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The Decision of the Management Board
OJSC AK BARS BANK
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SOCIAL REPORT
Of AK BARS BANK - 2011

Kazan
2012

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	4
3. The structure of corporate governance.....	4
4. Intracorporate Bank Policy.....	7
4.1. Socially responsible regulations on labour and employment issues.....	8
4.1.1. Staff structure	8
4.1.2. Payment policy and labour motivation.....	10
4.1.3. Non-material labour motivation.....	11
4.1.4. Corporate values.....	11
4.1.5. Labour rights of employees.....	12
4.1.6. Education and training.....	12
4.1.7. Personnel evaluation.....	14
4.1.8. Social guarantees for the Bank employees	14
4.2. Quality of working and living conditions of employees.....	15
4.2.1. Sport, recreational and cultural activities.....	15
4.2.2. Social support of families.....	16
4.2.3. Elderly people and non-working pensioners support.....	16
4.2.4. Charity.....	16
4.3. Development of education and science.....	17
4.4. Labour protection	18
5. Socially responsible participation of the Bank in public life.....	21
5.1. Charity.....	21
5.1.1. The Charity and Sponsorship Committee.....	22
5.1.2. Assistance to educational institutions.....	22
5.1.3. Assistance to children with disabilities and children in difficult life circumstances.....	23
5.1.4. Social protection of elderly people, assistance to socially unprotected groups and people with disabilities.....	24
5.1.5. Public health promotion... ..	24
5.1.6. Support of gifted children and youth.....	25
5.1.7. Cooperation with state institutions in realization of socially oriented projects and mass culture development.....	26
5.1.8. Environment protection.....	26
5.1.9. Support of arts and cultural programmes.....	27
Report of the Charity Fund “AK BARS SOZIDANIE”.....	27
Conclusion.....	34

Introduction

Dear friends!

We present the Social Report of AK BARS Bank for your attention, which covers main activity areas of the Bank in 2012 in the sphere of social development.

The report contains much information on the economic policy of the Bank, the structure of the corporate governance and the Bank's community involvement. This information is shown over time and reveals the development trends of the company for the last few years.

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

1. The Address of the Bank Directorate

Dear friends!

2011 was a productive and successful year for AK BARS Bank, and this also applies to the social activity. We aim at quality changes in the Bank performance on a daily basis and we see that our efforts bring the desired results.

You are looking at the Social Report of AK BARS Bank for 2011. It covers all major activities of the Bank in main work areas. We are open to everyone who wishes to learn about our social projects, charity initiatives and sponsorship activity. The Bank makes its own contribution to the development of the society and the country, and continues to adhere to the previously taken social responsibility.

The Bank as a financial institution is closely connected with the social and economic development of the country. Success and quality of our performance not only influences the growth of companies and industries, but also significantly affects the society. 2011 was a productive year. The Bank received over 420 requests for help from organizations and individuals from various regions of Russia. More than 150 of them received assistance. The priority patronage areas were providing aid to seriously ill children, orphaned children and those in difficult life situations. At the same time, the Bank's charity activities touched upon other segments of public life: assistance to educational and social institutions, non-government organizations and charity funds. Last year, AK BARS Bank again acted as a sponsor of the leading Russian sports teams – UNICS basketball team, 'Dynamo-Kazan' women's volleyball club and 'Neftekhimik' hockey club.

2011 can be rightly called a 'sports' year for AK BARS Bank. We received a status of the General partner of XXVII World Summer Universiade 2013 in Kazan, the Official Bank and the Official Supplier of banking services of the games. The trust to the Bank confirms that AK BARS Bank is one of the most efficient credit institutions in Russia, has a huge potential and contributes to the sports victories of Russia.

Corporate social responsibility remains a significant element of AK BARS Bank's social responsibility. It is based on the following key values – professionalism, legitimacy, responsibility, openness and efficiency. Introduction of corporate values in all business-processes is a foundation for the Bank's reliability as a credit institution.

Charity as part of doing business is the indicator of the maturity of the society, enhancement of its moral and economic components. But it requires a comprehensive approach. The aspect of this kind of AK BARS Bank's activity is regarded as the establishment and promotion of trust-based relations, reputation growth, influence expansion which in future brings specific and well-deserved results.

Partnership based on the harmony of interests, individual approach to each request and problem, as well as professional activity – this is what cooperation with AK BARS Bank in different businesses and social policy hinges on. Social and charity activities under such principles signify the Bank’s readiness to undertake long-term obligations and commit to them.

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 19th by equity and 18th by assets as of 1 January 2012.

AK BARS Bank is one of the largest universal financial institutions of Russia offering a wide range of banking, financial, investment products and services for corporate and individual clients. The bank accounts for 38% of assets of the whole banking system of the Republic of Tatarstan, 49% of bank equity. The Bank provides service to key industries of the Russian economy – oil, gas, chemical and petrochemical industries; mechanical engineering; transport; construction; communications; agribusiness; commerce and other.

Retail is another strategic area of the Bank’s activity. The individual clients are offered the full range of services: loan products, deposits, settlement transactions, bank cards, and so on. The Bank holds strong positions both in Russian and international financial markets. It is among the leaders in corporate financing, asset management and other spheres of the investment business.

Over 48 thousand corporate clients and 2 million individuals are among customers of AK BARS Bank. As of 1 January 2012, the Bank’s regional network includes 43 branches, one subsidiary bank, 162 supplementary offices, 147 stand-alone cash desks, 9 operational offices, and one mobile station for cash transactions.

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

3. The structure of corporate governance

AK BARS Bank continues to apply advanced standards of corporate governance and adheres to the principles of disclosure and financial transparency for the public and the business-community. The Bank discloses full and authentic statements on its financial status, economic indicators, ownership structure, and so on, in time. By doing this, the Bank enforces the rights of its shareholders and investors, as well as its property interests and goodwill.

To meet the interests of shareholders, creditors, business partners and customers and to establish relationships with government authorities, AK BARS Bank constantly monitors the compliance of its activity with the guidelines of the Corporate governance code and watches after the implementation of stated corporate values. The Corporate governance code of AK BARS Bank is available to everyone and can be found on the Bank’s site (www.akbars.ru) in the Internet.

Throughout 2011, the Bank deliberately worked to bring its internal regulatory framework in line with the federal legislation and the international regulations, which take into

account best world practices in corporate governance. The Bank also worked to satisfy the requirements and recommendations from the regulatory authorities.

In addition to that, the Board of Directors annually assesses the corporate governance in the Bank (*the matter was reviewed at the Board of Directors meeting on 30 March 2011*) and self-assesses its own work along with the work of its main Committees (*the matter was reviewed at the Board of Directors meeting on 16 December 2011*). 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 shareholders, the Board of Directors and the Bank's Management Board.

Shareholders, capital structure

The General meeting of shareholders is the highest governance body in the Bank, which makes decisions on key work matters. By making decisions during the shareholder meetings, the Bank's joint owners exercise their rights to participate in governing the company. The annual General meeting of shareholders took place in May 2011 and reviewed issues related to the approval of annual financial statements, the distribution of profit, the dividend payments, the alterations to the Articles and the Bank's internal documents, the approval of related party transactions, and so on. In addition, the Bank 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. 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 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 present legislation, the Bank shareholders used their right to the disposition of their shares upon their discretion 2011. As a result of some transactions with AK BARS Bank shares in the secondary market, there were some insignificant changes in the structure of share capital of the Bank: new minority shareholders, namely LLC 'Polimer-NKNH', OJSC 'NefteKhimSevilen' and LLC 'Zvezda' appeared.

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

The activities of the Board of Directors and its Committees

The annual General meeting of shareholders elected 11 members of the Board of Directors in May 2011, four of which are independent directors and head the Committees under the Board of Directors.

The Board of Directors is balanced between the executive and non-executive directors and closely watches after the fulfillment of set 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.

As such, the Board of Directors set a task of expanding the business by establishing mutually beneficial long-term cooperation with target accounts – corporate borrowers with high credit quality, whereas the work on improvement of evaluation approaches to borrower risks and collateral quality was continued in order to maintain high quality of loan portfolio.

Since the Board of Directors pays much attention to the fast-growing market segments, it paid particular attention to increasing the operational efficiency, the quality of business processes, the upgrade of IT-systems in the Bank and the risk management system last year.

Besides, the following routine matters were reviewed at the Board of Directors' meetings in 2011: the calling of an annual General meeting of shareholders; the Annual Report of the Bank for 2010; the recommendations on the dividend amount per Bank's shares and the payment procedure; the approval of recommendations on profit distribution for the financial year of 2010; the progress of key development areas of AK BARS Bank for 2011-2013; the report by Internal control service on audit results in the Bank; the quarterly review of activity reports by AK BARS Bank's Inspector; the holding of a tender on an auditing company for the mandatory Bank's annual audit; the key target indicators for the Bank's budgeting purposes for 2012; the incentive system for the members of the Management Board for 2012; the approval of the Bank's budget for 2012; the approval of related party transactions; the adoption of internal Bank documents, and many others. For instance, in order to increase the level of information transparency in 2011, the Board of Directors approved the new edition of the Clause "On the information policy of OJSC AK BARS Bank", which regulates main principles of the information policy; the list of information and documents which are subject to disclosure to shareholders, potential investors, customers, professional security market participants, members of the Board of Directors. Besides, the new edition defines the list of information additionally disclosed by the Bank on its activity; clarifies the concept of 'insider information' as well as access to it and protection of its confidentiality; determines the holders of insider information; and also specifies requirements for affiliates to provide information to the Bank, and so on. Throughout the year, the internal documents regulating the AK BARS Bank policy concerning the bank risks management (reputational, legal, operational, credit, market risks and many others) were updated.

Under the auspices of the Board of Directors, the Bank's charity and sponsorship work was continued, the priority areas and objects for financing socially important events and programmes were defined. In addition, every year AK BARS Bank grants generous funds to support and develop different kinds of sports.

In 2011, the specialized committees of the Board of Directors continued their work:

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

The Committees worked closely with the Bank's management and control bodies, auditors and consultants within its competence. The Committees' Opinions are of advisory nature.

The priority task for the **Auditing Committee** in 2011 was increasing the internal control system efficiency. The members of the Committee paid significant attention to the improvement of the Bank information systems and creation of flow-charts for key business processes with the description of control procedures. Last year, 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. Throughout the year, the Committee regularly reviewed the reports by the Internal control service on the audit results in the Bank's territorial subdivisions, the examination outcomes of key bank operations of the Bank's Head office, the results of professional activity inspection of the Bank subsidiaries in the investment block and so on. It also closely examined the organization structure and the functions of the Internal control service, including in terms of territorial subdivisions. Besides, the Auditing Committee paid much attention to the issue of increasing the return on the Bank's equity and its utilization efficiency.

In 2011, the **Committee of Human Resources and Remuneration** focused on the issues in monitoring the flow of personnel and the development of additional staff incentive techniques. The Committee analyzed the labour efficiency and personnel expenses as compared to the banks similar to AK BARS in business volume and regional presence. During the year, the Committee also worked on matters related to the major areas of the Bank strategy in labour remuneration, including in terms of regions; on “Human Resource Pool” programme implementation; on work plan implementation for sharing the corporate values; on evaluation of corporate governance in AK BARS Bank, and many others.

In 2011, the **Risks Committee** paid special attention to the improvement of the bank risks management system, concentrating on the efficiency evaluation of control and risk management systems.

One of the priority objectives for the Risks Committee in 2011 was control over the condition of reputational risks in the Bank, credit risks and assets quality. Besides, the Committee worked hard to minimize the bank risks in order to refine the procedure of related party transactions approval.

The Risks Committee members also paid significant attention to the control of the Bank liquidity and measures for its support.

The **Strategy Committee** focused on vital questions of improving AK BARS Bank’s profitability and performance in 2011, as well as on the search for non-standard solutions for the further business development considering the ongoing recovery of the Russian economy. During the whole year, the Committee monitored the implementation process of the annual financial and economic plan (budget) of AK BARS Bank for 2011, as well as its correlation with the medium-term Bank strategy within the framework of main development areas of the Bank for 2011-2013. Among the priority issues examined by the Committee in 2011 were the corporate and retail business related questions. In particular, the Committee members closely watched the implementation of the pilot Accelerated loan programme for small businesses and the online technology development measures in AK BARS Bank.

4. Intracorporate Bank Policy

In 2011, the work on the implementation of the main development areas of AK BARS Bank for 2009-2012 was continued, including the realization of the Bank’s HR-strategy.

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

- Employee training and development – introduction of the development programme aimed at the systematic staff development; annual implementation of 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; maintainence of competitive salaries due to the study of labour markets and the improvement of living standards evaluation methods in the regions where the Bank is present; improvement of the system of staff appraisal and remuneration – to manage the staff work 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 recruiting, the development of methods for regional recruitment support, and the development of key positions profiles for the selection evaluation.
- 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 the corporate and retail

business blocks structure in order to construct the management vertical and to increase the efficiency of sales in the distribution network.

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

Complex and dedicated work of AK BARS Bank on the efficient human resource management creates a reputation of reliability, and the brand of the Bank has only positive associations in the labour market. Objectives of the Bank, its values and priorities, as well as the opportunities provided to its staff fully correspond with the general image about the company, and potential employees are willing to implement its strategic goals and grow with the company for many years.

4.1. Socially responsible regulations of labour and employment issues

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

The social policy of AK BARS Bank is developed and implemented in a systematic manner 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 quality and working conditions of employees and their families, as well as the development of education and science.

In 2011, there were amendments made to the Regulation on social support of employees, which guarantees the environment for the full realization of the abilities and professional skills of the employees, as well as decent social compensation.

In the suggested edition of the Regulation on social support of employees, corporate social guarantees are divided into the following:

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

Social benefits are granting or paying for those services and benefits for employees, which are connected with saving personal funds, time and effort.

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

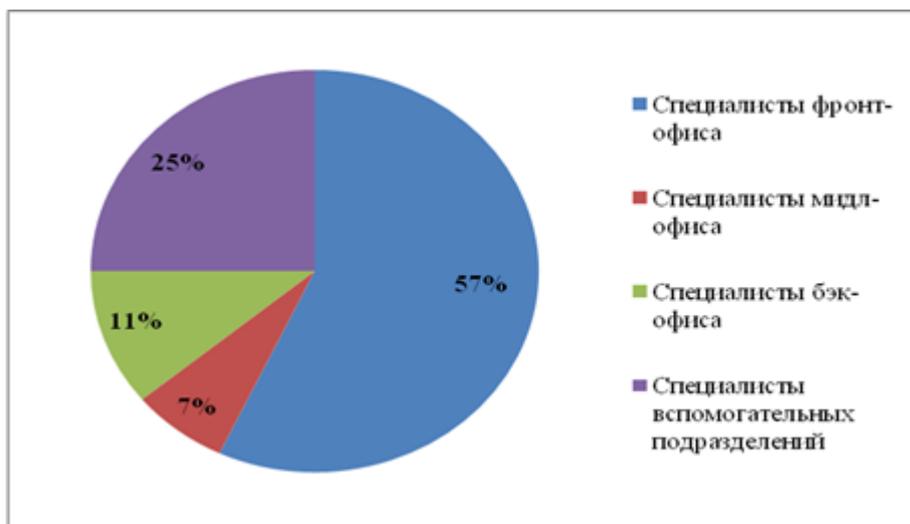
Business benefits are related to the comfort of work and are aimed at maintaining the focus of employees on work.

4.1.1. Staff structure in AK BARS Bank

In 2011, the average number of the Bank employees amounted to 5 495 people, where the employees of the branch network account for 72%.

The greatest share of staff was the number of front-office employees - 57%, working directly with the customers and bringing the revenue to the Bank 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 middle office specialists (analytical subdivisions) - 7%, and the back office specialists who record business operations - 11%.

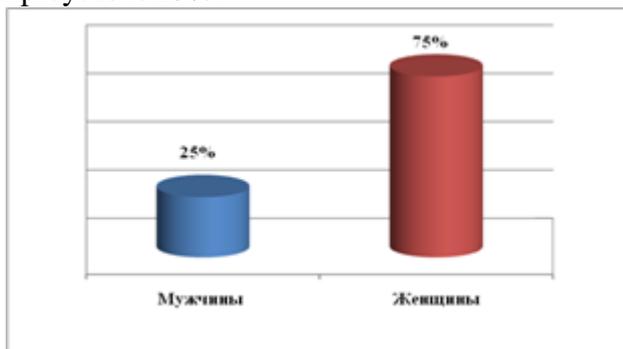
Distribution of employees over the Bank divisions:



Distribution of employees over the divisions

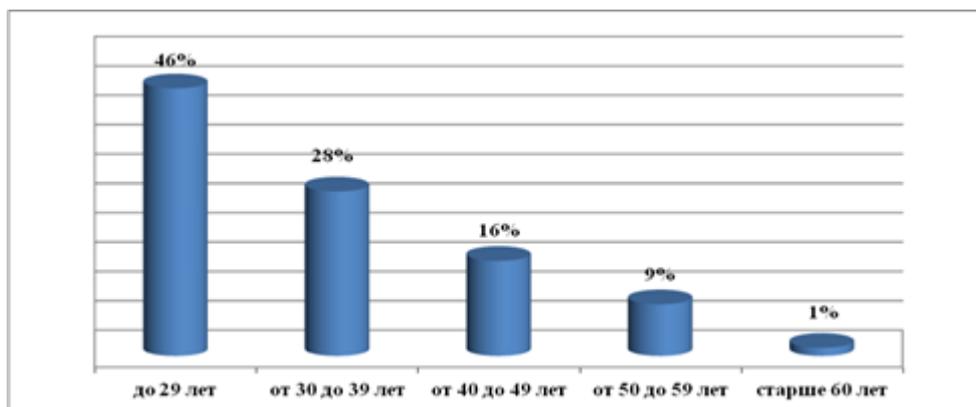
- 57% - Front office employees
- 25% - Support units' employees
- 11% - Back office employees
- 7% - Middle office employees

The gender-age structure in 2011: the share of female employees is 75%; the share of male employees is 25%.



- 75% - Women
- 25% - 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 on Internet sites and social networks, and this results in the age composition of the staff. In 2011, the number of employees aged 29 and younger was 46% of the total number of employees of the Bank. The number of employees aged 39 and younger account for 28% of the staff.



Under 29 30-39 40-49 50-59 60 and older

4.1.2. Payment policy and labour motivation

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

Remuneration of the employees of AK BARS Bank is a part of an integrated system of tangible and intangible incentives for the staff. Remuneration policy has a significant influence on the staff motivation. 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 and bonuses 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, 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 the decision on changing the salaries of its employees.

Since 2008, the new system of basic labour payment has been 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 helps in setting the salaries and allows controlling 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. Various factors influenced the rate of wage increase: macroeconomic indicators, which take into account the economic situation within a certain territory where the Bank is present; information from consulting companies on average market wage rates in the regions; and the value of a specific post.

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 system develops according to the new strategic business aims.

The KPI-based incentive system went through a new stage of development in 2011. From the beginning of the year, 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.

Two pilot projects on personal motivation for front office specialists were launched in 2011:

- Specialist incentive for the development of corporate business;
- Consultant incentive for individual lending, who work remotely in shopping centres and car dealerships.

The peculiarity of such incentive systems is paying bonus to employees based upon their results in completion of individual sales plans and set rate of return by products. These systems have one clear advantage – the direct dependence of bonus payment on the achieved personal result. It stimulates the work of efficient employees and lets high achievers receive a big bonus for the personal contribution to the Bank capital.

4.1.3. Non-material labour motivation

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

One of the major factors of non-material motivation in the Bank is the promotion and recognition of the employees. To promote the achievements of the best and the most efficient employees, they were nominated for both internal and external awards in 2011. 117 employees received awards in 2011.

AK BARS Bank created a 'Human Resources Pool' programme specifically for its employees, which lets every employee in the territorial network be promoted to a more interesting career-wise position and obtain a wider work experience. The 'Human Resource Pool' programme of AK BARS Bank makes the professional advancement process easier by offering opportunities to be transferred to more perspective positions in the team. This 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. The first pool was composed on 1 December 2011 and is supposed to be renewed quarterly. As at the end of the year, 30 employees from AK BARS Bank branches started new job duties.

The Bank also continues using 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 over 260 drawings to the jury on the following topics: 'Barsik is a champion!', 'My favourite fairy tale', 'My favourite time of the year', 'Barsik's birthday' and 'My best friend'.

Thanks to the initiative from the Retail business Department, the joint contest was organized together with the international Visa payment system. 305 branch employees who attract customers to salary projects and distribute Visa cards in retail took part in it. Winners were selected in 6 categories and awarded with memorable prizes.

4.1.4. Corporate values

Strict adherence to the established rules and commitment to the Bank's corporate values is a key to success and a condition for maintenance and development of high ethical standards of the Bank.

Corporate values of AK BARS Bank have been evolving during 18 years. An important feature of this unified system is its impact on the team cohesion and the well-coordinated work of employees; the development of their sense of belonging to the team of highly professional teammates who operate under the unified brand of AK BARS Bank. The key principles and corporate behaviour rules and business ethics of AK BARS Bank are regulated by the Code of Ethics adopted in the Bank.

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

In compliance with the task of the Human Resources and Remuneration Committee of the Board of Directors, the 'Mainstream' company conducted an independent audit of the awareness and adoption of corporate values by the Bank personnel in September 2011. A relationship between the position level and the employment period with the knowledge level of corporate values, their adoption and sharing with co-workers and subordinates was discovered.

4.1.5. Labour rights of employees

AK BARS Bank is a bona fide member of the labour market. The reputation of the Bank as a reliable employer is based on the policy related to its personnel. Employment with the Bank provides equal rights and opportunities to both young and experienced professionals. For each of them employment with the Bank is a fruitful source of experience and a unique opportunity for the fulfillment of career ambitions.

The Bank's activities are directed towards the implementation of the principles of equal rights and opportunities for all the employees in the labour sphere and help to prevent all forms of discrimination and forced labour, promote professional and personal growth of its employees. These principles are stated in local acts and regulations of the Bank in the sphere of Human Resources 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 looking at their resumes and while hiring them. Other local acts determine the equality of the labour and freedom rights during the evaluation procedures, promotion, remuneration and training of an employee.

4.1.6. Education and training

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. Also, a 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 transfer their knowledge to other employees from Head office or branch network;
- Internal training of employees through own educational programmes by the Centre of assessment and development of the Bank.

The Bank puts emphasize on the internal employee training and defines its advantages, such as adaptability of internal programmes to the Bank specifics; quick reaction of training courses to the changes in the internal and external environment; focus of training programmes on the achievement of Bank aims; motivation of personnel for self-development 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 working skills.

The education and development programmes in 2011 covered completely all levels of employees – from top managers to branch specialists.

In 2011, 228 managers and specialists of the Head office took part in the external educational courses: seminars, conferences and forums. 4 855 085.27 rubles were spent on the external training.

The internal training in the Bank was stipulated by the Bank's employee training plan for 2011 and entirely connected with the aims of the Bank's structural subdivisions, which let the whole educational process be one step ahead and minimize possible operational risks.

In total, 244 internal trainings were held for nearly 5000 employees in 2011, utilizing both own resources and external educational providers and consultants. The Bank spent 6 726 881 rubles on the internal training in 2011, of which 2 694 311 rubles were expenses on conference halls and accommodation for branch network employees who came to Kazan.

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. There are 110 adaptation programmes in 17 professional areas introduced in the Bank. They cover specialists of all banking matters in the branch network. In the beginning of 2011, the technology for individual selection of an adaptation training programme for specific job duties in compliance with the approved professional areas was introduced;
- Strategic sessions for heads of branch business areas, within which the participants learn the strategic business goals, perspective plans for the year, novations in regulations, product lines and business-processes; and analyze and discuss current issues and matters. 7 strategic sessions were held in 2011.
- Mandatory training programmes for all Bank employees in compliance with the requirements of external regulations. 4797 Bank employees were trained in 2011;
- Professional development programmes which teach new important knowledge and skills to employees were held under the changes in regulations, product lines and introduction of new business-processes, technology and automated banking systems.

A corporate time management project was elaborated and introduced in the Bank in 2011. All Head office and branch network managers attended the training on the corporate time management standards and skills for using practical planning instruments, electronic calendar and task-setter LOTUS NOTES.

A professional development programme for heads of supplementary offices was designed and introduced in 2011. It is aimed at teaching the quick sales skills and skills for organization and control of basic business-processes in the supplementary office. 130 people went through the training in one year.

Professional development programmes were provided to all specialists in individual lending and all front-office employees of branch network retail block in the following topics: 'New products: loans offered to credit cards', 'Customer service standards, efficient customer relations', 'Selling retail banking products', and "Working in 'FIS collection' software system".

Programmes for corporate and managerial competencies development were kept running for the heads of branch network: 'Hard negotiations with clients' programme from 'KPG-training' company for branch directors and 'Non-financial motivation' programme of the 'Operative Management' series for middle branch management, attended by 326 managers.

Innovative technology in training

The webinar technology – interactive online real-time seminar - was introduced for training purposes in 2011. This technology was greatly used by the operating units of the Head office to train employees in remote branches. Webinars gained such popularity among the Bank's subdivisions due to small costs, quick organization and sufficient learning efficiency.

4.1.7. Personnel evaluation

The performance evaluation of the branch network employees was completed in 2011. According to its results, 2630 employees undertook the evaluation procedure, 2486 of them were positively rated (94.5%), and 144 employees were not (5.5%). 79 employees went through the re-evaluation procedure in October 2011.

The performance evaluation results led to the analysis of typical mistakes and questions which caused most difficulties for tested employees. This analysis was used for planning the staff training in the Bank for 2012. Besides, a long-term human resources pool for managerial positions in the branch network was made based on the evaluation results.

In order to control the implementation of 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, 212 service points and 311 employees who service and consult individuals on retail banking products were tested. Last assessment involved evaluation of service quality rendered by branch loan officers, who showed high level of consulting on credit products.

As compared to 2010, the annual average indicator of customer service quality increased by 2%.

The analysis of the outcomes of the 'Secret visitor' technique evaluation in 2009-2011 shows a trend for ongoing growth in customer service quality in the Bank subdivisions.

4.1.8. Social guarantees for the Bank employees

The aim of the social policy towards the employees is to create the most comfortable working conditions for the Bank employees.

Within the suggested edition of Regulations on social support of the employees, the corporate social guarantees 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 (bonuses based on the key performance indicators, bonuses for the work experience in the Bank, and the retirement benefit);
- guaranteed social payments (awarding family benefits, emergency payments);
- Discount programmes (offering to the Bank employees discounts on the products and services of the Bank and its affiliates; concessional lending, concessional settlement and cash services, and so on).

In 2011, special offers on the Bank products and services, available for each employee, were designed and adopted. The concessional lending system (loans for consumer needs, auto loans for new and used cars, credit cards loans) offers a range of advantages to the Bank employees such as an easier receiving of loans, low commissions or no commissions on bank operations, shorter terms for documents review, forms of loan collateral, income confirmations, and so on. However, the most noticeable benefit is a highly valuable offer to the Bank employees on low interest rates for each type of loans. This benefit makes the loans more available to the Bank employees.

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 an access to sports infrastructure, arranges trainings and competitions among the Bank employees;
- supplies the Bank employees with discount membership to gyms or sport and recreation centers, concessional passes to sport events and so on;

- According to the approved budget expenses, organizes profound 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 events and festive events, as well as gifts for the children and non-working retired employees of the Bank.

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

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-provided 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 effectively 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 depend not only on the intellectual capacities of the employees. The Bank provides comfortable, up-to-date and modern working conditions that encourage working, develop the potential of each employee, and improve standards of working performance. 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, state basic rights and duties, working hours, resting periods, rewards and penalties and other matters of labour relations.

Taking into account the interests of retail customers and standardizing the work of the regional network, the Bank introduced the new Standard 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 brand awareness of AK BARS Bank.

4.2.1. Sport, recreational and cultural activities

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

Among the main corporate events for AK BARS Bank employees in 2011 was obviously the New Year holiday night. Corporate festivals were held in all Bank divisions.

In addition, every year right before AK BARS Bank's birthday party the staff holds the traditional mini football tournament. The interest in the tournament rises each year both from the employee-fans and the employee-players, who wish to show their strength on the football field. Teams develop new tactics, practice playing as one team before the tournament, which is certainly another important way to unite the staff of AK BARS Bank. The Bank has two corporate football teams – Safety Department team, named “CUBA”, which unites the employees of the Treasury Department, the Department of Subsidiaries Relations, the IT

Department, and the team named “SoVKi” which consists of the employees of the Internal Control Department and Department of Internal and Compliance Control. According to the results of 2011 competitions, the “CUBA” team officially became the winner of the mini football championship.

The teams of AK BARS Bank took the honored first place in the cross-country skiing competitions and became the runner-up in mini football competitions of the “Sporty Kazan - 2011” tournament among the financial institutions of Kazan.

In 2011 the employees of the Bank were particularly interested in basketball. The staff of the Head office, the Kazan branch and the subsidiaries and their families actively cheer for our famous “UNICS” team and watch its games with other world-known teams.

Thanks to various corporate events, the Bank demonstrates the corporate and the business values of its brand and unites employees around the common idea, the common job and the common mission. These vivid and memorable events in the life of the company form great traditions that agree with the spirit of the Bank.

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 – 14.7 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 an employee (mother or father) taking the carer leave for childcare reasons (children from 1.5 to 3 years old);
- Payments related to the death of close relatives (parents, children, husband, wife);
- Anniversaries;
- Social accident insurance payments;
- Commencement of retirement;
- Medical treatment expenses;
- Financial aid for family matters.

Payments for motherhood and childhood support:

- Payment vouchers for children's recreational facilities. Total amount paid from the funds of the Bank in 2011 amounted to 321 105 rubles;
- Payment vouchers for “Mother and Child” trips. Total amount paid at the Bank expense was 866 336.30 rubles.

4.2.3. Elderly people and non-working pensioners support

AK BARS Bank as a socially responsible company appeals to the State and the citizens, the businesses and the non-government organizations to create a society of all ages, in which every person, regardless of his or her age, could feel personal significance and necessity by giving something away and getting something in return. The Bank hopes that by supporting the elderly people, it contributes to the creation of a civilized society where people live longer, and their life is more interesting and joyful.

AK BARS Bank actively supports the elderly people and the non-working pensioners. During 2011, they received payments 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.

4.2.4. Charity

During the year of 2011 AK BARS Bank actively cooperated with AK BARS Bank “CREATION” Charity Fund.

“Give a life – become a donor” campaign, aimed to help ill children, was realized within the framework of this partnership. During 4 days, the Bank employees donated their blood in the specially organized blood donation centers. In total 572 people, the employees of the Head office, Kazan office and the affiliates, participated in the charity campaign.

Charity aid was also given through targeted money donations for various purposes, including medication, rehabilitation of ill children, and for the families of “Bulgaria” shipwreck victims.

In 2011, the bank launched the corporate project “We are together!” realized together with the Charity fund. The campaign was organized for the orphanage residents, and the Bank employees congratulate those orphans who were born on the same date with them.

4.3. The development of education and science

In order to support, encourage and attract the most talented students and graduates for permanent working positions, the Bank annually organizes a few programmes directed at the education development.

AK BARS Bank actively continues to develop cooperation programmes with the educational institutions of the Republic of Tatarstan and the Russian Federation aimed to attract the most gifted young professional in order to form the human resource pool. In 2011, 4 major programmes for the young professionals were carried out.

“Open University”, the specialized programme of professional training for students was completed successfully. The target of the programme was to find highly-skilled professionals in the area of “distant banking services” for the Bank. The Departments of retail business and information technology were the initiators of the programme. The education included special conditions of educational process, profound learning of several disciplines, and providing students with direct practical and personal training. Based on the results of the contest, 10 people formed a group. They were the students from the 4th-6th years of education on the following faculties of Kazan Federal University: Calculus Mathematics and Cybernetics; Economics; Mechanics and Mathematics; and Physics. The “Open University” project curriculum included 13 extra disciplines on “The basics of banking activity” and “Information technology in banking”.

Upon the project completion, all project participants were hired by AK BARS Bank in July-August 2011: 6 graduates - into IT Department and 4 graduates - into Retail business department.

The new “Open University” project was launched together with Kazan Volga region Federal University in 2011. The aim of this project is the training of a professional with his or her subsequent job placement in the following Bank Departments: Compliance Control; Lending to Corporate customers; Risk Analysis; Banking Technology; and Banking Law. 64 students of KVFU participated in the contest of 2011, and 15 of them made it to the final group. These were students of 4th-5th years of education majoring in Credit and Finance; Economics; Management; Accounting, analysis and audit; and Law.

The year of 2011 was marked by the annual personalized Scholarship programme of AK BARS Bank. 10 best students were rewarded by the personalized grant from the Bank. The contest has a multiregional status, thus 17 branch offices of AK BARS Bank joined the programme in 2011. K.Eliseeva, the contest winner, was recruited into the Samara branch of the Bank. The other participants were directed for 2011-2012 pregraduation training and internships in the Head office and branch offices of AK BARS Bank.

The “Business game” project is held on a regular basis in order to realize the strategic HR-initiative of AK BARS Bank oriented on engaging potentially talented professionals and young promising students for the internship with the possibility of future job placement. In 2011, the project allowed the company to evaluate the knowledge and competence of 4th-5th year students of Kazan Volga region Federal University by assessment-centre method. It included team and individual exercises which copied the real routine of the Bank’s manager, and gave the students an excellent opportunity to apply their knowledge to life. Based on the results of the game, the best students were selected for the external human resources pool of AK BARS Bank.

The Bank encourages students to take part in internships and pre-diploma trainings. The bank creates the human resources pool while the students have an opportunity to obtain practical knowledge. In 2011 the Bank accepted 223 interns, 61 were directed to the Head office and 162 - to 162 territorial subdivisions.

4.4. Labour protection

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

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.

Priority tasks of OJSC 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;
- Workplaces examination on working conditions with subsequent certification of labour protection organization;

- 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;
- getting acquainted the employees with occupational safety requirements;
- elaboration and adoption of rules and regulations on labour protection for the employees, considering opinion of a body, authorized by the staff, in order prescribed by the Labour Code of the Russian Federation for the adoption of local normative acts,

According to the adopted Action plan aimed at the improvement of labour conditions in AK BARS Bank workplaces in 2011, the expenses amounted to more than 19 million rubles, at a cost of 3 thousand rubles per person, which consisted of the following:

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

In 2011, more than 100 people went through the external training courses and the labour protection knowledge test, and were further grouped into committees for every bank divisions to examine labor protection knowledge of other employees.

- In order to familiarize the employees with the issues of labor protection, the special electronic source was created. It is functioning successfully and is available from any computer;
- in order to create an Action plan for the improvement of working conditions, the working conditions at workplaces are being examined within the framework of the production control and performance evaluation of employees.

In 2011, more than 1000 workplaces were certified in accordance with the requirements on labour conditions.

- 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.

In 2011, the costs for PPE amounted to more than 2 million rubles.

- for dynamic observation 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.

In 2011, around 4500 employees underwent medical examinations, the cost of which amounted to more than 5 million rubles.

- When the disease is detected, the employees are sent to receive sanatorium treatment at the expense of the Bank. 19 employees from the Head office received such help.
- In order to control occupational safety, internal planned inspections of compliance with labour protection requirements are conducted in all divisions of the Bank.

Accidents at work in 2011	
Average number, people	5 495
Number of accidents	3
Percentage of accidents, %	0.05

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 2011, working conditions at the workplaces were improved regarding the lighting factor by changing regular lamps to embedded lamps with electronic starting and control device, 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.

An electric meter laboratory organized quality inspection of the personal computers power ground effectiveness 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 at the cash desks of the Bank, people who had been trained on the subject: "Radiation control of banknotes", received more than 300 radiation monitors MKS-01 SA1M and DRGB EKO-01 1.

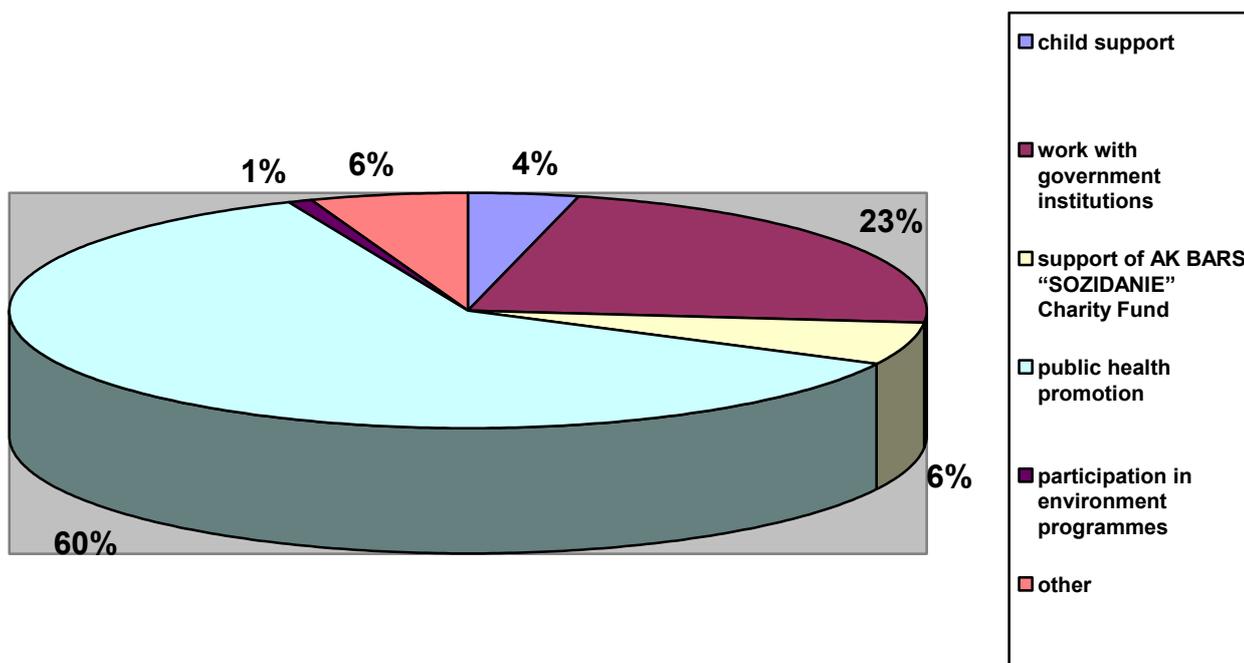
In order to continuously improve labour protection, AK BARS Bank tries to meet international standards described in GOST 12.0.230-2007 “Labour protection standards System. Labour protection management System. General requirements”.

5. Socially responsible participation of the Bank in public life

Corporate Social Responsibility is an extremely important factor in modern “Knowledge Economy”. AK BARS Bank carries out a massive consistent work on social and charity programs implementation. Corporate social responsibility is not a trendy fashion for us; it is our vital necessity, the factor of competitive ability.

The Bank united its own interests with those of the staff, society and the state by turning its business towards social direction. It took the Bank many years to get the recognition for the achievements in social activities, to learn to deeply analyze and plan social responsibility for the employees and for the whole society. In spite of the difficult economic situation in the financial markets in the last few years, AK BARS Bank continues to fulfill its previously taken social responsibilities.

The structure of the social investments of AK BARS Bank in 2011 (%):



5.1. Charity

Charity in business is an effective way for business corporations and their representatives to show social and civil responsibility. It is the indicator of high ethical and moral values of the business.

In 2011, the Bank carried out more than 150 various projects to help seriously ill children, to support education, sports and culture in the Republic of Tatarstan and Russia in general.

In 2011, AK BARS Bank directed the main part of its expenditures to promote public health and improve the cooperation with government institutions in order to organize and introduce socially significant cultural events and to support low-income groups of population. At

the same time, the philanthropic activity of the Bank affected other spheres of social life: help for seriously ill children, support of educational and social institutions, public organizations, charity funds, and so on. Numerous charitable projects of AK BARS Bank were realized by the Charity Fund "AK BARS SOZIDANIE" (please read below about the Fund activity), which had been created in 2006 by the group of companies of AK BARS Bank. Total social investment of OJSC AK BARS Bank during the reporting period amounted to more than 100 million rubles.

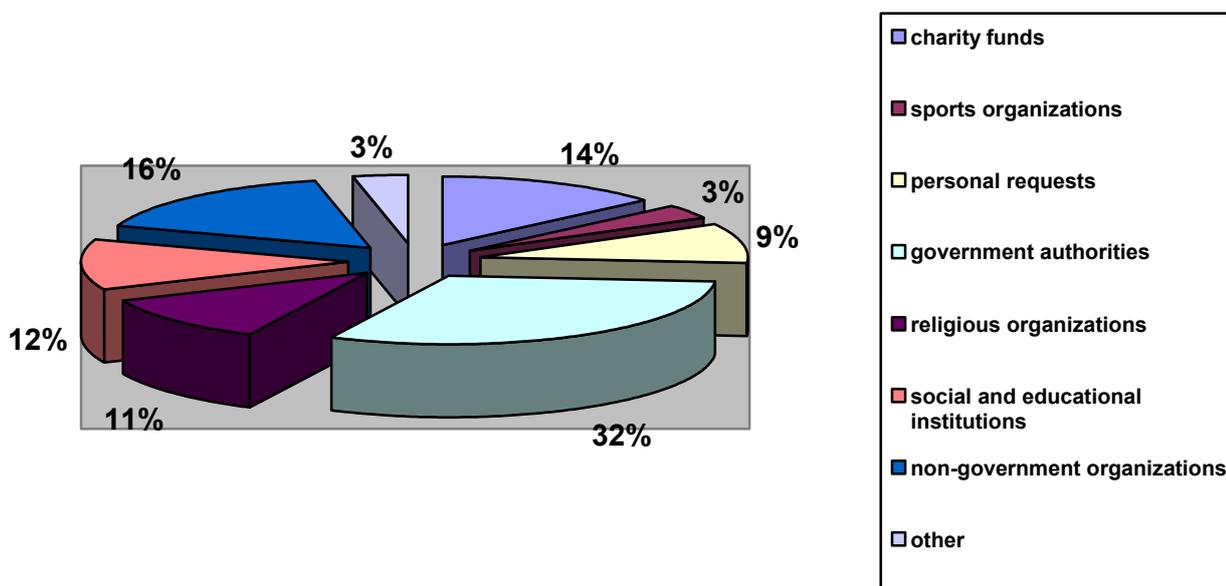
5.1.1. The Charity and Sponsorship committee

The Charity and Sponsorship committee of AK BARS Bank was established in April 2003. The necessity to use clear and transparent corporate criteria in the procedure of evaluation and selection of charitable projects and applications became the purpose of creating this committee, as the financial and organizational support of social and cultural projects, charitable donations to public organizations, medical and childcare institutions have become the part of the Bank's daily activities. The Charity and Sponsorship committee deals with applications from individuals and organizations, makes decisions about rendering assistance, and determines the main development directions for such AK BARS Bank activity.

The Committee consists of the Chief Accountant of the Bank Airat Bayazitov, the Head of Advertising and Public Relations department Elena Gulko, the Head of Risks analysis department Natalya Arsenyeva, and the Head of the Regional business organization department Marat Khabibrakhmanov. The Chairman of the Committee is Ilfan Gubaidullin, the Deputy Chairman of the Management Board of AK BARS Bank.

In 2011, the Committee reviewed 423 letters from organizations and citizens from all over Russia. More than 150 applications, addressed to the Committee, were resolved with the positive outcome. In total, 32 meetings were held.

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



5.1.2. Assistance to educational institutions

In order to support national education with its projects, aimed towards educational programmes development, AK BARS Bank traditionally provides financial support to the educational institutions of Russia.

School books for the first graders

One of the traditional education support programmes of AK BARS Bank is a gift for every first grader of Tatarstan for the Knowledge Day. In 2011, the charity event "A gift for the first grader" was held for the fourteenth time. On the 1st of September, 42 000 first graders received special multimedia books for learning two official languages of the Republic of Tatarstan – Russian and Tatar.

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 a lot of new interesting facts about the world. The first graders of Tatarstan received the book "The Adventures of Barsik in cartoon land" supplemented with computer game and a CD with the cartoons made upon the characters of Gabdulla Tukai. While playing a game, children learn to solve logical tasks, cope with barriers of the game characters and achieve the victory. The riddles and poems enrich their vocabulary. The big share of exercises contributes to the development of hand fine motor skills and helps to acquire computer-working skills. The books were also presented to the children from other regions of Russia: Samara, Kirov, Izhevsk, Nizhniy Novgorod and other school where Tatar language is taught.

Textbook is a real assistant to creative teachers and caring parents, and every year the book provokes genuine interest among children.

Assistance to educational institutions

The Bank provides regular support to educational institutions of the Republic of Tatarstan. As an example, in 2011, the Bank paid for the training of 10 teachers from Naberezhnochelninskiy State Pedagogical Institute; helped the Novo-Aryshsk middle school with computer class equipment; and allocated "Feodorovskaya Secondary School named after E.G.Tutaev" of Kaibitskiy municipal district with money to buy the boiling vessel. The Bank sponsored the latest technology equipment for one of the classrooms in Gymnasium No 19 of Kazan.

Financial assistance was rendered to Kazan (Volga region) Federal University for the university buildings renovation.

5.1.3. 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.

Assistance to children's social institutions

Yelabuzhsky orphanage has been under the patronage of AK BARS Bank for several years now. The principal position of the Bank is not only to provide a regular targeted financial assistance to the children, but also to be actively involved in the process of education and support of the future citizens of our country, including the search of gifted children. The Bank sets an indispensable 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. For the last couple of years, AK BARS Bank and the Charity Fund AK BARS

“SOZIDANIE” provided systematic financial support to Yelabuga orphanage, which hosts 31 children in the age range of 5 to 18.

In 2011, the Bank helped seven orphanage graduates, giving each teenager a microwave, an electrical tea kettle and an iron. Each child received something; children with the best grades were also awarded in the end of the school year. AK BARS Bank together with AK BARS “SOZIDANIE” fund sent special birthday gifts to children.

"Getting ready for school"

The Bank allocated funds to Zainskiy, Aznakayevskiy, Laishevskiy, Kaibitskiy, Tetushskiy districts within the framework of the social campaign called “Getting ready for school”. Children from low-income and disadvantaged families received packed schoolbags, school and sport uniforms and shoes.

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

Retired people and people with disabilities together form a special category, which requires special complex social support. It is not a coincidence: they are obviously restricted in life due to their age, illness or injuries. The Bank always pays special attention to the life improvement of these people. Thus, 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 named after N.N. Maximov. During 2011, AK BARS Bank supported these institutions in honor of several occasions: the 66th-anniversary of the Great Patriotic War Victory, the Elderly People Day, the Day of Disabled People and the New Year. Arskiy boarding home for elderly and disabled people is also under the patronage of AK BARS Bank. The Bank presented the boarding home with the cultivator and loan mower for better gardening, along with hypoallergic blankets for its residents.

In 2011, the veterans and disabled people of Kirov district of Kazan received the subscriptions for “Chayan” magazine.

The Victory day is one of the most important holidays of the year. AK BARS Bank annually supports war and work veterans in Kazan in various districts of the Republic of Tatarstan and other regions of Russia. Almetyevsk and Nizhnekamsk municipal districts of Russia, as well as Izhevsk, Nizhniy Novgorod, Ulianovsk and 3 districts of Kazan received financial support. The money was directed to the veterans’ hospitals, charity dinners, concerts, and celebration fireworks.

5.1.5. Public health promotion

Public health promotion is the main function of the state. For today, the main priority of the government of the Republic of Tatarstan and Kazan is to build various sport facilities. As we approach the 27th World Summer Universiade 2013, it is important to promote sports and encourage healthy lifestyle of our citizens. AK BARS Bank renders regular financial assistance to sport objects; children and youth sport organizations; and some people who need urgent expensive medical treatment. Healthy society is the key component of the national development as well as prosperity of each individual.

Funding the medical treatment of children

Oncology, functional musculoskeletal system disorders, cerebral spastic infantile paralysis, burn scar treatments are the most widespread types of medical care for children supported by AK BARS Bank. 17 children, whose parents sought help from the Bank in 2011, had been diagnosed with severe illnesses and urgently need modern medical treatment, laboratory and diagnostic services and long-term recovery. Due to timely full or partial financing of the expensive treatment provided by AK BARS Bank, the condition of these children improved and a lot of families acquired hope for the recovery of their children.

Sports and healthy lifestyle support

The Russian Judo Championship among men and women was among the large sport events of 2011 held under the support of AK BARS Bank. The Championship was held from August 31st till September 4th, 2011 and the Bank was the Official sponsor of the event. The strongest sportsmen from various regions of Russia took part in the competition and the ultimate winners entered the national judo team of Russia and fight at the European and world championships.

The Bank also runs long-term sponsorship projects. Traditionally in 2011, AK BARS Bank sponsored the women's volleyball club "Dynamo-Kazan", the basketball club "UNICS", the hockey club "Neftekhimik" and others. The Bank also supported the ice hockey team LLC "Gertruda" (the city of Izhevsk) and the Judo Federation of the Republic of Tatarstan in holding the Open House event. Nizhnekamsk AK BARS Bank branch office received funds to organize football tournament among cadets.

The Bank actively contributes to the development of international sports. In 2011, AK BARS Bank received the status of general partner of XXVII World Summer Universiade in Kazan, the Official bank and the Official provider of banking services for the Games. The achieved status is not just a matter of prestige, but a great responsibility as well. There is no doubt that AK BARS bank can adequately contribute to the holding of the Universiade at the highest organizational level and provide comfortable conditions for the guests and participants of the event.

The status of the General Partner of XXVII World Summer Universiade in Kazan confirms that AK BARS Bank is one of the leading credit institutions in Russia with a great development potential and significant impact on the sport achievements of Russia.

5.1.6. Support of gifted children and youth

Making investments into the process of search, development and application of creative potential of children and young people is the best dividends. Kazan being the capital of Tatarstan is known as the city where education is highly valued. A large number of universities, schools, supplementary education centers turn the city, the Republic of Tatarstan and Russia as a whole, into the ground of the country's innovative development.

"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 among the priority projects of Tatarstan to support young talented people. This annual competition aims to encourage the scientists, inventors, engineers, technicians, graduates and students to perform innovation-oriented fundamental scientific, experimental-design researches and technological works. AK BARS Bank has been one of the main sponsors of the contest for several years. By tradition, the Chairman of the Board of

Directors, Robert Minnegaliev, 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".

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

Participation in the state policy implementation is also one of the main directions of AK BARS Bank's social responsibility. The bank receives a lot of requests for sponsorship and charity support from the municipal bodies. Adhering to the principle of "Business and government are partners", the Bank cooperates with the government in the implementation of priority national projects and the development of socially-oriented programmes.

This type of assistance implies providing funds for state institutions and organization of various festive, sport and culture events.

The City Day

August 30th 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 celebration, 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. Thus, Chistopol, Nizhnekamsk, Zelenodolsk districts and districts of Kazan received the valuable financial help from the Bank to celebrate the Day of the Republic of Tatarstan and the City Day.

Sabantuy

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

New Year

In our country, the New Year is a major holiday. It is one of the most important events of the year, celebrated in every corner of Russia. It is accompanied by various shows, festivities and national festivals. Thanks to the sponsorship of AK BARS Bank, many cities and district centers of Tatarstan were able to celebrate the New Year at the highest level. All districts of Kazan received help for the organization of winter holidays celebrations.

5.1.8. Environment protection

Support of environment programmes is one of the traditional philanthropic initiatives of OJSC AK BARS Bank. The Company recognizes its social responsibility to contribute into the complex and global problem by preserving favorable environmental conditions. The Bank

always welcomes all interested parties who care about the environmental quality and its ecological state. Therefore, in its environment preserving activities the Bank supports certain environment projects, participates in programmes aimed at protection of rare plants and animals listed in the “Red List of Threatened Species”, develops the infrastructure and contributes to the ecology improvement of those municipal districts, on the territory of which it operates.

Charity Fund AK BARS “SOZIDANIE” along with the help of OJSC AK BARS Bank has been supporting Kazan Zoo for several years helping to keep and exhibit the snow leopards (the ounces).

5.1.9. Support of arts and cultural programmes

Participation in preservation and development of cultural and moral values takes a special place in the activities of AK BARS Bank. The year of 2011 brought various cultural events to the lives of the residents of the Republic of Tatarstan and Russia as a whole.

AK BARS Bank supported the pop festival of Tatar and Bashkir song in Ufa. In the beginning of 2011, AK BARS Bank traditionally sponsored the “Little Princesses” festival.

AK BARS bank renders vast support to the development of children’s creativity. The Bank granted money to the pop dancing band “Assorti” for their costumes and championship trips. The Bank presented a laptop to the children art band “Idelkei”.

AK BARS Bank cooperates with the Republic’s Fund for Renewal of Historical and Cultural Monuments. Within the framework of the renewal programme, the cities of Sviyazhsk and Bolgar received the financial aid. Historical heritage is the fundamental basis of our modern lives. The Bank tries to support the reconstruction and restoration of historical sites. In 2011, the Bank helped to restore the “Gindukush” War museum of Tukayevskiy district of the Republic of Tatarstan.

Last year the bank supported rural libraries, allocating money for buying new books. And the non-government organization of the Kryashens of the Republic of Tatarstan was granted with financial support for organization of the traditional national holiday of Kryashen Tatars “PITRAU”.

AK BARS Bank supported the Republican beauty, motherhood and family contest “Nechkebil” and the republican contest “The Doctor of the Year – Ak Chechekler” (“White Flowers”).

Report of the Charity Fund “AK BARS SOZIDANIE”

Charity Fund AK BARS “SOZIDANIE” was officially established in October 2006 and is a non-profit organization. It has been supporting the needy people of the Republic of Tatarstan for the last 5 years. 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 single elderly people.

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

In 2011, the whole world and the whole country were shocked by the tragedy of “Bulgaria” ship, which happened on 10 July 2011. The massive charity campaign was declared in the Republic in order to help the victims of the shipwreck. The total amount of money transferred to the account from Russia and foreign countries was 53 965 643.03 rubles.

The implementation of its own projects is based on the funds transferred to the following **settlement account: 40703810100020000287.**

Within the reporting period, the Fund raised the amount of **79 728 536.27** rubles (of which OJSC AK BARS Bank – 62 194 978.56 rubles, other legal entities – 13 180 043.87 rubles, individuals – 4 353 513.84 rubles) for the following social projects.

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

The priority area of the charity activities of AK BARS “SOZIDANIE” Fund is to support children with serious illnesses within the socially significant project “DO GOOD”. The project was recognized as the best one in the nomination “In the name of life” at “CoDeistviye”, the 2nd Russian Social Programmes Festival.

During the reporting period, 19 554 142.92 rubles were transferred to the Fund’s account for the realization of “DO GOOD” project, of which 2 576 525.88 rubles were granted by AK BARS Bank. Besides, the funds and resources in the amount of 1 806 123.99 rubles were raised by the initiative groups.

In 2011 AK BARS Bank paid for the medical treatment of 74 children in medical institutions of Russia and Tatarstan, clinics in Ukraine and Germany. The leading rehabilitation centers of the Republic of Tatarstan and central regional hospitals received medical equipment. The rehabilitation centers for disabled children and teenagers “Aprel”, “Zorge” (Kazan) and “Solnyshko” (Naberezhnye Chelny) received funds to acquire necessary medical equipment; “Pestrechinskaya” central regional hospital received special patient monitors; “City Children’s Hospital No1” and “Vysokogorskaya central regional hospital” were gifted with the newborn incubators, and Kazan boarding school named after E. Lastochkina” received the sound amplifying equipment “Verboton VT42”.

It is important to mention that in 2011 the AK BARS “SOZIDANIE” Fund obtained the grant in the contest of socially oriented non-profit organizations of the Republic of Tatarstan. The grant allows provision of subsidies from the state budget to implement the “Kind Center of Changes” social project in 2012, aimed to help children with Central Nervous System (CNS) diseases. The project is planning to open a Children Ambulatory Center of rehabilitation for children with inborn CNS diseases on the basis of the “Republican children psychological and neurological sanatorium No2” and to organize special social and adaptational events for children with CNS problems who attend the rehabilitation centers for disabled children and teenagers “Aprel” and “Zorge”.

The development of blood donation is a significant part of social life of the Republic of Tatarstan and Russia. Throughout 2011, AK BARS “SOZIDANIE” Fund together with the working group on the social policy of the Public Chamber of the RT and the Republican blood transfusion station actively promoted the blood donation and healthy lifestyle in the following ways:

- in June 2011, the Fund with the Health Ministry of the Republic of Tatarstan, the Republican blood transfusion station and the Public Chamber of RT organized the charity concert for honored and frequent donors of the Republic;
- from 21st to 24th of November 2011, on the occasion of the Universal Children’s day and the Bank’s anniversary, the Fund and OJSC AK BARS Bank organized “Give a life – Become a donor” campaign. Every day about 60 volunteers from AK BARS Bank employees donated their blood. The funds collected by the donors were transferred to Rail Nasretdinov to buy expensive medicines to prevent the liver transplant rejection.
- the winners of the Republic’s contest of the social campaign “Give a life – Become a donor” were awarded on December 28th in the “Ak Bars” Palace of Martial Arts under the support of the Ministry of Education and Science of the Republic of Tatarstan.

During the last few years, the Fund, upon the decision of the Cabinet of Ministers of RT, enters the expert committee of the **“Public Initiative”** Republic-wide contest and supports social

institutions and public organizations. In 2011 within the framework of this contest, the Bank distributed grants among the regional public organization “The Society of People with Diabetes” in RT, state budget social organizations “Gnezdyskko”, “Tetushskoe Siyanie” and Sarmanovo district organization “Society of the disabled of RT” to implement projects aimed to improve the living standards of disabled children.

“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 23 children in the orphanage (as of January 1st, 2011).

In February 2011, the Charity Fund AK BARS “SOZIDANIE” purchased a sensory room of psychological relaxation for the Elabuzhskiy orphanage. It has been proved that psychological states are directly connected with our physical states, and that is why these sensory rooms are extremely important for children who reside in the orphanages. The centers of psychological relaxation organize serious complex therapy for these children to overcome stresses and mental disorders.

In July 2011, the Fund granted the orphanage a swimming pool, which contributes to the physical and emotional recovery of their children. The Fund also paid for the 15 trips to the camp in Anapa.

Every year AK BARS “SOZIDANIE” with the employees of AK BARS Bank congratulates children of Elabuzhskiy orphanage with birthdays, Sabantuy and New Year and other holidays. In August 2011, the Bank helped seven orphanage graduates, giving to each teenager a microwave, an electrical tea kettle and an iron. Each child received something, and those with the best grades were also awarded in the end of the school year. AK BARS Bank together with AK BARS “SOZIDANIE” fund sent special birthday gifts to children.

Within the project “RETURN THE CHILDHOOD” the bank performed the following activities:

a) on May 13th 2011 on the occasion of the International Family Day, AK BARS “SOZIDANIE” charity fund with the Public Chamber of RT and “The scientific center of family and demography” of the RT Science Academy organized the panel discussion on the subject “Foster family: a social portrait” .

b) the Fund together with the Public Chamber of RT participated in the organization of the Republic-wide contest of essays among the children raised in substitute families on the topic of “My Family” , declared by the Ministry of Education and Science of RT.

c) from May 31st till June 3rd 2011, Ulianovsk held the 2nd local Spartakiada “The Goodwill Games” for the residents of the orphanages and boarding schools of the Volga region districts. The Fund paid for the travel expenses of the RT team to participate in the event.

The Fund together with the administration of the Plenipotentiary Representative of the President of Russian Federation in the Volga Federal District, the Public Chamber of RT, the Ministry of Education and Science of the Republic of Tatarstan repeatedly organized the local project “RETURN THE CHILDHOOD”. The project gathered the amateurs of arts and crafts activities at the award ceremony of the “Living on the banks of Volga as one family” contest among the orphans of Volga Federal District.

About 150 works created by the residents of orphanages and boarding schools from Chuvashia, Mordovia, Mari-El, Tatarstan, Nizhniy Novgorod, Kirov and Samara districts were represented at the contest and considered in 3 nominations:

- “Within one family” (culture and heritage of the Volga region ethnicities);
- “The Architectural heritage of Volga region ethnicities”;
- “Through the Universe” (works devoted to the Cosmonautics Day).

In the beginning of the event, Grigoriy Rapota, the Plenipotentiary Representative of the President of Russian Federation in the Volga Federal District said a speech of gratitude where he highlighted the impact of AK BARS “SOZIDANIE” Fund on the discovery and support of talented children among the orphanage residents. The whole event, as Mr Rapota mentioned, is not just an ordinary contest. The cooperation between the business, the government and the society is a successful tool in the process of developing an integral personality.

56 children from 6 regions of Volzhskiy federal district became the contest winners. Igor Bashmakov, the member of the Artists Union of the Russian Federation, the honored Man of Art of RT was elected as the Chairman of the committee. The representatives of the Ministry of Education of the Republic of Tatarstan and Kazan Volga-region Federal University, members of the Public Chamber of RT and masters of decorative arts attended the event.

It is a known fact that children who reside in the orphanages and boarding schools often suffer from various emotional problems, including the inability to set and maintain close and long-term relations with other people. For that reason, the Fund together with the Center of Social Assistance to Families and Children “Gaile” organizes trainings, psychological, legal and pedagogical consultations and provides a hotline service for the orphanage graduates. The plan is to create the experimental group of children, raised in the orphanages, apply the programme of social and psychological trainings, and develop practical recommendations for psychological trainings for such children.

In 2011 the project “We are together!” raised funds in the total amount of 658 240.97 rubles.

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

“Healthy Lifestyle Planet” is one the first socially significant projects of AK BARS Bank “SOZIDANIE” foundation, developed within the priority strategic direction of charity and corporate social performance of AK BARS Bank.

The Fund with the Bank itself actively participates in promotion of healthy life style among the employees, the partners and the clients of the Bank. In 2011, the Fund supported a range of charity sport events for young and older generations as well as for disabled people.

During the preparation for the Universiade-2013 and within the framework of the “Five years of health” programme, the Charity Fund “AK BARS SOZIDANIE” is extensively involved in promoting healthy lifestyles and support of young athletes.

During the last few years, with the financial support of OJSC AK BARS Bank, the Fund has provided charity aid to:

- the specialized youth sports school of the Olympic reserve No12 in Kazan. In February 2011, the Fund sponsored the participation of the students in the competitions at the federal level;
- the Palace of Martial Arts “Ak Bars”, which is the sport object of the Universiade-2013. In 2011, the Fund granted money to organize an open house event in the facility.

During the reporting period, the Fund with the support of AK BARS Bank assisted in organizations and holding of various sport events.

AK BARS Bank sponsored this project and spent 36 595 378.00 rubles on it in total.

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

The main task of the modern society is to help talented children, to create favourable conditions for self-realization and self-actualization. For these specific reasons, the Fund created the “Young Talents” project.

In 2011 the funds have been collected for the following purposes:

- The trainings for 10 teachers of the State Educational Institution of Higher Professional Education “Naberezhnochelninskiy State Pedagogical Institute”;
- The organization of the “Little princesses of Tatarstan-2011” contest;

- The education of Garipov Timur, the candidate for the Russian National Informatics Academic Competition team, in the informatics summer school of Kostroma district;
- the fitting of equipment in the computer class of Novo-Aryshskaya school of Rybno-Slobodskiy municipal district of RT, and installation of the interactive equipment in "Gymnasium No 19" in Kazan;
- The renovation in the buildings of Volga-region Federal University;
- The reorganization of the food block of Fedorovskaya School named after E. Tutaev of Kaibitskiy municipal district;
- The organization of the International dance competition "The Gold of Kuban -2011";
- The purchase of laptops for low-income families.

The Fund also sponsored the participation of:

- 6 winners of educational institutions of RT in the final stage of Russian Academic Competition in Moscow;
- 4 residents of "Aprel" rehabilitation center for disabled children and teenagers in Kazan in the 4th International Creativity Festival "Step Towards" organized in Saint Petersburg;
- Children singing band "Leisan" in the 13th International Contest "The Crimea Pearl-2011" in Alushta. The band "Leisan" received the Grand-prix among 20 best children bands;
- Pop dance studio Dance-show "ASSORTI" (Kazan) in the 8th World dance competition in Moscow (the dance studio became the prize-winner);
- Students of "Gymnasium No 27 with intensified learning of Tatar language" (Kazan) in the Russian competition "The first steps in science".

In 2011, 16 922 443.86 rubles were spent on the "Young talents" project implementation.

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

Every year with the financial support of AK BARS Bank, the national holiday of Sabantuy and the City days are held in the municipal districts of Tatarstan and on the territories of the Russian Federation. During the events the Fund organizes playgrounds for children from low-income families. Last time, 57 regions received the financial aid for Sabantuy-2011 and 3 municipal districts of RT and Kazan city administration – for the City Day. Children in difficult life circumstances from Zainskiy, Laishevskiy, Tukaevskiy, and Nizhnekamskiy districts received Christmas gifts; 15 municipal districts of the Republic of Tatarstan received financial help to organize the New Year celebration.

Within this project, the Fund participates in the Republic's "Getting ready for school" 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 Kaybitskiy, Laishevskiy, Zainskiy, Tetushskiy and Aznakaevskiy municipal districts of Tatarstan received new packed school bags and the sportswear. With the start of the school year of 2011, the Fund organized the special event for 20 children from low-income families of Kazan where the first-graders received the gift certificates for buying books from the Fund partner OJSC BINBANK.

In order to enhance the status of motherhood for women in difficult life circumstances, the Fund jointly with the Center for Social Assistance to Families and Children "Gaile" systemically holds meetings and training sessions. Mothers of disabled children, guardians, families with many children, young mothers and other women in difficult life circumstances usually participate in such events.

Over 100 mothers who are raising children with disabilities received financial and psychological help.

The project raised funds in the amount of 4 335 654.31 rubles.

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

The respect towards the elderly is the tradition of any social community, and the care for older people is one of the moral requirements. Older people possess the cheerfulness, patience and humility, enriched by the great experience and knowledge. Their optimism, will powers and strength of mind are worth admiration.

In 2008, the Fund jointly with OJSC AK BARS Bank took under its patronage the Arskiy nursing home for older people and disabled, where 50 lonely people reside. The nursing home was opened on 1 February 2001 and is a boarding house with comfortable living conditions.

During 2011, the Fund presented hypoallergic blankets, LCD TV sets, ozonizer, motor cultivator, loan mower, generator, greenhouse and seedlings to the nursing home residents.

Within the decade of elderly people, the Fund visited “Arskiy Nursing home for older people and the disabled”. The important issues of the social institutions and ways to solve their problems were discussed during the meeting. An event for lonely people of Arskiy district and nursing home residents was organized.

In October 2011, on the occasion of the International Day of Older Persons, the Fund organized a trip to Kazan State Theatre of Drama and Comedy named after K. Tinchurin for the “Olimp” disabled community.

The veterans of the Great Patriotic War of Tatarstan and Russia received financial aid for the 66-th Victory Day celebration.

On top of that, the Fund actively supports older guardians who took the responsibility to raise their grandchildren and undergo financial, age, health and other difficulties.

The total amount of provided funding for the project is 629 634.30 rubles in total.

“Other projects”

For the last few years, the Fund jointly with AK BARS Bank has rendered financial support to Kazan Zoo to exhibit and maintain 2 snow leopards (the ounces). In 2011 the bank transferred 528 189.70 rubles to the zoo.

The results of the activity 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 repeated winner of Russian contests and festivals.

The Fund Director is the Head of the Social Policy working group of the Public Chamber of RT, the member of Orientation center for organization, development and promotion and voluntary blood donations under the Public Chamber of the Russian Federation, the head of Coordination Committee on the support of family and childhood under the Public Chamber of RT. The Fund employees are included into the expert committees of the Republic’s social projects competitions.

The Fund participates in the expertise process of proposed laws of RT, elaborates suggestions of changes in the current legislation and prepares the answers for appeals, addressed to Public Chamber of RT in the issues of social support.

The Fund’s work experience, the contribution of AK BARS Bank into the realization of regional and local socially significant projects were marked by Grigoriy Rapota, the Plenipotentiary Representative of the President of Russian Federation in the Volga Federal District at the meeting of Public Council of Volga-Federal District on the development of the civil society institutions (April 20th, 2011, Kirov) . During the meeting, the Fund presented its report “The Role of Charity Funds in support and promotion of family institutions” and participated in the exhibition of best social practices.

The awards of the Fund in 2011:

1. the winner of the Republican competition ‘The Philanthropist of the Year’;
2. the winner of the Russian annual reports contest “Reporting Point” among the donor and non-profit organizations;
3. the winner of socially oriented non-profit organizations of the Republic of Tatarstan competition to receive the subsidies from the Republic’s budget (2011).

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 48 countries, the percentage of new visits amounted to 57 %, and the average number of pages viewed is 4, which certainly confirms the interest in the website along with the activities of the Fund. Besides, the Fund is able to place its information on the unified website of Non-Profit Organizations of the Republic of Tatarstan and in "Otkrytoe Serdce" ("Opened Heart") Magazine, and send electronic mails to the partners and target groups.

Main target indicators of the Fund activities efficiency

№	Evaluation Indicators	Units of Measurement	Threshold value	Information on		
				2009	2010	2011
1	The amount of funds aimed to improve children's health	thousand rubles	1 000	700	1 521	7 600
2	The number of orphans and children left without parental care, covered by the activities of social support	quantity	40	230	340	420
3	The amount of funds aimed to assist the orphans	thousand rubles	300	392	519	658
4	The amount of funds aimed to provide rehabilitation services for disabled children	thousand rubles	200	1 067	1 212	7 900
5	Number of children from poor families covered by the organized measures	quantity	100	375	336	1 076
6	The number of large families covered by organized activities	quantity	30	91	131	283
7	The number of gifted children covered by the social support activities	quantity	50	137	158	160
8	The number of single elderly people covered by the social support activities	quantity	100	290	396	512

Figures:

Indicator	2009	2010	2011
Number of paid trips to summer specialized schools for the winners of the Republic-wide and All-Russian Academic Competitions	1	4	10
Number of children with disabilities who received a laptop or a personal computer	2	3	4
Number of specialized educational institutions, equipped with interactive and medical equipment	3	9	20
Number of children sent for medical treatment	17	47	74
The number of orphans who received audio-, video-, and dogotal technology	60	101	81
Number of students who received packed school bags and	71	93	110

sports uniform			
Number of low-income families who received gift certificates for the purchase of household appliances, chemicals, and products for children	91	110	155
Number of children who attended cinemas, theatres, concerts and amusement parks	120	149	180
Number of orphans in difficult life circumstances who received the New Year gifts	170	109	725
Number of lonely elderly people who received the food boxes.	268	683	400

Conclusion

During the reporting period, AK BARS Bank launched large-scale projects, supported numerous external initiatives, and provided charitable assistance to the hundreds of citizens. Step by step the Bank is moving towards making its social and charity activity contribute to the development of consistent and balanced progress of the community. In the future the Bank will do its best in order to make the situation in the Russian society more stable and help people to be confident in their future expectations.