 employees, most of which (32%) were interested in the Loan Officer position. As at the end of the year, 150 employees received an opportunity to start more promising jobs within their teams.

4.1.4. Corporate Values

Common corporate values are something that enables trust and connects the company into one piece. They are also the icon of the team which distinguishes it in all activities.

The key principles and corporate behaviour rules and business ethics of AK BARS Bank are regulated by the adopted Code of Ethics. Corporate values of AK BARS Bank which form its corporate spirit rely on 19 years of work history and let abide by a unified culture of business conduct

The transmission of corporate values is conducted through consistent educational and training projects and by means of internal and external PR. For instance, the corporate portal is widely used to broadcast corporate values and contains articles with outlines of behavior standards and guidelines of the Bank's corporate culture. The following articles on key events in the Bank's activity were published in 2012: 'Personnel professionalism – respect by the client', 'Intersection of two civilizations – the Islamic deal by AK BARS Bank recognized as the best deal in Europe!', 'Dreams come true... at work' (on favourable lending to employees), 'Golden reserve – human resource pool', 'Dress code – the code to career success', 'It is more fun together' (on corporate events), 'Oh stones – you are the history itself' (on a visit to Bulgar).

The programme for the better corporate culture awareness was carried out in 2012 and concentrated on corporate attributes and standards. It transmitted the attributes and standards at

all corporate events: strategic sessions, major meetings, corporate celebrations and so on. Moreover, the knowledge of corporate standards was assessed at the employee performance valuation.

4.1.5. Labour Rights of Employees

The Bank's activity is directed towards the implementation of principles of equal rights and opportunities for all the employees in the labour sphere and the prevention of any forms of discrimination and forced labour; and it promotes professional and personal growth of its employees. These principles are stated in local acts and regulations of the Bank on the Human Resource management, which are approved 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 assessing their applications and when hiring them. Other local acts determine the equality of the labour and freedom rights during the evaluation procedures, promotion, remuneration and training of employees.

4.1.6. Education and Training

In the circumstances of a rapidly changing market, the necessity in upgrading the professional skills and further training is an essential condition for the success of any organization.

The effective personnel training together with profit growth has a range of important consequences: team-building and comfortable working environment, utilization of the staff potential and the formation of relevant corporate culture. In order to maintain the qualifications at the level of current and possible business needs and to regularly renew the theoretical and practical knowledge of managers and specialists, a continuous system of learning was established in the Bank. The budget for personnel training and development is approved each year as well as the annual training plan for nearly all personnel groups.

Training in the Bank includes:

- External training of managers and specialists from the Bank's Head office at professional programmes, seminars, forums and conferences;
- Training of managers and specialists of branch network by engaging external providers of educational services in the corporate format;
- Internal training in the corporate format when managers of various Bank subdivisions share their knowledge with other employees from the Head office or the branch network;
- Internal training of employees through in-house educational programmes by the Centre of assessment and development of the Bank.

In 2012, 160 employees took part in the external educational courses: seminars, conferences and forums. 3 758 214.00 rubles were spent on the external training.

However, the Bank puts emphasis on the internal employee training and defines its advantages, such as adaptability of internal programmes to the Bank specifics; quick reaction of courses to the changes in the internal and external environment; focus of training programmes on the achievement of Bank's strategic targets; and other.

There are many educational programmes elaborated and conducted within this system. They are oriented on the managerial and special professional learning, and the development of necessary skills.

The education and development programmes in 2012 covered absolutely all levels of employees – from top managers to branch specialists.

The internal training in the Bank was closely linked with the aims of the Bank's structural subdivisions, which let the whole educational process be one step ahead and minimize possible operational risks. Overall, 414 internal trainings were held in 2012, utilizing both in-house resources and external educational providers and consultants. 5 026 employees attended the

internal training programmes, and 3 800 more did the distant training. The Bank spent 5 337 146.00 rubles on the internal training in 2012.

The system of internal training in the Bank is a mixture of the following educational events:

- Adaptation training programmes aimed at minimizing operational risks and supervising the probation period of newcomers and promoted Bank employees. Adaptation is offered face-to-face or distantly. 110 adaptation programmes in 17 professional areas have been introduced in the Bank so far. They cover specialists in all banking services within the branch network.

In the given fiscal year, front office employees of the Bank's branches went through adaptation programmes on a monthly basis. 10 'cashier schools' worked to train new recruits of the Kazan branch, 11 'loan officer schools' taught 183 employees of other branches, 3 training seminars for professional development of 43 heads of supplementary offices were also held. Due to the development of small business lending within the branch network, two-day workshops were held for 72 employees at the Head Office. And at the end of 2012, a new introduction programme for retail business professionals was launched;

- Strategic sessions for heads of branch business units, within which the participants learn the strategic business goals, perspective plans for the year, changes in regulations, product lines and business-processes; and analyze and discuss current issues and matters. 7 strategic sessions were held in 2012 for 315 branch network employees;
- Mandatory training programmes for all Bank employees in compliance with the requirements of external regulations. 750 Bank employees were educated in information security and fire safety in 2012;
- Professional development programmes which teach new important knowledge and skills to employees were held to cover the changes in regulations, product lines and introduction of new business-processes, technology and automated banking systems.

Training courses of 2012 put an emphasis on the development of sales skills of the front office workers along with the branch managers responsible for business development.

Training on the customer service standards and presentation of various Bank products to the clients was completed by 115 employees, including 42 workers of the distant shopping centers and car dealerships.

In addition, the training for cross-selling of various banking products was designed and introduced in 2012 (completed by 24 employees of the Naberezhnye Chelny branch for transport cards, 42 employees of the Nizhny Novgorod branch and 33 employees of Izhevsk, Moscow and Mari-El branches for repayments of Mobilbank deposits).

Educational programmes for the branch managers kept running: 'Business processes of the Bank and the policy of transformation of perspective plans into targets' and 'Technology of successful negotiations' were attended by 40 branch directors. In addition, 43 deputy directors completed the following training: 'Business negotiations' and 'Control in the manager's work'.

Innovative Technology in Training

The webinar technology – interactive online seminar - was used in a half of training events in 2012 by the operating units of the Head office. Webinars gained popularity due to their efficiency and convenience of distant training for operative introduction to changes in the Bank's business processes or products.

4.1.7. Personnel Evaluation

Not only personnel evaluation lets analyze the professional qualifications, but also receive feedback from employees on professional, organizational and other matters, as well as meet the personnel's need in accurate information on their own quality measures. Such

information is extremely important for AK BARS Bank employees and for their performance improvement, and it lets managers make right decisions.

The performance evaluation of AK BARS Bank's Head Office employees was done from 15 August to 19 October 2012. It covered 1066 people and 1062 of them were positively rated (99.6%).

The focus of the evaluation was set on a new evaluation method of professional, corporate and managerial competencies of employees. The individual evaluation of one's performance and ratings were executed by an immediate manager. Evaluation procedures resulted in an up-to-date ranking of all Head Office employees within certain structural units based on their efficiency and value for the Bank, and in listing them in the long-term human resource pool.

In order to control the compliance with the Customer service standard applied to individual clients, 4 quarterly assessments were carried out to appraise the service quality rendered by front-office workers of the branch network using the 'Secret visitor' technique. In total, 260 service outlets and 430 employees who assist and consult individuals on deposit, loan and debit card products were tested. Last assessment in the 4th quarter involved evaluation of consultation on the multiservice debit cards for the first time. The assessment revealed the following positive trends:

- The indicator for the quality of payment and cash services to individuals increased as compared to the figures of 2011 by 5% (from 79.8% to 84.7% on average per year);
- The indicator for the quality of consulting services on car and consumer loans to individuals increased by 7% since the end of 2011 (from 78% to 85%). The increase in this indicator is owed to a more professional identification of client's needs and presentation of a retail loan product.

And such instrument as Assessment Centre procedure was frequently used in 2012. To create the long-term human resource pool, 17 department heads and directors of the Head Office were evaluated in September 2012. This allowed independent assessment of their competencies, business skills and preparing recommendations for further professional growth. Such assessment method was also applied to separate functions of the front- and the middle- office in lending to individuals of Kazan and North-West branches and to reveal the unbiased level of employees' key professional competences.

4.1.8. Social Guarantees for the Bank Employees

The essential component of the Bank's social policy is social guarantees for its employees. These benefits apply to all personnel of the Head Office and regional offices regardless of the position, status and work experience.

The corporate social guarantees of the Bank are divided into social, vital and business benefits.

Social benefits are connected with a range of services and advantages, which the Bank offers or pays to the employees to save their money, time and efforts. Social benefits include the following options:

- Stimulating payments (KPI-based bonuses, bonuses for the work experience in the Bank, and the retirement benefit);
- Guaranteed social payments (family benefits, emergency payments);
- Discount programmes (offering discounts to the Bank employees on the products and services of the Bank and its affiliates; concessional lending, discounts on affiliate products, discounts on products of Bank partners, and so on).

Special discounts let the staff utilize the products and services of the Bank and its affiliates on favourable terms. The loyalty programmes apply to the following:

- Products and services of the Bank;
- Products and services of affiliates;
- Products and services of the Bank partners.

Concessional lending (mortgage and consumer loans, new and used car loans, loans for credit card accounts) gives advantage to the Bank personnel in terms of simplified loan approval; low commissions or no commissions on bank transactions, shorter timeframes of application review, forms of loan collateral, proof of income and so on.

Therefore, the maximum amount of unsecured consumer loan for the Bank employees was raised to 1 mln rubles subject to sound credit history. And while the interest rate for car and consumer loans increased in 2012, the Bank offers the interest rate approved in 2011 for the employees' benefit. All these measures make loans even more accessible to the Bank employees.

Loyalty programmes for the products and services of affiliates let the employees and their families receive special treatment by affiliate insurance companies on property insurance (transport, housing, third party insurance), life and health insurance (accidents), healthcare and other services from the affiliate companies.

Loyalty programmes for products and services of the Bank partners also let the personnel buy them on favourable terms.

The **vital benefits** include guarantees in various spheres, such as sport, physical education and health enhancement, recreation and gifts. The Bank supports the promotion and development of a healthy lifestyle in the following ways:

- Holds sport tournaments (Spartakiada competition among the Bank employees; mini football tournament; volleyball, hockey, tennis competitions, and so on);
- Supports health promotion policy, organizes mass sport events for the employees and their families, provides them with access to sports infrastructure, arranges workouts and competitions among the Bank employees;
- Supplies the Bank employees with discount membership to gyms or sport centers and concessional passes to sport events;
- According to the approved budget, organizes health screenings for the Bank employees to prevent serious diseases and vaccinations in order to decrease the sickness rate during the epidemiological outbreaks;
- Offers financial compensation for the tickets to sanatoriums and recreation camps for the children of the Bank employees.

The Bank allocates financial rewards to the employees for holidays and anniversaries, organizes corporate celebrations and festive events, as well as gifts for the children and non-working retired employees of the Bank.

The **business benefits** are offered to the employees of special position categories or due to the operational necessities. Business benefits of the Bank include the following:

- Company vehicle with a driver;
- Reimbursement of travel expenses or personal car expenses;
- Payment for mobile communication;
- Educational and professional development trainings for the Bank employees.

Thus, the well-built and well-organized system of benefits and guarantees allows the Bank to regulate labour and employment matters in a socially responsible way, to improve the quality of living and working conditions of the employees and their families, and also to provide the Bank with highly professional and loyal staff.

4.2 . Quality of Working and Living Conditions of Employees

High efficiency and productivity of labour is enabled by the provision of comfortable, up-to-date and modern workplace that encourages productivity and develops the potential of each employee. The bank complies with all the strict requirements of the workplace organization, both when opening a new point of presence and during the process of its exploitation.

In addition, the Bank approved the Rules of the internal working order that govern the process of hiring and dismissing the employees, the basic rights and liabilities, 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 on 'AK BARS Bank customer service in the branch divisions that provide retail products'. This document regulates the work of branch subdivisions and sets a single working mode, while improving the AK BARS Bank brand awareness.

4.2.1. Sport, Recreational and Cultural Events

It is a known fact that the company's success is closely linked to corporate recreation. Corporate events unite the staff and allow them to get to know each other better, be on the same page and even show their personal traits in the informal atmosphere. Corporate events are good for teambuilding, stress and tension relief for the employees.

The New Year celebration definitely became the main corporate event for AK BARS Bank employees in 2012. The 'City of roads' theme was welcomed by the personnel who celebrated it with good music, dancing, fun competitions and a banquet. The traditional talent competition for the Chairman of the Management Board's prize was held and its winners received the cash bonus.

In 2012, the Bank organized a trip to the Head Office employees and their families to the ancient town of Bulgar, whereas the IT Department took part in the teambuilding activity and rafted down the Ilet River in the Mari Republic. Besides, corporate events were held in all Bank branches in the form of team building or informal meetings devoted to special anniversary and memorable dates.

Sport is a great way to support corporate spirit. Team sports especially help to bring the isolated team members together and teach them to act together. They learn to solve the tasks in a fun way, as one team and in the shortest time.

For instance, the Head Office staff took part in doing the Set of physical exercises and showed their strength, endurance and overall good physical capability. The set of mandatory exercises included push-ups, chin-ups, crunches and 9x4 shuttle run. 986 employees took part in the event and 26 were selected because they showed best results in their age group. They were rewarded with gift certificates from the 'Sportmaster' stores.

Impressive achievements were made at the competitions among the financial institutions of Kazan within the "Sporty Kazan -2012" tournament. The teams of AK BARS Bank did very well in volleyball, cycling, and they took the honored first place in swimming. In addition, the staff holds the traditional mini-football tournament every year right before AK BARS Bank's birthday.

Due to participation in various sports events, AK BARS Bank, the General partner of the 27th Summer Universiade, was recognized as the most athletic among 'Financial institutions, tax authorities and banks' in 2012.

4.2.2. Social Support of Families

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

In 2011, the Bank employees received the following types of social payments:

Guaranteed social payments – 16.8 million rubles:

- One-time allowance given to the first-time legally married couples;
- One-time allowance for the birth of a child (adoption of a child);
- Monthly allowance to mothers (the Bank employees) with children aged 1.5 to 3 years;
- Payments related to the death of close relatives (parents, children, husband, wife);
- Anniversaries;
- Commencement of retirement;
- By the Decision of the Committee on social matters;
- Financial aid for family in case of the employee's death.

Payments for motherhood and childhood support:

- Compensation of vouchers for children's recreational facilities. Total amount paid from the funds of the Bank in 2012 amounted to 434 254 rubles;
- Compensation of vouchers for “Mother and Child” trips. Total amount paid at the Bank expense was 841 152 rubles.

4.2.3. Support to the Elderly and Non-working Pensioners

AK BARS Bank takes into account the vulnerable position of the non-working pensioners and systematically supports its retirees. During 2012, they received payments as an acknowledgement of their hard work for major anniversaries and for the commencement of retirement. And the non-working pensioners are traditionally invited to attend the festive event with tea and gifts for the International Day of Older Persons.

4.3. Development of Education and Science

At present, the issue of efficient interaction mechanisms between the business and the higher educational institutions is crucial for training highly qualified professionals for the human resource needs and the federal tasks. AK BARS Bank continues to develop cooperation programmes with the educational institutions of the Republic of Tatarstan and the Russian Federation to attract the most gifted young professionals and to form the external human resource pool.

In 2012, a few major programmes for recruiting young professionals and promoting the AK BARS BANK’s positive image of a potential employer among students were carried out, i.e. Scholarship, Open University, Business Game and internship in the Bank.

The abovementioned projects had good media coverage in the Republic of Tatarstan and Russian regions: television, websites of the Bank and the higher educational institutions, and social networks.

The Open University project was implemented together with Kazan Volga region Federal University in 2012. The aim of this programme is to develop corporate competence and managerial skills. AK BARS Bank counts on this programme to prepare professional managers in the short-run.

Upon the project completion, 13 finalists were employed by the Bank’s Head Office subdivisions. Young professionals apply their skills in Internal control and Audit; Analysis and Planning; Credit; Bank risks; Management of subsidiaries; Corporate business; and Law.

On 28 September 2012, the finalists of the AK BARS BANK Scholarship programme were awarded. 10 best students received honorary diplomas and multiservice MasterCard PayPass Unembossed cards with the scholarship credited to their accounts.

In 2012, 60 students from 12 cities took part in the competition: Almetyevsk, Kazan, Krasnoyarsk, Moscow, N.Chelny, N. Novgorod, Orenburg, Rostov-on-Don, Samara, Saint-Petersburg, Togliatti, and Chistopol. The most active participants were Kazan Volga region Federal University, Rostov State Economic University, Orenburg State University, Nizhny Novgorod Commercial Institute and Samara State Economic University. 24 projects were chosen for the 2nd round of the competition. Their authors then had an interview with the scholarship committee which consisted of the managers of the Bank’s structural subdivisions.

The Business Game project is held on a regular basis among tertiary students in order to assess the professional knowledge and personal characteristics of participants. Based on results of the game, the best students obtain honorary diplomas from AK BARS BANK and are entered in the active human resource pool. In June 2012, the Business Game was held at Kazan Volga region Federal University and addressed the time-management skills of ‘School of young careerist’. The assessed group contained 18 1st-4th year students from different departments of K(V)FU. 4 of them succeeded to join the HR pool.

To further realize the strategic HR-initiative and engage young promising students in the internship with the possibility of future job placement, AK BARS Bank participated in Career Expos:

- 19.04.2012 – career expo by Kazan State Technical University (KSTU);
- 27.04.2012 – career expo by Kazan Volga region Federal University (K(V)FU);
- 22.11.12 – student career expo ‘HR – Russia’s Future’ on the grounds of K(V)FU;
- 29.11.12 – career expo ‘Autumn 2012’ held by KSTU (for 2-5 year students).

The Bank encourages students to take part in internships and pre-diploma trainings. The Bank creates the human resource pool while the students have an opportunity to obtain practical knowledge. In 2012, the Bank accepted 246 interns, of which 49 were directed to the Head Office and 197 to branch subdivisions.

4.4. Labour Protection

Work environment does not only affect the labour productivity and other performance indicators. Personnel’s well-being as the key productive force, living conditions and all-round development depend mostly on the labour protection policy of an enterprise. AK BARS Bank sets important goals in the sphere of labour protection, the solution of which provides the maximum level of health security during the working process of the employees.

The continuous improvement of labour protection in AK BARS BANK relies on its ability to comply with international standards stated in GOST 12.0.230-2007 ‘Safety standards system. Safety management system. General requirements’.

Priority tasks of AK BARS Bank in the field of labour protection are to ensure safe working conditions, including the following:

- Safety of employees while using buildings and equipment, as well as tools and materials in their work;
- 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 each workplace;
- Work and rest balance in accordance with the labour legislation and other legal acts containing labour law standards;
- Acquisition at the company’s own expense and distribution of working uniform, special footwear and other items of personal protective equipment, detergents, certified and avowed in accordance with the established laws of the Russian Federation on technical regulations, to the workers involved in jobs with harmful and (or) dangerous working conditions, as well as to the employees working in special temperatures or pollution-related conditions;
- Training to use safe techniques and methods while at work, training to provide first aid to those injured at work, instructions on labour protection, internships at the workplaces and labour protection requirements knowledge tests;
- Work exemption of those who did not pass training and orientation on labour protection, training and knowledge tests on labour protection requirements in the established procedure;
- Control over labour conditions at the workplaces, as well as over the proper use of individual and collective protection by the employees;
- Examination of working conditions at workplaces with subsequent certification of labour protection;
- Organization of mandatory preliminary (when applying for a job) and periodic (during the further labor activity) medical examinations (check-ups) at the company’s expense;
- Non-admission of the employees to their work duties without mandatory medical examinations (check-ups), mandatory psychiatric examinations, as well as in the case of medical contraindications;
- Informing employees on the working conditions and labour protection at the workplace, on health risks and its compensation packages and on personal protective equipment;

- Providing information and all necessary documents to the competence of federal executive authorities which elaborate the 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 standards 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 standards of labour law;
- Taking measures to prevent accidents, to preserve life and health of the employees in the cases 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;
- Providing free 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, industrial accidents and occupational diseases investigation;
- Compliance with the regulations 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;
- Introducing the employees to the 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.

Each year AK BARS BANK approves the Action plan aimed at the improvement of labour conditions. To prepare the plan, the working conditions and workplaces are examined. Thus, last year the assessment of over 1200 workplaces took place.

In the reporting period, injury prevention traditionally was taken care of as well as the training and knowledge assessment for increased awareness of labour safety. In 2012, more than 100 people attended the external training courses and were then grouped into committees for every bank divisions to examine labor protection knowledge of other colleagues. In order to familiarize the employees with the labor protection issues, there is a special electronic source which is available from any computer.

According to the adopted Action plan, the expenses on labour protection amounted to nearly 20 million rubles, at a cost of 3 thousand rubles per person.

For continuous monitoring of health, the employees undergo preventive medical examinations which help to detect and resolve problems in time. In case of any medical contraindications, the employee is transferred to another job with no exposure to harmful factors. When the disease is detected, the employees are sent to receive sanatorium treatment at the expense of the Bank. In 2012, 5225 employees underwent medical examinations. 12 employees were sent to the treatment at sanatoriums. The employees of certain occupations are provided with special working clothes, working footwear and other items of personal protective equipment

(PPE) for secure protection from the exposure of harmful occupational hazards. 432 employees received PPEs.

Accidents at work in 2012	
Average number, people	6 068
Number of accidents	4
Percentage of accidents, %	0.07

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

- Registration 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 2012, the lighting conditions at the workplaces were improved in order to conform to the Sanitary Standards and Regulations 2.2.2/2.4.1340-03 on pulsation coefficient at workplaces with personal computers; and the personal computers power ground effectiveness was examined in order to protect the staff from the harmful effects of electromagnetic radiation.

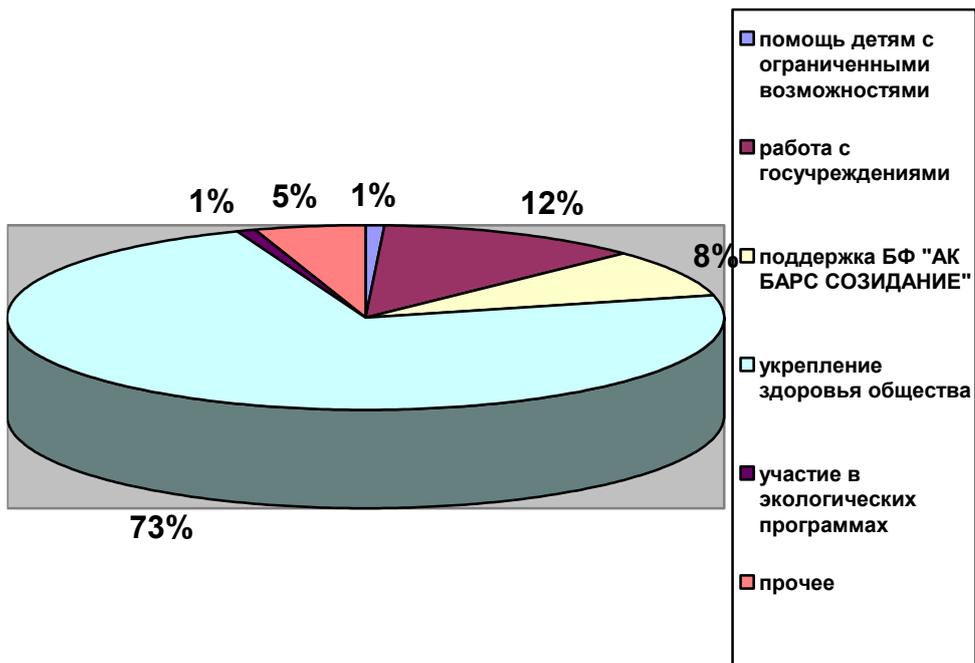
In order to control the level of radiation of the received banknotes, the cash desks of the Bank received more than 530 radiation monitors MKS-01 SA1M and DRGB-01 EKO 1. Responsible employees were taught the subject 'Radiation control of banknotes', upon completion of which 15 certificates were issued.

Overall, the Labour protection service of the Bank received 2000 applications from employees. Each of them was reviewed and followed by the detailed advice on legal regulations of labour protection law.

5. Socially Responsible Participation of the Bank in Public Life

Today the corporate social responsibility and the charity work of business community can take on many social matters which cannot be resolved by government funding. By engaging in charity, AK BARS BANK does not expect any profit growth or any additional preferences. Corporate social responsibility of our business is a voluntary contribution to the development of the society which we belong to ourselves. Promotion of public health, assistance to disadvantaged population groups, support of sports, cultural, environment programmes are the key principles of the Bank's social policy.

The structure of social investment of AK BARS Bank in 2012 (%):



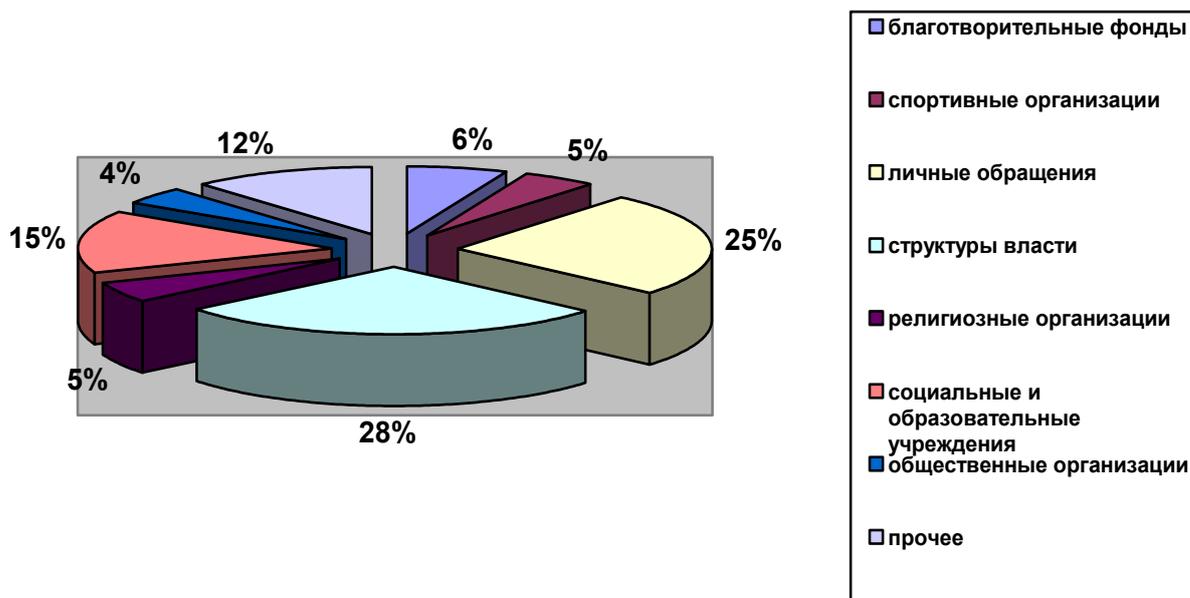
- Support to disabled children
- Work with government institutions
- Support of AK BARS SOZIDANIE Charity Fund
- Public health promotion
- Participation in environment protection programmes
- Other

5.1. Charity

AK BARS Bank has a long history of involvement with charity. Charity was different in its form and content throughout its 20 years, but it has always been a significant part of our activity. Today charity of AK BARS Bank keeps evolving and carries not only the humanitarian function but also up-to-date and efficient economic mechanisms for solving social issues. The active participation in sponsor and charity projects in 2012 again shows the Bank's commitment to its traditions and its steadiness and financial stability.

Last year the Bank carried out more than 230 various charity projects and tended to focus on public health and certain citizens in particular. In 2012, the Bank reviewed 493 letters from organizations and citizens of different regions of Russia. 238 of them (48.3%) were approved. Many in-house charity projects were executed by the AK BARS SOZIDANIE Charity Fund. The overall social investments of AK BARS BANK in the reporting period exceeded 200 mln rubles.

The structure of requests from organizations and citizens to the Charity and Sponsorship Committee



- Charity funds
- Sports organizations
- Personal requests
- Government authorities
- Religious organizations
- Social and educational institutions
- Non-government organizations
- Other

5.1.1. Assistance to Educational Institutions

Investment into education is the deposit of a successful nation for its future. Development of education creates necessary conditions for the country's prosperity and its strength in the international arena. AK BARS Bank followed its tradition for the support of national education in 2012.

School books for the first graders

In September 2012, the charity give-away of textbooks to the first graders was held for the fifteenth time. One of the traditional education support programmes of AK BARS Bank is a gift for every first grader of Tatarstan for the Knowledge Day. Every year the professional employees of AK BARS Bank in cooperation with methodologists and art designers edit this unique book, which does not duplicate the standard curriculum, but helps a child to learn many exciting new facts about the world.

As the Summer Universiade is approaching, the first graders received the book called "The Magic Map of the Universiade" supplemented with a computer game. This illustrated colourful book will introduce the children to the upcoming student games in Kazan 2013, various sports and healthy lifestyle, as well as assist them in learning the two state languages of the Republic of Tatarstan.

48 000 children received this gift on 1 September 2012. The books were given not only to the first graders of the Republic of Tatarstan but also to those in such Russian regions as Samara, Kirov, Izhevsk, Nizhny Novgorod and other, where Tatar language is taught at schools.

Assistance to educational institutions

AK BARS Bank provides regular support to kindergartens, schools and tertiary institutions.

Last year it supported the traditional educational project called 'IntelLeto' initiated by Kazan (Volga region) Federal University and AK BARS Bank branch in Elabuga. It facilitates the active recreation for children, their all-round development through the intellectual and creative activities. Besides, K(V)FU organized two scientific conferences with the support from the Bank.

The schools and kindergartens of Kaibitskiy municipal district of the Republic of Tatarstan have been traditionally supplied with necessary school equipment, and Zainsky district purchased playground equipment with the Bank's support. Kazan school No 13 could afford to refurbish and install the latest equipment in the physics laboratory. Kindergarten No 5 of Kazan received modern interactive package. Another Kazan school – the Boarding school for deaf and hard of hearing children n.a. E. Lastochkina received finance for the purchase of school furniture.

The children dancing teams also received support from the Bank – Starotyaberdinskaya school of Kaibitskiy municipal district got funds for new costumes as did 'Assorti' dance-show.

5.1.2. Assistance to Children with Disabilities and Children in Difficult Life Circumstances

Children addressed charity programmes of AK BARS Bank are accomplished jointly with the Charity Fund AK BARS "SOZIDANIE". Their aim is to fulfill social projects supporting children with disabilities and children in difficult life circumstances, including those left without parental care and those residing in orphanages. Thus, in 2012 the Bank provided support to the Republic's orphanage in Kazan by financing the capital repairs to the building.

Assistance to children's social institutions

Yelabuzhsky orphanage has been under the patronage of AK BARS Bank since 2008. The Bank not only provides regular targeted financial assistance to the children, but is also involved in the process of education and support of the future citizens of our country, including the search of gifted children. For instance, one of the orphans received a right to represent Tatarstan at the international 'Little Miss World 2012' competition in Turkey, and the Bank let the girl's dream come true. Thus, the Bank sets the support and participation in the development of new personalities who are free and confident in their choices, socially adapted and focused on further self-development, as its primary purpose.

Material assistance for the Yelabuzhsky orphanage in 2012 comprised New Year presents for each child, electronic books for birthday gifts, and LCD television screens and DVD players for the orphanage's benefit. And throughout the year there are regular fairs of handcrafts by Yelabuzhsky orphanage students and by other orphans of the Volga federal district.

The gifted disabled children of Tatarstan became other children in ward for the Bank in 2012. By virtue of our assistance they gracefully represented the region at the 'Paramusical festival' in Moscow.

"Getting ready for school"

This charity project was initiated by the first President of the Republic of Tatarstan M. Shaimiev. The Bank allocated funds to Zainskiy, Tukaevsky, Kaibitskiy, Tetushkiy districts and Vakhitov district of Kazan, as well as to children with the aged guardians. The children from low-income and troubled families received stuffed backpacks, school and sports uniforms and shoes.

"Hospital clown"

On 29 November 2012, the charity event 'Hospital Clown' was held at the Septic Surgery Department of Children's Clinical Hospital of the Republic of Tatarstan. The joyful doctor-clowns Mulya and Vjik visited hospital wards and entertained children and their parents with jokes, dances and games. Each child received a present from the Bank – a toy or a book.

The laughter therapy event significantly cheered the little patients up and motivated them to recover quicker.

5.1.3. Social Protection of the Elderly, Assistance to Socially Disadvantaged Groups and People with Disabilities

The Bank's extensive activity in this sphere can be considered an independent social technology which provides necessary support to citizens in difficult life situations which an individual cannot overcome on his own. People with disabilities, lonely elderly people, World War II veterans – all these population groups receive targeted assistance from the Bank upon individual requests or altogether.

Arskiy boarding home for the elderly and disabled people is under the patronage of AK BARS Bank and currently hosts 50 people. Under the 'The Sun shines to everyone!' project the Bank presented the boarding home with the treadmill, ionizers and bed linen.

The Victory day is one of the most important holidays of the year. AK BARS Bank annually honors the war and work veterans in Kazan, districts of the Republic of Tatarstan and other regions of Russia. Zelenodolsk, Nizhnekamsk and Tetyushi municipal districts of Tatarstan, as well as Nizhniy Novgorod, Cheboksary and Moscow and Kirov districts of Kazan received financial support prior to the Victory day. The money was directed to the celebrations, charity dinners, concerts, and fireworks.

AK BARS Bank financed part of the repair works in the building of the All Russia Association of the Blind and purchased mobile phones for the elderly and disabled people of Tukaevsky municipal district.

The regular charitable aid from AK BARS Bank is received by six sponsored institutions under the surveillance of Nizhnekamsk Branch of AK BARS Bank: City veterans home, single elderly people sheltered in the Krasno-Kadkinskiy district hospital, the boarding school for deaf children "Raduga", rehabilitation center for disabled children "Nadezhda", social rehabilitation center for minors "Balkysh", and secondary school No 1 with intensified instruction of certain subjects n.a. N. Maximov. During 2012 AK BARS Bank supported these institutions in honor of several occasions: the 67th-anniversary of the Great Patriotic War Victory, the Elderly People Day, the Day of Disabled People and the New Year.

5.1.4. Public Health Promotion

Health maintenance and support have always been important. Health is truly the key value of any individual and the society since it lays the ground for further sustaining and developing of life. Any community tends to shape a physically, psychologically and socially healthy individual according to its moral, intellectual and physical ideals. Public health is the guarantee for the national and personal development. This is why public health promotion has been the most extensive and capital-intensive part of AK BARS Bank's charity activity.

In 2012, the Bank's work was guided by its status of the General partner of Summer Universiade 2013. The status acknowledges the Bank's substantial contribution into the sports victories of Russia, the promotion of a healthy lifestyle, the all-round physical and spiritual development of children and youth, and the formation of values for conscientious support of one's own health and well-being.

Funding the medical treatment of children

Every day AK BARS Bank receives dozens of letters from parents and relatives of children with cancer, functional musculoskeletal system disorders, and cerebral spastic infantile paralysis. Those are the medical conditions of children which are supported by AK BARS Bank. 42 children, whose parents sought help from the Bank in 2012, had been diagnosed with severe illnesses and urgently need modern medical treatment, laboratory and diagnostic services and long-term recovery. By virtue of timely and full or partial financing of the expensive treatment provided by AK BARS Bank, these children and their families acquired hope for the recovery.

Sports and healthy lifestyle support

The Bank runs both long-term and short-term sponsorship projects. In 2012 AK BARS Bank traditionally acted as the General sponsor of the basketball club "UNICS" and the football club 'Rubin'. Among the sport charity programmes there are assistance to the children's ice

hockey team LLC ‘Pochtovik’ (city of Izhevsk) and the Judo Federation of the Republic of Tatarstan for holding the Open House event for children. Financial support was granted to the organizing committee of the football tournament among cadets in Nizhnekamsk, the Sabinsky district of RT for holding the table tennis competition, and to the township of Karabash for holding the volleyball tournament.

AK BARS Bank regularly supports the Federation of automotive and motorcycle sports of the Republic of Tatarstan to organize races.

5.1.5. Support of Gifted Children and Youth

Talents produce this special atmosphere for the youth by encouraging their immediate environment to create. Talent hunting, enhancing their skills and their further application, as well as the society’s readiness to accept new talents and innovation leaders are not just the matter of prestige but also the integral part of the cultural and education policy without which it is hardly possible to set up the innovation-based economy. AK BARS Bank has been supporting young talents for a long time and making investments in their search, development and career, which are the best dividends.

“Top 50 Innovative Ideas for the Republic of Tatarstan”

The contest “Top 50 Innovative Ideas for the Republic of Tatarstan” takes a very special place in the Bank’s social policy. This annual competition aims to encourage the innovation-oriented work of the youth which corresponds with the Bank’s development trends. This is why AK BARS Bank has been one of the main sponsors of the contest for many years. At the end of 2012, the Chairman of the Board of Directors, Robert Minnegaliev, traditionally presented Nominal Grants of AK BARS Bank to 10 authors - winners of the best innovative projects at the awarding ceremony of the "Top 50 Innovative Ideas for the Republic of Tatarstan".

5.1.6. Cooperation with State Institutions in Realization of Social Projects and Mass Culture Development

Business and the government are partners which both need equal cooperation. AK BARS Bank cooperates with the government for the implementation of the economic development projects and the socially-oriented programmes. The Bank receives a lot of requests from the municipal bodies for sponsorship and charity support of sports and cultural events, construction and reconstruction of government institutions, execution of charity programmes. Each request receives a timely response.

The City Day

30 August is a special date in the calendar of the Republic of Tatarstan. Thanks to the financial assistance from AK BARS Bank, as one of the sponsors of the Republic Day and City Day celebrations, towns and villages of the Republic change their appearance; people have the opportunity to join the public celebrations which include performances of the masters of culture and arts of the Republic of Tatarstan and Russia. City festivities are traditionally marked by beautiful fireworks.

In 2012, the Bank sponsored the celebration of the Day of the Republic of Tatarstan and the City Day in Bavlinsky, Nizhnekamsk, Mendeleevsk, Zainsk districts as well as Kirov and Moscow districts of Kazan.

Sabantuy

Traditionally, the first summer month is when the Republic of Tatarstan celebrates Sabantuy – Tatar holiday of work and plough, beloved by all. It is a universal holiday, which is widely celebrated by the village fairs, festivities, competitions, contests, dancing and singing. Organization of such events requires significant funding. AK BARS Bank traditionally supports the celebrations.

And thanks to the sponsorship of the Bank, Sabantuy was held not only in Tatarstan, but also in St. Petersburg, Moscow, Tumen, Samara, Cheboksary and many other cities of Russia.

New Year

AK BARS Bank never neglects the New Year celebrations and sponsors those in Kazan and the districts of the Republic of Tatarstan. Last year 21 districts along with Moscow, Kirov and Soviet districts of Kazan received funding for celebration and related events.

5.1.7. Environment Protection

A country is capable to prosper only with the efficient production technology, the smart resource utilization, the rational nature management and the well-rounded economic policy. All of the above is closely linked with the environment protection and the environment policy. This is why AK BARS BANK has traditionally supported environment programmes.

AK BARS BANK has been supporting Kazan Zoo for many years to keep and exhibit the snow leopards (the ounces). There are two snow leopards under the auspices of the zoo at the moment.

The Bank also looks after a snow leopard in the St Petersburg Zoo and financed its living in 2012.

5.1.8. Support of Arts and Cultural Programmes

From day one the Bank has supported the ethnic and cultural events in the Republic of Tatarstan and the perspective cultural events in other regions of Russia. In the beginning of 2012 the 'Gindukush' War museum in the Tukaevksy district of Tatarstan received charitable financing. The Bank also helped to publish a book on the history of financial structure of Naberezhnye Chelny; the non-government organization of the Kryashens was granted with financial support for organization of the traditional national holiday of Kryashen Tatars "Pitrau"; and the Assembly of ethnics of Tatarstan obtained funds for equipping the House of ethnic friendship with necessary fittings and modern communication means.

Together with 'Ak Bars Gallery' the Bank held two exhibitions: 'Faces of three capitals' of the portraits named Kh. Saybatalov and 'Reality boundaries' of modern Russian artists devoted to the Gallery's birthday. AK BARS Bank also helped to arrange the large-scale International television song contest 'Tatar Mony' which was held thanks to the joint cooperation of the Bank and the Ministry of Culture of the Republic of Tatarstan.

Report of the Charity Fund "AK BARS SOZIDANIE"

Charity Fund AK BARS "SOZIDANIE" was officially registered in October 2006 and is a non-profit organization. It supports the needy people of the Republic of Tatarstan. The main directions of the fund's activities are the socialization of disabled children, sustaining and recovery of the younger generation's health, support of gifted children and youth, and social support of the single elderly people.

Since its establishment, the Fund has successfully cooperated with the Republican Committee on Charity matters. The Committee receives daily reports on received funds along with monthly statistical and analytical reports.

The implementation of its own projects is based on the funds transferred to the Fund's settlement accounts.

Within the reporting period, the Fund raised the amount of **31 855 982.97** rubles (of which OJSC AK BARS Bank – 13 099 580.0 rubles, OJSC Tatfondbank – 8 481 542.00 rubles, other legal entities – 4 425 264.91 rubles, and individuals – 4 849 663.73 rubles) for the following social projects.

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

AK BARS “SOZIDANIE” Fund has executed the ‘DO GOOD’ programme since 2008. Its priority is to support children with serious illnesses and families with disabled children.

The programme comprises the following projects:

- **‘Uniting the continents’** (*targeted financing of treatment for seriously ill children in hospitals of Tatarstan, Russia and abroad*)

Within this project, the Fund paid for the medical treatment and surgery of 105 children in medical institutions of Kazan, Naberezhnye Chelny, Moscow, Saint Petersburg, Yoshkar-Ola, Ufa and the clinics in Ukraine, Israel and Germany. Some children received recurrent support.

In addition, when fast help was needed, the volunteers and the Bank worked together and organized charity concerts, the ‘Sky of 1000 wishes’ flash mob, charity fairs and so on.

- **‘Partnership for a good cause’** (*support to social institutions who work with children with special needs*)

Many commercial organizations carry out charity activities because they are socially responsible businesses. Charity Fund AK BARS SOZIDANIE cooperates with the leading companies of the Republic of Tatarstan who actively support social projects and pay special attention to seriously ill children and the social institutions that work with the disabled children.

The following healthcare and social institutions of the Republic of Tatarstan were financed in the reporting period:

- Bavlinskaya central regional hospital for the purchase of a fetal monitor;
- Specialized Republic Orphanage for the purchase of medical equipment and non-register medications, and the building’s reconstruction;
- Republic’s hospital for the infectious diseases for the purchase of ultrasound equipment M5;
- Karabash outpatient clinic of the Bugulma municipal district for the reconstruction of the building;
- Rehabilitation center ‘April’ for the purchase of BOS speech therapy cabinet;
- Kazan boarding school 1-2 category named after E. Lastochkina for the purchase of furniture;
- School No 34 for deaf children for the purchase of special textbooks;
- Boarding school ‘Raduga’ for deaf children, Children psychoneurological center for disabled children ‘Nadezhda’, Rehabilitation center for minors ‘Balkysh’ of the Nizhnekamsk municipal district of RT for holding the events within the framework if International Children’s Day and New Year celebrations;
- Kindergarten No 76 of the Soviet district of Kazan for the renovation of playground;
- Rehabilitation center ‘April’ for the purchase of medical equipment;
- Derbyshki boarding school for mentally retarded children in Kazan for the purchase of ‘Bioptron’ device.

On 1 June 2012 aka International Children’s Day the Fund together with volunteers from the regional office of one British company carried out an environmental project in the kindergarten No 164 for children with allergies for installing a playground.

In order to support the blind, the Fund announced a campaign called ‘See through hearts’ aimed at the reconstruction of the Culture and sport rehabilitation facility of Kazan branch of All Russia Association of the Blind in November 2012. The 2 000 sight-impaired people include many elderly and low-income ones. The campaign raised 500 000 rubles which allowed repairing water, heat and electricity supply systems and replacing of roofing.

- **‘VzaimoPONImanie’** (*‘rapport’, rehabilitation of disabled children diagnosed with ICP through horse-riding*)

In 2009 the Fund established a Hippotherapy center on the grounds of Kazan Zoo which provides free rides to children from rehabilitation center ‘April’ in warmer seasons (May –

September). In 2012, nine children rode regularly and achieved a positive trend in motor function and locomotor system.

- **‘Kind Center of Changes’** (*rehabilitation of children with inborn Central Nervous System (CNS) diseases*)

ICP is an acronym that scares all parents and often sounds like a sentence. Apparently, neuropathologists diagnose it within the first year of a child’s life as soon as they see first signs of CNS disorder. But after thorough examination it turns out that the ‘ICP’ diagnosis is rather conventional and uncertain.

This is why AK BARS SOZIDANIE launched the ‘Kind center of changes’ project in January 2012 under the ‘DO GOOD’ programme to help children with CNS disorders. The project included opening of a Children Ambulatory Center of rehabilitation for children with inborn CNS diseases on the basis of the “Republic’s children psychoneurological sanatorium”. The given project is executed through the government and private partnership. The funds from the project partners OJSC Tatfondbank and the Ministry of Economy of RT (subsidy from the budget of the Republic of Tatarstan received through the federal programme for the support of socially-orientated non-profit organizations) were used by the Fund to purchase expensive equipment for the psychoneurological sanatorium. The only other center to have such equipment before was Moscow.

During the financial year 1400 children went through the free treatment at a day patient facility and many noticed positive changes afterwards.

- **‘Learn to win’** (*preparation of children with development peculiarities to enroll into educational institutions*)

One of major problems of education is its accessibility for a range of disadvantaged social groups, and disabled children in particular. There are numerous barriers related to social inequality which do not allow access to quality education for disabled children. This is why Charity Fund AK BARS SOZIDANIE implements the ‘Learn to win’ project under the ‘DO GOOD’ programme to introduce inclusive education for disabled children.

Since 2012, the Fund holds charity concerts once a month together with the State Symphony Orchestra of RT for the disabled children. According to the rehabilitation specialists, music improves the psychological state of children and shortens the recovery period.

The Fund assisted in setting up the Computer design studios and pottery in the rehabilitation center ‘April’ in 2012 so that the volunteers could educate families with disabled children. Such trainings are held twice a week and were attended by 103 children in 2012. Events like these improve the children’s mood and develop static-kinetic functions and emotional intelligence.

During the last few years, the Fund, upon the decision of the Cabinet of Ministers of RT, enters the expert committee of the Republic-wide “**Public Initiative**” contest and supports social institutions and public organizations. In 2012 within the framework of this contest, the Bank distributed grants among ‘Trust – Yshanych’ in Rybno-Slobodskoy municipal district of RT and the Rehabilitation Centre ‘Vozrojdenie’ for children and teenagers’ in Bugulma municipal district of RT to improve the life and work adaptation of disabled children.

- **‘Step ahead’** (*support of gifted disabled children*)

Disabled children perceive our world sharper, vividly and deeper than their healthy peers, particularly if they are gifted. They are more persistent, attentive and thoughtful because their physical capabilities are limited. Nevertheless they are rejected and isolated by the society.

Psychologists claim that art-therapy is essential for disabled children and assists their social adaptation and rehabilitation. Art activities are the only way to express themselves.

Having said that, the Fund announced the 1st Republic-wide contest for talented disabled children called ‘Step ahead’ in October 2012 together with the working group on the social policy of the Public Chamber and the Ministry of Labour, Employment and Welfare of the Republic of Tatarstan.

The winners were rewarded on 13 December 2012 in the AK BARS Youth center in five nominations: verbal art, choreography, musical instruments, vocal and art work. 16 children and 13 teams received certificates for treatments and further development of talent.

In addition, the Fund together with AK BARS Bank supported two blind children and arranged their trip to Moscow to participate in the 'Paramusical festival'.

In 2012, the 'DO GOOD' programme raised the amount of **19 548 383.04** rubles, of which OJSC AK BARS Bank – 4 392 940.00 rubles, OJSC Tatfondbank – 7 721 542.00 rubles, other legal entities – 2 932 737.31 rubles, and individuals – 4 501 163.73 rubles. Additional 677 500 rubles were also raised.

“We are together!” (*socialization of children in difficult life circumstances*)

The orphanage of Elabuzhsky Municipal District of the Republic of Tatarstan has been under the patronage of OJSC AK BARS Bank and the Fund for the last few years. There are 35 children in the orphanage as of 1 January 2013

The Fund tends to the problems of the orphanage, provides possible assistance, organizes and holds various events for the orphans. The tradition has been established to celebrate favourite children's holidays around the year together: birthdays, Sabantuy, graduation ceremony, New Year. At the last year's celebrations the Fund granted LCD televisions screen with DVD players and computers and the desired presents for birthday boys and girls.

In addition, the teachers of the orphanage and the Fund employees adhere to consistent development of the children's talents and assistance in preparing for the Republic-wide contests. Thus, Sergei Petrov and Natalia Agafonova of the orphanage participated in the 2nd Multiregion open festival – model and photomodel contest, where Sergei received a 1st place Diploma in the 'Best Model' category. It should be mentioned that a painting by one of the orphans was the first one in the collection of Pavel Astakhov, the Children's Rights Commissioner for the President of the Russian Federation.

In August 2012 Natalia Agafonova of the orphanage received the right to represent the Republic of Tatarstan at the International Festival of harmony, beauty and talent 'Little Miss World 2012' in Turkey after her victory at the 'Little Princesses of Tatarstan' pageant. The Fund with the support from AK BARS Bank paid for the girl's trip and the trip turned out to be great success. Natalia placed 3rd with the 'Vice-Princess of the World 2012' title and was invited by an international modeling agency to take part in 'Miss Planet-2013' pageant in Bulgaria.

To enable the problem of the orphans' socialization to be solved, the fundraising campaign 'Wall of silence' was launched in 10 Russian cities with the support from domestic cinema and music celebrities. The raised funds were used to purchase a sensory room for Kazan boarding school No 11 where 104 disabled children reside.

Within the annual "Getting ready for school" campaign the Fund organized field trips to the Bolgar state historical museum and the Sviyazhsk Island for children with the aged guardians. During the trip both adults and children learnt more about the region's history and visited the most famous sightseeings of these two towns. At the end of the trip all children received backpacks stuffed with school supplies and expressed their desire to meet again and visit the same holy places in the following year.

Since 2010 AK BARS SOZIDANIE has rendered assistance to those authorities of RT that help orphanage graduates avoid the mistakes of their parents when settling down themselves. And since 2011 the Fund has been providing legal advice to orphan graduates in difficult life situations. For instance, in 2012 the Fund supported:

Timur Garifullin (born in 1990), graduate of the Nurlat orphanage of the Zelenodolsk municipal district and student of Kazan social and humanitarian college, who is raising a disabled child;

Roza Nazarova (born in 1993), graduate of the Nurlat orphanage of the Zelenodolsk municipal district and 1st year student of Kazan college of technology and design.

To promote healthy lifestyle and well-being and to attract orphans and abandoned children to physical workouts and sports during the winter school break, the Fund participated in the organization of Republic-wide individual and team cross-country skiing championship for the orphans of Menzelinsk.

Particular attention of the Fund goes to the territorial project called RETURN THE CHILDHOOD which aims to socialize the abandoned children. The Fund does everything it takes to implement it across the Republic of Tatarstan and Volga Federal District. The following activities were done within this project:

- Fair and auction of handcrafts by the orphans of Volga Federal District among employees of AK BARS Bank and Tatfondbank. The raised funds were used to buy games and books for the clubs and societies of orphanages;
- On 2 November 2012 the award ceremony took place in the Tatar State Drama and Comedy Theatre n.a. K.Tinchurin for the winners of the arts and crafts contest among the orphans of Volga Federal District called ‘Living on the banks of Volga as one family’.

The contest is held under the auspices of the Plenipotentiary Representative of the President of Russian Federation in the Volga Federal District, the Ministry of Education and Science of the Republic of Tatarstan, and the Public Chamber of RT. AK BARS BANK and Tatfondbank acted as the event’s sponsors.

About 450 works created by the residents of orphanages and boarding schools from the Perm Territory, Republics of Mordovia, Mari-El, Tatarstan, Udmurtia, Bashkortostan, as well as Nizhniy Novgorod, Kirov, Ulyanovsk, Orenburg, Saratov and Samara districts. Hence the decision by the expert committee made of the leading art workers of Tatarstan to award 117 orphans.

1 623 576.70 rubles were spend on the “We are together!” project implementation in 2012.

“Healthy Lifestyle Planet” (*promotion of sport and healthy lifestyle*)

Health is a priceless asset of any individual and the society at large. When we greet and say farewell to people we know, we always wish them sound health as it is the essential condition for living the life at its full.

And healthy lifestyle enables us to pursue targets and goals, fulfill our plans and overcome the difficulties. Healthy lifestyle should be maintained and taken care of by the individual himself to ensure he/she lives a long and happy life.

As the Universiade 2013 approaches, Charity Fund AK BARS SOZIDANIE devotedly promotes healthy lifestyle.

With the financial support of AK BARS BANK the Fund held table tennis tournaments (Russia-wide) in the Sabinsky municipal district of RT, football championship in the Nizhnekamsks municipal district of RT and volleyball championship in Karabash township of the Bugulma municipal district of RT. The volunteers also helped to organize Health Days for large low-income families.

The total of **355 000.00 rubles** was spent on this project.

“Young Talents” (*discovering and encouraging gifted children and talented young people; providing help to educational institutions that work with young talents*)

Year after year the ‘Young Talents’ project brings more successful results. The project supports the talented children and gifted youth. Our little scholars win various Russian and international contests, festivals and academic competitions more often.

The Fund has supported Zarina Bimullina, a gifted disabled child, for many years now. In 2012, the Fund sponsored Zarina’s participation in the International art festival for the disabled ‘Vitebsk-2012’ which was held under the framework of 21st International art festival ‘Slavic

Bazaar in Vitebsk'. Zarina received a 2nd place diploma in the 'Pop singing' category and a special 'Young talents' award.

In December 2012 the Fund by virtue of financing from AK BARS Bank took part in the organization of the 'Little stars of Tatarstan' contest.

In 2012 the project supported the following purposes:

- Kruglopolsk village community center of the Tukai municipal district of RT for the building repairs;
- Starotyaberdinskaya secondary school of the Kaibitskiy municipal district, Regional non-government organization 'Federation of contemporary dance of RT', Dance studio 'ASSORTI' for the purchase of costumes;
- Lyceum under the K(V)FU for the participation in the All-Russian competition of school publications called 'More good and different publications' in Moscow and for sending the winners of federal academic competitions to a summer computer school;
- Combined kindergarten No 5 of the Privolzhsky district of Kazan for the purchase of multimedia equipment;
- SAIRAN band for the participation in the International festival 'Roza Vetrov';
- Gymnasium No 13 of Kazan for the purchase of digital laboratory;
- Molkeevskaya secondary school of the Kaibitskiy district for the purchase of student furniture.

Overall, **1 092 560.00 rubles** were spent on the "Young talents" project implementation in 2012.

"In a large family" (*promotion of a family institution, and targeted support of low-income families with many children*)

Promotion and support of the family institution is one of the most prominent activities of the Charity Fund AK BARS SOZIDANIE.

In March 2012 the Fund won the opportunity to be an operator of transregional public forums called 'Social guidelines of Volga region'. As a result, on 24-25 April 2012 the Forum of non-profit organizations of Volga Federal District 'Family and NGOs: interaction boundaries' was held to unite the resources of NGOs in family assistance. The organizing committee consisted of AK BARS SOZIDANIE Charity Fund, the Public Chamber and the Academy of Science of Tatarstan and was supported by the Ministry of Economic Development of Russia and the Nizhny Novgorod Association of NGOs 'Slujenie'.

The forum participants included 100 representatives of non-profit organizations which support families; regional Public Chambers, government bodies that are responsible for the social, economic, medical, legal and psychological well-being of families; expert community of Volga Federal District, and students.

To raise awareness on the support available to families, promotion of family values, conservation of traditions and continuity of generations, development of social partnership in family protections, the Family Day 'Her majesty – Family' was held on 14 June in the Victory Park by the Fund with support from the Novo-Savinovskiy district administration.

All parents could speak to such professionals as lawyers (Association of Lawyers of RT), psychologists (Comprehensive Assistance Centre 'Doverie', Counseling Service 'Serdesh', Centre for Social Assistance to Families and Children 'Gaile'), doctors and social care teacher (Republic-wide Children's Psychoneurological Sanatorium, Rehabilitation Centre for children and teenagers with disabilities 'April'), economists (OJSC Tatfondbank). The family workshops were also scheduled (workshops and contests of arts and crafts 'DIY present', 'Create your family's coat of arms'). Children could play at playgrounds (sports, theatre and arts).

Every year the Fund invites children from low-income large families to cultural events. In the reporting period the children from 'Zdravushka', 'Zorge', 'April' rehabilitation centers and Privolzhskiy orphanage of Kazan visited the premiers of the Tatar State Drama and Comedy Theatre n.a. K.Tinchurin and the concert of Tatar pop singer Ilnar Saifiyev. The goal of such

events is to expose children in difficult life situations to positive life values, raise spirits and morals.

On 12 July 2012 AK BARS SOZIDANIE organized an event for 45 families with disabled children under the framework of the Family, Love and Faithfulness Day celebration. It started near the Tatar State Academic Theatre n.a. G.Kamal where a comfortable bus with the tour guide was awaiting the guests. The route led to the children's railway in the 'Lebyajie' forest.

Within this project, the Fund participates in the Republic's "Getting ready for school" annual campaign aimed to support low-income families in preparation of their children to the beginning of the new school year. During the reporting period, the children from low-income families of Kazan, Kaybitskiy, Zainskiy, Tetushskiy and Bavlinsky municipal districts of Tatarstan received new packed school bags and the sportswear. Prior to the start of school, the Fund and its partners - OJSC BINBANK and interactive crafts theatre of ancient Kazan 'Bibars Sarai' organized the event for 20 sight-impaired graduates of kindergarten No 282 of the Moscow district of Kazan.

The Fund and the 'LP-4 Kazan' volunteers started to redevelop the 'Newlywed Park' at the intersection of Devyatayev St and Portovaya St. After a number of clean-up events the volunteers and the Fund employees managed to upgrade the park zone, install benches and garbage bins, plant flowers, cut down dead branches, mow the lawn and install an arch.

Every year with the financial support of AK BARS Bank, the folk holiday of Sabantuy and the City days are held in the municipal districts of Tatarstan and on the territories of the Russian Federation as well as the New Year celebrations. During the events the Fund organizes playgrounds for children from low-income families. 65 regions received the financial aid for Sabantuy-2012, 2 municipal districts of RT and Kazan city administration – for the City Day, 16 municipal districts of RT and Kazan, Naberezhnye Chelny and Cheboksary- for New Year celebrations.

To promote reading in the society AK BARS SOZIDANIE held the 'Family reading week' from 19 to 25 November 2012 in Kazan. The following events were part of the week's framework: meeting on 'Tatar books that effected the world literature' on the grounds of Russian Islamic University; Tatar poetry and music event 'Kheterde kalgan shigyrlar, mizgeller...' in joint effort with the regional NGO Centre for the conservation of Tatar language and culture 'Tatar mohite'; trivia game 'Do you know contemporary poets and writers?' in partnership with the Tatar book publisher; children's drawing competition 'My favourite book' in partnership with 'Book Court' stores.

In addition, in the reporting period the Fund with the support of AK BARS BANK provided assistance to:

- 'Berezka' Pre-School institution of Kaybitskiy municipal district for equipping the fitness corner;
- 'Miloserdie' Social Development Fund of Mamadysh municipal district for holding the 'We share one root, one destiny' event.
- A.Bilaliyev who lives in the Murali village of Kaybitskiy municipal district for repair and maintenance of his house. A.Bilaliyev is the sole carer of 5 minors and works for a state-funded body.
- NPO 'Otvat' for the New Year celebration for young mothers who are guarded by the non-profit organization.

4 227 816.67 rubles were spent on the project implementation.

"The sun shines for everyone!" (*help to lonely elderly people*)

By introducing economic and social reforms, every country wishes to improve the conditions of the individual and public development. The respect towards the elderly is the tradition of any social community, and the care for older people has always been a priority in

Tatarstan. Healthcare and life quality are the key problems of the elderly population. Therefore, AK BARS SOZIDANIE does its best to take care of the lonely elderly people.

The Fund jointly with OJSC AK BARS Bank took under its patronage the Arskiy nursing home for older people and the disabled in 2008, where 50 lonely people reside.

To aid the nursing home residents' well-being the Fund purchased ionizers, ECG recorder, treadmill, bed linen, benches and furniture.

On 21 May 2012 the AK BARS SOZIDANIE employees together with volunteers from OJSC Tatfondbank held a clean-up event at the nursing home and gave away a refrigerating cabinet and also groceries to all residents.

Together with the Public Chamber of RT the Fund arranged a meeting with the residents of the Upper Uslon nursing home for the elderly and the disabled, during which the issues of living conditions, care and medical facilities for the aged citizens at nursing homes within the Republic were reviewed.

The veterans of the World War II in the districts of Tatarstan received financial aid for the 67-th Victory Day celebration.

Within the decade of elderly people, the Fund visited "Arskiy Nursing home for the elderly and the disabled". The important issues of this social institution and ways to solve them were discussed during the meeting. An event for lonely people of Arskiy district and nursing home residents was organized. Fundraising events were also held and the groceries were supplied to the veterans in the Nizhnekamsk municipal district of RT.

On top of that, the Fund supported the deaf community for holding the 4th Russian regional gesture singing competition.

The total amount of provided funding for the project is **558 242.28 rubles**.

"Other projects"

AK BARS SOZIDANIE makes confident steps in protecting animals and promotion of humane attitude towards the homeless ones. Together with 'Spasi Rekxa' volunteers the Fund unites people who care about homeless animals and organizes fundraising campaigns for the reconstruction of an animal shelter in the village of Kovali of the Pestrechi district and provision of homeless animal shelter in the village of Stolbische. These shelters host troubled animals – some were abandoned by the owners, the other were hit by a car and were left to die, and some even were victims of animal testing.

Financing was also provided to the 'Russian Geographic Society' and the 'Tatmedia' agency in Tatarstan.

The abovementioned institutions received **2 845 776.76 rubles** in the reporting period.

The achievements of AK BARS "SOZIDANIE" Charity Fund

Within the short period of time, the Charity Fund became recognized and famous in the Republic of Tatarstan and far beyond. It is a multiple winner of Russian contests and festivals.

The achievements of the Fund in the reporting period:

- 1) Winner of the Republic-wide competition 'The Philanthropist of the Year';
- 2) Letter of gratitude from the State Councilor of Tatarstan M.Shaimiyev for the support to the 'Vozrojdenie' Fund;
- 3) Letter of gratitude from the Chairman of the State Council of Tatarstan F. Mukhametshin for the significant contribution into the reinforcement of rights and freedoms of a citizen;
- 4) Public award GOSGRANT 2012 in the nomination 'For high results in social projects support', NGO category;
- 5) Runner-up (2nd place) at the 6th Russian competition of annual reports 'Reporting Point' in the nomination 'For the best feedback on the NPOs activity from the target groups in the annual report';
- 6) Recipient of the 'Social guidelines of Volga region' grant for holding a regional forum;

- 7) Winner of the Russian contest ‘Financial Management: best solutions by the Russian NPOs’ in the nomination ‘Application of external financial instruments – deposits, loans, investment in securities’;
- 8) 4 Fund employees underwent professional training courses ‘Support issues of community-focused NPOs’ held by the Russian Presidential Academy of National Economy and Public Administration together with Kazan (Volga region) Federal University.
- 9) One employee did a 1-month internship in Germany under the ‘Evgeny Zavoisky’ programme developed by the German Academic Exchange Service (DAAD) and the Ministry of Education and Science of Tatarstan.

Interaction with non-profit organizations and the mass media

To provide free and easy access to the information on the Fund for the wide range of people, a website was launched (<http://akbarssozidanie.ru>). According to Google Analytics service, the content of the Fund's website was viewed by Internet users from more than 53 countries, the percentage of new visits amounted to 78%, and the average number of pages viewed is 2.23. The reports of the Fund are found on the unified ‘NPO Portal’ made with support from the Public Chamber of the Russian Federation, and the links to the Fund website can also be found at the federal information portals. Joint programmes and events were covered by TATMEDIA’s television channels and the press. It is worth mentioning that the Fund provides information on subsidiary and affiliate companies of AK BARS BANK – the Fund’s partners.

Conclusion

By adhering to the social responsibility principles, AK BARS Bank extensively utilizes its own technological, financial capacities and accumulated experience to resolve current social problems. Our social projects are modern, coherent and always receive further development. In 2013 the Bank will continue to implement its numerous sponsorship projects.