





Mikhailovka

Veshenskaya

Millerovo

Oblivskaya

Morozovsk

Kamensk-Shakhtinsky

Belaya Kalitva

Krasny Sulin

Shakhty

Konstantinovsk

Tsimlyansk

Kotelnikovo

Rodionovo-Nesvetayskaya

Matveyev Kurgan

Pokrovskoe

Taganrog

Chaltyr

Aksai

Bataisk

Azov

Vesyoly

Kagalnitskaya

Zernograd

Orlovsky

Yeisk

Kushchevskaya

Yegorlykская

Tselina

Proletarsk

Leningradskaya

Krylovskaya

Peschanokopskoe

Tikhoretsk

Novopokrovskaya

Belaya Glina

Timashevsk

Stavropol

Kropotkin

Zheleznovodsk

Krasnodar

Slavyansk-na-Kubani

Armavir

Essentuki

Pyatigorsk

Anapa

Novorossiisk

Gelendzhik

Labinsk

Tuapse

Sochi

Volzhsy

Volgograd



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♦G4-18 This report is presented for the 2015 calendar year as part of Center-invest Bank's integrated IFRS reporting. The G4 Sustainability Reporting Guidelines were taken into account in the compilation of this report, to the extent to which the information is of interest to the bank's current and potential shareholders, partners, customers and employees. The sections of the report presented in accordance with GR-4 are appropriately colour coded.

♦G4-36 The contact person for this report is Sergei Smirnov, Deputy Chairman of the Executive Board.

Letter to Shareholders

Events

① In 2015 global markets remained volatile and negative trends in the Russian economy intensified. And yet in these very difficult conditions the transformational banking business model¹ introduced by Center-invest Bank proved resilient. Transformational banking is the new reality:

- managing change amid continual crises,
- solutions implemented in response to any challenges,
- in the interests of current and future generations,
- based on best international practice,
- technical, financial and social engineering.

② At a time of increased risks and threats, the most effective solution was to work within Center-invest Bank's ecosystem. The definition "Center-invest: it's the best!" is not an advertising slogan, but an intentional focus on:

- using the best ecosystem (Southern Russia, partners, customers, employees),
- the use of best international practice by the bank and its customers,
- offering unique banking products and modern technologies for retail customers, small business, agribusiness and energy efficiency,
- forming a new generation of customers on the basis of their participation in the bank's social and educational projects.

The bank regularly analysed the markets in which its ecosystem was evolving. As well as educational resources, we provided new products and approaches for small business, information technologies, energy efficiency, the agribusiness sector, consumer lending, and the training of creative cadres of young people, entrepreneurs and civil servants.

The bank has introduced new ways of working

with various social groups: a micro cluster project, "Project for My City" (13,000 participants); the first stage of the project "My Strategy: Me and the World in 2030" (1,500 participants); a Financial Literacy Centre (15,000 participants); "Enterprise for All" (20,500 participants); and the Endowment Fund for Education and Science in the Southern Federal District (20,000 participants).

③ The geopolitical crises and sanctions created new conditions for the development of the bank's ecosystem:

- consolidation of society and mobilisation of the economy in Russia;
- restrictions on the operations of international financial institutions in Russia;
- creation of competitive advantages in the domestic market for the bank's business customers;
- government support for competitor banks, and a tougher competitive environment.

Faced with these new challenges, Center-invest Bank's transformational banking business model and ecosystem enabled us to:

- implement our business plan successfully,
- be one of the more profitable Russian banks (50th place under RAS, 28th place under IFRS, out of approximately 730 banks),
- continue to introduce new approaches and technologies in IT, risk management, internal control and compliance,
- retain our authority and the trust of our customers and partners.

④ To mitigate geopolitical risks the bank played an active part in organising international events:

- Russia's first Positive Economy Forum, held in June 2015 in Rostov-on-Don, together with Jacques Attali's team;

1. www.centrinvest.ru/files/articles/pdf/CI_TransformationBank_book_final.pdf

- the German and Russian Twin Town Forum, held in Karlsruhe and Baden-Baden on 27 - 30 June, together with the German-Russian Forum;
- a meeting of Russian and German business representatives with the German ambassador Rüdiger von Fritsch on 5 March 2015.

Indicators

① Center-invest Bank complied with all regulatory requirements under Russian and international standards. This was confirmed by all of the inspections conducted by supervisory and regulatory bodies. Taken together, these inspections lasted a total of 2,500 days (+50% compared to 2014).

② Center-invest Bank strengthened its positions in the regional and Russian markets, including for

the following important parameters: SME lending (ranked 16th among Russia's banks), reliability (ranked 38th by Forbes), growth rate (5th among regional banks), and successfulness (17th place among all Russian banks and 1st place among regional banks).

③ In 2015, 78 children were born to Center-invest Bank employees.

FYE	2010	2011	2012	2013	2014	2015
Capital, RUBbn	5.8	6.7	7.6	8.8	9.6	10.6
Assets, RUBbn	48.3	54.4	62.7	75.9	91.3	89.6
Net loans and leasing, RUBbn	30.6	42.5	48.4	61.5	72.0	72.7
Deposits, RUBbn	33.8	39	44.1	49.4	49.2	65.0
Profit, RUBbn	0.2	0.9	1.1	1.4	1.1	0.5
CAR, RAS, % ≥ 10	14.7	13.3	13.3	12.4	10.9	12.8
CAR, IFRS, % ≥ 8	19.8	18.2	17.4	15.6	14.5	17.1
CAR, Basel 3, % ≥ 10.5	16.4	15.9	15.3	13.9	13.0	15.1
CAR Tier 1, IFRS, % ≥ 4.0	11.9	11.6	11.8	11.3	10.3	12.7
CAR Tier 1, Basel 3, ≥ 8.5	9.9	10.1	10.4	10.0	9.2	11.2
ROAA, %	0.48	1.76	1.88	2.03	1.32	0.6
ROAE, %	3.92	14.53	15.42	17.25	12.07	5.3
Cost/income	51.8	49.9	45.1	45	43.4	51.1
Number of children born to bank employees	81	82	71	83	86	78

Impacts

① At a time of crisis and volatility, causing Russian consumers to uncertainly, the local population, businesses, government bodies and even Center-invest Bank's competitors in southern Russia are guided more than ever by our intelligent risk analysis and sustainable conduct:

— Unlike speculative banks, Center-invest Bank did not raise its interest rates on existing loans. Instead, the bank and its customers took measures to manage the risks of market volatility, a fall in production, and geopolitics. These measures allowed the bank to continue providing the real economy with loans with optimum interest rates. The bank's customers were able to complete their projects successfully, make sufficient profits, and share their success with the bank.

— The bank's transparency and openness and its work with various social groups helped to bring the business community and the authorities together to maintain southern Russia's dynamic growth. It also enabled the bank to retain its leadership in introducing best international practice, the quality of bank services, retail and SME lending, introducing energy efficient technologies, and modernising agriculture.

— Center-invest Bank's unique experience of

financing the renovation of multifamily residential buildings has shown that pressing social problems in the housing sector can be addressed through the effective use of market mechanisms and new lending approaches. Our work in this area has been recognised by the Russian Ministry for Housing and Utilities.

— Center-invest Bank's work on introducing electronic transfers for Federal Treasury departments has been used to roll out a new system across Russia.

— The bank held a series of lectures at leading southern Russian universities on current economic challenges, modern banking technologies, and creative analysis.

— Using crowdsourcing to help develop the "Me and the World in 2030" Strategy the bank attracted the attention of young people, other residents, businesses and government bodies in southern Russia.

② Center-invest Bank's participation in cultural projects promotes the cultural development of southern Russia's regions. We support public events held by theatres and museums, as well as competitions and cultural projects.

Risks

The results achieved allowed Center-invest Bank to approve a new strategy: “Global Competitiveness in Transformations”, a Strategy for Developing Center-invest Bank’s Ecosystem in 2016-2018. The bank is

already implementing this strategy successfully in the new conditions. Each section in the strategy sets out both the challenges and the proven solutions that the bank is using in response.

New challenges

Volatility of global markets

Russian economic stagnation

Uncertainty about financial market reforms in Russia

Center-invest Bank’s solutions

Strengthening its positions in southern Russia, a sustainably developing region

Making a substantial contribution to the socioeconomic development of the areas in which it operates

Using the advantages of southern Russia’s diversified economy and entrepreneurial potential

Using attractive interest rates to gain the best quality customers, and using modernisation and energy efficiency programmes to make their businesses more efficient

Business based on a sustainable banking model

Continual transformation of business in a rapidly changing external environment

President and Chairman of the Board of Directors, Dr. Vasily Vysokov



Chairman of the Executive Board, Yuri Bogdanov



In 2015 the bank:

Held its thirteenth annual scholarship competition for southern Russia's top university students. Over 2,000 students entered the competition, and the 400 winners each received a Center-invest Bank scholarship.

Participated in the Euromoney Central and Eastern European Forum held in Vienna on 20-21 January 2015.

Spoke at the Russian Housing and Utilities Forum 2015 about its unique experience of providing loans for the renovation of multifamily residential buildings.

Won both a people's vote and an expert jury vote in the Golden Wheel banking competition held in Rostov-on-Don by the news portal 161.ru.

Was one of the first banks in Russia to participate in the "Mir" national payment card system. Center-invest Bank was also part of the pilot programme to test the issuing and servicing of the Mir card.

Organised Russia's first Positive Economy Forum. Sixty-five world-class experts travelled to Rostov-on-Don for the event, the majority of whom were from the European Union. Over 1,000 people visited the Forum.

Sponsored a start-up forum held in Rostov-on-Don in June 2015.

Won a prestigious Relationship Award 2014 from Commerzbank AG, Europe's largest bank (Frankfurt, Germany). The award recognises the high quality of Center-invest Bank's payments and its successful cooperation.

Presented its experience of transformation at the Skolkovo Business School. Yuri Bogdanov, Chair-

man of the Executive Board of Center-invest Bank, shared his experience and expertise.

Was recognised as Russia's best regional bank and one of the country's top 3 retail banks. We also took 7th place among Russia's "banking market leaders" (Sravni.ru comparison site).

Took part in an IFC Financial Institutions Group Knowledge Forum. The results of the bank's work were presented in a paper entitled "Transformational Banking: made in Russia".

Presented "transformational banking" at the XIII International Banking Forum "Russian Banks - 21st Century".

Came first place in the "cheapest car loans" ranking published by Sravni.ru.

Was a co-organiser and financial partner for an international conference of young scientists and academics from BRICS countries held on 24-26 September 2015 at Southern Federal University in Rostov-on-Don.

Was included by the Bank of Russia in its updated list of significant banks in the payment systems market. There are 51 banks on the list. (Bank of Russia Order dated 25 March 2015 "On Recognition by the Bank of Russia of Credit Institutions as Significant in the Payment Services Market").

In partnership with the Rostov-on-Don city administration, co-organised a city-wide environmental social advertising competition "Let's Make Our City Cleaner".

Presented its unique experience in energy efficiency at the Energy Efficiency Finance Forum held under



The Sravni.ru comparison site ranks Center-invest Bank in:

1st place among regional banks

17th place for business success

The Banker

In The Banker's Top 100 Russian Banks ranking, Center-invest Bank is:

10th — cost-to-income ratio

17th — return on Tier 1 capital

19th — return on assets

55th — assets

58th — capital

Forbes

In the Forbes annual reliability rating of Russian banks, Center-invest Bank ranks:

38th

Moody's

Moody's Investors Service

B1 stable



In 2015 Russia's Expert RA rating agency ranked Center-invest Bank:

16th for size of SME loan portfolio among Russia's leading banks

the aegis of the EBRD in partnership with the United Nations Environment Programme Finance Initiative (UNEP FI). The event, held in Istanbul on 16-17 September 2015, was entitled "Building a Global Energy Efficiency Financing Alliance".

Participated in the 4th Positive Economy Forum in Le Havre (France), at which delegates discussed prospects for building a positive world by 2030.

Held over 70 events in universities to promote knowledge and research into entrepreneurship and also the acquisition of entrepreneurial skills.

Supported the "Don Teacher of the Year" competition for the thirteenth time.

Supported and participated in the Sixth Festival of Science in southern Russia.

Supported a music festival (together with the Alliance Française), Youth Day (together with the city administration) and a classical concert conducted by Misha Katz. It also organised its traditional concert to commemorate Victory Day.

Participated in Global Money Week. The bank put together a number of events for schoolchildren, students, entrepreneurs and pensioners.

Sustainable Development Declaration

♦G4-1

1

Center-invest Bank's sustainable banking business model comprises decisions taken voluntarily by its shareholders and employees in the interests of current and future generations. These obligations have become a cornerstone of Center-invest Bank's corporate culture. They inform the bank's customer and partner relationships and provide a mechanism for successful business management even at a time of crisis.

2

The distinctive features of the sustainable banking business model are:

- a long-term vision for the bank's own business and for the environmental, social and institutional setting in which it operates;
- stricter self-regulation, with due regard for national and international regulatory requirements and anticipated changes to these requirements;
- rejection of speculative profits in favour of long-term profitability based on organic growth;
- application of best international practice to ensure the competitiveness of the bank and its customers.

3

By applying a sustainable banking business model Center-invest Bank is achieving: sustainable, balanced growth; a high level of competitiveness (including when compared to the speculative market); and high rankings in ratings of Russian banks, especially for the latest and most popular inclusive finance products.

4

Center-invest Bank applies best international practice to improve its business performance. The following factors make our business model competitive in Russian and international markets and will ensure that it remains so in the long term: transparent procedures; a clearly defined corporate culture and unambiguous rules of conduct; independent risk management and internal control; a commitment to nurturing our employees; transparent and accessible reporting under national and international standards; a modern and constantly evolving information system; highly responsive liquidity management procedures; and technology, operations and product development.

5

Center-invest Bank is the leading bank in southern Russia. In terms of efficiency, southern Russia lags behind developed countries and the rest of Russia as a whole. This creates scope to introduce best international practice with the aim of increasing efficiency three- to fivefold throughout the regional economy and raising standards of living.

6

Center-invest Bank is committed to helping maintain southern Russia's environmental diversity and to reducing environmental harm. For example, the bank takes great care when selecting which agribusiness projects to finance. We are a market leader for energy efficiency finance, small business and youth enterprise development, and products to support women in business. We also offer products to enable the residents of southern Russia to improve their standard of living: consumer loans, mortgage loans and car loans. We do not, however, provide express loans. Rather, in dialogue with the customer, we assess the risks relating to the loan purpose, factoring in the long-term interests of the customer's family and loved ones. We also look for opportunities to provide special purpose loans to enable customers to purchase energy efficiency technologies or carry out housing renovations (including to multi-family residential buildings). Drawing on its accumulated experience of introducing best international practice, the bank is broadening the scope of its lending on the basis of public private partnerships (PPP).

7

Center-invest Bank's social and educational projects are designed to raise new generations of schoolchildren, students, entrepreneurs, civil servants and company managers.

8

The bank helps businesses in southern Russia to expand their contacts with partners from Europe and CIS and BRICS countries. For example, we have updated an online database of SMEs in southern Russia. We establish correspondent banking relationships with new partner banks abroad, and we hold training events where bankers from various countries can share experience of introducing a sustainable banking business model.

9

Center-invest Bank provides continuous staff training on new areas in banking, in line with the sustainable banking business model. We have established a positive corporate culture, with a creative atmosphere and employees who take responsibility for, and have confidence in, the successful implementation of the bank's own strategy and those of its customers. An important result of this is the high birth rate among our employees. We have every reason to be confident that all the members of our team are committed to helping the bank and our customers achieve new sustainable results.



Southern Russia (Southern Federal District (SFD) and North Caucasus Federal District (NCFD)
as % of Russian Federation

	2000	2005	2011	2012	2013	2014	2015		
Territory				3.5					
Population	15.6	16.0	16.4	16.3	16.4	16.5	16.2	SMEs*	IEs*
Gross regional product/value of goods and services produced	7.6	7.1	8.5	8.8	8.8	9.0	9.4	10.8	17.6
Fixed assets	10.2	9.3	8.5	8.4	8.4		8.8	11.5*	15.4*
Industry	—	5.6	7.6	7.3	7.2	6.2	6.5	9.4	15.1
Agriculture	18.7	22.6	23.2	23.6	23.4	23.5	23.0	23.1	37.4
Construction	11.4	9.5	14.5	14.4	15.0	13.0	12.5	11.6	16.9
Retail trade	9.8	11.5	14.0	14.2	14.1	14.3	14.9	8.1	16.1
Capital investment	11.6	9.4	14.5	13.0	14.0	13.3	11.8	16.2	19
Average monthly wage	*SMEs and individual entrepreneurs, data as at 01.01.2013								
SFD	71.4	72.5	73.8	75.3	75.1	75.2	74.6	80.4	—
NCFD	54.5	55.9	59.5	63.1	65.2	65.0	60.1	63.9	—
Average per capita income (monthly)									
SFD	69.8	71.2	79.9	81.3	85.3	87.6	83.3	—	—
NCFD	49.5	56.0	72.5	79.3	74.1	75.2	81.3	—	—

Southern Russia is a region:

- in which the staff of Center-invest Bank's 132 branches are fulfilling their civic and professional responsibility to work in the immediate and long-term interests of the region by promoting effective economic development, social stability, and environmentally responsible behaviour;
- in which Center-invest Bank effectively manages the regional risks associated with accepting deposits and lending to retail and business customers, the requirements of supervisory and regulatory bodies, the impact of global processes, and the specifics of Russian legislation;
- that, at a time of globalisation, effectively combines the advantages conferred by its geographical position, favourable climate, diverse natural and human resources, and infrastructure;
- that has long been populated by people of different nationalities, whose lives are enriched by the region's cultural diversity and tradition of enterprise, and who value their freedom and independence;
- that, with its economic diversity and high levels of entrepreneurship, serves as a model for the future Russian economy;
- in which salaries are 30-40% lower than the Russian average and five times lower than in European countries;
- that is experiencing a faster rate of economic recovery after the crisis, and slower growth in production costs, than the rest of Russia as a whole. This makes the region more competitive. Indeed, southern Russia plays the same role in the Russian economy as do the BRICS countries in the global economy;
- where SMEs are modernising successfully on the basis of best international practice.

At Center-invest Bank, sustainable banking means:

- an integral part of the corporate culture for its employees and customers;
- procedures to comply with the environmental requirements of the bank's IFI shareholders and partners;
- the bank's experience in financing projects pertaining to energy efficiency, SME modernisation, and agribusiness, which have increased business efficiency three- to fivefold;
- increased operational efficiency on the basis of best international practice: transparent corporate governance, risk management and internal control procedures, advanced information technologies, and a new corporate culture;
- a risk management system based on a combination of data analysis methods that ensures the appropriate allocation of capital, powers and responsibilities among the bank's business units and employees;
- a consistently strong financial performance that is persuasive not only for supporters of sustainable development but also for speculative market participants;
- increasing the competitiveness of the bank's customers and raising the population's standard of living by providing training in best international practice for a wide audience, including managers and other personnel, young people and schoolchildren.

President and Chairman of the Board
of Directors, Dr Vasily Vysokov



Chairman of the Executive
Board, Yuri Bogdanov



Full name of the bank:

Open Joint-Stock Company Commercial Bank “Center-invest”

Center-invest Bank carries out the following banking operations in accordance with General Licence of the Central Bank of Russia No. 2225 dated 9 September 2013 (General Licence No. 2225 dated 26 January 1998 expired due to the amendment by federal statute of the descriptions of specific banking operations):

- attraction of funds from individuals and companies in the form of deposits (call and fixed term deposits);
- investment of the funds attracted from individuals and companies in the form of deposits (call and fixed term) in its own name and at its own expense;
- opening and administering bank accounts for individuals and companies;
- transferring funds on the instructions of individuals and companies, including authorised correspondent banks and foreign banks, through their bank accounts;
- collection of cash, bills, and payment and accounting documents, and provision of cash services for individuals and companies;
- purchase and sale of foreign currencies in cash and non-cash forms;
- issuance of bank guarantees;
- transferring funds without bank accounts being opened, including electronic funds transfer (excluding postal transfers).

Center-invest Bank is listed in the Unified State Register of Legal Entities (Certificate series 61 No. 002690018 dated 26 August 2002). Its primary state registration number is 1026100001949.

Center-invest Bank is registered as a member of the mandatory insurance system (Certificate No. 283 dated 9 December 2004).

Center-invest Bank holds the following professional securities market participant licences:

- № 061-03243-100000 dated 29 November 2000 for carrying out broker activities;
- № 061-03332-010000 dated 29 November 2000 for carrying out dealer activities;
- № 061-03407-001000 dated 29 November 2000 for carrying out securities management activities;
- № 061-04118-000100 dated 20 December 2000 for carrying out depository activities.

Center-invest Bank is authorised to issue guarantees in favour of customs authorities (Notification of the State Customs Committee of the Russian Federation dated 01 March 2016).

Center-invest Bank has exclusive rights to an item of intellectual property, namely, its trademark (State Register of Trademarks and Service Marks of the Russian Federation, Certificates Nos. 330123, 330124, 328151 and 330126 dated 24 July 2007).

The precautionary principle is included in the bank's risk management procedures and must be applied in decision-making.

Although the bank has not formally signed the following documents, it subscribes to and applies their main principles:

- The Ten Principles — United Nations Global Compact, 2000;
- OECD Guidelines for Multinational Enterprises, 2011;
- United Nations Guiding Principles on Business and Human Rights, implementing the UN “Protect, Respect and Remedy” Framework, 2011.



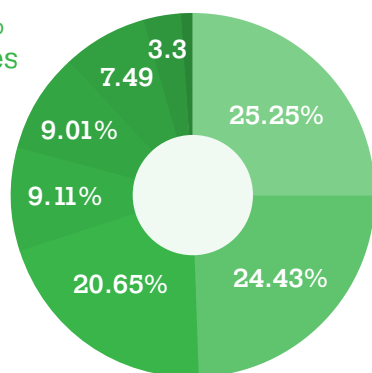
The bank's head office is located at: 62 Sokolova Avenue, Rostov-on-Don, Russia, 344000. Telephone number, fax number: +7 863 2-000-000, +7 863 299-49-65.

Email address: welcome@centrinvest.ru. Website addresses: www.centrinvest.ru, центр-инвест.рф.

Number of bank employees at FYE 2015: 1,612.

Shareholders

at FYE 2015, %
of voting shares



25.25%	European Bank for Reconstruction and Development (EBRD)
24.43%	Dr. Vasily Vysokov and Mrs. Tatiana Vysokova
20.65%	The German Investment and Development Company (DEG)
9.11%	Firebird Investment Fund
9.01%	Erste Group Bank AG
7.49%	Rekha Holdings Ltd
3.30%	Raiffeisenlandesbank Oberosterreich AG
0.76%	Other shareholders

Assets and Liabilities Management

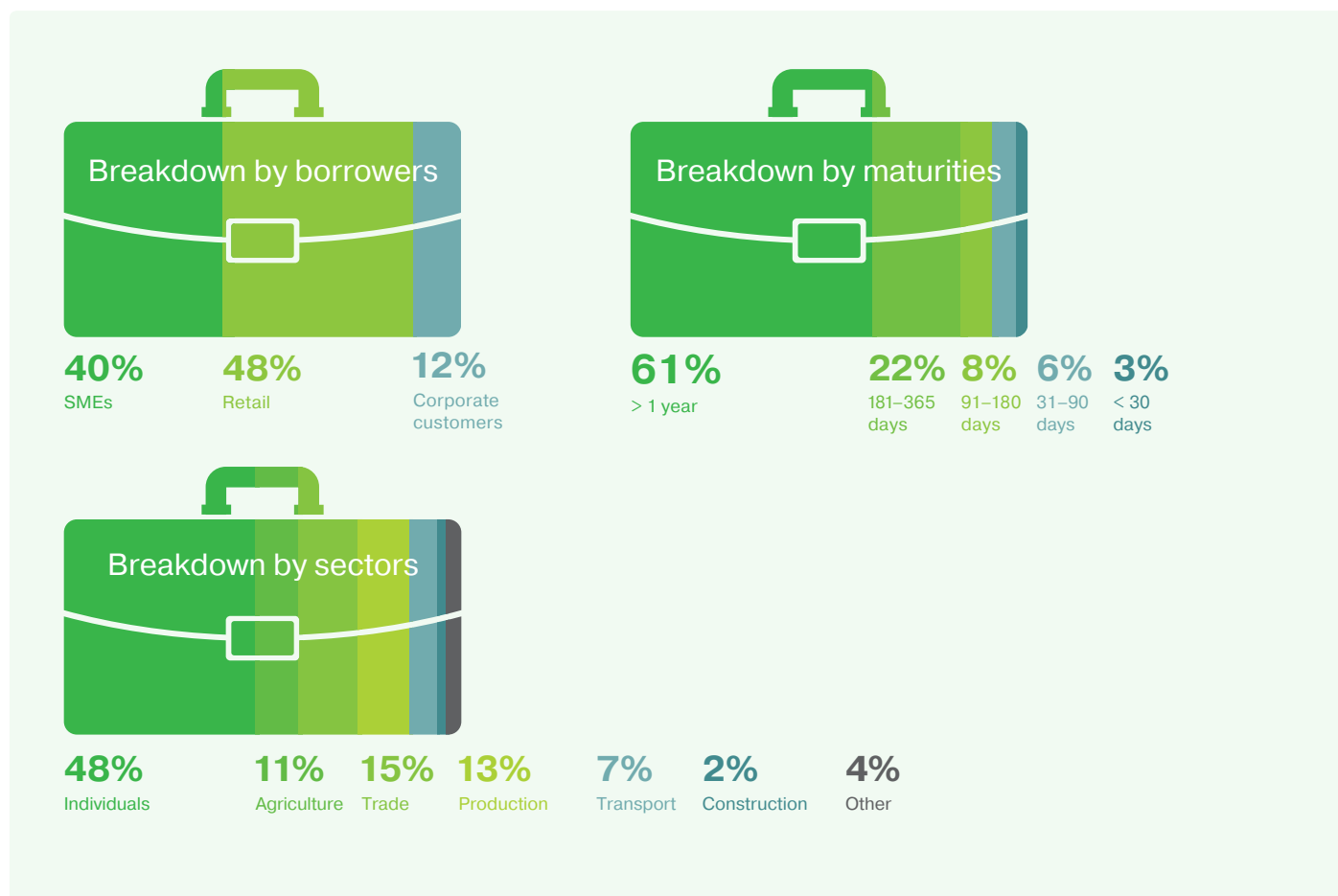
Center-invest Bank is very careful to ensure the correct balance between the scale of lending and the sources of funding. In 2015 the bank's assets continued to be kept in the real economy, primarily in retail and SME lending, and at a time of economic crisis the bank managed the risks in its loan portfolio effectively. Amid market volatility, customers were reassured by our competent approach and transparency. In 2015 customer accounts grew at

a faster pace, which allowed the bank to reduce expensive borrowings from the financial markets.

	FYE 2015		FYE 2014		2015 / 2014
Assets (RUBm)	89 641	100%	91 316	100%	−1.8%
Net loans and leases	72 672	81%	71 980	79%	1.0%
Cash and mandatory reserves with the Russian Central Bank	12 598	14%	11 999	13%	5.0%
Other assets	2 100	2%	5 027	6%	−58.2%
Fixed assets	2 271	3%	2 311	3%	−1.8%
Liabilities (RUBm)	89 641	100%	91 316	100%	−1.8%
Customer accounts, of which	65 040	72%	49 218	54%	32.2%
retail customer accounts	51 603	57%	37 595	41%	37.3%
business customer accounts	13 437	15%	11 623	13%	15.6%
Equity	10 603	12%	9 585	10%	10.6%
Debt securities in issue	3 172	3%	9 060	10%	−65.0%
Funds from Russian Central Bank	0	0%	10 079	11%	
Borrowings from IFIs and banks	10 403	12%	12 909	14%	−19.4%
Other liabilities	423	1%	465	1%	−8.9%

Structure of the Loan Portfolio

FYE 2015



Retail Customer Funds

	31.12. 2015	31.12. 2014	2015 / 2014
Retail customer funds, RUBm	51 603	37 595	+37.3%
including term deposits	46 648	33 310	+40.0%
Number of deposit accounts	248 262	220 629	+12.5%
Interest expense for customer deposits and accounts, RUBm	4 633	2 661	+74.1%

In 2015 the bank substantially increased the amount of funds attracted from retail customers. We achieved this by offering the best possible terms and conditions for deposits, and by further improving our customer

service offering (for example, customers can now pay into their deposit accounts via self-service payment terminals and online banking).

Payment and Services

In 2015 the bank accepted RUB17.3bn in bill payments from retail customers (+6.1%).

We continued to improve our processes for accepting bill payments from customers. The majority of payments are made in real time and do not require customers to complete payment requests. To speed up the process, the bank's system reads the barcodes on bills. Moreover, payment recipients

are gradually switching to electronic documentation systems. Customers can use the bank's self-service terminals, ATMs and Internet banking service to make payments for various services.



	2015	2014	2015 / 2014
Western Union and Zolotaya Korona money transfers, millions			
\$	15.3	16.7	–8.4%
€	0.2	0.2	0%
₽	1518.9	1104.9	+37.5%
Foreign exchange transactions, millions			
\$	68.2	96.6	–29.4%
€	30.2	58.5	–48.4%
£	1.2	1.6	–15%
¥	1.1	1.1	0%
¥	1.3	1.2	+8.3%

Retail Lending

	2015		2014		2015 / 2014
Retail loan portfolio, RUBbn	36.67	100%	33.98	100%	+7.9%
Consumer loans	18.83	51.4%	18.37	54.1%	+2.5%
Mortgages	14.49	39.5%	12.53	36.9%	+15.6%
Car loans	2.46	6.7%	2.32	6.8%	+6.0%
Bank cards	0.89	2.4%	0.75	2.2%	+18.6%

The bank continued its efforts to improve the population's standard of living by offering consumer loans, mortgage loans and car loans. The bank is actively developing its loan products based on bank cards.

In 2015 Center-invest Bank issued 61,093 loans for a total of RUB16.91bn (2014: 61,397 loans for a total of RUB20.82bn). This included:

- 30,009 consumer loans for a total of RUB8.99bn;
- 1,954 car loans for a total of RUB1.26bn;
- 2,747 mortgage loans for a total of RUB4.88bn.

Retail lending increased by RUB2.7bn in 2015. The retail loan portfolio at year end was RUB37bn.

In 2015 we developed and introduced special mortgage programmes that allow customers access to unique loan offers with minimal documentation requirements. These programmes are proving very popular in southern Russia.

Center-invest Bank continued to participate in a number of government loan programmes. For example, we issued 200 mortgage loans for a total of RUB500m to borrowers receiving government subsidies to help them meet interest and capital repayments. This included mortgage lending under the Young Teachers programme.

Our retail customers continued to take out loans to make energy efficiency improvements to their

homes. In 2015 we issued 4,624 such loans, for a total of RUB1.2bn.

In 2015 the bank agreed 26,383 card credit limits for a total of RUB1.78bn.

We made our “grace period credit card” even more advantageous and attractive for customers: upon the expiry of the grace period (a maximum of 55 days), customers do not have to pay off the balance in full, but only the money borrowed in the previous month (as at the last working day of the previous calendar month).

Center-invest Bank's retail customers can now repay their loans using online banking. This option allows customers to manage their finances in a timely manner.

Throughout the course of 2014-2015 all of the bank's business units that are involved in retail lending transitioned to working with Terrasoft software, which is integral to the work of the retail credit committee and decision-making on other issues (collateral substitution, recalculating schedules, granting grace periods).

Customers can submit new loan applications on the bank's website (www.centrinvest.ru) and also check the status of existing applications.



Loans issued	2015		2014		2015 / 2014	
	Number of loans	Value, RUBbn	Number of loans	Value, RUBbn	Number of loans	Value, RUBbn
Consumer loans	30 009	8.99	35 015	11.70	−14.3%	−23.2%
Car loans	1 954	1.26	2 544	1.54	−23.2%	−18.2%
Mortgages	2 747	4.88	3 402	5.82	−19.2%	−16.2%
Bank card loans*	26 383	1.78	20 426	1.76	+22.6%	+1.1%
Total	61 093	16.91	61 397	20.82	−0.5%	−23.1%

* Number and value of credit limits agreed



**BANK
CENTER-INVEST**

from
8,5%
per annum

Car loans no extra insurance required



Lower interest rates for Center-invest Bank customers: depositors, cardholders, customers with a good credit history.

8 800 200-99-29

National Freephone number

8 (863) 2-000-000

Call centre

www.centrinvest.ru

JSC Commercial Bank «Center-invest»

Bank Cards

Center-invest Bank is the only bank in southern Russia to have its own modern processing centre. This advantage enables us to systematically expand our services based on bank cards, and also to quickly introduce innovative products and services to a high standard.

There were many exciting developments for Center-invest Bank in 2015:

Center-invest Bank's "grace period card" won the "Credit Card of the Year" category in the Banker of the Year awards run by the Banki.ru portal.

Ranked in 15th place by the comparison site Sravni.ru, Center-invest Bank's credit cards were recognised as being among the best bank cards in Russia. We offer customers a whole range of card products with credit options.

In 2015 Center-invest Bank was one of the first to sign up to Russia's new national payment card system, "Mir". We passed all of the tests for issuing and servicing Mir cards.

Center-invest Bank won Federal Treasury tenders to service the accounts and payment (debit) cards of public sector organisations in Krasnodar Krai and the Volgograd region. We are a reliable partner for the Federal Treasury, servicing the accounts used to make payments to public sector organisations in the Rostov and Volgograd regions, and Krasnodar Krai.

In terms of innovative technology, we launched a new bank product that allows customers to make payments with just one tap of their watch: the Watch2pay device with PayPass technology and a Center-invest bank card. This product can be included as part of any service bundle.

As well as the benefits of convenience, customers paying for purchases with a Center-invest bank card can now earn cashback. As part of the Universal, Premium and Exclusive service packages:

— under a joint project with Booking.com, customers who book a hotel using the Booking.com system on the bank's website and pay using a Center-invest bank card will receive 5% cashback on the cost of their booking,

— a promotion was launched giving customers up to 10% cashback on purchases from our partners' online stores (including AliExpress, Lamoda, Asos and MediaMarkt). Full information about the promotion is available on the bank's website.

Center-invest Bank introduced new regulations on exchange rate conversions for bank cards, giving cardholders access to better exchange rates.

We launched a new product for our business customers who use a Center-invest Bank payroll programme: the "MasterCard-Bonus". This product allows customers to enjoy savings on business expenses, and it makes our payroll programmes even more attractive and competitive.

Customers can now use their Center-invest bank cards to pay for services at self-service terminals.

To increase the security of bank cards, we introduced a safe payments service using 3DSecure online for MasterCard Worldwide cards. In addition, work was completed on certifying NCR ATMs for use with chip cards.

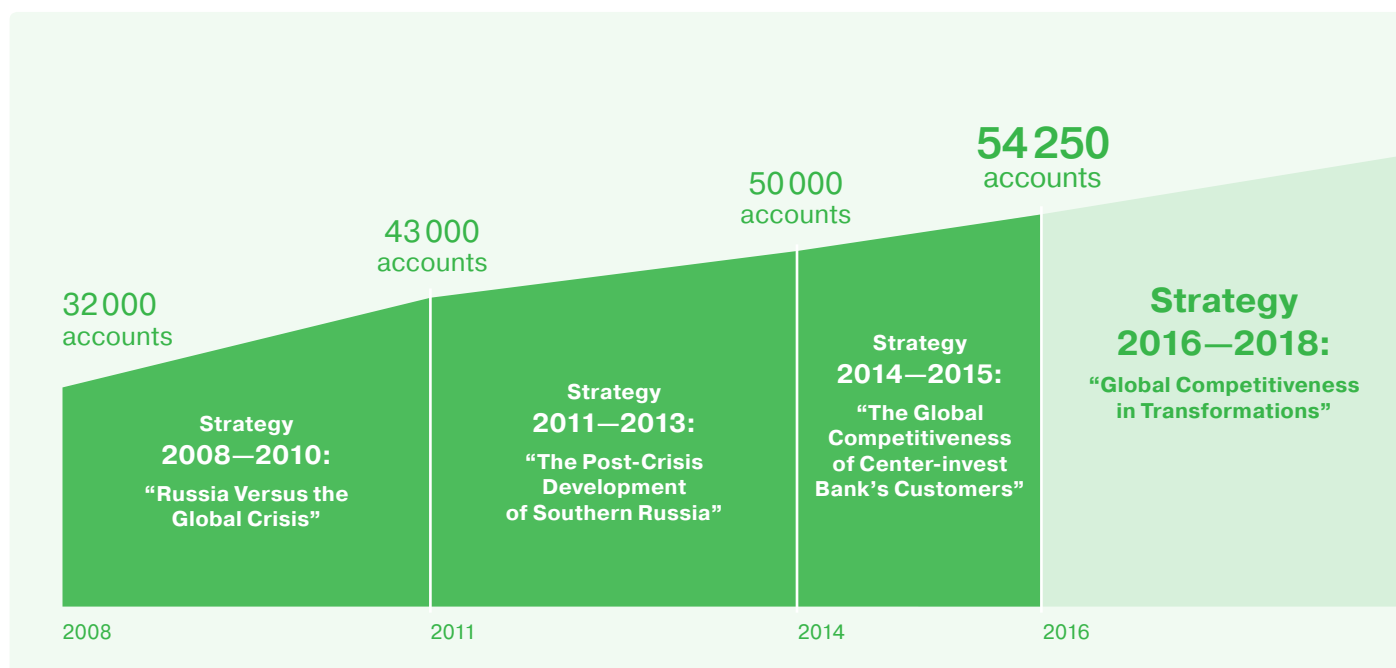
To expand our merchant acquiring operations, we introduced new tariffs: when a company enters into an agreement with the bank for acquiring services, it can open a Center-invest Bank current account free of charge, and the account fee will reduce as its turnover increases.

Under our ongoing World of Discounts programme, over 200 goods and service providers offer discounts for Center-invest Bank cardholders.



Bank cards	FYE 2015	FYE 2014	2015 / 2014
Number of transactions	75 000 000	50 000 000	+50%
Number of active cards	280 969	265 293	+5.9%
Number of payroll programmes	2466	2275	+8.39%
Number of cards to service the accounts of Federal Treasury departments	14 292	12 490	+14.43%
Number of ATMs	458	437	+4.8%
Number of goods and services providers using the bank's payment processing centre	2629	1896	+40.66%
Self-service terminals	227	192	+18.23%

Business Banking



In 2015 the bank continued to work on attracting more business customers. At FYE 2015, we had 54,250 business accounts (+3.7%). Center-invest Bank is continually expanding the functionality of its online business banking system, improving existing services and offering new features. For example, in 2015 we connected customers to a new service providing secure remote banking: SafeTouch and eToken Gost (for more information please see page 35).

The bank's business customers make extensive use of remote banking channels. By FYE 2015, 37,500 customers were using remote banking (up 23%). As part of remote banking, we also introduced new services to facilitate communications between the bank and the customer.

To expand our customer base, we are continually enhancing our payment and cash management services. Providing a full range of modern banking services, we act as the main payment centre for our customers.

Center-invest Bank is authorised by the Russian Central Bank to service the accounts of pension and government funds. We also provide payment services to Federal Treasury departments in the Rostov and Volgograd regions and Krasnodar Krai.

In 2016 the bank developed new types of bank account agreements, thanks to which we can open and service a wide range of special accounts for our customers.



Services for SMEs

Over 55,000 SMEs and sole traders have chosen to bank with Center-invest Bank. We are continually expanding our range of services for SMEs in southern Russia. These include high-quality services with preferential tariffs and rates.

Payments and
cash management

Reliable online
banking

Start-up
loans

12% interest
rate

Bank
guarantees

Payroll
programmes

Acquiring

8 800 200-99-29

National Freephone number

8 (863) 2-000-000

Call centre

www.centrinvest.ru

JSC Commercial Bank «Center-invest»

Business Lending

Center-invest Bank lends to companies and organisations operating in the real economy of southern Russia.

The bank has a team of skilled loan officers who ensure the high quality of our loan portfolio by carefully analysing the potential returns and risks when assessing loan applications.

The bank provides loans to finance promising, potentially profitable projects that are in line with its strategic aims. We do not engage in highly competitive but unjustified types of lending.

We develop long-term relationships with our customers. By looking carefully at their requirements and selecting the best loan product for each project,

we enable our customers to be competitive in the new economic environment and to localise best international practice in the production of goods and services.

Thanks to our effective lending policy and experience in the lending market, we can maintain the quality and reliability of our loan portfolio.

We offer our customers a comprehensive range of finance products, including: credit lines, overdraft facilities, standard loans, bank guarantees, leasing, and trade finance for imports of goods and equipment.

At year end	2015	2014	2015/2014
Business loan portfolio, RUBbn	40.2	41.6	−3.6%
Number of active loan agreements	4962	5108	−2.9%
Value of guarantees, RUBbn	2.8	3.3	−15.2%
Number of active guarantees	2193	2022	+8.5%

During the year	2015	2014	2015/2014
Number of new loan agreements	4344	4829	−10.1%
Total value of agreements entered into, RUBbn	34.9	34.7	+0.6%
Volume of funds released, RUBbn	89.2	87.7	+1.7%
Number of guarantees issued	2416	2603	−7.2%
Value of bank guarantees, RUBbn	3.7	3.9	−5.1%



SME Lending

Developing entrepreneurship in southern Russia is a priority for Center-invest Bank under its 2016-2018 Strategy “Global Competitiveness in Transformations”. As SMEs have adapted to the tougher business climate², we have seen a prudent reduction in borrowing. At the same time, Center-invest Bank’s ecosystem has proved the most attractive and reliable for entrepreneurs.

In 2015 we continued to work successfully with regional SME loan guarantee programmes in the Rostov region, the Volgograd region, Krasnodar Krai and Stavropol Krai.

Center-invest Bank has been running programmes to support SMEs in southern Russia for the past twenty years. These include not only a wide range

of loan products, but also advisory and educational programmes:

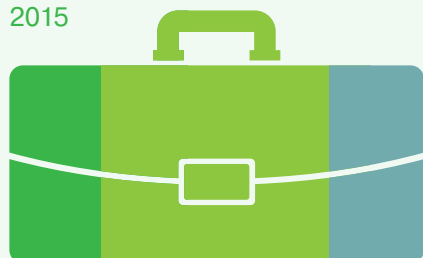
- Our Business Loans for Women programme offers loans with a preferential interest rate and a grace period to businesswomen and companies providing services and/or selling goods for women;
- Under the Youth Business Russia programme, new entrepreneurs under the age of 35 can take out a RUB300,000 loan for up to 36 months at 12%

per annum and with a six-month grace period. The programme also includes free online business banking for the first year and comprehensive advice and mentoring from successful business people. The mentors share their experience and help the new companies grow;

- For customers who want to start their own business, the “Start-Up” programme offers loans of up to RUB3m for a term of up to 36 months.

Structure of SME loan portfolio

2015



Medium enterprises **6.8** RUBbn
Small enterprises **16.8** RUBbn
Micro enterprises **7.0** RUBbn

	FYE 2015	FYE 2014	2015/2014
Number of SME customers	54 250	52 300	+3.7%
Number of active SME loan agreements	4 763	4 870	−2.2%
SME loan portfolio, RUBbn	30.6	30.5	+0.3%
Number of new loans made to SMEs during the year	4 138	4 596	−9.9%
Value of new loans made to SMEs during the year, RUBbn	28.5	28.6	−0.3%

Special loan programmes for SMEs

	FYE 2015		FYE 2014		2015 / 2014	
	Number of loans	Value, RUBm	Number of loans	Value, RUBm	Number of loans	Value, RUBm
“Start-up”, up to RUB3m, up to 36 months	302	510	240	416.8	+25.8%	+22.4%
“Youth Business Russia” together with the International Business Leaders Forum (IBLF), RUB 300,000, up to 36 months	125	34	75	20.3	+66.7%	+67.5%
Business Loans for Women	250	310	175	196.2	+42.9%	+58.0%

Energy Efficiency Lending

For the following international institutions, Center-invest Bank is the leading Russian partner for the implementation of energy saving projects: the EBRD, IFC, FMO, KfW, EDB, IIB and OeEB. Center-invest Bank finances projects to introduce energy efficient technologies in industry, agriculture, the service sector, the public sector, the housing and communal services (utilities) sector, and the private residential sector.

At FYE 2015, Center-invest Bank's total investment to date in energy efficiency projects was RUB12.3bn (+22%). We have financed a total of 750 projects in the industrial, agricultural and service sectors, and 15,900 projects in the housing and communal services sector and private residential sector. The modernisation financed by the bank has reduced annual CO₂ emissions by 159,200 tonnes (equivalent to the emissions produced or absorbed by 93,100 light vehicles, 454,900 barrels of oil, or 6.4m trees).

Our loan programme for the renovation of multifamily residential buildings is proving popular. Under Russian law, the owners of apartments in multifamily residential buildings have to pay monthly contributions to a capital repairs fund. This fund is used to renovate buildings in accordance with a regional capital repairs schedule. Center-invest Bank introduced a unique arrangement allowing our customers to take out a loan so that they can renovate their buildings straightaway. They pay the same contributions as before, but the money goes towards the loan repayments.

The bank's success in financing energy efficiency projects is attributable to a fundamentally new approach: sustainable lending. This approach combines technical, financial and social engineering. In seminars and presentations, experts from Center-invest Bank share

their unique experience of energy efficiency lending with representatives of Russian government bodies, municipal authorities, and financial institutions from various CIS countries, Eastern Europe, the Middle East, North Africa and BRICS countries.

In 2015 Center-invest Bank lent a total of RUB2.3bn for energy efficiency projects. This comprised: 4,185 loans to retail customers for energy efficiency improvements to their homes (RUB1.2bn); 7 loans to homeowners' associations for capital repairs (RUB11m), and 120 loans to companies for the introduction of energy efficiency technologies (RUB1.1bn).





Agribusiness Lending

Agribusiness lending accounts for 11% of our business loan portfolio (RUB8.5bn).

The bank finances investment projects in all agricultural sectors. The finance is used to introduce modern technologies for production, improve the quality of soil

cultivation and crop growing, and increase livestock productivity. We also provide finance for major fertiliser dealers, grain producers, grain traders and agricultural equipment dealers.

	2015	2014	2015 / 2014
Number of borrowers in the agribusiness sector	736	686	+7.3%
Number of loans made	1224	1193	+2.6%
Value of loans made, RUBbn	8.1	7.6	+6.6%
of which, loans for investment purposes, RUBbn	2.1	1.8	+16.6%

International Payments and Trade Finance

Center-invest Bank is a member of the international association SWIFT, which ensures rapid clearing of payments and the safe and reliable communication of financial messages to correspondent banks. The main currencies for payments are US dollars, euros, pounds sterling, Swiss francs and Chinese yuan.

Our network of correspondent banks includes: Citibank NA (New York, USA), Commerzbank AG (Frankfurt, Germany), Societe Generale SA (Paris, France), UniCredit SpA (Milan, Italy), Erste Group Bank AG (Vienna, Austria), Raiffeisenlandesbank Oberoesterreich AG (Linz, Austria), and Bank of Communications Co. Ltd (Shanghai, China). In

2015, transactions through correspondent accounts totalled USD1.2bn and EUR1bn.

Our trade finance partners in 2015 included banks from Germany, the Netherlands, Italy, China, and Greece.

In 2015, trade finance transactions amounted to USD 0.3m. By using structured trade finance mechanisms, we are able to minimise the risks and reduce the potential losses for our customers who are trading internationally.

Stock Market Trading

To reduce market risk, in 2015 the bank sold its whole securities trading book. (Bond portfolio at FYE 2014, RUB3.75bn; at FYE 2015, zero).

The annual return on ruble bond transactions in 2015 was 16.24% (2014: 0.87%).

International Trade Services

Center-invest Bank processes foreign currency transactions for its business customers who have international trade contracts. In accordance with Russian legislation, the bank holds “transaction certificates” for these customers, which provide evidence that the transfer of funds is legitimate. Center-invest Bank has been accepting a significant number of transaction certificates for customers who have switched from other banks because we offer more favourable terms.

Center-invest Bank works continually to boost southern Russia’s import and export trade. We hold special seminars and networking meetings where Center-invest Bank customers can meet customers of our partner banks from abroad. Together with our foreign partner banks, we arrange for our customers to visit trade fairs abroad so that they can make new business contacts and sign new contracts.

	2015	2014	2015 / 2014
Volume of transactions under international trade contracts			
\$ m	203	299	–32.1%
€ m	36	44	–18.2%
₽ m	7 200	5 048	+42.6%
¥ m	35	22	+59.1%

Trust Management

At FYE 2015 the value of net assets under management was RUB156.9m (FYE 2014: RUB146.4m).

The annual rate of return for our bank-managed mutual fund (BMMF) Center-invest 1, which invests

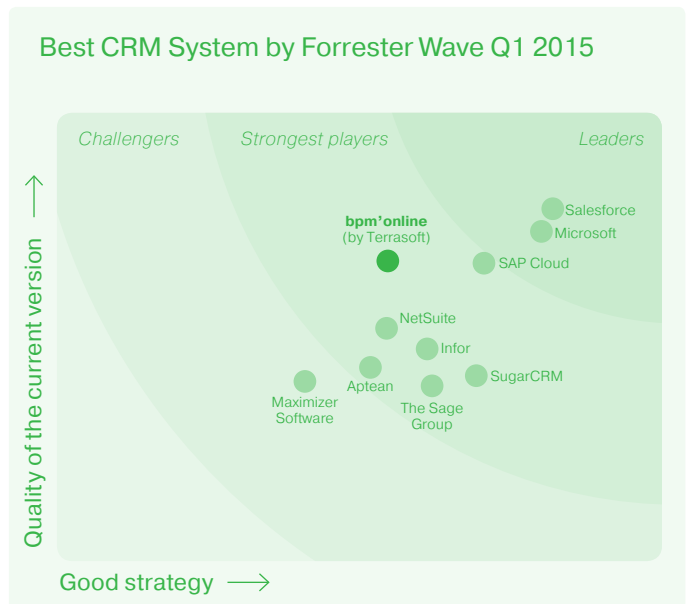
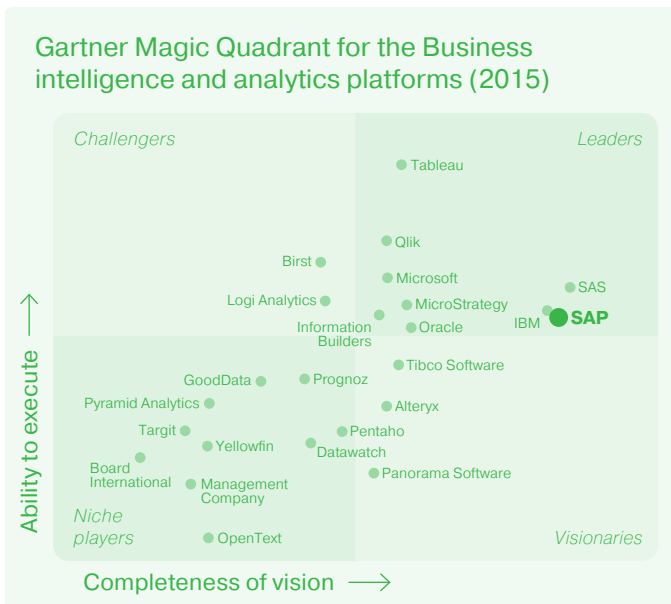
cash in Russian equities, was 39.5% (2014: –6.2%), while for BMMF Center-invest 2, which invests assets in bonds, it was 19.1% (2014: –3.3%).

Information Technologies

Center-invest Bank's priorities in terms of information technologies are:

- to expand the product line and remote banking services;
- to use innovation to optimise technical and business processes;
- to increase the reliability and productivity of the information infrastructure.

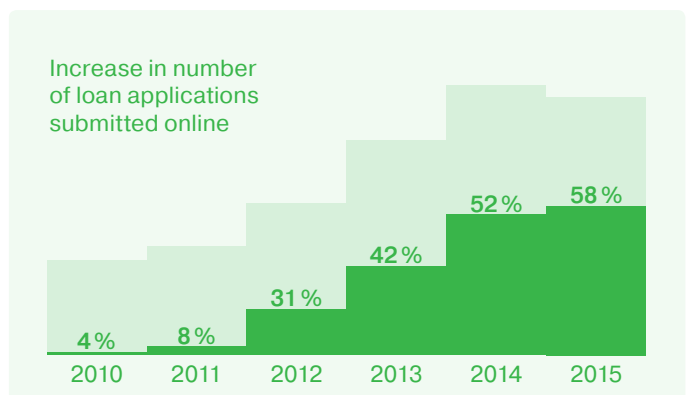
To strengthen its competitive advantages, the bank draws on its experience of introducing and expanding the functionality provided by leading global suppliers of banking software. Using its experience of introducing SAP for Banking, transformational banking methods, and its partnership with SAP AG, the bank succeeded in introducing a front office solution that is integrated with SAP Banking Services.



As part of their co-innovation partnership, Center-invest Bank and SAP AG continued their work on localising SAP software for Russia. The focus this year was on Loans and Deposits software. In 2015 the bank and SAP AG held several joint brainstorming sessions looking at how best to develop the product line. As a result of this collaboration and the introduction of SAP Banking Services, Center-invest Bank can set up new deposit products much more quickly.

In 2015 Center-invest Bank completed its work on optimising the retail lending process. The bank used information technologies to optimise the whole retail lending cycle: from receipt of loan applications, to drawing up loan documentation, to issuing loans. This

project has reduced labour costs by 30% and halved the amount of time taken to assess applications. The number of online loan applications has tripled, and the bank's loan portfolio has increased.





Our project to automate retail lending won a special prize “for IT innovation” at the RETAIL FINANCE AWARDS 2015. Founded in 2007, these annual awards recognise the standout companies in the retail finance business, and draw the attention of the professional community to the most significant achievements in the industry in the past year.

In 2015 Center-invest Bank introduced:

- “individual areas” for retail customers submitting loan applications. Customers can now save partly completed applications online and return to complete them at a later stage. They can also track the status of submitted applications. This new service enhances the existing service whereby customers can request SMS updates on the progress of loan applications;
- an option for customers to use self-service terminals and online banking to request information from government authorities about the payment of penalties for traffic offences, taxes and duties. Customers can also pay monies due;
- a new module in the retail online banking system that allows customers to manage their deposit accounts in a timely manner (obtain online information about their balances, transaction history, and pay in money);
- a new sub-system allowing business customers to set up and monitor deposits online. This enabled the bank to complete the automation of transactions and the calculation and payment of monies due under deposit contracts with business customers. This led to an influx of new customers, reduced the labour intensity of transactions, and expanded the bank’s liability funding base, and also its product line, thanks to more flexible conditions.

In 2015 the bank rolled out its electronic customer queue management system to all of its sites. This helped optimise human resources.

Throughout 2015 we expanded the capabilities of new software for self-service terminals. The new software package provided a number of advantages, enabling the bank to: expand the number of payment recipients; speed up the introduction of new types of terminal-based services; and reduce the time taken to connect the bank to the services of external service providers (by using existing integration gateways). Using the new software package we were able to address a number of business tasks, in particular, we introduced an option whereby customers can pay into deposit accounts at self-service terminals. More modern monitoring tools have simplified the administration of the terminals and made it easier to modify the user interface. The new capabilities led to an increase in the profitability of the bank's terminal network, and also increased the fault tolerance of the system as a whole.

As always, a lot of attention was given to the information security of customers conducting financial transactions online. This resulted in the introduction of the new SafeTouch and eToken GOST technologies for our business customers and our own verification centre. The SafeTouch device displays the key data from payment instructions and guarantees that electronic documents are not signed until the user presses the "confirm" button. eToken GOST is a certified electronic signature device. By ensuring that our business online banking system can support these devices the bank has increased online banking security for its business customers.

In addition to working on the bank's internal business tasks, our information technology departments also help to develop information communication technologies in southern Russia. In 2015, our IT experts played their part in developing Center-invest Bank's ecosystem. They were involved in the fol-

lowing: developing the Rostov Region's Information Technology Strategy; the work of the Public Chamber of the Rostov Region's Ministry for Information Technologies and Communications; and training university students in the Financial Literacy Centre. They also took part in competitions for developers.

In 2015 the bank began working with the National Council for the Financial Market. This is a non-commercial partnership representing the interests of the financial community in dealings with government authorities. At the present time, our collaboration with the Council allows us to participate in pilot projects concerning the use of electronic government services. These include: obtaining data from the Pension Fund of the Russian Federation, and simplified customer identification using the Unified Identification and Authorisation System.

The bank upgraded the software, equipment and technology for its business units on a planned basis. It introduced new, up-to-date solutions that improve the reliability of the equipment being used. The requisite equipment and software is purchased on a competitive basis. Transparent procedures are used to select offers with the lowest price, proven reliability, a long warranty period, after sales servicing, and the shortest delivery times.

Branch Network

At FYE 2015 Center-invest Bank's branch network comprised 132 branches located in the Rostov and Volgograd regions, Krasnodar Krai, Stavropol Krai, Moscow and Nizhny Novgorod. Center-invest Bank continues to actively develop its branch network: its extensive physical presence in southern Russia indisputably gives the bank a competitive advantage in implementing its development strategy.

Our branches offer business and retail customers a wide range of products and services on attractive terms, including: loans and leasing, deposit accounts, payments and cash management, money transfers, credit and debit cards, and payroll programmes. Irrespective of their geographical distance from Head Office, all of our branches adhere to the same high standards of customer care and the same work principles, and internal procedures are consistent throughout the branch network.

We are continually improving our branch network and making it more efficient. As well as modernising and updating the format of its existing branches, the bank

is giving considerable attention to the use of modern technologies to deliver services to customers. We are working to increase the volume of products and services accessed via remote banking channels, including via the bank's website. To capitalise on the increased functionality of its self-service terminals and ATMs, the bank is now working to provide customers with access to "24-hour zones" where they can conduct banking transactions and access services around the clock.

In December 2015, we opened three small, modern branches in Nizhny Novgorod, providing retail banking services and products. Over 1,200 public sector employees have already become customers of these branches, having discovered for themselves the advantages of Center-invest Bank's payroll cards and our attractive retail deposit and loan products. The branches are located in large districts of the city, and they have modern interiors and are easy to navigate.

In conjunction with the introduction of new technologies and optimisation of business processes,

Regional breakdown for key indicators, RUBm						
	Loans and leasing			Deposits		
	2015	2014	2015/2014	2015	2014	2015/2014
Rostov region, excluding Head Office	40 043	38 345	+4.43%	29 153	19 271	+51.3%
Krasnodar Krai	11 986	13 118	-8.63%	2 675	1 711	+56.3%
Volgograd region	3 091	2 867	+7.81%	428	229	+86.8%
Stavropol Krai	4 475	4 240	+5.54%	330	200	+65.0%
Head Office	17 686	17 507	+1.02%	19 017	16 184	+17.5%
Total	77 281	76 077	+1.58%	51 603	37 595	+37.3%
Total % attributable to branches	77.1%	77.0%		63.0%	57.0%	

our branch network continually delivers high-quality growth for key indicators. At FYE 2015 our branches accounted for 77.1% of the bank's loan portfolio and 63% of deposits. Thanks to our training and development programme for branch staff and increased staff multifunctionality, work productivity is continually increasing.



Internal Control

In 2015 the Internal Audit Service:

- helped the Board of Directors and Executive Board ensure the sustainable and efficient operation of the business;
- continually monitored staff compliance with agreed procedures, functions, remits and decisions;
- was involved in updating Center-invest Bank's interdepartmental procedures for banking operations and also in developing procedures to assess, manage and monitor the risks involved in these operations;
- continued to further improve the internal control system on the basis of best international practice.

In 2015 the Compliance Service:

- assisted the Chairman and members of the Executive Board in fulfilling their responsibility for observance of corporate, regulatory and legal standards by means of developing, introducing and supporting effective management of regulatory risks;
- with regard to managing compliance risks, took measures aimed at: preventing compliance risks from arising; detecting, identifying and assessing any existing compliance risks; and minimising compliance risks;

— in order to minimise compliance risks, continually monitored compliance of internal processes with legislative requirements and appropriate standards of market conduct.

Center-invest Bank continually monitors its compliance with all requirements on the prevention of money laundering and the financing of terrorism. The bank's internal documents regulating activities in this area are based on the principle "Know Your Customer", national legislation, and best international practice. In 2015 the bank continued to work on improving the co-ordination of the activities of its business units and increasing compliance monitoring.

Checks conducted by the Internal Audit Service	2015	2014	2013
Comprehensive audits of branches	17	32	16
Checks of cash and valuables	7	10	20
Investigation into customer complaints	0	0	1
Audits of specific aspects of the work of business units	86	71	62
Audits of professional activities on the securities market	4	4	4

Risk Management

Risk management is part of corporate governance and encompasses all areas of Center-invest Bank's activities.

Center-invest Bank's risk management strategy is based on a sustainable banking business model. It envisages that the bank will:

- be guided by best international practice in risk management and its own unique experience acquired over the course of many years;
- when assuming risks, aim for the optimum balance between the profitability of its business areas and the risks arising from them;
- use its knowledge of the target market and regional risks, and also effective decision-making procedures, to allow it to expand lending successfully without assuming excessive risks;
- prioritise growth in lending as this is the business area in which it can control risks most effectively;
- reject the classical model of reselling credit risks and using high interest rates to cover losses in favour of a model of active risk management. This requires the bank to conduct detailed analysis of borrowers and their businesses and also to advise customers on how to improve their business efficiency and business risk management;
- use a rational combination of risk assessment procedures when taking decisions;
- minimise market risks by rejecting speculative transactions in favour of lending to retail customers and the real economy;
- ensure that it has sustainable and diversified sources of funding and a balanced approach to managing liquidity and interest rates, based on its development strategy and an understanding of macroeconomic trends;
- manage operational risks effectively, work to prevent fraud, and ensure information security as its customer base grows rapidly and the use of remote banking channels increases;
- cover risks with sufficient provisions and capital in line with the requirements of the national regulator

and the Basel Committee for Banking Supervision;

- continually develop risk assessment methodologies, tools and technologies at a time of rapid change in business requirements, external factors and the regulatory environment;
- provide for its business requirements and compensate effectively for the risks that arise in the implementation of a transformational banking strategy.

Center-invest Bank's Risk Management Policy was produced in 2014 and approved by the Board of Directors in February 2015. The policy regulates our risk management procedures and is based on our current development strategy and Sustainable Banking principles.

Center-invest Bank's risk management system covers the whole spectrum of risks arising from all the different areas of our operations.

By constantly tracking global, national and regional economic trends and their impact on regional and sectoral risks, the bank is able to both minimise the systemic and strategic risks of its operations at a time when global markets are highly volatile, and also to meet customer needs.

Center-invest Bank's risk management system ensures that both the bank and its customers develop sustainably and that shareholder and depositor investments are protected.

Social Responsibility

Center-invest Bank sets a positive example as a socially responsible business. Our sustainable banking business model focuses on introducing new knowledge and new technologies in the interests of future generations. Our social and educational projects aim to increase the importance attached to quality education in Russia today and to expand knowledge about the economy.

Center-invest Bank's social projects have received awards in the annual "Public Recognition" competition held by the Krasnodar Krai Public Chamber.

The school.centriinvest.ru online training portal was launched in March 2013. Financed by Center-invest Bank, this initiative draws on our twenty years of experience in working with local entrepreneurs. Using a combination of textbooks and modules (with end-of-module tests), the portal provides free training in the basics of entrepreneurship. Participants receive a certificate upon successful completion of the course. An English version of the portal went live in January 2014. Child and Youth Finance International (CYFI) has included this training resource in its global electronic library. In the three years since it was launched, 20,500 people have registered on the portal and 8,200 people have already completed the course.

The portal has the support of the local governments of the Rostov region, the Volgograd region, Krasnodar Krai and Stavropol Krai, as well as the Rostov Region Association of Municipal Districts and the Rostov Region Public Chamber. These bodies have all agreed that the use of this self-study resource will count towards their employees' continuing professional development.

For the past thirteen years Center-invest Bank and the Endowment Fund for Education and Science in

the Southern Federal District have held an annual scholarship competition for southern Russia's top students. The annual scholarship fund exceeds RUB7m. In 2015, we saw an increase in the number of successful entries from outside the Rostov region, and in recognition of this, award ceremonies were held in Krasnodar and Volgograd, as well as Rostov-on-Don. At all three ceremonies, a jazz orchestra provided musical entertainment.

More than 15,000 students have entered the scholarship competition since it began, and 3,300 scholarships have been awarded.

In April 2014, in partnership with Southern Federal University, the bank set up a Financial Literacy Centre. Open to all, the centre provides free advice and training on personal finance for all groups of the population of southern Russia.

Experts from the bank regularly train students to work as volunteers at the Centre. The training covers the following key financial issues: personal financial management, business planning, sensible borrowing, online banking, taxation, and the safe use of bank cards.

In the last two years the Financial Literacy Centre has provided advice to 15,000 people.

Four groups of financial literacy volunteers completed their training in 2015. The most successful volunteers went on to take up paid positions with Center-invest Bank.

For entrepreneurs the Centre provides free training in how to use Center-invest Bank's business online banking system. They can also obtain advice on taxation, finance and accountancy from specialists in these areas.

On Tuesdays the Centre runs classes for pensioners. Members of the older generation can learn how to:



pay their bills from the comfort of their home, choose a reliable bank, use their bank card to obtain their pension without having to queue, and also to make safe electronic payments. They can also ask any questions they might have about financial issues.

For the thirteenth year in a row, the bank funded free entry for schoolchildren to exhibitions at the Rostov Region Local Studies Museum, the Regional Museum of Fine Art, and the Battle of Stalingrad Panorama Museum in Volgograd. To date, more than 130,000 schoolchildren have participated in this project.

The head of the Rostov-on-Don city administration, Sergei Gorban, presented Mrs Tatiana Vysokova, member of the Board of Directors of Center-invest Bank, with a letter of gratitude for her contribution

to the city's socioeconomic development and her philanthropic work.

The governor of the Rostov region, Vasily Golubev, presented Dr Vasily Vysokov, chairman of the Board of Directors of Center-invest Bank, with a Medal of the Order "for services to the Rostov region" in recognition of his considerable contribution to the region's socioeconomic development.

Corporate Governance

◆ G4-34 The governance of Center-invest Bank complies with Russian civil law and the recommendations of international organisations, in particular, the Basel Committee on Banking Supervision.

◆ G4-35 The bank's highest governance body is the General Meeting of Shareholders, which elects the Board of Directors (seven people, including two independent directors).

◆ G4-42 The Board of Directors determines the bank's strategy: the main types of activities, permissible level of risk, overall expenditure, anticipated financial results, and performance incentive scheme. It also approves the composition of the Executive Board (four people) and the single-person executive body, which is the Chairman of the Executive Board.

The Executive Board, headed by its Chairman and acting within its terms of reference, organises implementation of the approved strategy, business plans and budget.

Pursuing its strategic mission, the bank introduces the most progressive forms of governance.

Center-invest Bank has had corporate governance rules and procedures since 2004, including codes of corporate conduct and ethics, and policies for specific areas of the business. Incorporating best international practice, these rules allowed us to maintain stable relationships between our shareholders, managers, employees and customers during the crisis.

In 2015 the Board of Directors and the Executive Board continued their practice of holding joint meetings.

In 2015 the Board of Directors held eleven meetings (2014: eight meetings). In addition to current issues, it considered the bank's personnel policy. Taking into account feedback from the Internal Audit Service,

which monitors compliance with the bank's Code of Corporate Conduct, the Board of Directors regularly carries out surveys and evaluates performance in terms of corporate conduct.

The Chairman of the Board of Directors, Dr Vasily Vysokov, was elected by the Board of Directors on 15 June 2015.

◆ G4-38 The Board of Directors approved the composition of its committees as follows:

— Strategic Planning Committee: P. Fischer (Committee Chairman), independent director; V. V. Vysokov; A. Popov.

— Audit and Compliance Committee: T. N. Vysokova (Committee Chairman); V. V. Vysokov; F. J. Flosbach, independent director.

— Appointments and Remunerations Committee: V. V. Vysokov (Committee Chairman); T. N. Vysokova, A. Zeisler.

— The Board of Directors does not have any executive members. The Chairman of the Board of Directors is not an executive director. All the decisions of the Board of Directors are taken unanimously.

◆ G4-40 Shareholders (a shareholder) holding at least 2% of the bank's voting shares are (is) entitled to propose agenda items for the annual general meeting, and also to nominate candidates for the bank's Board of Directors and Revision Commission. Such proposals must be received by the bank no later than 30 days after the end of the financial year.

Candidates for the Board of Directors give their consent and confirm that they meet the criteria specified in the By-Law "On the Board of Directors of the Bank".

Members of the Board of Directors should have:

— worked at senior management level in joint-stock companies;

		at FYE 2015		at FYE 2014	
		Shareholding, %	Ordinary shares held, %	Shareholding, %	Ordinary shares held, %
	Vasily Vasilevich Vysokov	11.10	12.30	8.07	9.01
	Tatiana Nikolaevna Vysokova	10.96	12.13	7.91	8.83
	Alan Popov	0	0	0	0
	Hans Wolfgang Unterdorfer	0	0	0	0
	Andreas Zeisler	0	0	0	0
	Franz Josef Flosbach Independent Director	0	0	0	0
	Per Fischer Independent Director	0	0	0	0

- experience of managing joint-stock company assets of at least USD10m;
- experience of managing a team of at least 300 people;
- higher education, with a higher degree or academic title;
- they must not have any convictions or be otherwise ineligible for election to the Board of Directors.

In addition to these criteria, the independent director should have at least 20 years' experience in international finance or in a Western bank with assets of at least USD500m.

Shareholders are entitled to receive information

about the candidates and to vote by cumulative voting.

◆ G4-41 Candidates for the Board of Directors disclose information about their membership of other Boards, shareholding with stakeholders, and related parties. Newly elected Board members receive training on the bank's procedures to prevent conflicts of interests.

Disclosure of information about related party transactions involving members of the Board of Directors

As part of its annual reporting, the bank includes information about transactions entered into by the bank with a member of the Board of Directors, his (her) spouse, parents, children, full siblings, half siblings, adoptive parents, adopted children and (or) their related parties, and also if these persons participated in a transaction with the bank as a beneficiary, intermediary, or representative in the transaction, or they hold 20% and more of the voting shares of a legal entity that is a party, beneficiary, intermediary or representative in a transaction with the bank, or they hold a position in a governance body of a legal entity that is a party, beneficiary, intermediary or representative in a transaction, or a position in a governance body of the management company of such a legal entity.

Information about such transactions must include information about all of the participants in the transaction, the time of making the transaction, its execution, price, and approval of the transaction by the bank's Board of Directors or General Meeting of Shareholders.

◆ G4-44 The Board of Directors evaluates its performance, including with respect to economic, environmental and social topics, through self-assessment.

The results of evaluation of Center-invest Bank's corporate governance are examined annually at a meeting of the Board of Directors' Strategic Planning Committee and approved by the Chairman of the Board of Directors.

The Board of Directors continually reviews the composition of the governance bodies and policy documents.

◆ G4-45 At meetings of the Board of Directors and the Board Committees, and in conference calls and correspondence, the Board of Directors and the Executive Board regularly share information about economic, environmental and social impacts, risks and opportunities, and the management thereof. The bank regularly meets with customers and partners to discuss impacts, risks and opportunities relating to economic, environmental and social development.

Under the bank's procedures, it is mandatory for meetings of the Board of Directors, the Board Committees and the Executive Board to consider risks relating to economic, environmental and social topics.

◆ G4-48 The bank's annual report contains information about its sustainable development work. The Board of Directors considers the annual report and recommends it for approval by the meeting of shareholders.

◆ G4-49 The Board of Directors receives timely information about any development issues and concerns and also about the actions taken by the governance bodies to resolve these concerns.

◆ G4-50 In 2015 the Board of Directors considered three issues: market volatility, Russian economic stagnation, and the mechanisms and frequency of inspections of Center-invest Bank. In all three cases, the Board approved the actions taken by the bank's executive bodies to resolve concerns on the basis of new technologies and methods.

◆ G4-51 The members of the Board of Directors receive remuneration for their work in accordance with and on the basis of a decision of the meeting of shareholders. The amount of remuneration

depends on the bank's performance (assets growth and profits, calculated under IFRS). Total remuneration cannot exceed 4% of profits calculated under IFRS.

◆ G4-52 Proposals as to the amount of remuneration are produced by the Remunerations Committee. The Board of Directors submits the proposals for approval by the meeting of shareholders, which takes the final decision about total remuneration.

◆ G4-53 Recommendations on remuneration for the Board of Directors take into account relevant trends and international practice.

◆ G4-56 Center-invest Bank's Code of Conduct and Code of Ethics have become an integral part of its corporate governance culture.

All bank employees are entitled to address any question to any level of management and to receive a substantive response. The persons responsible must not only respond to questions from any employee, but also take steps to ensure compliance with rules and procedures to prevent such concerns from arising again.

Pursuant to the bank's articles of association, the governance bodies are: the General Meeting of Shareholders, the elected Board of Directors (seven directors, including two independent directors), the Executive Board and the Chairman of the Executive Board. The Executive Board is a collegial executive body. At 2015 year end the Executive Board comprised four members (2014: four members). The Chairman of the Executive Board is a single-person executive body.

◆ G4-17 The consolidated financial statements for the Center-invest Bank Group comprise the financial statements for OJSC Center-invest Bank

and its wholly owned subsidiary LLC Center-leasing.

◆ G4-35 Environmental and social topics





The Board of Directors approves the bank's Environmental and Social Policy. The policy sets out the bank's strategy for managing and assuming environmental and social risks. A member of the Executive Board is assigned responsibility for compliance with the principles and approaches specified in the policy. The Executive Board member is responsible for ensuring that the policy is conveyed to all bank employees and for compliance with the policy. All of the bank's credit committees are also guided by the policy. An environmental report containing the main results of the bank's work in the previous year is produced annually and made publicly available.

Economic topics.

The Board of Directors of Center-invest Bank has approved all the methodology required to ensure the bank's uninterrupted operation. Responsibility for compliance with these decisions lies with the Executive Board and various committees (credit committees, ALM committee, risk management committee.) The decisions of these bodies are binding on all bank employees.

◆ G4-EC1 The Chairman of the Executive Board is Yuri Bogdanov.

The composition of the Executive Board is shown below:

		At FYE 2015		At FYE 2014	
		Shareholding, %	Ordinary shares held, %	Shareholding, %	Ordinary shares held, %
	Yuri Yurevich Bogdanov	0	0	0	0
	Sergei Yurevich Smirnov	0	0	0	0
	Sergei Evgenievich Yukilevich	0	0	0	0
	Irina Nikolaevna Kuznetsova	0	0	0	0

Nº	Center-invest Bank's Policies	Date approved	Approved by
1.	Internal Control Policy	30.09.2014	Board of Directors
2.	Credit Policy	14.11.2007	Board of Directors
3.	Information Policy	14.11.2007	Board of Directors
4.	Information Security Policy	05.08.2004	Board of Directors
5.	Risk Management Policy	03.02.2015	Board of Directors
6.	Liquidity Management Policy	03.02.2012	Board of Directors
7.	Personnel Policy	16.12.2013	Board of Directors
8.	Employee Remuneration Policy	16.12.2013	Board of Directors
9.	By-law on Dividend Policy	07.12.2011	Board of Directors
10.	Environmental and Social Policy	06.09.2010	Board of Directors
11.	Accounting Policy for 2016	29.12.2015	Board of Directors Audit and Compliance Committee
12.	Accounting Policy for Reporting under IFRS for 2016	29.12.2015	Board of Directors Audit and Compliance Committee
13.	Taxation Accounting Policy for 2016	29.12.2015	Board of Directors Audit and Compliance Committee
14.	Consolidated Financial Statements Accounting Policy for 2016	29.12.2015	Board of Directors Audit and Compliance Committee

Structure of Center-invest Bank



Code of Ethics

Middle managers are answerable to the Executive Board and its Chairman for the implementation of the Code of Ethics in their departments and for ensuring that their staff understand and comply with the Code.

The Executive Board and its Chairman are answerable to the Board of Directors.

The Board of Directors protects the bank's ethical views and values, leads by example, and diffuses conflicts between individuals. While ensuring compliance with all legal requirements, the Board of Directors is also careful to meet the needs of shareholders and other stakeholders. It also aims to ensure harmonious relations between managers and other employees.

The Chairman of the Board of Directors represents the bank and issues statements on behalf of the Board of Directors. The Chairman is the official channel for informing management of matters that are of concern to the Board of

Directors. The Chairman encourages the Board members to take maximum responsibility for their decisions on the key issues affecting the bank.

When addressing a corporate conflict, the main objective of the bank's governance bodies is to find a legal and justified solution that is also consistent with the bank's interests.

The principles and provisions of the Code of Ethics are incorporated in the bank's internal control system. The bank's strict and objective procedures for evaluating its work, identifying shortcomings, and acting to remedy shortcomings, are regularly reviewed and updated.

Ethics and Integrity

◆ **G4-58** Center-invest Bank's ethical values, which are shared by its employees, customers and partners, are reflected in the sustainable development declaration (pages 10-13) and enshrined in the bank's codes and policies (page 46). These values are part of the bank's corporate culture.

◆ **G4-EC1** Center-invest Bank's activities, underpinned by its sustainable banking business model, were directed at generating income from the real economy (89%) and distributing income to depositors (37%), partners (32%), shareholders (17%), and employees and the government (14%).

◆ **G4-EC2** Southern Russia's economy (agribusiness, recreation and tourism, transport) is sensitive to climate change risks. The impact of climatic factors can be offset through the use of modern technologies and best international practice. The following strengths permit Center-invest Bank to have a high-quality portfolio in this sector: its customers' many years of experience in the sector, the broad sweep of climate zones, crop rotation, application of modern production

technologies, high-quality risk management, and an appropriate level of provisions for these customers. The key indicators (non-performing loans, returns, concentration) are mid-range when compared to the bank's loan portfolio as a whole.

◆ **G4-EC3** The bank does not have any pension plan liabilities.

In compliance with Russian legislation, in 2015 the bank paid RUB237.8m to the Russian Pension Fund in insurance contributions for mandatory pension and medical insurance for bank employees.

◆ **G4-EC4** Center-invest Bank does not receive any financial assistance from the government. It is, however, actively involved in efforts to promote the socioeconomic development of southern Russia and the Russian Federation as a whole.

◆ **G4-EC5** The wages of the bank's employees are in line with the market conditions in southern Russia and reflect the skills and experience required.

Formation and distribution of Center-invest Bank's income	2014, RUBbn	2015, RUBbn	2015, % of total		2015 / 2014
Income	10.6	12.5	100.0		+17.5%
Of which, lending to the real economy	9.5	11.1	88.8		+16.9%
Distribution of income	8.0	10.4	100.0		
To the population — on retail deposits	2.7	4.6	37.1	37.2	+72.8%
To society — social projects	0.026	0.012	0.1		
To partners — for funds raised	2.2	3.0	24.3	32.3	+25.6%
To suppliers	1.0	1.0	8.0		
To employees — remuneration	1.4	1.5	11.8	13.8	−6.9%
To the government — taxes and other mandatory payments	0.4	0.3	1.4		
To shareholders - dividends	0.3	0.018	0.14	16.7	−27.5%
Allocated to bank development	2.6	2.1	16.6		

•G4-EC6 Heads of Center-invest Bank's governance bodies and senior executives reside in the Southern Federal District (SFD), which is the location of the bank's operations.

	Number of personnel	of which, residents of the SFD	
		Total	as %
Board of Directors	7	2	29
Executive Board	4	4	100
Committees	49	45	92
Managers of head office divisions and departments	70	70	100
Branch Managers*	63	63	100

*Managers or Deputy Managers of the bank's branches (one manager may be responsible for several branches).

	Russian Federation	Krasnodar Krai	Volgograd region	Rostov region	Stavropol Krai
Average monthly nominal gross wage, RUB	32 629.1	25 979.0	23 932.6	23 476.7	22 557.3
Average wage for the bank's business units, RUB	60 244.8	57 055.8	53 731.1	61 011.7	52 398.1

•G4-EC9 Three quarters of the bank's spending on suppliers is on local suppliers.

Proportion of spending on local suppliers

	Foreign	Russian Federation	Krasnodar Krai	Volgograd region	Rostov region	Stavropol Krai
Proportion of spending on suppliers	1%	99%	7%	3%	78%	1%

♦G4-EN1, G4-EN2

In 2015 the bank used 161 tonnes of paper. The bank does not use recycled waste or materials.

♦G4-EN3—G4-EN7

Despite its sustainable growth, the bank is continually reducing its energy and water consumption.

♦G4-EN6	2015		2014		Change, MJ	
Energy consumption	MJ		MJ			
Gasoline, tonnes	166	5 324 284	188	6 028 950	−704 666	−12%
Gas, thousand metres ³	375	12 750 000	424	14 416 000	−1 666 000	−12%
Electricity, kilowatt hours	4 669 342	16 809 631	4 883 800	17 581 680	−772 049	−4%
Total		34 883 915		38 026 630	−3 142 715	−8%

♦G4-EN11, G4-EN12, G4-EN14, G4-EN13

The bank does not have any operations in protected areas. It does not have any impact on biodiversity or protected species.

The bank regularly participates in activities to restore natural habitats.

♦G4-EN15—G4-EN19

The bank has run an energy efficiency finance programme since 2005. It provides both business and retail customers with loans to finance the introduction of modern energy saving technologies and measures.

♦G4-EN20—G4-EN27

The bank does not conduct any activities involving:

- emissions of greenhouse gases, ozone-depleting substances or other pollutants;
- waste water discharge;
- spills of liquid waste;
- transportation of hazardous waste;
- a harmful impact on biodiversity.

The bank uses authorised municipal contractors for solid waste disposal.

Under Center-invest Bank’s Environmental and Social Policy, during the initial assessment stage, all projects are categorised by environmental and social risks (low, average or high risk). The bank aims to minimise potential environmental and social

impacts, for example, with sector-specific guidelines on environmental protection and health and safety. When this is not possible, the bank has the right to refrain from financing a project. The Environmental and Social Policy also contains an Exclusion List and a list of Category A projects (which require extra scrutiny). The bank regularly holds seminars and advises its customers on the environmental impacts of their activities and the use of new technologies to reduce negative impacts.

Energy efficiency projects	2015	Total
Number of projects	4312	15912
Total finance provided, RUBbn	2.3	12.4
Reduction in CO ₂ emissions, thousand tonnes per year	15.3	159.2
Equivalent to the emissions produced by cars	8720	93 100
Oil, thousand barrels	43.1	454.9
Or absorbed by trees, million	0.7	6.4

♦G4-EN28

The bank does not use any reclaimed packaging materials.

♦G4-EN23, G4-EN30	2015	2014	2015 / 2014
Waste, tonnes	370	372	−0.5%
Reduction in transportation (gasoline consumption), tonnes	22	22	0%

♦G4-EN31	2015	2014	2015 / 2014
Environmental protection expenditures, RUB thous.	570	566	−0.7%
Waste water collection and treatment	245	332	−26.2%
Waste disposal	325	234	+38.9%

♦G4-EN32, G4-EN33, G4-EN34

All new applicants for business loans undergo thorough assessment and are assigned a rating (in accordance with the criteria specified in the Environmental and Social Policy). This process includes an appraisal applying environmental criteria.

The bank's customers comply with Russian legislation on environmental protection. In accordance with its

Environmental and Social Policy, the bank has the right to refuse to finance projects that do not comply with applicable law.

No grievances about environmental impacts have been filed against the bank.

Labour Practices and Decent Work

In accordance with Annex 10 of Instruction No.2005-Y of the Central Bank of Russia, “Assessment of the Economic Position of Banks”, Center-invest Bank discloses the following information on remuneration:

	FYE 2015	FYE 2014
Headcount	1612	1717
Proportion of total payroll, %		
— Basic salaries	68.2	69.4
— Incentives, overtime and allowances	31.8	30.6
Largest short-term remunerations for members of the executive body, RUB thous.		
— Basic salaries	13 799	10 589
— Incentives, overtime and allowances	22 633	20 167

Remuneration for the Board of Directors and Executive Board	2015	2014	2015 / 2014
Short-term remunerations, (paid within twelve months), RUB thous.			
— Salaries	27 093	25 077	+8.04 %
— Bonuses	76 524	83 064	–7.87 %
— Reimbursement of travel expenses	7 901	8 062	–2.00 %
Total	111 518	116 203	–4.03 %
Long-term remunerations, (paid after twelve months), RUB thous.	12 400	17 000	–27.06 %

The remuneration for the heads of Center-invest Bank is specified in by-laws approved by the General Meeting of Shareholders and depends on net profits, asset growth and asset quality. No changes were

made to the procedures and terms for payment of remuneration to the bank’s key management personnel in the accounting year compared to the previous year.

♦G4-LA1

Total number and rates of new employee hires and employee turnover.

The bank does not use headhunting as part of its personnel policy. Instead, it creates a pool of future employees by attracting students from local universities for work experience and training.

	Number of employees at FYE 2015	Number of new employee hires	Number of employees who left the bank	Employee turnover
Total	1612	82	187	12.4
By gender				
— male	419	21	65	4.3
— female	1193	61	122	8.1
By age group				
— under 30	400	54	38	2.5
— 30-50	956	26	86	5.7
— over 50	256	2	63	4.1

♦G4-LA2, G4-LA3, G4-LA4

All 59 employees who were entitled to parental leave exercised this right.

All employees who had taken maternity leave continued to work in the same position or in a similar position.

The bank's codes of corporate conduct and ethics comply with Russian legislation, fully protect the interests of workers and do not require the use of collective labour agreements.

♦G4-LA5—G4-LA8

Occupational Health and Safety

The bank does not have any workplaces with hazardous working conditions. However, for many years it has voluntarily paid for medical insurance for its employees. There have not been any injuries at the bank.

The bank provides for continual staff development. It sends employees on external training courses and organises placements for managers and other staff in partner banks, including banks abroad.

Employee appraisals are conducted regularly, which benefits both the bank as a whole and its employees. In 2015, through external courses and placements, 65 employees received training in the following:

- current approaches to card personalisation;

- latest issues in depositary services;
- financing energy efficiency projects;
- joining the “Mir” payment system;
- information and economic security;
- credit risks;
- MasterCard products and services;
- social programmes;
- fraud prevention;
- innovation in banking technologies.

♦G4-LA14, G4-LA15, G4-LA16

The bank refrains from providing services to customers who have been found in violation of legislation on labour relations.

	2015	2014	2015 / 2014
Number of insured employees	1709	1698	+0.65%
of which, women	1248	1267	–1.50%
Number of employees who have been vaccinated	61	69	–11.59%
of which, women	44	40	+10.0%

All of the bank’s employees regularly receive various types of training: on the job training, in-house seminars, and external training courses and placements.

In 2015 the bank held 152 seminars, which were attended by 508 employees. Participation in training was not dependent on gender or age.

Training theme	Number of seminars	Number of employees who received training
Operational Activities	5	11
Lending Services	6	12
Plastic Cards	18	79
Retail Transactions	5	27
Information Technologies	34	132
Accounting and Reporting	22	140
Legal Issues	1	22
English Language	48	28
Risk Management	7	46
Press Service	3	3
Financial Monitoring	3	8
Total	152	508

Composition of governing bodies

	Total	under age 30	30-50	over age 50
Board of Directors				
Total	7	—	1	6
— female	1	—	—	1
— male	6	—	1	5
Executive Board				
Total	4	—	4	—
— female	1	—	1	—
— male	3	—	3	—

♦G4-LA12	Total	Krasnodar Krai	Volgograd region	Rostov region	Stavropol Krai
Average monthly wage for the bank's business units, RUB	60 244.78	57 055.80	53 731.10	61 011.70	52 398.06
Men	78 478.43	75 613.87	68 173.53	78 682.06	83 011.80
Men under age 30	49 487.17	52 973.15	—	49 254.77	—
Women	52 724.69	54 279.40	51 779.41	52 723.64	46 510.81
Women under age 30	41 755.15	36 409.53	38 608.15	42 517.20	36 512.01

Human Rights

◆ G4-HR1—G4-HR12 Center-invest Bank's loan agreements stipulate that borrowers must comply with applicable Russian legislation. Moreover, the criteria in the bank's Environmental and Social Policy are applied when assessing all loan applications. Social risks are considered, including observance of human rights. Observance of human rights is also mandatory under the bank's funding agreements with its international partners.

Training on human rights is provided as part of the process of familiarising new employees with the bank's codes and policies.

All customers are checked for compliance with Russian legislation. The bank refrains from working with customers who violate human rights.

All of the bank's security personnel have been appropriately educated in policies and procedures concerning human rights and the rights of indigenous peoples. The bank's employees comply with applicable Russian legislation in all aspects, including human rights.

Any grievances raised with the bank are examined and monitored in compliance with applicable legislation.

Society

Center-invest Bank is a member of the following associations:

- Association of European Business (AEB) (Chairman of the Board of Directors of Center-invest Bank, Dr Vasily Vysokov, represents the Rostov region);
- Rostov Region Chamber of Commerce and Industry (Dr Vysokov is a member of its Board);
- Russian-German Chamber of Commerce (Deutsch-Russische Auslandshandelskammer);
- German-Russian Forum (Deutsch-Russische Forum);
- Krasnodar Krai Chamber of Commerce and Industry;
- Rostov Region Employers' Union, Russian Union of Industrialists and Entrepreneurs;

— Rostov-on Don Council of Directors, Bataisk Council of Directors.

The bank participates in the work of the aforementioned associations and pays membership subscriptions.

Dr Vysokov and Mrs Tatiana Vysokova have been elected to the following public bodies:

- The Rostov Region Public Chamber (Dr Vysokov is chairman of the Commission for Economic Development, Enterprise and Innovation);
- The Public Chambers of the following bodies: North Caucasus Internal Affairs Directorate (Transport) (Dr Vysokov, member), The Rostov Region Ministry of Property Relations (Tatiana Vysokova, member), Regional Inspectorate of the Federal Tax Service (Dr Vysokov and also Pavel Shvarz from Center-invest Bank, members);

— Boards of Trustees of Southern Federal University, Don State Technical University, Southern Russia Technical University, Rostov State Economics University (Dr Vysokov is a member of all four boards).

— Boards of Trustees of the Endowment Fund for Education and Science in the Southern Federal District (Dr Vysokov, chairman; Tatiana Vysokova, board member), the Southern Federal University Endowment Fund (Tatiana Vysokova, chairman), Don State Technical University Endowment Fund (Dr Vysokov, board member).

In addition to its membership of the above, the bank works with the following organisations: the Association of Russian Banks, the Association of Regional Banks of Russia, the Association of Rostov Region Municipal Districts, the Rostov Region Association of Homeowners' Associations.

All of the bank's business units actively engage with local communities. In 2015 the bank held 165 seminars and briefings for municipal bodies in southern Russia on current issues in banking, economic development, entrepreneurship, and housing and utilities.

The bank refrains from operations that would have a negative impact on local communities. In a timely manner, the bank communicates its anti-corruption policy and procedures to local communities and informs them of the impact of external risks. In accordance with Russian legislation, the bank informs law enforcement agencies of any incidents of corruption and breaches of the law. The bank refrains from financing political parties and it does not receive payment for its advice to political and non-governmental organisations. It participates in the public chambers of a number of government bodies.

In 2015 the bank received the following fines:

— RUB23,000 fine from the Federal Tax Service for late submission of information about customer

accounts and other information.

All new applicants for a business loan undergo thorough assessment and are assigned a rating (using the criteria specified in the Environmental and Social Policy). This includes a society impact assessment.

All of the bank's new products and services are assessed for their potential negative impact on society. The bank refrains from providing products and services that could potentially have such an impact.

Product Responsibility

Center-invest Bank does not provide any products or services that have a negative impact on health and safety or that do not comply with regulations. It does not sell any banned or disputed goods or any goods that do not comply with regulations, including those on advertising, promotion and sponsorship.

Taking customer views into account, Center-invest Bank continually develops its products and services. It voluntarily and intentionally develops and sells products and services that help its customers raise their standards of living and run sustainable businesses.

The bank regularly and purposefully informs customers of its products and services through all forms of mass media. It uses information technologies to enable customers to select for themselves the most suitable terms on which to receive services.

By analysing customer feedback and using mystery shoppers, the bank monitors the compliance of its products and services with regulations and voluntarily assumed obligations. No significant deviations from regulations or voluntary obligations have been found.

The bank receives and responds promptly to numerous customer enquiries (annually, more than 1 million calls to the call centre and communications sent via Twitter, Facebook, Instagram and VKontakte).

The bank complies in full with legislation on banking secrecy and data protection. The bank has not received any fines concerning its provision of products and services.

Report of the Independent Auditor

Center-invest bank group

Summary Consolidated Financial Statements prepared from the International Financial Reporting Standards Consolidated Financial Statements and Report of the Independent Auditor

31 December 2015

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Report of the Independent Auditor on the Summary Consolidated Financial Statements

To the Shareholders and Board of Directors of OJSC CB «Center-invest»:

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2015, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended are derived from the audited consolidated financial statements of OJSC CB «Center-invest» and its subsidiary (the «Group») for the year ended 31 December 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 15 March 2016.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards («IFRS»). Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Group prepared in accordance with IFRS.

Management's Responsibility for the Summary Consolidated Financial Statements

Management of the Group is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in Note «Basis for preparation».

Auditor's responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 «Engagements to Report on Summary Financial Statements».

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the Group for the year ended 31 December 2015 are consistent, in all material respects, with those consolidated financial statements, on the basis described in Note «Basis for preparation».

15 March 2016

Moscow, Russian Federation

Center-invest bank group
Summary Consolidated Statement of Financial Position

In thousands of Russian Roubles	31 December 2015	31 December 2014
Assets		
Cash and cash equivalents	12 186 777	11 454 902
Mandatory cash balances with the Central Bank of the Russian Federation	411 386	543 600
Trading securities and repurchase receivables	—	3 747 222
Due from other banks	416 240	300
Loans and advances to customers	72 310 896	71 456 556
Finance lease receivables	361 190	523 714
Investment in associate	323 144	332 202
Intangible assets	252 756	280 610
Premises and equipment	2 270 541	2 310 867
Other financial assets	678 051	417 308
Other assets	361 711	248 900
Deferred income tax asset	68 307	—
Total assets	89 640 999	91 316 181
Liabilities		
Due to the Central Bank of the Russian Federation	—	10 079 160
Due to other banks	630 001	1 529 410
Customer accounts	65 039 828	49 217 578
Debt securities in issue	3 171 560	9 060 314
Borrowings from international financial institutions	6 079 705	8 532 622
Subordinated debt	3 692 976	2 846 628
Other financial liabilities	93 503	171 600
Other liabilities	330 031	170 031
Deferred income tax liability	—	123 361
Total liabilities	79 037 604	81 730 704
Equity		
Share capital	1 326 277	1 258 709
Share premium	2 078 860	1 646 428
Revaluation reserve for land and premises	1 192 811	1 229 040
Retained earnings	6 005 447	5 451 300
Total equity	10 603 395	9 585 477
Total liabilities and equity	89 640 999	91 316 181

Center-invest bank group

Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income

In thousands of Russian Roubles	2015	2014
Interest income	11 089 497	9 489 711
Interest expense	(7 661 920)	(4 876 879)
Contributions to the state deposit insurance scheme	(179 563)	(158 188)
Net interest income	3 248 014	4 454 644
Provision for impairment of loan portfolio and finance lease receivables	(1 374 838)	(1 482 362)
Net interest income after impairment provisions	1 873 176	2 972 282
Fee and commission income	1 192 570	1 038 111
Fee and commission expense	(364 039)	(326 575)
Gains less losses from trading securities	43 168	(84 732)
Gains less losses from trading in foreign currencies	117 629	181 925
Foreign exchange translation gains less losses	459 976	135 083
Losses less gains from conversion operations on the interbank market	(510 026)	(216 367)
Other provisions and expenses	(39 795)	(129 671)
Repayment of debt written off	61 768	55 878
Other operating income	54 280	42 456
Administrative and other operating expenses	(2 174 975)	(2 233 979)
Share of result of associate	(10 743)	(5 093)
Profit before tax	702 989	1 429 318
Income tax expense	(168 157)	(322 262)
Profit for the year	534 832	1 107 056
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Revaluation of premises and equipment of associate	1 685	—
Income tax recorded directly in other comprehensive income	(528)	—
Other comprehensive income for the year	1 157	—
Total comprehensive income for the year	535 989	1 107 056

Center-invest bank group
Summary Consolidated Statement of Changes in Equity

In thousands of Russian Roubles	Share capital	Share premium	Revaluation reserve for land and premises	Retained earnings	Total equity
Balance at 1 January 2014	1 258 709	1 646 428	1 327 697	4 519 573	8 752 407
Profit	—	—	—	1 107 056	1 107 056
Total comprehensive income for the year	—	—	—	1 107 056	1 107 056
Dividends declared					
— ordinary shares	—	—	—	(255 917)	(255 917)
— preference shares	—	—	—	(18 099)	(18 099)
Other movements	—	—	—	30	30
Transfer of revaluation surplus on premises to retained earnings	—	—	(98 657)	98 657	—
Balance at 31 December 2014	1 258 709	1 646 428	1 229 040	5 451 300	9 585 477
Profit	—	—	—	534 832	534 832
Other comprehensive income	—	—	1 685	(528)	1 157
Total comprehensive income for the year	—	—	1 685	534 304	535 989
Issue of ordinary shares	67 568	432 432	—	—	500 000
Dividends declared					
— preference shares	—	—	—	(18 099)	(18 099)
Other movements	—	—	—	28	28
Transfer of revaluation surplus on premises to retained earnings	—	—	(37 914)	37 914	—
Balance at 31 December 2015	1 326 277	2 078 860	1 192 811	6 005 447	10 603 395

Center-invest bank group
Summary Consolidated Statement of Cash Flows

In thousands of Russian Roubles	2015	2014
Cash flows from operating activities		
Interest received	10 633 457	9 245 897
Interest paid	(7 320 027)	(4 580 268)
Contributions to the state deposit insurance scheme	(170 115)	(154 099)
Fees and commissions received	1 186 107	1 075 057
Fees and commissions paid	(359 518)	(324 156)
Losses less gains from trading securities	(13 899)	(16 489)
Gains less losses from trading in foreign currencies	117 629	181 925
Losses less gains paid from conversion operations on the interbank market	(535 872)	(191 964)
Receipts from assignment of rights of claim	175 551	170 944
Repayment of debt written off	61 768	47 853
Other operating income received	38 142	29 215
Staff costs paid	(1 461 384)	(1 403 142)
Operating expenses paid	(592 678)	(651 015)
Income tax paid	(174 549)	(431 830)
Cash flows from operating activities before changes in operating assets and liabilities	1 584 612	2 997 928
Changes in operating assets and liabilities		
Net change in mandatory cash balances with the Central Bank of the Russian Federation	132 214	(15 470)
Net change in trading securities and repurchase receivables	3 774 339	(1 721 479)
Net change in due from other banks	(415 081)	1 099 978
Net change in loans and advances to customers	(568 995)	(9 701 957)
Net change in finance lease receivables	153 575	82 345
Net change in other financial and other assets	(371 024)	4 298
Net change in due to the Central Bank of the Russian Federation and due to other banks	(11 030 428)	11 322 898
Net change in customer accounts	14 566 850	(2 200 635)
Net change in promissory notes issued	151 629	(205 458)
Net change in other financial and other liabilities	(37 506)	(31 472)
Net cash received from operating activities	7 940 185	1 630 976

In thousands of Russian Roubles	2015	2014
Cash flows from investing activities		
Acquisition of premises and equipment	(73 876)	(102 407)
Proceeds from disposal of premises and equipment	2 206	541
Acquisition of intangible assets	(10 695)	(21 333)
Net cash used in investment activities	(82 365)	(123 199)
Cash flows from financing activities		
Issue of bonds	2 927 122	7 020 332
Repurchase and repayment of bonds	(8 885 204)	(6 810 889)
Borrowings from international financial institutions	—	3 523 408
Repayment of borrowings from international financial institutions	(3 009 074)	(2 345 574)
Repayment of subordinated debt	—	(172 075)
Issue of ordinary shares	500 000	—
Dividends paid	(18 071)	(273 986)
Net cash (used in)/from financing activities	(8 485 227)	941 216
Effect of exchange rate changes on cash and cash equivalents	1 359 282	2 007 148
Net increase in cash and cash equivalents	731 875	4 456 141
Cash and cash equivalents at the beginning of the year	11 454 902	6 998 761
Cash and cash equivalents at the end of the year	12 186 777	11 454 902

Center-invest bank group

Note to the Summary Consolidated Financial Statements

Basis for preparation

These summary consolidated financial statements of Open Joint-Stock Company Commercial Bank «Center-invest» (the “Bank”) and its subsidiary (the “Group”) have been prepared by extraction, without any modification, of the consolidated statements of financial position, of profit or loss and other comprehensive income, of changes in equity and of cash flows from the consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements, from which the summary consolidated financial statements have been derived, are available from the Bank upon request at 62 Sokolova Avenue, Rostov-on-Don, Russia,

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General banking licence No. 2225
issued by the Central Bank of Russia
dated 9 September 2013