



ФБК
Грант Торнтон

Bank ICBC (joint stock company)

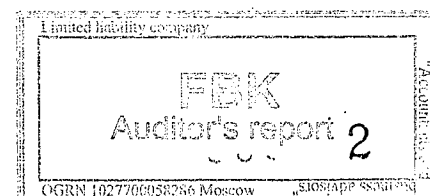
**Annual financial statements prepared
in accordance with IFRS
for the year 2015,
and Auditor's Report**

Moscow | 2016



Bank ICBC (joint stock company)
 Financial statements for the year ended December 31, 2015
 (in thousands of Russian Rubles, unless otherwise stated)

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THE MANAGEMENT CONFIRMATION OF RESPONSIBILITY FOR PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

The following confirmation, which is to be considered together with the description of the auditors' duties being a part of the independent auditors' report, is aimed at distinguishing the auditors' and the management's responsibility in respect of the financial statements of Bank ICBC (joint-stock company). (hereinafter - Bank).

The Management of the Bank is responsible for the preparation of the financial statements which present fairly in all material aspects the financial position, performance, cash flows and changes in the equity of the Bank for the year ended December 31, 2015 in accordance with the International Financial Reporting Standards (hereinafter - IFRS).

Preparing the financial statements the management is responsible for:

- Selection of appropriate accounting principles and their consistent apply;
- Apply of substantiated estimates and calculations;
- Compliance with IFRS requirements and disclosure of all material deviations from IFRS in notes to the financial statements; and
- Preparation of the financial statements based on the assumption that the company will operate in the foreseeable future, except for cases when this assumption is not lawful.

Besides, the management is responsible for:

- Elaboration, implementation and functioning of efficient and reliable internal control system in the Bank;
- Maintaining the accounting which enables at any time with the sufficient level of accuracy to prepare information of the Bank's financial position and to ensure the compliance of the financial statements with IFRS requirements;
- Keeping the accounting records according to the legislation and Russian Accounting Standards;
- Taking measures within its competence to retain the company's assets;
- Identification and prevention of fraud, errors and other wrongdoings.

These financial statements for the year ended December 31, 2015 were approved by the Board of the Bank on May 30, 2016.

Lang Weijie

Acting President

Bank ICBC (joint-stock company)

Kuzmina Natalia Viktorovna

Chief Accountant

Bank ICBC (joint-stock company)

May 30, 2016



Independent Auditor's Report

on annual financial statements Bank ICBC (joint-stock company) for 2015

To the shareholders of
Bank ICBC (JSC)

Audited entity:

Name:

Bank ICBC (joint-stock company) (hereinafter – Bank ICBC (JSC)).

Address:

109028, Moscow, Serebryanicheskaya nab., 29

State registration:

Certificate of State Registration of an Institutional Lender No.3475 issued by the Central Bank of the Russian Federation on August 30, 2007.

Certificate of Registration in the Unified State Register of Legal Entities No.1077711000157 issued by the Moscow Department of the Federal Tax Service on August 30, 2007.

Auditor:

Name:

Limited Liability Company "Financial and accounting consultants" (LLC "FBK").

Address:

101990, Moscow, Myasnitskaya St., 44/1, bld. 2, AB

State registration:

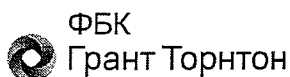
Registered by the Moscow Registration Chamber on November 15, 1993, the certificate: series IO3 3 № 484.583 PII. Entered in the Uniform State Register of Legal Entities on July 24, 2002 under the main state number 1027700058286.

Membership in self-regulated organization of auditors:

Non-profit partnership "Auditor Association Commonwealth".

Number in register of auditor organizations of self-regulated organization of auditors:

Membership certificate in non-profit partnership "Auditor Association Commonwealth" № 7198, OPH3 – 11506030481.



We have audited the accompanying financial statements of Bank ICBC (joint-stock company) (hereinafter – the Bank) that consist of: Statement of Financial Position as at 31 December 2015, Statement of Comprehensive Income for 2015, Statement of Cash Flows for 2015, Statement of Changes in Owner's Equity for 2015 and Notes to Financial Statements for the year ended 31 December 2015.

Audited Entity's Responsibility for the Preparation of Annual Financial Statements

The management of the Bank is responsible for the preparation and fair presentation of these annual Financial Statements according to International Financial Reporting Standards and the internal control which ensures due preparation and fair presentation of the Financial Statements, free from material misstatements whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on fairness of the annual Financial Statements based on our audit. We have conducted our audit in accordance with Federal Auditing Standards and International Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Bank management, as well as evaluating the overall presentation of the annual Financial Statements.

We believe that the auditor's evidence obtained in our audit presents sufficient basis to express an opinion on fairness of the annual Financial Statements.

Opinion

In our opinion the annual Financial Statements present fairly, in all material respects the financial position of the Bank ICBC (joint-stock company) for the year ended 1 January 2016, and of its financial performance and its cash flows for 2015 in accordance with International Financial Reporting Standards.



Report on audit according to the requirements

Of Federal Law 395-I of 2 December 1990

"On banks and banking activities"

The Bank management is responsible for meeting by the Bank the mandatory requirements set by the Bank of Russia as well as for compliance of the internal control and organization of risk management systems of the Bank with the requirements set by the Bank of Russia to the systems like these.

According to Article 42 of Federal Law №395-I on "Banks and Banking Activities" of 2 December 1990 auditing the annual Financial Statements of the Bank for 2015 we have checked whether:

- the Bank meets the mandatory requirements set by the Bank of Russia as at 1 January 2015;
- the internal control and organization of risk management systems of Bank are in compliance with the requirements set by the Bank of Russia to the systems like these.

The said check has been limited to the procedures selected based on our judgement such as requests, analysis, document examination, comparison of requirements, order and methodologies set by the Bank with the requirements set by the Bank of Russia and restatement and comparison of estimates and other information.

As a result of our audit we have established the following:

- 1) as to meeting by the Bank the mandatory requirements set by the Bank of Russia: values of the mandatory requirements of the Bank set by the Bank of Russia as at 1 January 2015 were within the limits set by the Bank of Russia. But we note that the Bank violated requirement H6 "Maximum risk for one borrower or group of the related borrowers" at the following dates 2 July 2015 and 10 November 2015.

We have not conducted any procedures as to the Bank's accounting records other than procedures which we have found relevant for the purpose of expressing an opinion on whether the Bank's annual accounting statements present fairly in all material respects its financial position as at 1 January 2016, financial results and cash flows for 2015 in accordance with International Financial Reporting Standards;

- 2) as to compliance of the internal control and organization of risk management systems of the Bank with the requirements set by the Bank of Russia to the systems like these:

- a) according to the requirements and recommendations of the Bank of Russia as at 31 December 2015 the Bank's internal audit service reports to the Board of Directors of the Bank, the risk management divisions of the Bank has not reported to the units assuming the respective risks, the managers of the internal audit service and the risk management divisions of the Bank comply with the qualifications set by the Bank of Russia;

The Bank's department responsible for realization of internal control rules in respect of identification of operations to be controlled on a mandatory basis and other



operations with cash or other property related to the legitimization (laundering) of proceeds of crime and the financing of terrorism (hereinafter AML/CFT) had the subordination structure effective in the reporting period which did not meet the requirements of the legislation and had conflict of interest as to identification and management of compliance risk according to AML/CFT.

б) the Bank's internal documents effective as at 31 December 2015 which state the methodologies to identify and manage credit risks, operational risks, market risks, interest risks, legal risks, liquidity risks and goodwill risks relevant for the Bank, as well as stress-testing of main risks have been approved by the Board of Directors of the Bank according to the requirements and recommendations of the Bank of Russia;

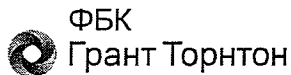
в) as at 31 December 2015 the Bank has the report system on credit risks, operational risks, market risks, interest risks, legal risks, liquidity risks and goodwill risks relevant for the Bank as well as owner's equity (capital) of the Bank;

г) frequency and sequence of reports prepared by the risk management service of the Bank during 2015 associated with issues of managing credit risks, operational risks, market risks, interest risks, legal risks, liquidity risks and goodwill risks of the Bank were in compliance with the Bank's internal documents; reports as to efficiency assessment of the Bank's respective methodologies as well as recommendations on their improvement were timely sent by the risk management divisions and the Internal audit service of the Bank to the empowered managing bodies of the Bank;

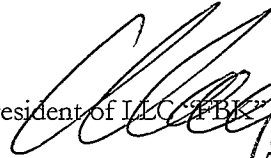
д) as at 31 December 2014 the powers of the Board of Directors of the Bank and the Executive Board of the Bank include control over compliance with risk limits and adequacy of owner's equity (capital) set by the Bank's internal documents. For the purpose of control over efficiency of the risk management procedures used in the Bank and sequence of their apply during 2015 the Board of Directors of the Bank and the Executive Board of the Bank discussed on a regular basis reports prepared by the risk management divisions of the Bank and the internal audit service, reviewed the offered measures to remove defects.


However the auditors note that the governing bodies of the Bank (the Board and the Board of Directors of the Bank) were not informed on a timely basis of higher operational risk and compliance risk in the Bank as well as timely measures to remove the identified defects stated in the reports of the internal audit service and the internal control service.

Separate violations and defects in the Bank's activities identified in the audit show that banking risk management in the credit institution including banking risk monitoring were not in compliance with the nature and scope of the Bank's activities to the full extent.



The procedures in respect of the internal control and organization of risk management systems of the Bank have been conducted exclusively in order to check whether the internal control and organization of risk management systems of the Bank are in compliance with the requirements set by the Bank of Russia to the systems like these.


 S.M. Shapiguzov
 President of LLC "FBK" on the basis of Charter
 auditor's qualification certificate 01-001230,
 primary registration number of entry
 29501541926


 N.P. Muskarina
 Manager of Audit № 48456 (auditor's qualification certificate
 № 01-000988 of 19 November 2012, primary
 registration number of entry
 20401041655)

Date of auditor's report
 30 May 2016

Bank ICBC (joint stock company)
Financial statements for the year ended December 31, 2015
(in thousands of Russian Rubles, unless otherwise stated)

Statement of Comprehensive Income
for the year ended December 31, 2015 and December 31, 2014
(in thousands of Russian Rubles)

	note	2015	2014
Interest income	5	1 778 147	1 006 892
Interest expense	5	(824 467)	(370 786)
Net interest income / (Net interest expense)		953 680	636 106
Change in provision for impairment of interest bearing assets	6	(391 296)	(21 061)
Net interest income / (expense) after change in provision for impairment		562 384	615 045
Operating income		1 327 193	235 610
Income / (expense) on financial assets held to maturity		825	-
Income less expense from foreign currency transactions		956 288	120 613
Income less expense from foreign currency revaluation		181 729	70 435
Commission income	7	202 983	50 867
Commission expense	7	(14 178)	(6 647)
Change in other provisions and change in estimated liabilities	6	(4 383)	(101)
Other operating income (expense)	8	3 929	443
Operating expense	9	(537 162)	(297 269)
Profit / (Loss) before taxes		1 352 415	553 386
(Expense) / Income tax recovery	10	(120 763)	(127 747)
NET PROFIT / (LOSS)		1 231 652	425 639
COMPREHENSIVE INCOME		1 231 652	425 639

Approved for release and signed on behalf of the Board of the Bank on May 30, 2015

[] Acting President

[] Chief Accountant



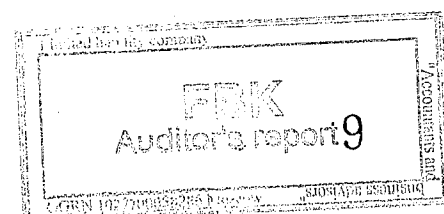
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Lang Weijie

[Signature]

Kuz'mina Natalia Viktorovna

Notes on pages 13 to 43 form an integral part of these financial statements.



Bank ICBC (joint stock company)
Financial statements for the year ended December 31, 2015
(in thousands of Russian Rubles, unless otherwise stated)

Statement of Financial Position
as at December 31, 2015 and December 31, 2014
(in thousands of Russian Rubles)

	note	December 31, 2015	December 31, 2014
ASSETS			
Cash and cash equivalents	12	21 178 325	22 472 734
Mandatory cash balances with the Bank of Russia	27	390 558	513 453
Due from financial institutions	13	26 763 553	28 615 144
Loans and receivables	14	19 193 282	7 938 171
Held-to-maturity financial assets	15	2 112 743	190 666
Deferred tax asset	10	214 089	-
Property and equipment and intangible assets	16	13 499	17 603
Other assets	17	145 391	34 841
Total assets		70 011 440	59 782 612
LIABILITIES			
Due to financial institutions	18	19 164 802	16 891 736
Customer accounts	19	42 731 961	35 129 797
Deferred tax liability	10	-	2 923
Other liabilities and provisions	20	62 876	84 324
Subordinated loans	21	3 655 829	4 509 509
Total liabilities		65 615 468	56 618 289
EQUITY			
Share capital / Paid-in capital	22	2 309 500	2 309 500
Retained earnings /(Accumulated deficit)	23	2 086 475	854 823
Total equity		4 395 975	3 164 323
Total liabilities and equity		70 011 440	59 782 612

Approved for release and signed on behalf of the Board of the Bank on May 30, 2015

[] Acting President

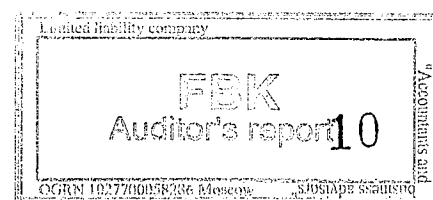
[] Chief Accountant



Lang Weijie

Kuz'mina Natalia Viktorovna

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Bank ICBC (joint stock company)

Financial statements for the year ended December 31, 2015
(in thousands of Russian Rubles, unless otherwise stated)**Statement of Changes in Equity**
for the year ended December 31, 2015 and December 31, 2014
(in thousands of Russian Rubles)

	Note	Share capital / Paid-in capital	Treasury stock	Share premium	Available-for-sale financial asset revaluation reserve at fair value	Property and equipment revaluation reserve	Retained earnings / (Accumulated deficit)	Total equity
Opening balance as at January 1, 2014		2 309 500					429 184	2 738 684
Comprehensive income for the year ended December 31, 2014 after tax	23						425 639	425 639
Ending balance as at December 31, 2014		2 309 500	-	-	-	-	854 823	3 164 323
Comprehensive income for the year ended December 31, 2015 after tax	23						1 231 652	1 231 652
Ending balance as at December 31, 2015		2 309 500	-	-	-	-	2 086 475	4 395 975

Approved for release and signed on behalf of the Board of the Bank on May 30, 2015

[] Acting President

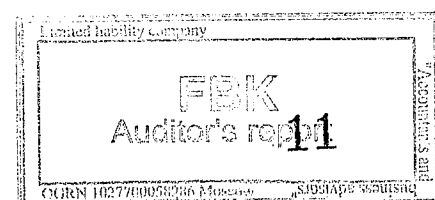
[] Chief Accountant

Notes on pages 13 to 43 form an integral part of these financial statements.



[Signature] Lang Weijie

[Signature] Kuz'mina Natalia Viktorovna



Bank ICBC (joint stock company)

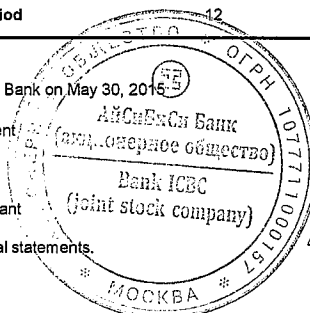
Financial statements for the year ended December 31, 2015
(in thousands of Russian Rubles, unless otherwise stated)**Statement of Cash Flows**
for the year ended December 31, 2015 and December 31, 2014
(in thousands of Russian Rubles)

	note	2015	2014
<i>Operating cash flow</i>			
Interest received		1 542 154	927 121
Interest paid		(672 914)	(274 486)
Fees and commissions received		98 402	50 867
Fees and commissions paid		(14 178)	(6 647)
Income / (expense) on financial assets held to maturity		825	-
Income / (expense) from foreign currency transactions		956 288	120 613
Other operating income		3 929	443
Operating expense paid		(521 871)	(284 198)
(Income tax expense) / Income tax recovery		(409 444)	(100 364)
Cash flow from / (used in) operating activity before changes in operating assets and liabilities		983 191	433 349
<i>Increase / (decrease) in net cash flow from operating assets and liabilities</i>			
Net increase / (decrease) in mandatory cash balances with the Bank of Russia		122 895	(183 352)
Net increase / (decrease) in due from financial institutions		2 045 690	(15 441 102)
Net increase / (decrease) in loans and receivables		(11 651 650)	(2 674 453)
Net increase / (decrease) in other assets		53 038	(6 211)
Net increase / (decrease) in due to financial institutions		2 080 128	5 208 784
Net increase / (decrease) in customer accounts		7 634 709	28 704 925
Net increase / (decrease) in other liabilities		(17 688)	60 248
Net cash flow from / (used in) operating activity		1 250 313	16 102 188
<i>Investment cash flow</i>			
Acquisition of held-to-maturity financial assets		(1 625 133)	(137 703)
Sales revenue from held-to-maturity financial assets		(61 642)	-
Acquisition of property and equipment		(6 668)	(8 661)
Net cash flow from / (used in) investment activity		(1 693 443)	(146 364)
<i>Financial cash flow</i>			
Change in subordinated loans		(844 843)	1 227 752
Net cash flow from / (used in) financial activity		(844 843)	1 227 752
Effect of changes in exchange rate on cash and cash equivalents		(6 436)	70 435
Net increase in cash and cash equivalents		(1 294 409)	17 254 011
Cash and cash equivalents at the beginning of the reporting period	12	22 472 734	5 218 723
Cash and cash equivalents at the end of the reporting period	12	21 178 325	22 472 734

Approved for release and signed on behalf of the Board of the Bank on May 30, 2016

[]

Acting President



Lang Weijie

[]

Chief Accountant

Kuz'mina Natalia Viktorovna

Notes on pages 13 to 43 form an integral part of these financial statements.

Bank ICBC (joint stock company)
Financial statements for the year ended December 31, 2015
(in thousands of Russian Rubles, unless otherwise stated)

Notes to Financial Statements
(in thousands of Russian Rubles)

1 Principal activity

Bank ICBC (joint-stock company) (hereinafter, the Bank) was established in 2007.

Industrial and Commercial Bank of China Limited – ICBC is the principal shareholder of the Bank.

Owners (shareholders) of the Bank are presented in the table below:

Owner (shareholder)	Note	December 31, 2015	December 31, 2014
Industrial and Commercial Bank of China Limited		100,00%	100,00%
Total		100,00%	100,00%

The Bank holds the following licenses issued by the Central Bank of the Russian Federation (the Bank of Russia):

- banking license No. 3475 issued on September 1, 2015.

The Bank does not participate in the State Deposit Insurance Scheme approved by the Federal Law "On insurance of deposits held by physical persons with banks of the Russian Federation".

Principal banking transactions of the Bank are as follows:

Attracting legal entities' funds into deposits (on demand and for a specific term); placement of raised funds of legal entities on its behalf and at its own expense; opening and operating bank accounts of legal entities; making settlements by order of legal entities including correspondent banks on their bank accounts; collection of cash and settlement documents, cash servicing of individuals and legal entities; sale and purchase of foreign currencies in cash and non-cash; issue of bank guarantees; money transfer by order of individuals without opening bank accounts (except for postal transfer).

The Bank does not have any branches.

The principal place of business of the Bank is Moscow.

The Board of Directors of the Bank is headed by Jiang Yulin.

In 2015 the average number of employees was 106 persons (2014: 80 persons). As at December 31, 2015, the number of persons employed was 117 persons (2014: 100 persons).

2 Economic environment in which the Bank operates

The Bank primarily operates in the Russian Federation.

The economy of the Russian Federation continues to display certain characteristics of an emerging market. These characteristics include, in particular, inconvertibility of the national currency in most countries outside of Russia and relatively high inflation rates. The current Russian tax, currency and customs legislation is subject to varying interpretations and frequent changes. Russia continues economic reforms and development of the legal, tax and administrative framework to comply with the market economy requirements. The economic reforms conducted by the Government are aimed at retooling the Russian economy, development of high-tech productions, enhancement of labour productivity and competitiveness of the Russian products on the world market. Beginning from March 2014 the USA, the EU and a number of other countries have introduced several packages of sanctions against some Russian civil servants, businessmen and companies. The EU have prolonged the sanctions against RF until 31 July 2016. Those sanctions have limited the access of a certain list of Russian companies to the international capital and export markets. Russian currency markets have been exposed to high volatility and the exchange rate of Russian Rouble against primary world's currencies has decreased significantly. The official exchange rate of USD set by the Bank of Russia grew from RUB 56,2584 to RUB 72,8827 per USD for 2015. Oil prices have been declining which has an adverse effect on the Russian economy. At present it is still uncertain whether the operating environment which has an impact on the future financial position and operating activities of the Bank will deteriorate. Management of the Bank believes it is taking all the necessary measures to support the sustainability and further development of business operations of the Bank in these circumstances.

3 Basis for presentation

Some new IFRS became mandatory for the Bank during the period from January 1 to December 31, 2014. Below are new and revised standards and interpretations currently applicable to the Bank's activities, and their effect on the Bank's accounting policies is described. All the amendments in the accounting policies if necessary were made retrospectively, unless otherwise indicated.

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted). The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

Amendment to IAS 19 - Employee Benefits. The amendment clarifies that with respect to post-employment benefit obligations decisions on the choice of the discount rate, existence of the deep market of high-quality corporate bonds or what government bonds should be used as a benchmark are based on the currency in which the liabilities are denominated and not in the currency in which these liabilities occur.

Amendment to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations. The amendment to IFRS 5 clarifies that the reclassification of an asset or disposal group from being held for sale to being held for distribution to owners, or vice versa is considered to be a continuation of the original plan of disposal and should not be recorded as a change of this plan.

Amendment to IFRS 7 - Financial Instruments - Disclosures. The amendment contains additional instructions helping management to determine whether the agreements to service a financial asset which has been transferred constitute continuing involvement for the purpose of disclosure in accordance with IFRS 7.

Bank ICBC (joint stock company)

Financial statements for the year ended December 31, 2015
(in thousands of Russian Rubles, unless otherwise stated)

New standards and interpretations have been published which are mandatory for the reporting periods beginning on or after January 1, 2015 and which have not been early adopted by the Bank:

IFRS 9 "Financial Instruments" (hereinafter IFRS 9) initially issued in November 2009, later reissued in October 2010 and amended in December 2011 is effective for annual periods beginning on or after January 1, 2018, early application is permitted. IFRS 9 will gradually replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements to classification and measurement of financial assets.

In particular for the purpose of further measurement all financial assets are classified as "estimated at amortized cost" or "at fair value with revaluation through profit or loss" where it is possible to choose irrevocable recognition of revaluation of equity financial instruments not intended for trade through other comprehensive income in the Statement of Comprehensive Income. Most of the requirements to classification and measurement of financial liabilities have been transferred from IAS 39 "Financial Instruments: Recognition and Measurement" to IFRS 9 mainly unamended.

The basic difference is recognition and disclosure of effect of changes of the Bank's credit risk of financial liabilities estimated at fair value through profit or loss in other comprehensive income. At present the credit institution is estimating the effect of IFRS 9 on the financial statements.

Amendment to IAS 1 "Disclosures". The amendment specifies the notion of materiality and clarifies that an entity does not have to present disclosures according to IFRS if they are not material even if such disclosures are included in the requirements of a specific standard of international financial reporting or they are minimum required disclosures. The standards comprises as well a new guidance on presenting in the financial statements interim total amounts according to which interim total amounts (a) include the items recognition and measurement of which are made according to IFRS; (b) are presented and denoted so that to understand the components of interim total amounts; (c) are successive from period to period; and (d) are recorded so that not to make more emphasis on their presentation than on presentation of interim total amounts under IFRS.

The Bank believes that these standards and interpretations will not have a significant impact on its financial statements at their first-time adoption.

Financial statements require estimates and assumptions that influence volume of assets and liabilities to be recognised, disclosures to contingent assets and liabilities at the date of financial statements, and also income and expense during the reporting period.

Estimates made by the Bank's direction during the adoption of the accounting policies that have a significant impact on amounts recognised in the financial statements and that are most significant for the financial statements are disclosed in note 32.

4 Accounting principles

4.1 Key Valuation Techniques

When recognizing financial instruments, the Banks applies the following valuation techniques:

- at fair value,
- at amortized cost, or
- at cost

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments are regarded as quoted in an active market if their quoted prices are readily and regularly available from an exchange through information analysis systems or from other information sources and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Fair value of quoted financial instruments is based on:

- quoted market prices for, as a rule, financial instruments trading through the organizers of the trading;
- the asking price for financial assets and the bid price for financial liabilities and the estimated fair value based on the information and analytical systems (such as Reuters and Bloomberg), market dealers and other institutions.

If the market for a financial instrument is not active, the following information can be used for fair value measurement:

- recent quoted market price (asking (bid) price) from independent sources if no significant changes occurred in the economic situation to the reporting date;
- actual price of the transaction made by the Bank in the common course of business if no significant changes occurred from the transaction date to the reporting date.

In the event of significant changes, the most recent quoted price (transaction price) shall be adjusted to the change in the quoted price (transaction price) for similar financial instruments. The recent quoted price (transaction price) of debt securities can be adjusted with account on the circulation period of the debt security.

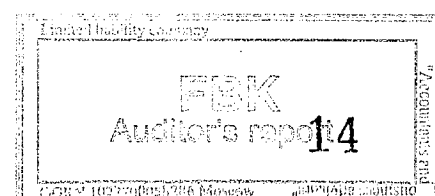
Fair value measurement is based on a going concern principle of an entity that has neither the intention nor the need to liquidate or curtail materially the scale of its operations or perform transaction on unfavorable conditions. Thus, the fair value is not equal to the amount that the Bank receives at an involuntary transaction, liquidation procedure or at going-out-of-business sell.

The fair value of financial instruments when quoted market prices from external resources are not available is measured by such techniques as discounted cash flow and financial analysis of investment objects. Any valuation technique widely applied by market participants and evidencing reliability of measurement and pricing resulted from actual market transactions may be applied for measuring the price of financial instruments.

A valuation technique may be chosen for any individual measurement of fair value; and if not justified otherwise techniques based on the quoted market prices and bid and asking prices are applied. The fair value of financial instruments is measured depending on various factors, circumstances and requires professional judgments.

The Bank classifies information used to measure the fair value of a financial instrument depending on the materiality of input data used for valuation as follows:

- current prices (quotes) in an active market of financial instruments that are equivalent to the financial instrument being evaluated (Level 1);



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- in the absence of information on current prices (quotes), the price of the latest transaction made in an active market, if no significant changes in economic conditions occurred from the moment of the transaction until the end of the reporting period, and current prices (quotes) for equivalent financial instruments if the conditions have changed since the time of the transaction, as well as information based on observable market data (Level 2);
- prices calculated using valuation methods whose input data are not based on observable market data (Level 3).

The amortised cost of a financial asset or a financial liability is the amount at which the financial asset or financial liability is measured at initial recognition less any paid or received cash, adjusted to cumulative amortization of any difference between the initial amount and the maturity amount and to recognised impairment. Amortization of the stated difference is made using the effective interest method. Accrued interest includes amortization of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium are not presented separately and are included in the carrying amount of related assets and liabilities.

For variable rate financial assets and financial liabilities, cash flows and effective interest rate are revalued at the establishment date of new coupon (interest) rate. The effective interest rate is revalued on the base of the current carrying amount and estimated future payments. The current amortised cost of the financial instrument is not changed; the further measurement of the amortised cost is based on the new effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant useful life of the financial asset or financial liability.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, if applicable, a shorter period to the net carrying amount of the financial asset or the financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (e.g. prepayment) but does not consider future credit losses.

This calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. When issued loans and other debt instruments become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

As expected, cash flows and estimated life of a group of similar financial instruments can be reliably measured. However, in rare circumstances when cash flows and expected life of a financial instrument cannot be measured, the Bank shall use contractual cash flows within the entire contractual term of the financial instrument.

Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition including transactions cost. Cost method applies only to investments in debt instruments the market for which is not active and whose fair value cannot be reliably measured and to related derivatives the market for which is not active and which are settled through such unquoted debt instruments. Transaction costs are incremental costs directly attributable to acquisition, issue or disposal of a financial instrument. They include fee and commission paid to agents, consultants, brokers, dealers, levies paid to supervisory authorities and stock exchanges, and property transfer taxes and levies. Transaction costs exclude bonuses and discounts on debt liabilities, finance costs, internal administrative and storage expenses.

4.2 Initial Recognition of Financial Instruments

When the Bank recognizes a financial asset or financial liability initially, it shall measure them at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Profit or loss on initial recognition of a financial asset or a financial liability is only recorded if there is a difference between the fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Under usual payment conditions, purchase and sale of financial assets are recorded at the transaction date, i.e. at the date when the Bank shall purchase or sell this asset, or at the payment date, i.e. at the date when a financial asset is delivered to or by the Bank. The Bank consistently applies the method selected to all sales and purchases of financial assets designated to the same category of financial assets. For this purpose, there are two separate categories: financial assets held for sale and financial assets at fair value through profit or loss.

Under transaction date method:

- a financial asset to be received and commitment to pay for it are recognised at the transaction date;
- a financial asset to be sold, and any profit or loss on its disposal, and receivables from customer to be repaid are derecognised at the transactions date.

Under payment date method:

- an asset is recognised when the Bank receives it;
- an asset is derecognised and profit or loss on its disposal is recognised when the Bank delivers it.

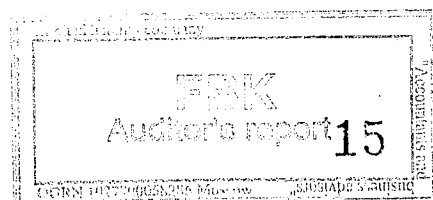
Under payment date method, the Bank recognizes any change in the fair value of a financial asset to be delivered between the transaction date and the payment date as it recognizes a change in the value of the asset purchased, i.e. the change in value of assets measured at cost or amortised cost is not recognised; it is charged against profit or loss with regard to assets designated as financial assets at fair value through profit or loss and is recognised among other components of statement of changes in equity applicable to assets designated as available for sale.

Under payment date method, transactions are classified as those with derivative financial instrument until payments are made.

4.3 Impairment of Financial Assets

In order to reliably disclose the risk exposures, the Bank makes provisions for investments in all categories of financial assets, except for financial assets at fair value through profit or loss.

A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.



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Objective evidence for the Bank that a financial asset is impaired or not (whether or not there is a loss event) is as follows:

- payment has been delayed and the delay in payment cannot be related to failure of the payment system;
- the borrower or issuer faces significant financial difficulty that is evidenced by the financial statements of the borrower or issuer received by the Bank;
- it becoming probable that the borrower or the issuer will enter bankruptcy;
- due to adverse changes in the payment status of borrowers or issuers caused by changes in national or local economic conditions that have an impact on the borrower or the issuer;
- the value of the security has considerably decreased due to unfavorable market conditions;
- the lender, for economic or legal reasons, granting to the borrower a concession that the lender would not otherwise consider;
- the assets have been given to the borrower in order to settle a liability of an earlier given asset;
- disappearance of an active market for that financial asset because the issuer's financial difficulties (not because the asset is not traded in a market);
- information on any existent breaches of contracts for similar financial assets by the issuer or the borrower.

Impairment losses in financial assets carried at amortised cost are recognised in profit or loss when incurred due to one or more events ("loss events") after the initial recognition of the financial asset.

The Bank uses the Rules of application of international classification of asset credit quality for measurement of the level of impairment of loans based on borrowers' internal rating.

The Bank does not recognize impairment losses at initial recognition of financial assets.

If the Bank determines that no objective evidence exists that impairment was incurred for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment.

For the purposes of a collective assessment of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows within a group of financial assets to be collectively assessed for impairment are estimated on the basis of the contractual cash flows over the remaining life of the asset and on the basis of the historical loss experience of the Bank which will appear as a result of loss events and on the possibility to recover the past-due debts. The historical loss experience is adjusted on the basis of relevant observable data that reflect current economic conditions that have not affected the prior periods or to remove the past effects unobservable in the current period.

Impairment losses are recognised through an allowance account to write down the asset's carrying amount to the present value of expected cash flows (which excludes future credit losses that have not been incurred) discounted at the original effective interest rate of the asset. The calculation of the discounted value of expected cash flows of a collateralized financial asset includes cash flows that may arise upon the sale of the collateral, less the sale cost, regardless of the degree of probability of such sale.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment loss has been recognised (such as improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the provision account and recorded within profit or loss.

After a loan has been adjusted to the repayment amount as a result of impairment, the interest income is reflected on the basis of the interest rate that was used for discounting future cash flows in order to measure impairment loss.

Uncollectible financial assets are written off against the related impairment loss provision in the statement of financial position after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined.

When writing-off unrecoverable debts and related interests, the Bank takes the necessary and appropriate steps to collect this amount that arise from law, business customs or a contract.

Unrecoverable debts and related interests are written off by means of the provision for potential impairment losses in accordance with the resolution of the Bank's competent authority on the basis of documents confirming the failure of counterparty to perform its obligations at least within one year. Where the debt exceeds 1% of the Bank's equity, writing-off of this debt shall be confirmed by reports of competent government authorities (judicial reports, reports of the Federal Service of Court Bailiffs and their equivalents).

When in case of review of conditions for impaired financial assets reviewed conditions differ markedly from the previous those, a new asset is initially recognised at fair value.

Impairment losses on available-for-sale financial assets are recognised in profit or loss when incurred due to one or more events ("loss events") after the initial recognition of the available-for-sale financial assets.

A considerable or prolonged decrease in fair value of an equity security designated as available for sale below its acquisition cost indicates its impairment. In case of impairment indication, the cumulative loss defined as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss is transferred from statement of changes in equity to profit or loss. Impairment losses on equity instruments are not reversed through profit and loss accounts; increase in the fair value after impairment is recognised directly in statement of changes in equity.

In case of debt instruments designated as available for sale, impairment is assessed on the same criteria ("loss events") as for financial assets carried at amortised cost. The loss amount to be reclassified into profit or loss is the difference between the purchase price of the asset (less principle payments and amortization of assets evaluated by effective interest method) and the current fair value less the impairment loss related to the asset that have been recognised in profit or loss. Interest earned on impaired assets are based on the amortised costs including impairment loss recognised using the interest rate applied for discounting future cash flows for purposes of impairment loss assessment. Interest income is recognised against "Interest income" of the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit and loss accounts of the current reporting period.

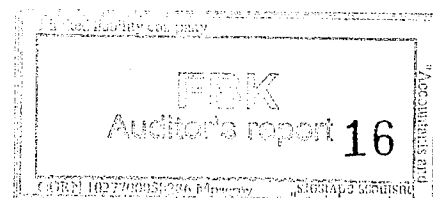
4.4 Derecognition of Financial Assets

The Bank derecognizes financial assets only when:

- the rights to receive cash flows from the asset have expired; or
- the Bank transfers the financial asset and the transfer qualifies for derecognition.

The Bank transfers a financial asset only if:

- the Bank transfers the contractual rights to receive the cash flows from the financial asset; or



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- the Bank retains the contractual rights to receive the cash flows from the financial asset, but assumes a contractual obligation to pay the cash flows to one or more third parties, and when the certain other conditions are met.

Upon transfer of a financial asset, the Bank evaluates the degree to which it retains risks and benefits associated with owning this financial asset. Where the Bank:

- transfers all the significant risks and benefits associated with owning a financial asset, the financial asset is derecognised. Rights or obligations created or retained in the transfer are recognised separately as assets or liabilities;
- retains substantially risks and benefits associated with owning a financial asset, recognition of this financial asset is continued;
- neither retains nor transfers substantially all the risks and benefits associated with owning a financial asset, it determines whether the control over the financial asset is retained. If the control is not retained, the Bank derecognizes the transferred financial asset. Rights or obligations created or retained in the transfer are recognised separately as assets or liabilities. When control is retained, the Bank continues to recognize the transferred financial asset to the extent of participant in it.

When an asset is redesignated with a considerable change in the terms, the redesignated asset is derecognised and the asset received is recognised in the balance sheet as an addition.

When an asset is redesignated without considerable changes in the terms, the received asset is carried at the carrying amount of the redesignated asset.

4.5 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, accounts balances in current accounts of the Bank, and cash equivalents in the forms of short-term and highly liquid investments easily convertible into a certain amount of cash and exposed to insignificant risk of value fluctuation. All short term interbank placements, beyond overnight placements, are included in due from other banks. Amounts in respect of which there are any limitations on their use shall be excluded from cash and cash equivalents.

4.6 Due from the Bank of Russia (central banks)

Due from the Bank of Russia (central banks) are funds deposited with the Bank of Russia which are not intended for financing current transactions of the Bank. Consequently, they are not considered as part of cash and cash equivalents for the purposes of the cash flow statement.

4.7 Financial Assets at Fair Value through Profit or Loss

A financial asset is designated as a financial asset at fair value through profit or loss if it is acquired with a view to subsequent disposal. Derivatives with positive fair value are also classified as financial assets at fair value through profit or loss, except for derivatives that are designated as effective hedging instruments.

Initially and consequently financial assets at fair value through profit or loss are recorded at fair value that is based on quoted market prices or on the basis of different valuation techniques using an assumption on profitability to realize these financial assets in the future. Depending on circumstances, different valuation techniques can be applied. Available published quoted market prices are the best basis for the fair value of an instrument.

When quoted market prices are not available, techniques related to the information on recent market transactions between knowledgeable willing and independent parties or to current fair value of similar instruments or to analysis of the discounted cash flow, or model for option price measurement are used. When there is a reliable valuation technique widely used by the market participants to determine the price of instruments that has proved reliability of estimated prices, it is advisable to apply such a technique.

Realized and unrealized income and expenses of transactions with financial assets at fair value through profit and loss are recorded in the income statement immediately at the period when they occur as income less transaction costs related to financial assets at fair value through profit or loss.

Interest income from financial assets at fair value through profit is recorded in the income statement as interest income from financial assets at fair value through profit and loss. Dividends received are recorded against dividend revenue in the income statement within operating income.

Purchase and sale of financial assets at fair value through profit or loss that shall be delivered within the time limit established by this market by law or convention (regular way purchase and sale), are recorded at the transaction date, i.e. at the date when the Bank shall purchase or sell this asset.

Otherwise such transactions are recorded within derivatives until payments are made.

The Bank classifies financial assets at fair value through profit and loss in the appropriate category at the acquisition date. Financial assets classified as financial assets at fair value through profit and loss are not to be reclassified.

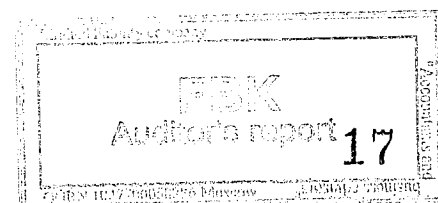
4.8 Due from Other Banks

Due from other banks includes non-derivative financial assets with fixed or determinable payments that are not quoted in an active market provided by the Bank to bank-contractors (including the Bank of Russia), other than:

- "overnight" placements;
- those that the entity intends to sell immediately or in the near term, which shall be classified as held for sale, and those that the Bank upon initial recognition designates as at fair value through profit or loss;
- those that the Bank upon initial recognition designates as available for sale;
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

The Bank decided to reclassify financial assets qualifying credits and receivables from assets at fair value through profit or loss and assets available for sale to due from other banks.

The funds placed at other banks are recognised when cash is given (placed). Due from other banks are carried at fair value at initial recognition. Financial assets reclassified from assets at fair value through profit or loss or from assets available for sale must be recognised at fair value on the date of reclassification. Profit or loss already recognised in profit and loss at the time of financial assets reclassification from assets at fair value through profit or loss are unrecoverable. Subsequently, extended loans and placed deposits are recorded at amortised cost less provisions for impairment. The amortised cost is based on the fair value of a loan or deposit calculated using existing interest rates applicable to similar loans and deposits, effective on the date a loan was extended or deposit was placed.



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The difference between the fair value and the nominal value of a loan (deposit) occurring when loans are extended (deposits are placed) at interest rates above or below existing rates is recorded in the comprehensive income statement when such loan is extended (deposit is placed) against income (expenses) on assets invested at rates above (below) the market rates. Subsequently, the carrying amount of such loans (deposits) is adjusted to amortization of these gains (loss) and the interest income is recognised in the income statement, using the effective interest method.

The procedure for determining impairment of financial assets is set out in 4.3 Impairment of Financial Assets.

4.9 Loans and Receivables

This category includes non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- a) those that the Bank intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the Bank on initial recognition designates as at fair value through profit or loss;
- b) those that the Bank upon the initial recognition designates as available for sale;
- c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Initial recognition of loans and receivables is carried at fair value plus transaction costs (i.e. the fair value of the consideration paid or received). If an active market exists, the fair value of loans and receivables is measured as current cost of all future proceedings (payments) discounted by the prevailing market rate for a similar instrument. This market rate broken down by currencies, terms and borrowers is published at the website of the Bank of Russia. If an active market does not exist, there can be applied one of valuation techniques to measure the fair value of loans and receivables.

Subsequent measurement of loans and receivables is carried at amortised cost using the effective interest method.

Loans and receivables are recorded when cash is provided to borrowers (individuals or credit institutions). Interest-bearing loans other than market interest rates are measured at payment date at fair value that is the principle and future interest payments discounted by interest market rates for similar loans.

The difference between the fair value and the nominal value of a loan is recorded in the income statement as income from assets at rates higher than the market rates or as an expense from assets at rates lower than the market rates. Subsequently, the carrying amount of these loans will be adjusted by amortization of income (expense) from the loan and the related income is recorded in the income statement using the effective interest method.

The Bank avoids impairment losses on initial recognition of loans and receivables. Risks associated with providing loans to borrowers that initially bear a heightened risk are recognised at higher loan interest rate (risk premium) which is calculated as average percent of loan indebtedness behind by 30 days and more under loans classified to 3 and higher risk groups that is determined on the basis of the Bank's statistical data for the last reporting year, and also market interest rates for similar loans published on the website of the Bank of Russia.

Loans and receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and losses have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of loss is measured as the difference between the carrying value of the asset and estimated future cash flows discounted by original effective interest rate for this asset.

The carrying amount of loans and receivables is reduced by means of the provision for impairment of loan portfolio. After assessment of objective evidence of impairment on an individual basis, in case of absence of such evidence, loans are included in a group of financial assets with similar credit risk to assess any evidence of their impairment on an aggregate basis.

As at December 31, 2015, the Bank assesses evidence of impairment both on an individual and aggregate basis.

The Bank developed and approved a credit risk assessment procedure which is used by the Bank to perform an analysis for impairment of receivables and assessment of cash flows. The amount of loss on impairment of loans classified in the first risk group is determined by calculation of general economic risk for banking sector on the basis of statistical data published in the online edition of banking sector digest of the Russian Federation on the website of the Bank of Russia.

Unrecoverable loans are written off by means of the provision for impairment. Writing off can be realized only after all procedures are completed and the loss amount is measured. Recovery of earlier written off amounts is credited to changes in provisions for impairment (change in impairment amounts) of the loan portfolio in the income statement. Decrease of earlier created provision for impairment of the loan portfolio is credited to change in provision for impairment (change in impairment amounts) of loan portfolio in the income statement.

4.10 Available-for-Sale Financial Assets

This category includes non-derivative financial assets designated as available-for-sale or not classified as loans and receivables, held-to-maturity investments, and financial assets at fair value through profit and loss. The Bank classifies financial assets at the acquisition date.

Available-for-sale financial assets are initially carried at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The fair value is usually represented by its acquisition cost. Subsequently, available-for-sale financial assets are measured at fair value based on the quoted market price.

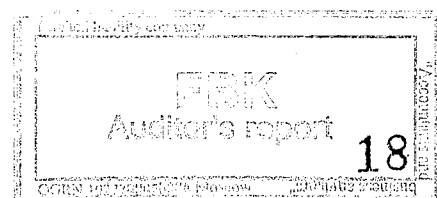
Available-for-sale investments that do not have a quoted market price from independent sources are measured at fair value of recent sale of similar equity securities by independent third parties, based on analysis of other information such as discounted cash flows and other financial information on the investment object and other valuation techniques.

Depending on circumstances, there can be applied different valuation techniques. Investments in equity that do not have quoted market prices are recognised at cost.

Unrealized gains and losses resulting from change in fair value of available-for-sale financial assets are recognised in the statement of changes in equity.

On disposal of available-for-sale financial assets, related accumulated unrealised gains and losses are included in the income statement as income less expenses from transactions with available-for-sale financial assets. Impairment and recovery of earlier impaired value of available-for-sale financial assets are recorded in the income statement.

In the event the carrying amount of available-for-sale financial assets exceeds their estimated recoverable cost, the carrying amount of the assets is reduced. The recoverable cost is the current cost of estimated future cash flows discounted by current market price of similar financial asset.



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Interest income from available-for-sale financial assets is recorded in the income statement as interest income from available-for-sale financial assets. Dividends received are recorded in the income statement as income from dividends within income from transactions with securities.

Under usual payment conditions, purchase and sale of available-for-sale financial assets are recorded at the transaction date, i.e. at the date when the Bank shall purchase or sell this asset. (Alternatively, the Bank may record them at the payment date).

All other purchase and sale are recorded as forward transactions until payments are made.

4.11 Held-to-Maturity Financial Assets

This category includes financial assets with fixed maturity that the Bank has the positive intention and ability to hold to maturity. The Bank classifies financial assets at the acquisition date. The Bank assesses its intention and ability to hold the financial assets designated as held-to-maturity to maturity at the end of every reporting period but not only at the initial recognition date of such financial assets.

Held-to-maturity financial assets are initially carried at fair value plus transaction costs and subsequently at amortised cost using the effective interest method less provision for impairment which is the difference between the carrying amount and the current cost of estimated future cash flows discounted by original effective interest method.

Interest income from held-to-maturity financial assets is recorded in the income statement as interest income from held-to-maturity financial assets.

Under usual payment conditions, purchase and sale of held-to-maturity financial assets are recorded at the transaction date, i.e. at the date when the Bank shall purchase or sell this asset. All other purchase and sale are recorded as forward transactions until payments are made.

4.12 Property and Equipment

In the event the carrying amount of the asset exceeds its estimated recoverable cost, the carrying amount of the asset is reduced to its recoverable cost, and the difference is recorded in the income statement. The estimated recoverable cost is the highest of fair value of the asset less realization cost and value of its usage.

The Bank assesses any indication of impairment of property and equipment at the end of every reporting period. In the event such indication exists, the Bank measures recoverable cost as the higher of net realisable value of the property and equipment and value of their usage.

In the event the carrying amount of property and equipment exceeds their estimated recoverable cost, the carrying amount of property and equipment is reduced to their recoverable cost, and the difference is recorded in the income statement as impairment losses of property and equipment unless they are previously revaluated. In this case, revaluation surplus is excluded, and any additional loss is recognised in profit or loss. Impairment loss recognised with respect to property and equipment in prior years is reversed when there are any changes in estimates used to measure recoverable cost of property and equipment.

Gains and losses arising from disposal of property and equipments are measured at carrying amount and are accounted for at calculating the income (loss) amount. Costs of repairs and maintenance are recorded in the income statement when incurred.

4.13 Depreciation

Depreciation is charged on a straight-line basis over the useful life of assets using the following depreciation rates:

Group of property and equipment	Depreciation rates
Office equipment	4,9%-48%
Furniture and other implements	4,9%-19,7%
Motor vehicles	32,4%

The depreciation method applied to an asset shall be reviewed at least at each financial year-end and, if there has been a significant change in the depreciation approach to the asset, the method shall be changed to reflect the changed approach. Therefore, the effect of the change will be accounted for as a change in accounting estimate in accordance with IAS 8 IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Depreciation is recognised even if the fair value of an asset exceeds its carrying amount under condition its residual value does not exceed its carrying amount. Repair and maintenance of an asset do not exclude the need to depreciate it.

Depreciation is recognised when an asset is available for use i.e. when its location and condition enable the Bank to use it in accordance with its intentions. Depreciation is derecognised at the date when the asset is derecognised.

4.14 Operating leases

Where the Bank is a lessee in an operating lease, the total lease payments are recorded in the income statement on a straight-line basis over the period of the lease. Where an operating lease ceases before the end of the lease period, any payment due to the lessor as compensation is reported as expense in the period in which the operating lease ceases.

4.15 Borrowings

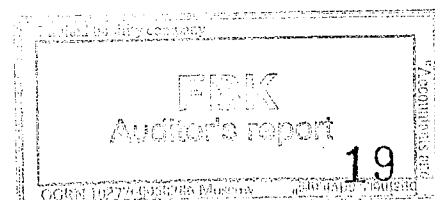
Borrowings include customer accounts, deposits and balances from banks, and other borrowed funds.

Borrowings are initially recognised at fair value that is the received amount less transaction costs incurred. Subsequently, borrowings are reported at amortised cost any difference between net proceeds and the redemption value is recorded in the income statement over the period of borrowings using the effective interest method. (Hedge accounting applies to deposits bearing risks that are hedged through derivatives)

Borrowings with interest rates other than market are measured at acquisition date at fair value that includes the principle and the future interest payments discounted by market interest rates for similar amounts. The difference between the fair and nominal value of these amounts is recorded in the income statement as income from borrowings at rates lower than the market rates. Subsequently the carrying amount of borrowings is adjusted by amortization of initial income (expense) from borrowings and the correspondent expenses are recorded as interest expenses in the income statement using the effective yield method.

4.16 Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include derivatives with negative their fair value that are not carried as hedging instruments and the seller's obligation to deliver securities at a short sale (obligations arising on negotiation of a sale of financial instruments that are not carried at the time of the negotiation).



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4.17 Debt Securities Issued

Debt securities issued include notes, deposit certificates and bonds issued by the Bank. Debt security issued are initially recognised at fair value that is the received amount (fair value of the property received) less transaction costs. Subsequently, debt securities issued are carried at amortised cost and any difference between their initial amount and maturity amount is recorded in the income statement over the circulation period of the debt security using the effective interest method.

At issuance of convertible bonds, the fair value of the option on conversion is measured and separately recognised in the statement of cash flows. The outstanding liability on further payments to holders of bonds to repay the principle and interests is calculated on the basis of the market rate for equivalent inconvertible bonds and recognised at amortised cost using the effective interest method within other borrowings until this liability is settled at conversion or the term to maturity of the bonds is expired.

In the event the Bank repurchases own debt securities, these securities are removed from the balance sheet and the difference between the carrying amount of the liability and the amount paid is included in income (expense) from (early) settlement of the liability

4.18 Trade and Other Payables

The Bank recognizes accounts payable upon fulfilling the liabilities by a contractor and carries them at amortised cost.

4.19 Credit Related Commitments

The Bank enters into credit related commitments, including letters of credit and financial guarantees. Financial guarantees represent irrevocable assurances to make payments in the event that a customer cannot meet its obligations to third parties and carry the same credit risk as loans.

Financial guarantees and credit commitments are recognised initially at fair value confirmed, as a rule, by the amount of received fees and commissions. This amount is depreciated by the straight-line method over the commitment term, other than credit commitment, if it is probable that the Bank will enter into a particular loan agreement and will not plan to use the loan within a short period after it is issued; such fee and commission income related to credit commitments are accounted for as deferred income and included in the loan carrying amount on initial recognition. At the end of every reporting period commitments are measured at the amortised amount on initial recognition or at the best estimation of expenses to settle commitments as at the end of the reporting period, whichever is higher.

The Bank makes provisions for credit related commitments if losses arising from such commitments are probable.

4.20 Share Capital and Share Premium

Share capital is accounted for at historic cost, if it is paid by monetary funds contributed prior to 1 January 2003 inflation is taken into account, non-monetary funds - at fair value at the contribution date.

Share premium represents contributions to the share capital in excess of par value of issued shares.

4.21 Treasury Stock

When the Bank or its subsidiaries redeem the Bank's shares, the equity is decreased by the amount paid, including all additional transaction costs less taxes until these shares are sold or the equity is decreased by their par value. When such shares are thereafter sold the amount received is included with the equity.

4.22 Dividends

Dividends declared after the date of the balance sheet are reported in notes to events after the balance sheet date. Dividends are paid and other profit is distributed on the basis of net profit for the current year as specified in the accounting reports prepared in accordance with legislation of the Russian Federation.

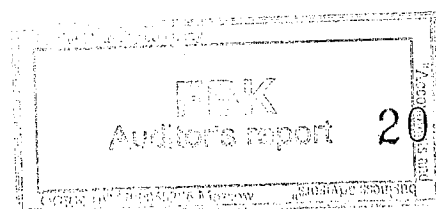
If the Bank declares dividends to holders of equity instruments after the end of the reporting period they are not recognised as liabilities at the end of the reporting period.

Dividends are reported in the statement as a distribution of profit when they are approved by general meeting of shareholders (general meeting of participants).

4.23 Income and Expense Recognition

Interest income and expense are recorded in the income statement for all debt instruments on an accrual basis using the effective interest method.

Fees attributable to the effective interest rate include origination fees received or paid by the Bank relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commissions for the obligation to provide a loan at market prices received by the Bank form an integral part of the effective interest rate if it is probable that the Bank will enter into a particular loan agreement and will not plan to use the loan within a short period after it is issued. The Bank does not classify commitments to originate loans as financial liabilities at fair value through profit or loss.



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When issued loans and other debt instruments become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the interest rate that was used to discount future cash flows for the purpose of measuring the recoverable amount.

Other fee and commission income and other income and expenses are recorded, as a rule, on an accrual basis during the period of provision of a service by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Fee and commission income from third party transactions, e.g. from acquisition of loans, shares and other securities or purchase or sale of entities received in such transactions, is recorded upon completion of the transaction. Fee and commission income from investing portfolio management and other management and consulting services are recorded under provisions of relevant services contracts, as a rule, on a proportion basis of the time spent. Fee and commission income from services related to management of assets (trusting management) is recorded under the provisions of the contract at the date when the Bank receives the right to receive this income and the income amount can be measured. Income from long-term services is recognised every reporting period on a proportion basis of the services provided. The Bank applies the same method to services related to property management, financial planning and to custody services provided on a constant basis in the long run.

4.24 Income Tax

The financial statements records tax expenses in accordance with legislation of the Russian Federation.

Income tax (recovery) in the income statement for the year includes current taxes and changes in deferred taxes. Current tax is calculated on the basis of the expected taxable profit for the year with income tax rates applicable on the date of the balance sheet. Taxes, other than income tax, are recorded within operating expenses.

Deferred income tax is calculated on the basis of balance assets and liabilities method in relation to all temporary differences between the tax base of assets and liabilities and their carrying amount in accordance with the financial statements. Deferred tax assets and liabilities are measured at tax rates enacted in this period or substantively enacted at the end of the reporting period which are expected to apply to the period when the assets are realized or the liabilities are settled.

Deferred tax assets are recorded only to the extent that it is probable that future taxable income is available against which the temporary differences can be utilised. Deferred tax assets and liabilities are only set off within the Bank.

Deferred tax arising from revaluation of available-for-sale financial assets at fair value, with revaluation results credited or charged to equity, is also recognised directly in equity. When these financial assets are disposed of, the respective amounts of deferred income tax are reflected in the statement of income.

Deferred tax assets and liabilities are recognised for temporary differences associated with investments in subsidiaries and associates to the extent that the Bank is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future.

4.25 Foreign Currency Translation

Items in the Bank's financial statements are measured in the currency of the primary economic environment in which the Bank operates (functional currency).

The financial statements are presented in the national currency of the Russian Federation that is the functional currency of the Bank and the presentation currency of these financial statements.

Transactions in foreign currency are stated at the official exchange rate of the Bank of Russia at the transaction date. Foreign exchange gains and losses resulting from the settlement of the transactions in foreign currency are included in the income statement at the official rate of the Bank of Russia at the transaction date.

Monetary assets and liabilities are translated into the currency of the Russian Federation at the official exchange rate of the Bank of Russia at the date of the balance sheet.

Foreign exchange gains and losses resulting from transactions with debt securities and other monetary financial assets at fair value are included in income and expenses from revaluation of foreign currency.

Gains and losses related to non-monetary items such as equity securities classified as financial assets at fair value through profit or loss are recorded as a part of income and expenses from revaluation at fair value.

Gains and losses related to non-monetary available-for-sale financial assets are charged against equity through the fund of revaluation of available-for-sale financial assets.

As on December 31, 2015, the official rate of the Bank of Russia applied for revaluation of foreign currency balances amounted to:

USD	72,8827
EUR	79,6972
CNY	11,2298

According to the approved internal methodology the Bank uses quotations of USD to Hong Kong dollar based on information published by the information system Reuters effective at the date of this exchange rate definition (number being effective before revaluation takes place). This quotation is determined on a daily basis at 11.15 on Hong Kong time by Treasury market Association based on exchange rates published by the empowered banks. The quotation of USD to Russian Rouble is determined based on the official exchange rate of the Bank of Russia effective at the revaluation date.

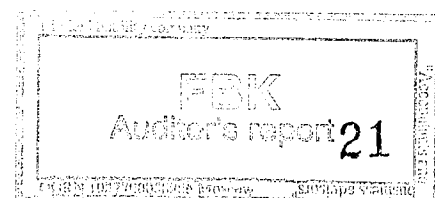
Presently the currency of the Russian Federation is not easily convertible in most countries outside the Russian Federation.

4.26 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.27 Estimated Liabilities

Estimated liabilities are recognised when the Bank has obligations (legal or due to business practice) arisen prior the end of the reporting period. To settle these liabilities, outflow of economic resources is probable and the amount of the liabilities can be reasonable measured.



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4.28 Staff Costs and Related Contributions

Expenses related to salary, wages, bonuses, contributions to state non-budgetary funds are made when works are performed by the Bank's employees; expenses related to temporary disability, maternity leave and other incentives are made when they occur.

The Bank takes the responsibility for payments related to leaves that the Bank's employees have not used. Such liabilities are recorded in the statement of financial position within Other Liabilities and simultaneously in the income statement as leaves falling on the reporting period and within undistributed profit as leaves falling on the previous period.

4.29 Related Party Transactions

The Bank conducts related party transactions. Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

In considering related party relationship, the Bank's attention is directed to the economic substance of the relationship, not merely the legal form.

5 Interest income and expense

Interest income and expense are as follows:

	December 31, 2015	December 31, 2014
<i>Interest income</i>		
Due from financial institutions	1 214 275	576 153
Loans to customers	446 526	396 269
Factoring transactions	54 912	21 808
Held-to-maturity financial assets	62 434	12 662
Total interest income from assets not at fair value through profit or loss	1 778 147	1 006 892
Total interest income	1 778 147	1 006 892
<i>Interest expense</i>		
Due to financial institutions	(269 166)	(152 036)
Accounts and deposits of legal entities	(555 297)	(217 738)
Factoring transactions	(4)	(1 012)
Total interest expense on liabilities not at fair value through profit or loss	(824 467)	(370 786)
Total interest expense	(824 467)	(370 786)
Net interest income	953 680	636 106

As at December 31, 2015, the Bank did not have loans without interest accrual (2014: no loans without interest accrual).

6 Provisions for impairment and other provisions

Provisions for impairment accounted for at profit and loss accounts comprise allowances made in the current year to create provisions for impairment according to the International Accounting Standards.

The change in provisions for impairment for 2015 is as follows:

	Balances as at December 31, 2014	Write-offs from provisions	Income from recovery of provisions for impairment less expense on creation of provisions for impairment	Balances as at December 31, 2015
<i>Change in provision for impairment of interest bearing assets</i>				
Loans to customers	48 057		391 296	439 353
Total change in provision for impairment of interest bearing assets	48 057	-	391 296	439 353
<i>Change in provision for impairment of other assets and other provisions</i>				
Change in other provisions and change in estimated liabilities	130	-	4 383	4 513
Change in provision for impairment of receivables and other assets	130		4 383	4 513
Total change in provision for impairment of other assets and other provisions	130	-	4 383	4 513
Total change in provisions for impairment	48 187	-	395 679	443 866

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The change in provisions for impairment for 2014 is as follows:

	Balances as at December 31, 2013	Write-offs from provisions	Income from recovery of provisions for impairment less expense on creation of provisions for impairment	Balances as at December 31, 2014
<i>Change in provision for impairment of interest bearing assets</i>				
Loans to customers	26 996		21 061	48 057
Total change in provision for impairment of interest bearing assets	26 996	-	21 061	48 057
<i>Change in provision for impairment of other assets and other provisions</i>				
Change in other provisions and change in estimated liabilities	29	-	101	130
Change in provision for impairment of receivables and other assets	29	-	101	130
Total change in provision for impairment of other assets and other provisions	29	-	101	130
Total change in provisions for impairment	27 025	-	21 162	48 187

7 Commission income and expenses

Commission income and expenses are as follows:

	December 31, 2015	December 31, 2014
<i>Commission income</i>		
Cash transactions	50 462	32 826
Settlement transactions	24 006	-
Guarantees issued	20 277	5 520
For granting loans	104 581	-
Other	3 657	12 521
Total commission income	202 983	50 867
<i>Commission expense</i>		
Settlement and cash services, maintenance of accounts	(1 768)	(1 214)
Brokerage and similar agreements	(6 507)	(65)
Guarantees and sureties received	(1 214)	(552)
Transactions with currency valuables	(4 494)	(2 026)
Other	(195)	(2,790)
Total commission expense	(14 178)	(6 647)
Total commission income and expense	188 805	44 220

8 Other operating income

Other operating income is as follows:

	December 31, 2015	December 31, 2014
<i>Other operating income (expense)</i>		
Fines and other penalties	(406)	(81)
Other	4 335	524
Total other operating income	3 929	443

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9 Administrative and other operating expenses

Administrative and other operating expenses are as follows:

	December 31, 2015	December 31, 2014
<i>Operating expenses</i>		
Staff costs	383 663	187 882
Depreciation	11 783	9 588
Charge for the right to use intellectual property	4 424	2 845
Communications services	13 332	8 931
Expenses associated with property and equipment (maintenance, repair, sale)	8 345	6 243
Professional services	10 050	13 731
Advertising and marketing	59	432
Representation costs	1 659	1 718
Business travel expenses	5 063	2 625
Operating lease expense	52 860	28 664
Security costs	4 625	2 298
Taxes and duties other than income tax	18 795	13 383
Inventories writing-off	7 655	4 290
Insurance expenses	4 097	3 148
Other operating expenses	10 652	11 491
Total administrative and other operating expenses	537 162	297 269

Item "Other operational expense" includes expenses on communication, periodicals and acquisition of special literature, presents to the Bank's customers and employees, transport costs, entertainment costs, costs on legal support to the Bank's activities.

Staff costs include:

	December 31, 2015	December 31, 2014
<i>Staff costs</i>		
Salaries and bonuses	353 254	169 230
Contributions to state funds	28 658	17 618
Costs of training	287	116
Other staff benefits	1 464	918
Total staff costs	383 663	187 882

In 2015 the pay-outs to the key managing personnel were RUR 67 039 K (in 2014 the pay-outs to the key managing personnel were RUR 22 854 K).

Item "Expense on salary and bonuses" comprises sums of reserves on non-used vacations of the Bank's employees in the amount of RUR10 831 K (in 2014: RUR 6 312 K).

10 Income tax

Income tax comprises as follows:

	December 31, 2015	December 31, 2014
Current income tax (expense) / recovery	(337 805)	(123 491)
Deferred taxes	217 042	(4 256)
Income tax (expenses) / recovery	(120 763)	(127 747)

The current income tax rate applicable to the most part of the Bank's profit for 2015 is 20% (2014: 20%). In August 2008, to substitute the previous income tax rate of 24%, a new income tax rate of 20% was introduced which is effective since January 1, 2009.

Estimated tax expenses and actual tax expenses are compared below.

	December 31, 2015	December 31, 2014
Profit / (Loss) before taxes	1 352 415	553 386
Estimated tax deductions (recovery) at the rate of 20%	(270 483)	(110 677)
other permanent difference	149 720	(17 070)
Income tax (expenses) / recovery	(120 763)	(127 747)

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Differences between IFRS and tax legislation of the Russian Federation (and other countries) give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and calculation of income tax. Tax effects of movements in these temporary differences for 2015 and 2014 as presented below are recognised at the rate of 20% (2014: 20%), except for income from government (municipal) securities taxable at the rate of 15%, 9%, 0% (2014: 15%, 9%, 0%).

	December 31, 2014	Acquisition and sale	Change recognised in profit and losses	Change recognised in equity	December 31, 2015
<i>Tax effect of deductible temporary differences</i>					
Provisions for impairment of loan portfolio	-	-	60 183	-	60 183
Property and equipment: depreciation	622	-	76	-	698
Other	-	-	158 683	-	158 683
Total deferred tax assets	622	-	218 942	-	219 564
Net deferred tax assets	622	-	218 942	-	219 564
<i>Tax effect of taxable temporary differences</i>					
Provisions for impairment of loan portfolio	1 130	-	(1 130)	-	-
Property and equipment: recognition and revaluation	829	-	70	-	899
Other	1 586	-	2 990	-	4 576
Total deferred tax liabilities	3 545	-	1 930	-	5 475
Total net deferred tax assets (liabilities)	(2 923)	-	217 012	-	214 089

	December 31, 2013	Acquisition and sale	Change recognised in profit and losses	Change recognised in equity	December 31, 2014
<i>Tax effect of deductible temporary differences</i>					
Provisions for impairment of loan portfolio	5 399	-	(5 399)	-	-
Property and equipment: depreciation	316	-	306	-	622
Other	-	-	-	-	-
Total deferred tax assets	5 715	-	(5 093)	-	622
Net deferred tax assets	5 715	-	(5 093)	-	622
<i>Tax effect of taxable temporary differences</i>					
Provisions for impairment of loan portfolio	-	-	1 130	-	1 130
Property and equipment: recognition and revaluation	838	-	(9)	-	829
Other	3 456	-	(1 870)	-	1 586
Total deferred tax liabilities	4 294	-	(749)	-	3 545
Total net deferred tax assets (liabilities)	1 421	-	(4 344)	-	(2 923)

Net deferred tax asset is income tax which can be recorded against future income taxes and is accounted for as deferred tax asset in the Statement of financial position. Deferred tax asset occurred as a result of tax losses carried forward is recognized to the degree it is probable to realize the respective tax concession. In 2015 the Bank recognized the tax asset in the amount of RUB 214 089 K. The recognition of the tax asset is based on probability estimate of the Bank's future gains. The Bank is assured to a great extent in gaining profit in the future periods relevant to cover tax assets occurred due to differences of values: provisions for possible loan related losses established according to the regulatory requirements of the Bank of Russia, measurement of overpaid income tax, measurement of future amounts decreasing the tax base.

11 Earnings (Loss) per share

Basic earnings (loss) per share is calculated by dividing net profit or loss attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the year less average number of ordinary shares repurchased by the Bank.

Parent entity (the Bank) does not have dilutive potential ordinary shares. Diluted earnings per share are thus equal to the basic earnings per share.

	December 31, 2015	December 31, 2014
Earnings (Loss) attributable to shareholders holding ordinary shares of the Bank	1 231 652	425 639
Earnings (Loss) for the year	1 231 652	425 639

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Weighted average number of ordinary shares outstanding (in thousands)	92,38	92,38
Basic and diluted earnings (loss) per ordinary share (in RUB per share)	13 332,45	4 607,48
Diluted earnings (loss) per preferred share (in RUB per share)	13,33	4,61

12 Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash	47 125	61 916
Balances on accounts with the Bank of Russia (other than mandatory reserves)	1 633 707	1 301 216
Balances on correspondent accounts and overnight deposits with resident banks	2 008	1 746
Balances on correspondent accounts and overnight deposits with non-resident banks	19 495 485	21 107 856
Total cash and cash equivalents	21 178 325	22 472 734

Item "Cash on correspondent accounts and overnight deposits" in non-resident banks includes balances of cash placed in foreign banks primarily related to the Group JSC "Industrial and Commercial Bank of China Limited".

Geographical analysis of cash and cash equivalents, break-down of cash and cash equivalents by currency and maturity, and also analysis of interest rates are given in Note 25.

13 Due from financial institutions

Due from financial institutions include loans provided by the Bank to (deposits placed by the Bank with) counterparties, including the Bank of Russia.

	December 31, 2015	December 31, 2014
Term interbank credits and deposits	21 458 241	18 245 400
Other accounts with financial institutions	5 305 312	10 369 744
Total due from financial institutions before provision for impairment	26 763 553	28 615 144
Total due from financial institutions	26 763 553	28 615 144

The Bank does not place funds in financial institutions at rates below average market ones.

Category "Term interbank loans and deposits" comprises amounts of claims on letters of credit to the Russian banks: JSC "Alfa-Bank", JSC "Promsvyazbank", PJSC "VTB", PJSC "Sberbank of Russia". As at 31 December 2015 the volume of those funds was RUR 2 117 549 K (2014: RUR 1 578 753 K).

The Bank actively cooperates with high-profile Russian corporations and holdings. As at the end of 2015 the category "Term interbank loans and deposits" includes balances of accounts of rights to claim funds the volume of which is RUR 3 248 898 K (2013: RUR 3 187 999 K).

Item "Other accounts in financial institutions" includes funds in the amount of RUR 4 232 733 K (2014: RUR 10 305 779 K), provided to foreign banks (mainly to banks of People's Republic of China) within trade financing operations.

Besides as at 31 December 2015 the item "Other accounts in financial institutions" includes the deposit to secure clearing settlement operations in the amount of RUR 60 081 K (2014: RUR 63 965 K).

Funds placed in other banks are not secured.

The analysis of due from financial institutions by credit quality as of December 31, 2015 is set out below:

	Correspondent accounts and "overnight" deposits	Term interbank loans and deposits	Promissory notes of financial institutions	Reverse REPO operations	Other accounts in financial institutions	Total due from financial institutions
<i>Current (at fair value)</i>						-
in 20 blue chip Russian banks	-	12 400 090	-	-	4 686 452	17 086 542
in other banks	-	9 058 151	-	-	618 860	9 677 011
<i>or alternative disclosure on external ratings</i>						
rated AAA	-	1 356 205	-	-	-	1 356 205
rated from AA- to AA+	-	6 390 710	-	-	-	6 390 710
rated from A- to A+	-	2 202 160	-	-	-	2 202 160
unrated	-	11 509 166	-	-	5 305 312	16 814 478
Total current (at fair value)	-	21 458 241	-	-	5 305 312	26 763 553
Total due from financial institutions before provision for impairment	-	21 458 241	-	-	5 305 312	26 763 553
Total due from financial institutions	-	21 458 241	-	-	5 305 312	26 763 553

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The analysis of due from financial institutions by credit quality as of December 31, 2014 is set out below:

	Correspondent accounts and "overnight" deposits	Term interbank loans and deposits	Promissory notes of financial institutions	Reverse REPO operations	Other accounts in financial institutions	Total due from financial institutions
<i>Current (at fair value)</i>						
in 20 blue chip Russian banks	-	11 375 494	-	-	401 591	11 777 085
in other banks	-	5 200 159	-	-	9 968 153	15 168 312
<i>or alternative disclosure on external ratings</i>						
rated AAA	-	3 139 788	-	-	63 965	3 203 753
rated from AA- to AA+	-	6 082 055	-	-	337 626	6 419 681
rated from A- to A+	-	2 153 651	-	-	-	2 153 651
unrated	-	5 200 159	-	-	9 968 153	15 168 312
Total current (at fair value)	-	16 575 653	-	-	10 369 744	26 945 397
Total due from financial institutions before provision for impairment		16 575 653			10 369 744	26 945 397
Total due from financial institutions	-	16 575 653	-	-	10 369 744	26 945 397

The key factor the Bank takes into account when considering depreciation of funds in other banks is presence or absence of overdue debt. During 2015 the Bank did not have overdue debt on funds in other banks. Based on that as at December 31, 2015 the Bank did not depreciate funds placed in other banks either in resident ones or non-resident ones. Historically the Bank has conducted transactions with large scale and medium scale Russian and foreign banks highly rated.

For information on fair value of due from financial institutions refer to Note 28.

Interest rates, maturities and geographical concentration of due from financial institutions are analyzed in Note 25. Information on related party transactions is given in Note 29.

Information on reclassification of financial assets is given in Note 3 "Basis for presentation".

14 Loans and receivables

	December 31, 2015	December 31, 2014
Loans to legal entities	19 632 635	7 986 228
Total loans and receivables before provision for impairment	19 632 635	7 986 228
Provision for impairment	(439 353)	(48 057)
Total loans and receivables	19 193 282	7 938 171

During 2015 the Bank did not provide loans and receivables to customers at rates below the market rates.

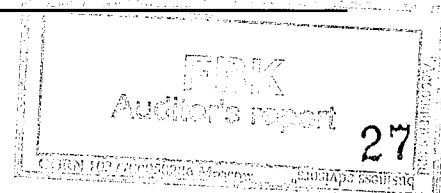
The Bank's activities on the territory of the Russian Federation is characterized by absence of retail business, the Bank does not grant loans to individuals. As at 31 December 2015 lending for current capital of legal entities - corporate customers of the Bank is 43,4% of the total loan portfolio, lending within "refinancing of current debt" was 41,5%, capital-related investments was 10%, lending within trade and export financing was 5,1% (as at 31 December 2014 the structure of the Bank's loan portfolio is as follows: lending for current capital of legal entities - corporate customers of the Bank is 43,4% of the total loan portfolio, lending within "refinancing of current debt" was 41,5%, capital-related investments was 10%, lending within trade and export financing was 5,1% .)

The Bank's customers are high-profile Russian corporations and banking groups. As at the end of 2015 the largest borrowers were: OJSC "Acron", OJSC MMC "NORILSK NICKEL", CJSC RUSSIAN COPPER COMPANY, OJSC Otkritie Financial Corporation Bank, OJSC Sberbank of Russia.

As at 31 December 2015 loans to legal entities in the amount of balance sheet value less provisions of RUR 7 761 025 K were actually secured by guarantees and sureties in the amount of RUR 11 582 807 K (2014: RUR 7 938 178 K and RUR 6 056 211 K respectively).

The break-down of the Bank's loans and receivables by industry is as follows:

	December 31, 2015		December 31, 2014	
	Amount (thousand rubles)	%	Amount (thousand rubles)	%
Trade and services	1 080	0,0%	1 254 027	15,7%
Industry	5 841 065	29,8%	350 532	4,4%
State and municipal organizations	1 270	0,0%	886	0,0%
Oil and gas and chemical industries	4 975 460	25,3%	5 422 984	67,9%
Electric-power industry	562 966	2,9%	466 113	5,8%
Communication and telecommunication	300 031	1,5%	324 815	4,1%
Financing and investing	7 950 763	40,5%	166 618	2,1%
Other	0	0,0%	253	0,0%
Total loans and receivables before provision for impairment	19 632 635	100,0%	7 986 228	100,0%
Provision for impairment	(439 353)		(48 057)	
Total loans and receivables	19 193 282		7 938 171	



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The category "State and municipal organizations" includes prepayment on lease agreements for commercial premises in Main Administration for Service to the Diplomatic Corps. As at December 31, 2015 the amount transferred to the accounts of this company is RUR 1 207 K. From the economic point of view funds transferred to the accounts of a state company are not loan proceeds. Inclusion of these funds into the Bank's loan portfolio is based on the contractual terms when the Bank has a probability to get back the prepaid money.

Information on collateral as of December 31, 2015 is as follows:

	Loans to individuals	Loans to legal entities	Loans to individual entrepreneurs	Commercial loans to legal entities non-secured	Commercial loans to legal entities secured	Loans to individuals - consumer	Loans to individuals - mortgage	Total loans and receivables
Non-secured claims	-	10 585 599	-	-	-	-	-	10 585 599
<i>Loans secured:</i>								
Guarantees and sureties	-	8 835 614	-	-	-	-	-	8 835 614
Total loans and receivables before provision for impairment	-	19 632 635	-	-	-	-	-	19 632 635

Information on collateral as of December 31, 2014 is as follows:

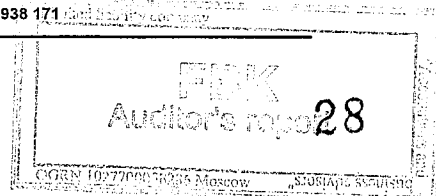
	Loans to individuals	Loans to legal entities	Loans to individual entrepreneurs	Commercial loans to legal entities non-secured	Commercial loans to legal entities secured	Loans to individuals - consumer	Loans to individuals - mortgage	Total loans and receivables
Non-secured claims		3 136 250	-	-	-	-	-	3 136 250
<i>Loans secured:</i>								
Guarantees and sureties		4 849 978	-	-	-	-	-	4 849 978
Total loans and receivables before provision for impairment	-	7 986 228	-	-	-	-	-	7 986 228

Loans and receivables individually reviewed for impairment as at December 31, 2015 are as follows.

	Gross Loans	Provision for impairment	Net Loans	Impairment provision towards gross loans
<i>Loans and receivables individually reviewed for impairment</i>				
Loans to legal entities				
pass loans	3 191	-	3 191	0,0%
requiring control loans	10 384 311	(870 959)	9 513 352	8,4%
sub-prime loans	728 872	(153 054)	575 818	21,0%
loss-making loans	2 350	(2 350)	-	100,0%
Total loans and receivables individually reviewed for impairment	11 118 724	(1 026 363)	10 092 361	9,2%
<i>Loans and receivables aggregate reviewed for impairment</i>				
Loans to legal entities				
requiring control loans	8 513 911	(255 405)	8 258 506	3,0%
Total loans to legal entities	8 513 911	(255 405)	8 258 506	3,0%
Total loans and receivables aggregate reviewed for impairment	8 513 911	(255 405)	8 258 506	
Total loans	19 632 635	(1 281 768)	18 350 867	6,5%

Loans and receivables individually reviewed for impairment as at December 31, 2014 are as follows.

	Gross Loans	Provision for impairment	Net Loans	Impairment provision towards gross loans
<i>Loans and receivables individually reviewed for impairment</i>				
Loans to legal entities				
pass loans	7 042 735	-	7 042 735	0,0%
requiring control loans	943 493	(48 057)	895 436	5,1%
Total loans to legal entities	7 986 228	(48 057)	7 938 171	0,6%
Total loans and receivables individually reviewed for impairment	7 986 228	(48 057)	7 938 171	



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Credit quality of loans and receivables is presented sectioned into the following categories:

Pass – reserve requirement 0% to 2%;
Requiring control – reserve requirement 2% to 20%;
Sub-prime – reserve requirement 20% to 50%;
Doubtful – reserve requirement 30% to 100%;
Loss-making – reserve requirement 100 to 100%.

Reserve requirements are a part of provision for impairment of the total amount of the loan portfolio for this group of loans with similar credit risk characteristics or share of provision for impairment of the total loan amount estimated on the individual basis.

While considering whether a loan may be impaired, the Bank pays careful attention to the substantial factors such as presence or absence of past due payments and possibilities to sell collateral if there's any. The category "loans requiring control" includes loans issued to customers the information of financial condition of whom is absent or improper. The depreciation was measured individually at interest rates calculated by blue chip Russian banks.

During 2015 the Bank evaluated the loan portfolio taking into account the effect of operational and interest rate risks. According to the results of the calculations the amount of provisions for possible losses increased by 96% (as compared to 2014) which had a significant effect of the Bank's financial result according to the results of 2015. In estimating the impairment value of the loan portfolio the Bank took into account the figures at the date of these financial statements preparation which were different from the figures as at 31 December 2015. During the first quarter of 2016 part of loans was repaid, the said loans were not included in estimation of the impairment value of the loan portfolio. If the loans had not been repaid in due time the impairment value of the loan portfolio at the date of these financial statements preparation would have been RUB 1 281 768 K which is 5% more than the actual provision established.

Interest rates, maturities and geographical concentration of loans and receivables to customers are analyzed in Note 25. Information on related party transactions is given in Note 29.

For information on fair value of loans and receivables to customers refer to Note 28.

15 Held-to-maturity financial assets

	December 31, 2015	December 31, 2014
<i>Debt securities</i>		
Bonded loans of RF	602 047	30 550
Corporate bonds	99 782	-
Debt securities of other banks	1 410 914	160 116
Total debt securities before provision for impairment	2 112 743	190 666
Total held-to-maturity financial assets	2 112 743	190 666

During at 2015 the Bank did not allocate funds in held-to-maturity financial assets at rates below market rates.

During the whole period of operation the Bank has invested temporarily free funds in highly liquid government bonds and bonds of the blue chip corporations and banks of the quotation list "A". In 2015 the Bank increased investments in financial assets held to maturity due to purchase of bonds of the Chinese bank China Development Bank. These bonds were recognized in the financial statements as debt securities of other banks.

Interest rates, maturities and geographical concentration of held-to-maturity financial assets are analyzed in Note 25. Information on related party transactions is given in Note 29.

For information on fair value of held-to-maturity financial assets refer to Note 28.

Information on reclassification of financial assets is given in Note 3 "Basis for presentation".

16 Property and equipment and intangible assets

The value of property and equipment and intangible assets in 2015 is as follows.

	Buildings	Office equipment	Motor vehicles	Investments	Lease	Intangible assets	Furniture and other implements	Total property and equipment and intangible assets
Carrying amount as at 1 January 2015	-	17 515	-	-	-	-	64	17 579
<i>Value (or estimate)</i>								
Value (or estimate) as at 1 January 2015	-	34 185	1 308	-	-	-	1 125	36 618
Additions	-	7 068	-	-	-	-	-	7 068
Disposals	-	(952)	-	-	-	-	(54)	(1 006)
Value (or estimate) as at 31 December 2015	-	40 301	1 308	-	-	-	1 071	42 680
<i>Cumulative depreciation</i>								
Cumulative depreciation as at 1 January 2015	-	(16 079)	(1 308)	-	-	-	(1 016)	(18 403)
Depreciation charge	-	(11 739)	-	-	-	-	(44)	(11 783)
Disposals	-	952	-	-	-	-	53	1 005
Cumulative depreciation as at 31 December 2015	-	(26 866)	(1 308)	-	-	-	(1 007)	(29 181)
Carrying amount as at 31 December 2015	-	13 435	-	-	-	-	64	13 499

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The value of property and equipment and intangible assets in 2014 is as follows.

	Buildings	Office equipment	Motor vehicles	Investments	Lease	Intangible assets	Furniture and other implements	Total property and equipment and intangible assets
Carrying amount as at January 1	-	18 395	-	-	-	-	126	18 521
<i>Value (or estimate)</i>								
Value (or estimate) as at January 1	-	25 918	1 308	-	-	-	1 125	28 351
Additions	-	8 671	-	-	-	-	-	8 671
Disposals	-	(404)	-	-	-	-	-	(404)
Value (or estimate) as at December 31	-	34 185	1 308	-	-	-	1 125	36 618
<i>Cumulative depreciation</i>								
Cumulative depreciation as at January 1	-	(7 523)	(1 308)	-	-	-	(999)	(9 830)
Depreciation charge	-	(9 550)	-	-	-	-	(38)	(9 588)
Disposals	-	403	-	-	-	-	-	403
Cumulative depreciation as at December 31	-	(16 670)	(1 308)	-	-	-	(1 037)	(19 015)
Carrying amount as at December 31	-	17 515	-	-	-	-	88	17 603

17 Other assets

	December 31, 2015	December 31, 2014
Prepaid expenses, advances, excess payments	149 441	34 835
Other	463	136
Provision for impairment	(4 513)	(130)
Total other assets	145 391	34 841

Interest rates, maturities and geographical concentration of other assets are analyzed in Note 25. Information on related party transactions is given in Note 29.

18 Due to financial institutions

	December 31, 2015	December 31, 2014
Correspondent accounts and overnight deposits of other banks	13 215 145	6 564 161
Term loans and deposits of other banks	5 949 657	10 327 575
Total due to financial institutions	19 164 802	16 891 736

During 2015 the Bank did not raise funds of financial institutions at rates above market.

For information on fair value of due to financial institutions refer to Note 28.

Interest rates, maturities and geographical concentration of due to financial institutions are analyzed in Note 25. Information on related party transactions is given in Note 29.

19 Customer accounts

	December 31, 2015	December 31, 2014
<i>Accounts of private entities</i>		
Current and settlement accounts	14 758 738	5 531 664
Term deposits	27 973 027	29 598 016
Total accounts of private entities	42 731 765	35 129 680
<i>Individual accounts</i>		
Current accounts and demand deposits	170	5
Total individual accounts	170	5
<i>Other customer accounts</i>		
Other customer accounts	26	112
Total other customer accounts	26	112
Total customer accounts	42 731 961	35 129 797

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State and public organizations do not include state-owned commercial enterprises.

The Bank does not attract term individuals' deposits. As at December 31, 2015 item "Individual accounts" comprises settlement accounts of individual entrepreneurs.

Over the whole period of operation the Bank's data base has been quite stable and is based on Russian representatives of Chinese commercial and state-owned companies. Russian customers of the Bank include blue chip energy providers as well as trade companies attributed to the category "medium and small scale business".

During 2015 the Bank did not raise customer accounts at rates above market.

In customer accounts 86,5% is funds placed on term deposits for the period from 3 to 6 months (2014: 49,7%), 11% is funds "on demand" and "less than 1 month" (2014: 38,3%). The cost of resources attracted from legal entities and individuals - individual entrepreneurs is the major part of all interest expenses of the Bank and equals 67,3% as at 31 December 2015. Funds of the category "current and settlement accounts" comprise liabilities of the Bank on outstanding payments including category "cross-border payments" in the amount of RUB 60 012 K. Delay in payment of customers is due to technical issues and related to temporary difference between Russia and China.

For information on fair value of customer accounts refer to Note 28.

Interest rates, maturities and geographical concentration of customer accounts are analyzed in Note 25. Information on related party transactions is given in Note 29.

Distribution of customer accounts by economic sectors is given below:

	December 31, 2015		December 31, 2014	
	Amount (thousand rubles)	%	Amount (thousand rubles)	%
Trade and services	13 094 220	30,6%	17 028 402	48,5%
Industry	1 790 027	4,2%	447 275	1,3%
State and municipal organizations	301 458	0,7%	248 845	0,7%
Oil and gas and chemical industry	54 012	0,1%	2 150 397	6,1%
Electric power industry	0	0,0%	17 395	0,0%
Construction	23 056 347	54,0%	9 856 337	28,1%
Communication and telecommunications	3 891 208	9,1%	3 962 224	11,3%
Financing and investing	482 835	1,1%	489 908	1,4%
Transport	1 434	0,0%	910 393	2,6%
Food industry and agriculture	196	0,0%	100	0,0%
Individuals	170	0,0%	5	0,0%
Other	60 051	0,1%	18 516	0,1%
Total customer accounts	42 731 958	100,0%	35 129 797	100,0%

As at 31 December 2015 the Bank have 1 customer with balances more than 20% of all customer accounts.

20 Other liabilities

Other liabilities include non-financial liabilities only.

	December 31, 2015	December 31, 2014
Accounts payable	38	18
Taxes payable other than current income taxes	2 874	11 241
Accrued expenses on payment of remuneration to staff	45 761	6 312
Other liabilities	14 203	66 753
Total other liabilities	62 876	84 324

21 Subordinated loans

The subordinated debt in the amount of RUR 3 655 829 K (2014: RUR 4 509 509 K) has been formed by loan received by the Bank from the parent company JSC "Industrial and Commercial Bank of China Limited".

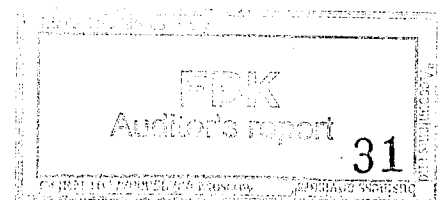
The loan in the amount of USD 30 000 K was granted in July 2010. It has been extended for a five year term with the maturity in 2015. The loan has a variable interest rate set on the basis of 3M Libor+. According to the contractual terms early repayment of the subordinated debt is not permitted. In 2015, the Bank repaid the subordinated loan.

The loan in the amount of USD 50 000 K was granted in July 2013. It has been extended for a ten year term with the maturity in 2023. The agreement stipulates a variable interest rate set on the basis of 6M Libor+1,3%. According to the loan agreement the subordinated debt is converted into equity shares of the Bank in cases stated in the regulations of the Bank of Russia.

22 Share capital and share premium

	Number of shares	Par value per share, thousands of Russian Rubles	Par value, RUB (thousands of Russian Rubles)
Ordinary shares/ interests	92 380	25	2 309 500
Total share capital and share premium	92 380		2 309 500

The par value of each ordinary share is RUB 25 K per share. Each share represents one vote.



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On November 26, 2012 the Bank conducted the complete registration of the increased share capital in the amount of RUR 1 309 500 K which is 52 380 items with par value of RUR 25 K each.

23 Retained earnings / accumulated deficit

The Bank keeps books in the currency of the Russian Federation and makes accounting records in compliance with the requirements of banking laws of the Russian Federation. These financial statements are prepared on the basis of these accounting records which were adjusted to bring them in compliance with all material aspects of IFRS.

The table below presents the effect of these adjustments on the equity, particularly on profit or loss, in the reporting period.

The effect of adjustments on figures in financial statements as at December 31, 2014 is as follows.

	Equity		Profit (Loss)	
	Absolute value	As percentage of the value in compliance with Russian legislation	Absolute value	As percentage of the value in compliance with Russian legislation
Value in compliance with Russian legislation and requirements of supervisory authority, the Bank of Russia	3 165 625	100,0%	1 319 156	100,0%
Value in accordance with IFRS	3 164 323	100,0%	1 231 652	93,4%

The effect of adjustments on figures in financial statements as at December 31, 2014 is as follows.

	Equity		Profit (Loss)	
	Absolute value	As percentage of the value in compliance with Russian legislation	Absolute value	As percentage of the value in compliance with Russian legislation
Value in compliance with Russian legislation and requirements of supervisory authority, the Bank of Russia	2 749 819	100,0%	415 807	100,0%
Value in accordance with IFRS	2 738 684	99,6%	425 639	102,4%

	December 31, 2015		December 31, 2014	
	Equity net of profit / (loss) for the reporting period	Profit / (Loss) for the reporting period	Equity net of profit / (loss) for the reporting period	Profit / (Loss) for the reporting period
Value in compliance with Russian legislation and requirements of supervisory authority, the Bank of Russia	3 165 625	1 319 156	2 749 819	415 807
Recovery of provisions for impairment in accordance with the requirements of the Russian legislation	61 985	94 285	14 666	47 319
Impairment of interest bearing assets	(47 057)	(391 296)	(26 996)	(20 061)
Other provisions and estimated liabilities	(116)	(4 383)	(15)	(101)
Deferred taxes	(2 834)	217 042	1 422	(4 256)
Depreciation of property and equipment	(11 703)	(1 038)	(2 115)	(9 588)
Interest income and expense	-	3 191	-	-
Operating income and expense	(1 578)	(5 305)	1 903	(3 481)
Value in accordance with IFRS	3 164 322	1 231 652	2 738 684	425 639

In compliance with legislation of the Russian Federation, accumulated retained earnings as per accounting reports of the Bank prepared in accordance with Russian Accounting Standards may be distributed to its shareholders as dividends. As at December 31, 2015, retained earnings of previous years and unused profit for the reporting period amount to RUB 856 126 K (2014: RUB 834 110 K).

24 Analysis by segment

The Bank does not make disclosures in accordance with IFRS 8 Operating Segments while its debt and equity securities are not publicly traded in money markets and Bank is not issuing such financial instruments in a public securities market.

25 Risk Management

The Bank manages the following financial risks:

- Credit risk
- Liquidity risk
- Geographical risk
- Market risk
 - Interest rate risk
 - Currency risk
 - Equity risk
- Operational risk
- Legal risk

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The principal task of financial risk management is to establish and to ensure further adherence to risk limits. The assessment of assumes risk also form the basis for optimal allocation of capital, taking into account risks, formation of pricing for transactions and measurement of performance. Operational and legal risk management shall ensure proper adherence to internal regulations and procedures to minimize operational and legal risks.

The priority is to ensure the maximum soundness of assets and capital through minimization of exposure to risks that may result in unexpected losses. All risks that may adversely affect the Bank's meeting its objectives are recognised and measured on a regular basis. This approach applies to all risks assumed by the Bank in the course of its business (credit risk, liquidity risk, operational risk, market risk, legal risk, country risk, reputational risk, strategy risk).

The Bank's risks are mainly concentrated in transactions that make a major contribution to its financial result, namely: lending to legal entities, trade financing of export-import operations, and transactions in the securities and currency markets. With high growth rates, the Banks traditionally follows solidity and farseeing principles. The complete independence in risk assessment and management is based on the Bank's corporate structure where Risk Management Department is separated from business departments that initiate risk-taking and reports directly to President of the Bank.

The key strategic objective of the Bank is to ensure high sustainability and maintain its profit at the level allowing development of the Bank and to withdraw from activities with high risk.

– Credit risk

The Bank is exposed to credit risk, which is a risk of a counterparty being unable to meet its credit obligations in whole when due. The Bank manages credit risk by setting exposure limits for individual borrowers and groups of related borrowers. Credit risk is monitored on a regular basis, with review of exposure limits at least once a year. Exposure limits in relation to products and borrowers are approved by the Bank Board. Risks related with borrowers, including banks and brokers, are also restricted by limits that cover balance sheet and off-balance-sheet risks, and daily settlement risk limits for deliveries in relation to trade instruments such as forward exchange contracts. Actual adherence to the established limits on accepted risks is monitored on a day-to-day basis.

The Bank's risk management system includes:

- diversification of the Bank's loan portfolio and investments;
- preliminary analysis of a borrower's creditworthiness (the Bank validates the borrower's credit history, examine the borrower's reputation, analyses financing and operating activities, explores whether the borrower is able to redeem a debt, analyses security for credit and other possible factors);
- creation of provisions for the Bank's credit risk on the basis of the preliminary analysis;
- control over loans provided earlier;
- setting the maximum credit risk;
- setting limits to powers of the Bank's collective bodies and officials;
- delineation of responsibilities between employees, etc.

To manage credit risk, the Bank has established the Credit Committee which is responsible for consideration and approval credit limits for borrowers. Meetings of the Credit Committee are regular.

The Bank closely monitors the concentration of large credit risk exposure and compliance with prudential requirements of the Bank of Russia, analysis and forecast of credit risks that are presently treated as acceptable.

The Bank closely monitors the concentration of large credit risk exposure and compliance with prudential requirements of the Bank of Russia, analysis and forecast of credit risks that are presently treated as acceptable.

The monitoring system for loan and equal indebtedness permits early detection of distressed asset and immediate measures to mitigate credit risks.

The Bank monitors credit risk concentration by industries and geographic regions. Credit risk concentration related with loans is analyzed in Note 14.

– Liquidity risk

Liquidity risk is defined as the risk of mismatch between the maturities of assets and liabilities.

The liquidity is assessed depending on:

- the amount of assets available to the Bank and possible term of disposal of these assets without significant loss for the Bank;
- outstanding liabilities, time to their maturity and time-history of the amount of liabilities.

A position is treated as a risk position when liquid assets of the Bank and expected financial resources are not sufficient for the Bank to perform its obligations within a certain period of time.

Instant (quick) liquidity is the ratio of claims to obligations of the Bank to be settled throughout the current day. Short-term, medium-term and long-term liquidity is the ratio of claims to obligations of the Bank to be settled within established periods of time

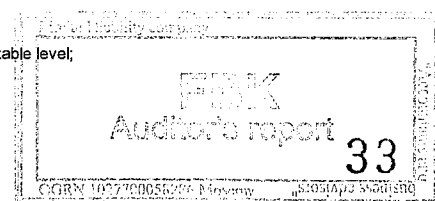
Liquidity risk is regulated by controlling shortage/excess of monetary resources, allocation and re-allocation of monetary resources by instruments and their investment terms, liquidity and rate of return.

The system of liquidity analysis is based on maturity gap between claims (assets) and obligations (liabilities) of the Bank which requires daily measurement of liquidity excess (shortage) indices and coefficients in accordance with instructions of the Bank of Russia.

The Board of the Bank set limits on liquidity excess/shortage by the term of obtaining and repayment of funds that allows efficient allocation of the Bank's assets by maturity with low risk. The Bank's liquidity analysis involves adherence to these limits, analysis of their absolute values and dynamics, and also comparison of these values with the limits set in the Bank.

Liquidity risk management includes the following:

- forecasting of payment flows by main currencies and determination of required amount of liquid assets;
- monitoring and forecasting of liquidity ratios;
- maintenance of diversified resource sources;
- planning of loan indebtedness repayment depending on availability of funds and maintenance of liquidity risk at acceptable level;



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- planning for recovery of required liquidity position under unfavourable or critical circumstances;
- re-allocation of assets by maturity (provision of short-term, medium-term and long-term loans, performing speculative and investing operations at the securities market, redefinition of open foreign-currency position transferable to the next day).

The Bank's liquidity management requires the determination of what amount of liquid assets is necessary to settle liabilities at their maturity, access to various sources of financing, plans of action in case of problems with financing and monitoring whether balance sheet liquidity ratios comply with requirements of legislation of the Russian Federation.

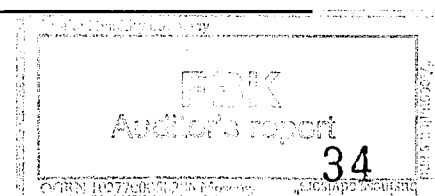
The Bank measures liquidity ratio on a daily basis in compliance with requirements of the Bank of Russia. During the reporting year, the Bank did not commit any non-compliance with the established liquidity requirements.

The carrying values of financial instruments sectioned by expected maturity terms as of 31 December 2015 are presented in the table below:

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 12 months	Non-stated maturity	Total
ASSETS						
Cash and cash equivalents	21 178 325	-	-	-	-	21 178 325
Mandatory cash balances with the Bank of Russia	390 558	-	-	-	-	390 558
Due from financial institutions	12 078 912	10 676 473	3 817 371	190 797	-	26 763 553
Loans and advances to customers	-	198 571	5 126 802	13 867 909	-	19 193 282
Held-to-maturity financial assets	-	-	-	2 112 743	-	2 112 743
Deferred tax asset	214 089	-	-	-	-	214 089
Property and equipment and intangible assets	-	-	-	13 499	-	13 499
Other assets	5 270	84 646	37 883	17 592	-	145 391
Total assets	33 867 154	10 959 690	8 982 056	16 202 539	-	70 011 440
LIABILITIES						
Due to financial institutions	13 315 145	-	3 603 697	2 245 960	-	19 164 802
Customer accounts other than individual accounts	17 821 564	24 191 527	306 412	412 285	-	42 731 788
Individual accounts	170	-	-	-	-	170
Other liabilities and provisions	62 876	-	-	-	-	62 876
Subordinated loans	-	-	-	3 655 829	-	3 655 829
Total liabilities	31 199 755	24 191 527	3 910 109	6 314 074	-	65 615 465
Net balance sheet position at December 31, 2015	2 667 399	(13 231 837)	5 071 947	9 888 465	-	4 395 974
Net balance sheet position on accrual basis at December 31, 2015	2 667 399	(10 564 438)	(5 492 491)	4 395 974	-	-

The carrying values of financial instruments sectioned by expected maturity terms as of 31 December 2014 are presented in the table below:

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 12 months	Non-stated maturity	Total
ASSETS						
Cash and cash equivalents	22 472 734	-	-	-	-	22 472 734
Mandatory cash balances with the Bank of Russia	513 453	-	-	-	-	513 453
Due from financial institutions	13 356 079	10 594 401	3 146 412	1 518 252	-	28 615 144
Loans and advances to customers	1 477	2 249 810	818 036	4 868 848	-	7 938 171
Held-to-maturity financial assets	52 376	-	8 854	129 436	-	190 666
Deferred tax asset	-	-	-	-	-	-
Property and equipment and intangible assets	-	-	-	17 603	-	17 603
Other assets	34 506	335	-	-	-	34 841
Total assets	36 430 625	12 844 546	3 973 302	6 534 139	-	59 782 612
LIABILITIES						
Due to financial institutions	11 258 641	924 353	151 734	4 557 008	-	16 891 736
Customers accounts	30 029 610	4 952 768	147 419	-	-	35 129 797
Deferred tax liability	2 923	-	-	-	-	2 923
Other liabilities and provisions	74 468	9 856	-	-	-	84 324
Subordinated loans	-	-	1 688 595	2 820 914	-	4 509 509
Total liabilities	41 365 642	5 886 977	1 987 748	7 377 922	-	56 618 289
Net balance sheet position at December 31, 2014	(4 935 017)	6 957 569	1 985 554	(843 783)	-	3 164 323
Net balance sheet position on accrual basis at December 31, 2014	(4 935 017)	2 022 552	4 008 106	3 164 323	-	-



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The table below shows liabilities as at December 31, 2015 broken down by contractual time to maturity. The presented amounts reflect contractual undiscounted cash flows, and also total financial leasing liabilities (before future payments), prices specified in currency forward contract for cash purchase of financial assets, contractual amounts redeemable in exchange swaps the settlement under which is made on a gross basis. These undiscounted cash flows differ from figures in the balance sheet while the latter is based on discounted cash flows.

As a rule, the difference from the carrying amount is increased potential costs for borrowings in accordance with terms and conditions of contracts in force at the settlement date till the end of their realization.

When the amount payable is not fixed, the amount in the table is calculated depending on conditions existing at the end of the reporting period. Currency payments are restated with spot foreign exchange rate effective at the end of the reporting period.

The analysis of financial liabilities by maturity as at December 31, 2015 is given in the table below:

	At call and within one month	1 to 6 months	6 to 12 months	After 12 months	Total
LIABILITIES					
Due to financial institutions	13 332 123	84 323	3 430 533	2 481 017	19 327 996
Customer accounts other than individual accounts	6 456 092	11 574 268	23 982 622	718 806	42 731 788
Individual accounts	-	170	-	-	170
Other liabilities and provisions	12 631	50 245	-	-	62 876
Subordinated loans	-	-	-	3 655 829	3 655 829
Guarantees issued	-	-	-	4 028 832	4 028 832
Undrawn credit lines and overdraft limits	-	-	-	1 353 658	1 353 658
Total potential future payments on financial liabilities	19 800 846	11 709 006	27 413 155	12 238 142	71 161 149

The analysis of financial liabilities by maturity as at December 31, 2014 is given in the table below:

	At call and within one month	1 to 6 months	6 to 12 months	After 12 months	Total
LIABILITIES					
Due to financial institutions	11 313 670	946 193	231 277	4 853 146	17 344 286
Customer accounts other than individual accounts	30 083 141	4 928 683	149 690	-	35 161 514
Individual accounts	5	-	-	-	5
Deferred tax liability	2 923	-	-	-	2 923
Other liabilities and provisions	74 468	9 856	-	-	84 324
Subordinated loans	12 911	11 942	1 710 657	3 170 843	4 906 353
Total potential future payments on financial liabilities	41 487 118	5 896 674	2 091 624	8 023 989	57 499 405

- Geographical risk

Assets and liabilities are (normally) classified by the country of residence of counterparty.

The geographical analysis of assets and liabilities of the Bank as at December 31, 2015 is given below:

	Russia	OECD	Southeast Asia	Other countries	Total
ASSETS					
Cash and cash equivalents	1 682 722	16 394	16 882 329	2 596 880	21 178 325
Mandatory cash balances with the Bank of Russia	390 558	-	-	-	390 558
Due from financial institutions	22 300 459	-	4 463 094	-	26 763 553
Loans and receivables	9 246 371	-	6 442 066	3 504 845	19 193 282
Held-to-maturity financial assets	701 578	-	1 411 165	-	2 112 743
Deferred tax asset	214 089	-	-	-	214 089
Property and equipment and intangible assets	13 499	-	-	-	13 499
Other assets	145 391	-	-	-	145 391
Total assets	34 694 667	16 394	29 198 654	6 101 725	70 011 440
LIABILITIES					
Due to financial institutions	2 449 802	216 127	15 965 574	533 299	19 164 802
Customer accounts other than individual accounts	41 777 558	443 494	510 711	25	42 731 788
Individual accounts	170	-	-	-	170
Deferred tax liability	-	-	-	-	-
Other liabilities and provisions	62 874	-	-	2	62 876
Subordinated loans	-	-	3 655 829	-	3 655 829
Total liabilities	44 290 404	659 621	20 132 114	533 326	65 615 465
Net balance	(9 595 737)	(643 227)	9 066 540	5 568 399	4 395 975

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The analysis of the Bank's risk resulting from fluctuations in interest rates as at December 31, 2014 is given below.

	At call and within one month	1 to 6 months	6 to 12 months	After 12 months	Indefinite term / No interest rate risk	Total
ASSETS						
Cash and cash equivalents	22 472 734	-	-	-	-	22 472 734
Mandatory cash balances with the Bank of Russia	-	-	-	-	513 453	513 453
Due from financial institutions	13 356 079	10 594 401	3 146 412	1 518 252	-	28 615 144
Loans and receivables	1 477	2 249 810	818 036	4 868 848	-	7 938 171
Held-to-maturity financial assets	52 376	-	8 854	129 436	-	190 666
Deferred tax asset	-	-	-	-	-	-
Property and equipment and intangible assets	-	-	-	-	17 603	17 603
Other assets	-	-	-	-	34 841	34 841
Total assets	35 882 666	12 844 211	3 973 302	6 516 536	565 897	59 782 612
Accrued total assets	35 882 666	48 726 877	52 700 179	59 216 715	59 782 612	
LIABILITIES						
Due to financial institutions	11 258 641	924 353	151 734	4 557 008	-	16 891 736
Customer accounts other than individual accounts	30 029 605	4 952 768	147 419	-	-	35 129 792
Individual accounts	5	-	-	-	-	5
Deferred tax liability	-	-	-	-	2 923	2 923
Other liabilities and provisions	-	-	-	-	84 324	84 324
Subordinated loans	-	-	1 688 595	2 820 914	-	4 509 509
Total liabilities	41 288 251	5 877 121	1 987 748	7 377 922	87 247	56 618 289
Accrued total liabilities	41 288 251	47 165 372	49 153 120	56 531 042	56 618 289	
Marginal gap	(5 405 585)	6 967 090	1 985 554	(861 386)	478 650	
Gap ratio (cumulative relative gap on accrual basis)	0,87	1,03	1,07	1,05	1,06	
Interest rate sensitivity	(51 804)	49 350	4 964			2 511

Sensitivity to fluctuations in interest rates is the effect of a parallel shift in all yield curves of 100 basis points to the amount of net interest income for a year.

- Currency risk

The Bank is exposed to currency risk that is the risk of losses arising from adverse changes in exchange rates on open foreign currency positions.

The Bank sets limits on the level of accepted risk by currency and comprehensively both for the end of each day and throughout the day and controls adherence to these limits on a daily basis.

The tables below provides general analysis of the Bank's currency risk as at the reporting date, December 31, 2015:

	RUB	USD	EUR	CNY	HKD	Total
ASSETS						
Cash and cash equivalents	1 653 318	2 991 889	5 939 869	107 654	10 485 595	21 178 325
Mandatory cash balances with the Bank of Russia	390 558	-	-	-	-	390 558
Due from financial institutions	14 922 894	6 482 488	399 016	4 155 754	803 401	26 763 553
Loans and receivables	598 737	13 636 399	-	4 958 146	-	19 193 282
Held-to-maturity financial assets	701 578	-	-	1 411 165	-	2 112 743
Property and equipment and intangible assets	13 499	-	-	-	-	13 499
Other assets	144 424	960	-	7	-	145 391
Total assets	18 425 008	23 325 825	6 338 885	10 632 726	11 288 996	70 011 440
LIABILITIES						
Due to financial institutions	9 321 356	1 184 286	2 888	8 199 771	456 501	19 164 802
Customer accounts other than individual accounts						
current accounts, demand deposits	1 327 797	7 022 335	6 325 336	83 152	118	14 758 738
term deposits	3 470 887	11 974 025	-	1 580 320	10 947 818	27 973 050
Individual accounts						
current accounts, demand deposits	170	-	-	-	-	170
Deferred tax liability	-	-	-	-	-	-
Other liabilities and provisions	50 475	1 017	11 383	-	-	62 876
Subordinated loans	-	3 655 829	-	-	-	3 655 829
Total liabilities	14 170 685	23 837 492	6 339 607	9 863 243	11 404 437	65 615 465
Net balance	4 254 323	(511 667)	(722)	769 483	(115 441)	4 395 975

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The tables below provides general analysis of the Bank's currency risk as at the reporting date, December 31, 2014:

	RUB	USD	EUR	CNY	HKD	Total
ASSETS						
Cash and cash equivalents	1 317 871	11 105 859	2 400 135	70 457	7 578 412	22 472 734
Mandatory cash balances with the Bank of Russia	513 453		-	-	-	513 453
Due from financial institutions	3 710 676	16 668 609	731 438	7 138 930	365 491	28 615 144
Loans and receivables	1 930 513	5 563 068	444 590	-	-	7 938 171
Held-to-maturity financial assets	190 666	-	-	-	-	190 666
Property and equipment and intangible assets	17 603	-	-	-	-	17 603
Other assets	34 841	-	-	-	-	34 841
Total assets	7 715 623	33 337 536	3 576 163	7 209 387	7 943 903	59 782 612
LIABILITIES						
Due to financial institutions	968 355	4 982 554	7 580	6 944 740	3 988 507	16 891 736
Customer accounts other than individual accounts						-
current accounts, demand deposits	264 482	5 237 646	6 959	20 749	1 940	5 531 776
term deposits (more than 30 days)	3 271 343	18 617 434	3 520 130	235 198	3 953 911	29 598 016
Individual accounts						-
current accounts, demand deposits	2	3	-	-	-	5
Deferred tax liability	2 923			-	-	2 923
Other liabilities and provisions	17 578	1 376	65 369	-	-	84 323
Subordinated loans		4 509 509	-	-	-	4 509 509
Total liabilities	4 524 683	33 348 522	3 600 038	7 200 687	7 944 358	56 618 288
Net balance	3 190 940	(10 986)	(23 875)	8 700	(455)	3 164 324

- Equity risk

During the reporting period, the Bank did not conduct transactions with assets that are subject to equity risk.

The Bank assumes equity risk arising from changes in fair value of securities held by the Bank and their quoted market prices. To minimize equity risk, the Bank monitors its liquidity, sets limits on transactions with securities and controls adherence to these limits.

- Operational risk

Operational risk is the risk of losses resulting from inadequacy of internal processes and procedures for banking operations and other transactions to the type and range of the Bank's business and (or) applicable legislation, breaches of them by the Bank's employees and (or) other persons (due to their incompetence, unintended or intended act or omission), disproportionate (insufficient) functionality (characteristics) of information, technological and other systems used by the Bank and (or) their functional failures, and also from external events.

The Bank's operational risk management involves several stages: identification, assessment, monitoring, control and/or minimization of operational risk.

To minimize operational risks, the Bank regularly reviews information security, improves internal normative documents regulating procedures of transactions, optimizes informational flows and internal document workflow

The Bank identifies operational risk on a regular basis. To that effect, the Bank maintains an analytic database of operating losses incurred broken down by activities of the Bank to record types and amounts of losses, and also circumstances under which these losses have been occurred. The Bank also maintains an external database of operational risks that presents realized facts of operational risk in the external environment of the Bank.

- Legal risk

Legal risk is the risk that the Bank may incur losses due to its incompliance with laws and regulations, and concluded contracts, legal errors committed in operating activity, imperfect legal system (inconsistent legislation of the Russian Federation, lack of legal norms to regulate some issues which arise in the course of business of the Bank), violation by counterparties of laws and regulations and terms and conditions of concluded contracts.

The Bank maintains continued ongoing monitoring of changes in Russian and international legislation and timely amends internal instructions and regulations and thus reduces this risk.

26 Capital management

The Bank's capital management is aimed at the following: (i) adherence to capital requirements set by the Bank of Russia and (ii) ensuring the Bank's ability to operate as a going concern.

The Central Bank of the Russian Federation sets the rules of calculation of base capital, key capital and equity of the Bank for the purpose of regulation. At present in accordance with the requirements of the Central Bank of the Russian Federation banks must keep the requirement of relation of base capital value, key capital value and equity value to the value of assets weighed with account to risk higher than the defined minimum level. As of 31 December 2015 the said minimum level for base capital adequacy ratio was 5% (31 December 2014: 5%), for key capital adequacy ratio - 5.5% (31 December 2014: 5.5%) and for equity adequacy ratio - 10% (31 December 2014: 10%).

During 2015 and 2014 the base capital adequacy ratio, the key capital adequacy ratio and equity adequacy ratio were in compliance with the set minimum level. The table below shows regulatory capitals and values of capital adequacy ratios based on the Bank's reports prepared in accordance with the requirements of the Russian legislation:

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	December 31, 2015	December 31, 2014
Value of base capital	3 165 625	2 749 819
Value of key capital	3 165 625	2 749 819
Value of equity (capital)	8 116 644	6 157 126
Base capital adequacy ratio (H1.1), %	6,7	6,1
Key capital adequacy ratio (H1.2), %	6,7	6,1
Equity (capital) adequacy ratio (H1.0), %	17,1	13,7

Control over observation of capital adequacy ratio set by the Bank of Russia is exercised by the credit institution on a daily basis. The credit institution files on a monthly basis to the Bank of Russia the calculations of capital adequacy ratio which are checked and approved by the head and the chief accountant of the credit institution. Other aims of capital management are assessed on a yearly basis.

During 2015 and 2014, the Bank complied with all external capital requirements.

27 Contingent liabilities

In its activities the Bank employs financial instruments with off-balance sheet risks. These instruments bearing credit risk of different size are not accounted for in the consolidated statement of financial position.

Legal proceedings

From time to time and in the normal course of business, claims against the Bank are received. Based on own assessment and recommendations of internal and external advisors, the management believes that the Bank will not incur any material losses resulting from legal proceedings on such claims and, for this reason, has not created any related provisions.

Tax legislation

The Russian tax legislation primarily considers tax effects of transactions according on the assumption of its legal form and accounting treatment under the Russian accounting rules and regulations. Accordingly, the Bank can structure its transactions so as to take advantage of opportunities of Russian tax legislation to reduce the overall effective tax rate. The Bank's management is confident that this restructuring of taxable income and deductible expenses is unlikely to result in additional tax liabilities. For this reason, no provision for a potential tax liability arising from these transactions has been created by the Bank.

Operating lease commitments

Where the Bank is the lessee, the minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2015	December 31, 2014
Within one year	61 213	61 213
In the second to fifth years inclusive	30 865	30 865
Total operating lease commitments	92 078	92 078

Operating leases include premises lease agreements, i.e. the principal place of location of the Bank. The rent under these agreements is a rent per square meter multiplied by the area of the premises leased.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees, i.e. irrevocable undertaking by the Bank to make a payment in the event that a customer fails to perform its obligations to third parties, are exposed to the same risk as loans. Documentary credits, i.e. written undertaking by the Bank on behalf of a customer to pay a specified amount subject to meeting of the stipulated conditions, are secured by goods delivery or cash deposits and therefore exposed to lower risk than direct loans. Credit commitments at a specific rate during a fixed period of time are accounted for as derivative financial instruments unless their maturity exceeds standard lending terms.

The maximum credit risk of the Bank on contingent financial liabilities and liabilities to issue loans in case of non-compliance of its liabilities by the second party and depreciation of all counter claims is similar to the cost of these instruments given in the agreement.

When the Bank assumes off-balance sheet liabilities it uses the same approach to control and risk management as it does for transactions accounted for on the balance sheet.

The Bank recognizes provisions for credit related commitments if losses on such commitments are highly probable.

As at December 31, 2015 and December 31, 2014 credit related liabilities of the Bank were as follows:

	December 31, 2015	December 31, 2014
Undrawn credit lines and overdraft limits	1 353 658	280 000
Letters of credit	-	1 439 149
Guarantees issued	4 028 832	960 384
Total credit related commitments	5 382 490	2 679 533

Besides as at December 31, 2015 mandatory balances in the amount of RUR 390 558 K (2014: RUR 513 453 K) are funds deposited in the Bank of Russia and not intended to finance day-to-day operations of the Bank.

28 Fair value of financial instruments

Fair value of an asset is the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. The best evidence of fair value is given by quoted price in the market for the financial instrument.

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The Bank determined the estimated fair value of financial instrument on the basis of available market data (if available) and proper valuation techniques. Professional judgments are however required to interpret market data to determine the estimated fair value. Notwithstanding the Russian Federation is rated investment grade, it continues to display some characteristic of an emerging economy and economic environment continues to limit the level of activity in financial markets. Market quotations may be outdated or reflect low sale cost and, in view of this, misrepresent fair value of financial instruments. Management has used all available market data in measuring the fair value of financial instruments.

Financial instruments at fair value

Trading securities and other securities changes in fair value of which are recognised in the income statement, available-for-sale financial assets are reported at fair value. The fair value is based on the quoted market prices. Cash and cash equivalents are carried at amortised cost which approximates their current fair value.

Due from financial institutions

In the Bank's opinion, the fair value of due from financial institutions did not significantly differ from their carrying amount. It is explained by the existent practice when interest rate is restated in order to reflect current market conditions. Interest for most balances is based on rates similar to market ones.

Loans and receivables

The fair value of floating rate instruments is normally their carrying amount. In case of significant changes in the market environment, the Bank can review interest rates on fixed rate loans to customers and deposits with other banks. As a consequence, interest rates on loans made prior to the reporting date do not significantly differ from effective interest rates in the loan market for new instruments with similar credit risks and remaining maturities. If the Bank estimates that rates on loans made in earlier periods significantly differ from effective interest rates for similar instruments at the reporting date, the estimated fair value of such loans shall be measured. The measurement is based on expected cash flows discounted at effective interest rates in the loan market for new instruments with similar credit risks and remaining maturities. The discount rates used depend on the currency, maturity of the instrument and credit risk of the counterparty.

Held-to-maturity financial assets

The fair value of held-to-maturity financial assets is based on market quotations.

The Bank measures the fair value of other financial assets, including trade and business receivables that is equal to the carrying amount taking into account that the indebtedness is short-term.

Liabilities at amortised cost

The fair value of liabilities at amortised cost is based on quoted market prices, if available. The estimated fair value of fixed rate instruments with a stated maturity, for which quoted market prices are not available, is based on expected cash flows discounted at interest rates for new instruments with similar credit risks and remaining maturities. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid.

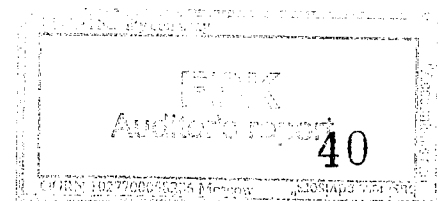
The fair value of financial instruments is as follows:

	December 31, 2015		December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
<i>Financial assets at amortised cost</i>				
Cash and cash equivalents	21 178 325	21 178 325	22 472 734	22 472 734
Mandatory cash balances with the Bank of Russia	390 558	390 558	513 453	513 453
Due from financial institutions	26 763 553	26 763 553	28 615 144	28 615 144
Loans and receivables	19 193 282	18 172 397	7 938 171	7 938 171
Held-to-maturity financial assets	2 112 743	2 112 492	190 666	190 666
Other assets	145 391	154 652	34 841	34 841
Total financial assets	69 783 852	68 771 977	59 765 009	59 765 009
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Due to financial institutions	19 164 802	18 933 975	16 891 736	16 891 736
Customer accounts	42 731 958	42 731 981	35 129 797	35 129 797
Other liabilities and provisions	62 876	50 157	84 324	84 324
Subordinated loans	3 655 829	3 655 829	4 509 509	4 509 509
Total liabilities	65 615 465	65 371 942	56 615 366	56 615 366

29 Related party transactions

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or to exercise significant influence on the other party in making financial and operating decisions as stated in IAS 24 Related Party Disclosures. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

During the reporting period, the Bank actively worked with its parent company, Industrial and Commercial Bank of China Limited, a shareholder of the Bank, and also with its branches and subsidiaries in the market of interbank lending, trade financing and foreign currency purchase and sale transactions (including CNY/RUB).



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As at December 31, 2015, the Bank's related parties include:

Principal shareholders

Name	Activity	Relations	Until the date in the current period
Industrial and Commercial Bank of China Limited – ICBC	Financing and investing	shareholder, 100%	

Key managers of the Bank

Name	Activity	Function	Until the date in the current period
Song Yang	Chairman of the Board, President	management	
Lang Weijie	Vice Chairman of the Board, Vice President	management	
Igor G. Titlin	Vice President	management	
Natalia V. Kuzmina	Chief Accountant	management	
Wang Gang	Vice President	management	

Other related parties of the Bank

Name	Activity	Function	Until the date in the current period
ICBC BEIJING MUNICIPAL BRANCH	Financing and investing	branch and/or subsidiary of the parent company	
ICBC-SHENZHEN	Financing and investing	branch and/or subsidiary of the parent company	
ICBC-ASIA, HONGKONG	Financing and investing	branch and/or subsidiary of the parent company	
ICBC-NEW YORK	Financing and investing	branch and/or subsidiary of the parent company	
ICBC Singapore Branch	Financing and investing	branch and/or subsidiary of the parent company	
ICBC-LONDON	Financing and investing	branch and/or subsidiary of the parent company	
ICBC HEILONGJIANG BRANCH	Financing and investing	branch and/or subsidiary of the parent company	
ICBC SUZHOU CITY BRANCH	Financing and investing	branch and/or subsidiary of the parent company	
ICBC HONGKONG BR	Financing and investing	branch and/or subsidiary of the parent company	
ICBC FRANKFURT	Financing and investing	branch and/or subsidiary of the parent company	
ICBC SEOUL	Financing and investing	branch and/or subsidiary of the parent company	
ICBC Penh BR	Financing and investing	branch and/or subsidiary of the parent company	
ICBC LIAONING BRANCH	Financing and investing	branch and/or subsidiary of the parent company	
ICBC SI CHUAN BRANCH	Financing and investing	branch and/or subsidiary of the parent company	
ICBC LUXEMBOURG	Financing and investing	branch and/or subsidiary of the parent company	
ICBC Fujian Branch	Financing and investing	branch and/or subsidiary of the parent company	
ICBC STANDARD BANK PLC	Financing and investing	branch and/or subsidiary of the parent company	
ICBC MACAU (saving)	Financing and investing	branch and/or subsidiary of the parent company	
ICBC LISHUI BRANCH	Financing and investing	branch and/or subsidiary of the parent company	
ICBC KARACHI BR	Financing and investing	branch and/or subsidiary of the parent company	
ICBC SYDNEY	Financing and investing	branch and/or subsidiary of the parent company	
ICBC INDONESIA	Financing and investing	branch and/or subsidiary of the parent company	
ICBC DOHA Br	Financing and investing	branch and/or subsidiary of the parent company	

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Related party transactions were conducted at market rates, unless otherwise stated. Ending balances, items of income or expenses associated with related party transactions for the year are as follows.

Principal shareholders

Items of assets and liabilities associated with related parties transactions that are single shareholder for 2015 and 2014 are as follows.

	December 31, 2015		December 31, 2014	
	Characteristics of assets and liabilities (rate, ownership interest)	Carrying amount	Characteristics of assets and liabilities (rate, ownership interest)	Carrying amount
ASSETS				
Cash and cash equivalents	balance of correspondent accounts	402 392	balance of correspondent accounts	159 925
Other assets	other settlements	-	other settlements	112
Total assets		402 392		160 037
LIABILITIES				
Due to financial institutions	loans issued and deposits placed by non-resident banks	10 350 731	loans issued and deposits placed by non-resident banks	6 668 410
Subordinated loans		3 655 829		4 509 509
Total liabilities		14 006 560		11 177 919

Items of income and expenses associated with related parties transactions that are principal shareholders for 2015 and 2014 are as follows.

	2015	2014
Interest income	529	300
Interest expense	61 495	47 172
Income less expense from foreign currency transactions	(538 424)	(200 247)
Commission income	294	
Commission expense	52	405

During 2015 the managing personnel of the Bank conducted neither credit nor deposit operations.

The amount of remuneration to key managers for 2015 and 2014 is as follows:

	December 31, 2015	December 31, 2014
Salary and other short-term remunerations	67 039	22 854
Other long-term remunerations	272	272

Item "Other long-term remunerations" is compensation pay-outs in the amount of cost of policies of voluntary medical insurance.

Items of assets and liabilities associated with related parties transactions for 2015 and 2014 are as follows.

	December 31, 2015		December 31, 2014	
	Characteristics of assets and liabilities (rate, ownership interest)	Carrying amount	Characteristics of assets and liabilities (rate, ownership interest)	Carrying amount
ASSETS				
Cash and cash equivalents	balance of correspondent accounts	19 092 284	balance of correspondent accounts	20 947 741
Due from financial institutions	loans issued to and deposits placed with non-resident banks		loans issued to and deposits placed with non-resident banks	362 590
Other assets		-		-
Total assets		19 092 284		21 310 331
LIABILITIES				
Due to financial institutions	loans issued and deposits placed by non-resident banks	5 614 900	loans issued and deposits placed by non-resident banks	5 310 211
Other liabilities and provisions		-		-
Total liabilities		5 614 900		5 310 211

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Items of income and expenses associated with related parties transactions for 2015 and 2014 are as follows.

	2015	2014
Interest income	28 194	11 732
Interest expense	179 725	76 580
Income less expense from foreign currency transactions	1 439 552	138 093
Commission income	-	756
Commission expense	547	411

Contingent liabilities associated with related parties transactions for 2015 and 2014 are as follows.

	December 31, 2015	December 31, 2014
Guarantees issued	840 388	565 942

30 Subsequent events

In May 2016 the Bank opened a branch in St. Petersburg.

Approved for release and signed on behalf of the Board of the Bank on May 30, 2015

[] Acting President

[] Chief Accountant



Lang Weijie

Kuz'mina Natalia Viktorovna

