CJSC “Alfa-Bank”

International Financial Reporting Standards Financial Statements and Independent Auditor’s Report

31 December 2015

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FINANCIAL STATEMENTS

Independent Auditor's Report

To the Shareholders and Supervisory Board of CJSC "Alfa-Bank"

1 We have audited the accompanying financial statements of Closed Joint Stock-Company "Alfa-Bank" (the "Bank") which comprise the statement of financial position as of 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2 Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 management, as well as evaluating the overall presentation of the financial statements.

5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6 In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PRICEWATERHOUSECOOPERS ASSURANCE, UNITARY ENTERPRISE ON SERVICES RENDERING

4 April 2016
Minsk, Republic of Belarus

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In millions of Belarusian roubles	Note	31 December 2015	31 December 2014
ASSETS			
Cash and cash equivalents	7	1,909,783	1,049,241
Mandatory cash balances with the National Bank of Belarus		38,379	40,987
Due from other banks	8	365,951	336,053
Loans and advances to customers	9	7,800,238	5,416,403
Investment securities available for sale	10	637,777	178,161
Derivative financial assets	32	620,874	639,090
Current income tax prepayment		-	11,625
Other financial assets	12	53,615	15,701
Other assets	13	31,164	35,561
Deferred income tax asset	26	-	4,728
Premises, equipment and intangible assets	11	557,354	443,193
Non-current assets held for sale		1,226	-
TOTAL ASSETS		**12,016,361**	**8,170,743**
LIABILITIES			
Due to other banks	14	2,825,401	2,054,481
Customer accounts	15	6,135,699	4,326,351
Debt securities in issue	16	369,615	326,285
Derivative financial liabilities	32	958	-
Current income tax liability		28,933	14,969
Other financial liabilities	17	99,932	57,847
Deferred income tax liability	26	220,507	-
Other liabilities	18	87,738	76,053
Subordinated debt	19	133,445	88,010
TOTAL LIABILITIES		**9,902,228**	**6,943,996**
EQUITY			
Share capital	20	1,063,410	1,063,410
Revaluation reserve for investment securities available for sale		35	(6,153)
Revaluation reserve for property, plant and equipment	21	133,465	58,677
Retained earnings		917,223	110,813
TOTAL EQUITY		**2,114,133**	**1,226,747**
TOTAL LIABILITIES AND EQUITY		**12,016,361**	**8,170,743**

Approved for issue and signed on behalf of the Management board on 4 April 2016.

Igor V. Katibnikov
Chairman of the Management Board

Nikita V. Gulyaev
Chief Financial Officer

In millions of Belarusian roubles	Note	2015	2014
Interest income	22	1,218,893	801,224
Interest expense	22	(643,742)	(456,031)
Net interest income		**575,151**	**345,193**
Provision for loan impairment	9	(135,393)	(130,191)
Net interest income after provision for loan impairment		**439,758**	**215,002**
Fee and commission income	23	309,354	316,373
Fee and commission expense	23	(64,975)	(60,838)
Gains less losses from financial derivatives	32	427,549	145,981
Gains less losses from trading in foreign currencies		384,200	96,682
Foreign exchange translation gains less losses		186,481	6,147
Loss on monetary position			(77,442)
Gains less losses from disposals of investment securities available for sale	21	2,196	43
Other provisions recovery/(charge)	12,31	1,047	(2,438)
Other operating income	24	13,939	9,106
Administrative and other operating expenses	25	(603,673)	(497,961)
Profit before tax		**1,095,876**	**150,655**
Income tax expense	26	(256,360)	(21,405)
PROFIT FOR THE YEAR		**839,516**	**129,250**
Other comprehensive income:			
Available-for-sale investments:			
- Gains less losses arising during the year	21	8,384	(5,497)
- Gains less losses reclassified to profit or loss upon disposal	21	(2,196)	(43)
Revaluation of premises and equipment	21	99,717	36,139
Income tax recorded directly in other comprehensive income	21	(24,929)	(9,035)
Other comprehensive income for the year		**80,976**	**21,564**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**920,492**	**150,814**

In millions of Belarusian roubles	Note	Share capital	Revaluation reserve for property, plant and equipment	Revaluation reserve for investment securities available for sale	Retained earnings	Total equity
At 1 January 2014		**778,919**	**31,573**	**(613)**	**12,824**	**822,703**
Profit for the year		-	-	-	129,250	129,250
Other comprehensive income/ (loss)	21	-	27,104	(5,540)	-	21,564
Total comprehensive income/(loss) for 2014		-	27,104	(5,540)	129,250	150,814
Share issue	20	284,491	-	-	-	284,491
Dividends declared and paid	27	-	-	-	(31,261)	(31,261)
Balance at 31 December 2014		**1,063,410**	**58,677**	**(6,153)**	**110,813**	**1,226,747**
Profit for the year		-	-	-	839,516	839,516
Other comprehensive income	21	-	74,788	6,188	-	80,976
Total comprehensive income for 2015		-	74,788	6,188	839,516	920,492
Dividends declared and paid	27	-	-	-	(33,106)	(33,106)
Balance at 31 December 2015		**1,063,410**	**133,465**	**35**	**917,223**	**2,114,133**

In millions of Belarusian roubles	Note	2015	2014
Cash flows from operating activities			
Interest received		1,284,831	788,735
Interest paid		(703,606)	(461,016)
Fees and commissions received		313,454	321,449
Fees and commissions paid		(70,693)	(64,223)
Income received from financial derivatives		284,540	67,991
Income received from trading in foreign currencies		384,200	96,682
Other operating income received		36,778	11,216
Staff costs paid		(237,554)	(204,681)
Administrative and other operating expenses paid		(316,593)	(256,542)
Effect on monetary position		-	17,996
Income tax paid		(59,789)	(43,907)
Cash flows from operating activities before changes in operating assets and liabilities		**915,568**	**273,700**
Net (increase)/decrease in:			
- mandatory balances in central bank		2,608	10,695
- due from other banks		176,164	(213,818)
- loans and advances to customers		(556,179)	(354,519)
- other financial assets		22,266	18,365
- other assets		(18,724)	30,304
Net increase/(decrease) in:			
- due to other banks		54,329	619,111
- customer accounts		313,545	(268,510)
- debt securities in issue		(106,746)	(223,076)
- other financial liabilities		17,869	(26,989)
- other liabilities		(3,678)	32,409
Net cash from/(used in) operating activities		**817,022**	**(102,328)**
Cash flows from investing activities			
Acquisition of investment securities available for sale		(1,105,928)	(2,037,417)
Proceeds from disposal/(redemption) of investment securities available for sale		1,108,124	1,982,619
Acquisition of premises, equipment and intangible assets		(148,740)	(34,681)
Proceeds from disposal of premises, equipment and intangible assets		340	925
Net cash used in investing activities		**(146,204)**	**(88,554)**
Cash flows from financing activities			
Proceeds from subordinated debt		-	-
Dividends paid	27	(33,106)	(31,261)
Net cash from financing activities		**(33,106)**	**(31,261)**
Effect of exchange rate changes on cash and cash equivalents		222,830	53,594
Monetary loss on cash and cash equivalents		-	(164,285)
Net increase/(decrease) in cash and cash equivalents		**860,542**	**(332,834)**
Cash and cash equivalents at the beginning of the year		**1,049,241**	**1,382,075**
Cash and cash equivalents at the end of the year	3, 7	**1,909,783**	**1,049,241**

1 Introduction

These financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2015 for Closed Joint-Stock Company “Alfa-Bank” (the “Bank”).

Closed Joint-Stock Company “Alfa-Bank” (former title “International Trade and Investment Bank”) was registered by the National Bank of the Republic of Belarus (the “National Bank of Belarus”) on 28 January 1999 as a closed joint-stock company with foreign capital participation. In July 2008 the Bank was acquired by the consortium Alfa-Group as a result of which the Bank registered a new name – Closed Joint-Stock Company “Alfa-Bank”.

On 18 December 2012 the parent company of the Bank (ABH Belarus Limited) has acquired 99,999985% of the share capital of CJSC “Alfa-Bank Finance” (former JSC “Belrosbank” which was renamed to CJSC “Alfa-Bank Finance” following the decision of shareholders as at 9 January 2013). On 10 April 2013 the shareholders of both banks have made a decision on a legal merger of CJSC “Alfa-Bank” and CJSC “Alfa-Bank Finance” into a single legal entity named CJSC “Alfa-Bank”. The merger was registered by the National Bank of Belarus on 14 June 2013. In September 2014 the subordinated debt from Joint-Stock Company “Alfa-Bank” (Russia) was converted to the share capital of the Bank, causing an increase in the ownership of Joint-Stock Company “Alfa-Bank” (Russia).

As at 31 December 2015 and 2014 the following shareholders owned the issued shares of the Bank:

	2015	**2014**
Joint-Stock Company “Alfa-Bank”, Russia	55.0	55.0
ABH Belarus Limited, Cyprus	44.8	44.8
Republican Unitary Enterprise “Belorussian Steel works”, Belarus	0.1	0.1
Individuals	0.1	0.1
Total	**100.0**	**100.0**

The ultimate controlling parties of the Bank as at 31 December 2015 and 2014 were the owners of the consortium Alfa-Group: Mr. Michail Maratovich Fridman, Mr. German Borisovich Khan and Mr. Aleksei Viktorovich Kuzmichev (citizens of the Russian Federation).

Principal activity.

The Bank’s principal business activity is commercial and retail banking operations within the Republic of Belarus. The Bank conducts its business under the license for performing banking operations # 22 issued by the National Bank of Belarus on 22 July 2014. The Bank also has the licence of the State Securities Committee of the Republic of Belarus for intermediary, commercial and consulting activities on securities market of the Republic of Belarus.

The Bank’s primary areas of operations include transferring payments, lending, foreign currency operations upon demand of its customers and on interbank market. The licence allows the Bank to maintain accounts and attract term deposits from individuals and corporate customers. The State Agency of Guaranteed Compensation of Individual Deposits guarantees repayment of 100% of individual deposits in the case of the withdrawal of a licence of a bank or a state imposed moratorium on payments.

As at 31 December 2015 the Bank had 43 banking service offices in the Republic of Belarus (2014: 40).

The average number of employees of the Bank during 2015 and 2014 was 1,250 and 1,219 respectively.

As at 31 December 2015 and 2014 the Bank has neither subsidiaries nor associates.

Registered address and place of business. The Bank’s registered address is: 43-47 Surganova Str., Minsk, Republic of Belarus.

Presentation currency. These financial statements are presented in millions of Belarusian roubles (“BYR”), unless otherwise stated.

2 Operating Environment of the Bank

Republic of Belarus. The Republic of Belarus displays certain characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretation which contributes to the challenges faced by banks operating in the Republic of Belarus.

The ongoing uncertainty and volatility of the financial markets, in particular in Europe and Russia, which is the main export market for Belarus, and other risks could have significant negative effects on the Belorussian financial and corporate sectors. Management determined loan impairment provisions using the "incurred loss" model required by the applicable accounting standards. These standards require recognition of impairment losses that arose from past events and prohibit recognition of impairment losses that could arise from future events, including future changes in the economic environment, no matter how likely those future events are. Thus final impairment losses from financial assets could differ significantly from the current level of provisions. Refer to Note 4.

Starting from 1 January 2015 the Republic of Belarus ceased to be a hyperinflatory economy. Annual inflation decreased from 108.7 % in 2011 to about 16.5%, 16.2 % and 12% in 2013, 2014 and 2015 respectively. Entities are not required to apply IAS 29 "Financial reporting in hyperinflatory economy" for the year ended 31 December 2015.

The future economic development of the Republic of Belarus is dependent upon external factors and internal measures undertaken by the government to sustain growth, and to change the tax, legal and regulatory environment. Management believes it is taking all necessary measures to support the sustainability and development of the Bank's business in the current business and economic environment.

3 Summary of Significant Accounting Policies

Basis of preparation. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, and by the revaluation of premises, available-for-sale financial assets, and financial instruments categorised at fair value through profit or loss. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

Financial instruments - key measurement terms. Depending on their classification financial instruments are carried at fair value, cost, or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

A portfolio of financial derivatives or other financial assets and liabilities that are not traded in an active market is measured at the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (ie an asset) for a particular risk exposure or paid to transfer a net short position (ie a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date. This is applicable for assets carried at fair value on a recurring basis if the Bank: (a) manages the group of financial assets and financial liabilities on the basis of the entity's net exposure to a particular market risk (or risks) or to the credit risk of a particular counterparty in accordance with the entity's documented risk management or investment strategy; (b) it provides information on that basis about the group of assets and liabilities to the entity's key management personnel; and (c) the market risks, including duration of the entity's exposure to a particular market risk (or risks) arising from the financial assets and financial liabilities is substantially the same.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Disclosures are made in these financial statements if changing any such assumptions to a reasonably possible alternative would result in significantly different profit, income, total assets or total liabilities.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and includes *transaction costs*. Measurement at cost is only applicable to investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured and derivatives that are linked to, and must be settled by, delivery of such unquoted equity instruments.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation 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 (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Initial recognition of financial instruments. Derivatives are initially recorded at fair value. All other financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between 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.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Bank commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

The Bank uses discounted cash flow valuation techniques to determine the fair value of currency swaps, foreign exchange forwards that are not traded in an active market. Differences may arise between the fair value at initial recognition, which is considered to be the transaction price, and the amount determined at initial recognition using a valuation technique. Any such differences are amortised on a straight line basis over the term of the currency swaps, foreign exchange forwards.

Derecognition of financial assets. The Bank derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Bank has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

Cash and cash equivalents. Cash and cash equivalents are items which are convertible to known amounts of cash within a day and which are subject to an insignificant risk of changes in value. All short-term placements with other banks, beyond overnight placements, are included in due from other banks. Amounts which relate to funds that are of a restricted nature are excluded from cash and cash equivalents. Cash and cash equivalents are carried at amortised cost.

Mandatory cash balances with the National Bank of Belarus. Mandatory cash balances with the National Bank of Belarus represent mandatory reserve deposits with the Central Bank of the Republic of Belarus, which are not available to finance the Bank's day to day operations, and hence are not considered as part of cash and cash equivalents for the purposes of the statement of cash flows. Mandatory cash balances with the National Bank of Belarus are carried at amortised cost.

Due from other banks. Amounts due from other banks are recorded when the Bank advances money to counterparty banks with no intention of trading the resulting unquoted non-derivative receivable due on fixed or determinable dates. Amounts due from other banks are carried at amortised cost.

Loans and advances to customers. Loans and advances to customers are recorded when the Bank advances money to purchase or originate an unquoted non-derivative receivable from a customer due on fixed or determinable dates, and has no intention of trading the receivable. Loans and advances to customers are carried at amortised cost.

Impairment of financial assets carried at amortised cost. Impairment losses are recognised in profit or loss for the year when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of the financial asset and which have an impact on the amount or timing of the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. 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 assesses them for impairment.
The primary factors that the Bank considers in determining whether a financial asset is impaired are its overdue status and realisability of related collateral, if any. The following other principal criteria are also used to determine whether there is objective evidence that an impairment loss has occurred:

- any instalment is overdue and the late payment cannot be attributed to a delay caused by the settlement systems;
- the borrower experiences a significant financial difficulty as evidenced by the borrower's financial information that the Bank obtains;
- the borrower considers bankruptcy or a financial reorganisation;
- there is an adverse change in the payment status of the borrower as a result of changes in the national or local economic conditions that impact the borrower; or
- the value of collateral significantly decreases as a result of deteriorating market conditions.

For the purposes of a collective evaluation 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 in a group of financial assets that are collectively evaluated for impairment, are estimated on the basis of the contractual cash flows of the assets and the experience of management in respect of the extent to which amounts will become overdue as a result of past loss events and the success of recovery of overdue amounts. Past experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect past periods, and to remove the effects of past conditions that do not exist currently.

If the terms of an impaired financial asset held at amortised cost are renegotiated or otherwise modified because of financial difficulties of the borrower or issuer, impairment is measured using the original effective interest rate before the modification of terms. The renegotiated asset is then derecognized and a new asset is recognized at its fair value only if the risks and rewards of the asset substantially changed.

This is normally evidenced by a substantial difference between the present values of the original cash flows and the new expected cash flows.

Impairment losses are always recognised through an allowance account to write down the asset's carrying amount to the present value of expected cash flows (which exclude future credit losses that have not been incurred) discounted at the original effective interest rate of the asset. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

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

Uncollectible assets are written off against the related allowance for impairment after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment loss account in profit or loss for the year.

Repossessed collateral. Repossessed collateral represents non-financial assets acquired by the Bank in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in premises and equipment or inventories within other assets depending on their nature and the Bank's intention in respect of recovery of these assets, and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets.

Credit related commitments. The Bank issues financial guarantees and commitments to provide loans. 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 commitments to provide a loan are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Bank will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the commitment at the end of each reporting period.

In cases where the fees are charged periodically in respect of an outstanding commitment, they are recognised as revenue on a time proportion basis over the respective commitment period.

Investment securities available for sale. This classification includes investment securities which the Bank intends to hold for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Investment securities available for sale are carried at fair value. Interest income on available-for-sale debt securities is calculated using the effective interest method, and recognised in profit or loss for the year. Dividends on available-for-sale equity instruments are recognised in profit or loss for the year when the Bank's right to receive payment is established and it is probable that the dividends will be collected. All other elements of changes in the fair value are recognised in other comprehensive income until the investment is derecognised or impaired, at which time the cumulative gain or loss is reclassified from other comprehensive income to profit or loss for the year.

Impairment losses are recognised in profit or loss for the year when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of investment securities available for sale. A significant or prolonged decline in the fair value of an equity security below its cost is an indicator that it is impaired. The cumulative impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss – is reclassified from other comprehensive income to profit or loss for the year. Impairment losses on equity instruments are not reversed and any subsequent gains are recognised in other comprehensive income.

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 or loss for the year.

Investments classified as loans and receivables. Debt investment securities are classified by the Bank into "loans and receivables" measurement category if there is no active market for such securities and the Bank does not intend to sell them immediately or in the nearest term.

Such investment securities are accounted at amortised costs similarly to loans and advances to customers and disclosed within "Loans and advances to customers" line in the statement of financial position.

Sale and repurchase agreements. Sale and repurchase agreements ("repo agreements"), which effectively provide a lender's return to the counterparty, are treated as secured financing transactions. Securities sold under such sale and repurchase agreements are not derecognised. The securities are not reclassified in the statement of financial position unless the transferee has the right by contract or custom to sell or repledge the securities, in which case they are reclassified as repurchase receivables. The corresponding liability is presented within amounts due to other banks or other borrowed funds.

Securities purchased under agreements to resell ("reverse repo agreements"), which effectively provide a lender's return to the Bank, are recorded as due from other banks or loans and advances to customers, as appropriate. The difference between the sale and repurchase price is treated as interest income and accrued over the life of repo agreements using the effective interest method.

Premises and equipment. From the year 2013 the Bank started to use revaluation model for premises. Premises are stated at revalued amounts, as described below, less accumulated depreciation and provision for impairment, where required.

Premises are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and decrease the previously recognised revaluation surplus in equity; all other decreases are charged to profit or loss for the year. The revaluation reserve for premises and equipment included in equity is transferred directly to retained earnings when the revaluation surplus is realised on the retirement or disposal of the asset.

Costs of minor repairs and day-to-day maintenance are expensed when incurred. Costs of replacing major parts or components of premises and equipment items are capitalised, and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of premises and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss for the year (within other operating income or expenses).

Depreciation. Construction in progress is not depreciated. Depreciation on other items of premises and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Premises	1 to 125
Office and computer equipment	4 to 50

The residual value of an asset is the estimated amount that the Bank would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets. The Bank’s intangible assets have definite useful life and primarily include capitalised computer software.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred. Capitalised computer software is amortised on a straight line basis over expected useful lives of 2 to 10 years.

Operating leases. Where the Bank is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Bank, the total lease payments are charged to profit or loss for the year (rental expense) on a straight-line basis over the period of the lease.

Finance lease receivables. Where the Bank is a lessor in a lease which transfers substantially all the risks and rewards incidental to ownership to the lessee, the assets leased out are presented as a finance lease receivable and carried at the present value of the future lease payments. Finance lease receivables are initially recognised at commencement (when the lease term begins) using a discount rate determined at inception (the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease).

The difference between the gross receivable and the present value represents unearned finance income. This income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return. Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term Finance income from leases is recorded within interest income in profit or loss for the year.

Impairment losses are recognised in profit or loss for the year when incurred as a result of one or more events (“loss events”) that occurred after the initial recognition of finance lease receivables. The Bank uses the same principal criteria to determine whether there is objective evidence that an impairment loss has occurred, as for loans carried at amortised cost. Impairment losses are recognised through an allowance account to write down the receivables’ net carrying amount to the present value of expected cash flows (which exclude future credit losses that have not been incurred), discounted at the interest rates implicit in the finance leases. The estimated future cash flows reflect the cash flows that may result from obtaining and selling the assets subject to the lease.

Non-current assets classified as held for sale. Non-current assets, which may include both non-current and current assets, are classified in the statement of financial position as “non-current assets held for sale” if their carrying amount will be recovered principally through a sale transaction, including loss of control of a subsidiary holding the assets, within twelve months after the end of the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Bank’s management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn. Non-current assets classified as held for sale in the current period’s statement of financial position are not reclassified or re-presented in the comparative statement of financial position to reflect the classification at the end of the current period.

Due to other banks. Amounts due to other banks are recorded when money or other assets are advanced to the Bank by counterparty banks. The non-derivative liability is carried at amortised cost.

Customer accounts. Customer accounts are non-derivative liabilities to individuals, state or corporate customers and are carried at amortised cost.

Debt securities in issue. Debt securities in issue include bonds and debentures issued by the Bank. Debt securities are stated at amortised cost. If the Bank purchases its own debt securities in issue, they are removed from the statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains arising from early retirement of debt.

Subordinated debt. Subordinated debt ranks behind all other creditors in case of liquidation. Subordinated debt is carried at amortised cost.

Derivative financial instruments. Derivative financial instruments, including foreign exchange contracts, and currency and interest rate swaps are carried at their fair value.

All derivative instruments are carried as assets when fair value is positive, and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year (gains less losses on derivatives). The Bank does not apply hedge accounting.

Income taxes. Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within administrative and other operating expenses.

Deferred income tax is provided using the balance sheet liability method for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse

Deferred tax assets for deductible temporary differences are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Uncertain tax positions. The Bank's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management’s best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Trade and other payables. Trade payables are accrued when the counterparty has performed its obligations under the contract and are carried at amortised cost.

Share capital. Ordinary shares classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends. Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorised for issue, are disclosed in the subsequent events note. The statutory accounting reports of the Bank are the basis for profit distribution and other appropriations. Belarusian legislation identifies the basis of distribution as the current year net profit.

Income and expense recognition. Interest income and expense are recorded for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees 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.

Fees integral to the effective interest rate include origination fees received or paid by the entity 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. Commitment fees received by the Bank to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Bank will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The Bank does not designate loan commitments as financial liabilities at fair value through profit or loss.

When loans and other debt instruments become doubtful of collection, they are written down to the present value of expected cash inflows and interest income is thereafter recorded for the unwinding of the present value discount based on the asset’s effective interest rate which was used to measure the impairment loss.

All other fees, commissions and other income and expense items are generally recorded on an accrual basis 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. Loan syndication fees are recognised as income when the syndication has been completed and the Bank retains no part of the loan package for itself, or retains a part at the same effective interest rate as for the other participants.

Commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, and which are earned on execution of the underlying transaction, are recorded on its completion. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-proportion basis. Asset management fees relating to investment funds are recorded rateably over the period that the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continually provided over an extended period of time.

Foreign currency translation. The functional currency of the Bank is the currency of the primary economic environment in which the entity operates. The functional currency of the Bank and the Bank’s presentation currency, is the national currency of the Republic of Belarus, Belarusian rouble (“BYR”).

Monetary assets and liabilities are translated into the Bank’s functional currency at the official exchange rate of the National Bank of Belarus at the end of the respective reporting period. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into the Bank’s functional currency at year-end official exchange rates of the National Bank of Belarus, are recognised in profit or loss for the year (as foreign exchange translation gains less losses). Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined.

At 31 December 2015, the principal rate of exchange used for translating foreign currency balances was USD 1 = BYR 18,569 (2014: USD 1 = BYR 11,850). The principal average rate of exchange used for translating income and expenses was USD 1 = BYR 15,864.62 (2014: USD 1 = BYR 10,216).

Fiduciary assets. Assets held by the Bank in its own name, but on the account of third parties, are not reported in the statement of financial position. Commissions received from fiduciary activities are shown in fee and commission income.

Offsetting. Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

Staff costs and related contributions. Wages, salaries, contributions to the Republic of Belarus state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Bank. The Bank has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

Segment reporting. Segments are reported in a manner consistent with the internal reporting provided to the Bank's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

Presentation of statement of financial position in order of liquidity. The Bank does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. The following table provides information on for each line item in the statement of financial position which combines amounts expected to be recovered or settled before and after twelve months after the reporting period.

	31 December 2015			**31 December 2014**		
	Amounts expected to be recovered or settled			**Amounts expected to be recovered or settled**		
In millions of Belarusian roubles	**Within 12 months after the reporting period**	**After12 months after the reporting period**	**Total**	**Within 12 months after the reporting period**	**After12 months after the reporting period**	**Total**
ASSETS						
Cash and cash equivalents	1,909,783	-	1,909,783	1,049,241	-	1,049,241
Mandatory cash balances with the National Bank of Belarus	-	38,379	38,379	-	40,987	40,987
Due from other banks	300,000	65,951	365,951	303,631	32,422	336,053
Loans and advances to customers	5,587,272	2,212,966	7,800,238	3,992,718	1,423,685	5,416,403
Investment securities available for sale	214,062	423,715	637,777	-	178,161	178,161
Derivative financial assets	620,874	-	620,874	302,874	336,216	639,090
Current income tax prepayment	-	-	-	11,625	-	11,625
Other financial assets	51,171	2,444	53,615	11,873	3,828	15,701
Other assets	26,167	4,997	31,164	33,316	2,245	35,561
Deferred income tax asset	-	-	-	-	4,728	4,728
Premises, equipment and intangible assets	-	557,354	557,354	-	443,193	443,193
Non-current assets held for sale	1,226	-	1,226	-	-	-
TOTAL ASSETS	**8,710,555**	**3,305,806**	**12,016,361**	**5,705,278**	**2,465,465**	**8,170,743**
LIABILITIES						
Due to other banks	2,409,410	415,991	2,825,401	1,706,830	347,651	2,054,481
Customer accounts	5,130,635	1,005,064	6,135,699	3,692,005	634,346	4,326,351
Debt securities in issue	369,615	-	369,615	107,923	218,362	326,285
Derivative financial liabilities	958	-	958	-	-	-
Current income tax liability	28,933	-	28,933	14,969	-	14,969
Other financial liabilities	99,237	695	99,932	25,819	32,028	57,847
Deferred income tax liability	-	220,507	220,507	-	-	-
Other liabilities	87,738	-	87,738	76,045	8	76,053
Subordinated debt	-	133,445	133,445	-	88,010	88,010
TOTAL LIABILITIES	**8,126,526**	**1,775,702**	**9,902,228**	**5,623,591**	**1,320,405**	**6,943,996**

Changes in presentation. No reclassifications have been made to the financial statements as at 31 December 2014 and for the year then ended to conform to the current year presentation.

Amendments of the financial statements after issue. The Bank's shareholders and management have the power to amend the financial statements after issue.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Bank makes estimates and assumptions that affect the amounts recognised in the financial statements, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Going concern. Management prepared these financial statements on a going concern basis.

Impairment losses on loans and advances. The Bank regularly reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in profit or loss for the year, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

A 10% increase or decrease in actual loss experience compared to the loss estimates used would result in an increase or decrease in loan impairment losses of BYR 507,078 million (2014: BYR 136,414 million), respectively. Impairment losses for individually significant loans are based on estimates of discounted future cash flows of the individual loans, taking into account repayments and realisation of any assets held as collateral against the loans. A 10% increase or decrease in the actual loss experience compared to the estimated future discounted cash flows from individually significant loans, which could arise from differences in amounts and timing of the cash flows, would result in an increase or decrease in loan impairment losses of BYR 177,122 million (2014: BYR 83,551 million), respectively.

Fair value of derivatives

The fair values of financial derivatives that are not quoted in active markets are determined by using valuation techniques. Valuation of financial derivatives is applied to foreign exchange forward contracts and swaps. The fair value of these transactions is determined as the difference between the present value of fixed receivable and the present value of fixed payable. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. Models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require Management to make estimates. Changes in assumptions about these factors could affect reported fair values. Any over or under estimation of these future cash flows could require a material adjustment to the carrying value of these derivatives.

The currency swap with the National Bank of Belarus is categorised under the third level of fair value hierarchy since their fair value is assessed with significant non-observable inputs (Level 3). The Bank used discounting cash flow technique to determine the fair value of this swap. Interest rates used in this assessment are based on the Bank’s judgment for long-term cost of borrowing in Belarusian roubles and placement in US dollars. Information about fair values of the swap with the National Bank of Belarus valued using assumptions that are not based on observable market data and its sensitivity to reasonably possible changes in assumptions is disclosed in Note 33.

Initial recognition of related party transactions. In the normal course of business the Bank enters into transactions with its related parties. IAS 39 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis. Terms and conditions of related party balances are disclosed in Note 35.

Accounting for deferred tax from premises revaluation. The Bank believes that there is no clear established relationship between the accounting revaluation and the tax revaluation of premises. Accordingly, the effect of adjustment of the tax base due to accounting revaluation was recognised in other comprehensive income while the effect of adjustment of tax base due to tax revaluation was recognised in profit and loss.

5 Adoption of New or Revised Standards and Interpretations

The following amended standards became effective for the Bank from 1 January 2015, but did not have any material impact on the Bank:

- Amendments to IAS 19 – "Defined benefit plans: Employee contributions" (issued in November 2013 and effective for annual periods beginning 1 July 2014).
- Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014).
- Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014).

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2016 or later, and which the Bank has not early adopted.

IFRS 9 "Financial Instruments: Classification and Measurement" (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The standard is expected to have a significant impact on the Bank's loan impairment provisions. The Bank is currently assessing the impact of the new standard on its financial statements.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Bank is currently assessing the impact of the new standard on its financial statements.

The following other new pronouncements are not expected to have any material impact on the Bank when adopted:

- **IFRS 14, Regulatory deferral accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016).** IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard.
- **Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016).** This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The Bank is currently assessing the impact of the amendments on its financial statements.
- **Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016).** In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Bank is currently assessing the impact of the amendments on its financial statements.
- **Agriculture: Bearer plants - Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016).**The amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which now should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The Bank is currently assessing the impact of the amendments on its financial statements.
- **Equity Method in Separate Financial Statements - Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016).**The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Bank is currently assessing the impact of the amendments on its financial statements.
- **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture-Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016).** These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial

gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Bank is currently assessing the impact of the amendments on its financial statements.

- **Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016).** The amendments impact 4 standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from “held for sale” to “held for distribution” or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of “information disclosed elsewhere in the interim financial report”. The Bank is currently assessing the impact of the amendments on its financial statements.
- **Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016).** The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards.
- **Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods on or after 1 January 2016).** The Standard was amended to clarify that an investment entity should measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. In addition, the exemption from preparing consolidated financial statements if the entity’s ultimate or any intermediate parent produces consolidated financial statements available for public use was amended to clarify that the exemption applies regardless whether the subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with IFRS 10 in such ultimate or any intermediate parent’s financial statements.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Bank’s financial statements.

7 Cash and Cash Equivalents

In millions of Belarusian roubles	2015	2014
Cash on hand	275,438	298,281
Correspondent accounts with the National Bank of Belarus	1,088,927	484,009
Receivable from the National Bank of Belarus under settlements for trading at Belarusian foreign currency and stock exchange	-	23,655
Correspondent accounts and overnight placements with other banks	545,418	243,296
Total cash and cash equivalents	**1,909,783**	**1,049,241**

The credit quality of cash and cash equivalents balances may be summarised based on ratings of international rating agencies as follows at 31 December 2015:

In millions of Belarusian roubles	Correspondent accounts with the National Bank of Belarus	Receivable from the National Bank of Belarus under settlements for trading at Belarusian foreign currency and stock exchange	Correspondent accounts and overnight placements with other banks	Total
Neither past due nor impaired				
- National Bank of Republic of Belarus	1,088,927	-	-	**1,088,927**
- A- to A+ rated	-	-	1,716	**1,716**
- BBB	-	-	198,642	**198,642**
- <BBB	-	-	295,869	**295,869**
- Unrated	-	-	49,191	**49,191**
Total cash and cash equivalents, excluding cash on hand	**1,088,927**	**-**	**545,418**	**1,634,345**

The credit quality of cash and cash equivalents balances may be summarised based on ratings of international rating agencies at 31 December 2014, as follows:

In millions of Belarusian roubles	Correspondent accounts with the National Bank of Belarus	Receivable from the National Bank of Belarus under settlements for trading at Belarusian foreign currency and stock exchange	Correspondent accounts and overnight placements with other banks	Total
Neither past due nor impaired				
- National Bank of Republic of Belarus	484,009	23,655	-	**507,664**
- A- to A+ rated	-	-	156,354	**156,354**
- BBB	-	-	49,497	**49,497**
- <BBB	-	-	34,226	**34,226**
- Unrated	-	-	3,219	**3,219**
Total cash and cash equivalents, excluding cash on hand	**484,009**	**23,655**	**243,296**	**750,960**

The credit ratings are based on Standard & Poor's ratings where available, or Moody's and Fitch's rating converted to the nearest equivalent on the Standard & Poor's rating scale.

The cash and cash equivalents are not secured with collateral.

As at 31 December 2015 and 2014 cash and cash equivalents included balances in the amount of BYR 1,088,927 million (67%) and BYR 507,664 million (64%) placed with 1 bank respectively, which represents significant concentration.

Interest rate analysis of cash and cash equivalents is disclosed in Note 29. Information on related party balances is disclosed in Note 35.

8 Due from Other Banks

In millions of Belarusian roubles	2015	2014
Loans and term deposits with banks	300,000	303,631
Placements with other banks as collateral	65,951	32,422
Total due from other banks	**365,951**	**336,053**

Amounts due from other banks are not collateralised. Analysis by credit quality of amounts due from other banks outstanding at 31 December 2015 and 2014, is as follows:

In millions of Belarusian roubles	2015	2014
Neither past due nor impaired		
- Belarusian banks	365,140	330,638
- Other CIS banks	811	5,415
Total due from other banks	**365,951**	**336,053**

The primary factor that the Bank considers in determining whether a deposit is impaired is its overdue status. There were no overdue amounts due from other banks at 31 December 2015 and 2014. There was no allowance for impairment of due from other banks in 2015 and 2014.

At 31 December 2015 the Bank had balances with 4 counterparty banks (2014: 5 banks).

Refer to Note 33 for the estimated fair value of each class of amounts due from other banks. Interest rate analysis of due from other banks is disclosed in Note 29. Information on related party balances is disclosed in Note 35.

9 Loans and Advances to Customers

In millions of Belarusian roubles	2015	2014
Corporate loans	6,308,054	4,215,968
Loans to small and medium enterprises (SME)	784,021	458,916
Finance lease receivables	130,215	111,246
Corporate bonds classified as loans and receivables	79,895	58,340
Loans to individuals	939,005	804,996
Less: Provision for loan impairment	(440,952)	(233,063)
Total loans and advances to customers	**7,800,238**	**5,416,403**

In millions of Belarusian roubles	2015	2014
Loans to individuals - credit cards	647,110	509,953
Loans to individuals - consumer loans	45,589	102,939
Loans to individuals - mortgage loans	240,135	178,223
Loans to individuals - car loans	6,171	13,881
Less: Allowance for loan impairment	(59,115)	(43,596)
Total loans to individuals	**879,890**	**761,400**

Movements in the provision for loan impairment during 2015 are as follows:

In millions of Belarusian roubles	Corpo-rate loans	Loans to small and medium enterprises (SME)	Finance lease receivables	Corporate bonds classified as loans and receivables	Loans to individuals	Total
Provision for loan impairment at 1 January 2015	**161,066**	**23,513**	**2,838**	**2,050**	**43,596**	**233,063**
Provision for impairment during the year*	76,107	15,390	177	4,140	62,009	157,823
Amounts written off during the year as uncollectible	(5,923)	(8,453)	(111)	-	(52,017)	(66,504)
Currency translation differences	100,756	8,804	755	728	5,527	116,570
Provision for loan impairment at 31 December 2015	**332,006**	**39,254**	**3,659**	**6,918**	**59,115**	**440,952**

*The provision for impairment during 2015 differs from the amount presented in profit or loss for the year due to BYR 22,430 million, recovery of amounts previously written off as uncollectible. The amount of the recovery was credited directly to the provision for impairment line in profit or loss for the year.

Movements in the provision for loan impairment during 2014 are as follows:

In millions of Belarusian roubles	Corpo-rate loans	Loans to small and medium enterprises (SME)	Finance lease receivables	Corporate bonds classified as loans and receivables	Loans to individuals	Total
Provision for loan impairment at 1 January 2014	**93,604**	**27,427**	**3,977**	**2,828**	**9,607**	**137,443**
(Release of)/provision for impairment during the year*	63,257	22,612	(107)	78	59,567	145,407
Amounts written off during the year as uncollectible	-	(24,992)	(711)	-	(26,246)	(51,949)
Currency translation differences	17,254	2,289	234	(462)	2,007	21,322
Monetary gain	(13,049)	(3,823)	(555)	(394)	(1,339)	(19,160)
Provision for loan impairment at 31 December 2014	**161,066**	**23,513**	**2,838**	**2,050**	**43,596**	**233,063**

*The provision for impairment during 2014 differs from the amount presented in profit or loss for the year due to BYR 15,216 million, recovery of amounts previously written off as uncollectible. The amount of the recovery was credited directly to the provision for impairment in profit or loss for the year.

Economic sector risk concentrations within the Bank's loan portfolio are as follows:

	2015		2014	
In millions of Belarusian roubles	**Amount**	**%**	**Amount**	**%**
Trade and commerce	3,041,280	37%	1,988,049	35%
Machinery and metal working industry	1,182,789	14%	1,012,788	18%
Individuals	939,005	11%	804,996	14%
Food industry	448,021	6%	402,552	7%
Chemical and petrochemical industry	554,928	7%	383,606	7%
Power generation industry	273,786	3%	162,946	3%
Construction and real estate	171,579	2%	152,838	3%
Timber industry	71,474	1%	68,474	1%
Railway transport	11,498	0%	16,934	0%
Finance and investment companies	1,099	0%	57	0%
Other	1,545,731	19%	656,226	12%
Total loans and advances to customers (before impairment)	**8,241,190**	**100%**	**5,649,466**	**100%**

At 31 December 2015 the loans and advances to customers included loans to 4 customers in the amount of BYR 368,945 million, BYR 352,214 million, BYR 293,150 million and BYR 271,338 million respectively, which comprised 5%, 5%, 4% and 4% of the Bank's total loans to legal entities portfolio.

At 31 December 2014 the loans and advances to customers included loans to 4 customers in the amount of BYR 284,178 million, BYR 217,787 million, BYR 209,247 million and BYR 177,501 million respectively, which comprised 6%, 4%, 4% and 4% of the Bank's total loans to legal entities portfolio.

As at 31 December 2015 the Bank granted loans to 7 customers (2014: 9 customers), amounting to BYR 1,956,267 million (2014: BYR 1,579,623 million), which individually exceeded 10% of the Bank's equity and represented moderate concentration.

Analysis by credit quality of loans outstanding at 31 December 2015 is as follows:

In millions of Belarusian roubles	Corporate loans	Loans to small and medium enterprises (SME)	Finance lease receivables	Corporate bonds classified as loans and receivables	Loans to individuals	Total
Neither past due nor individually impaired						
- Rating I	378,779	43,511	8,955	-	-	**431,245**
- Rating II	509,221	119,953	21,671	-	-	**650,845**
- Rating III A	70,961	74,096	9,460	-	-	**154,517**
- Rating III B	326,172	254,510	55,281	-	-	**635,963**
- Rating IV	156,033	135,063	3,261	-	-	**294,357**
- Rating V	-	31,466	160	-	-	**31,626**
- Unrated	37,568	86,696	2,344	-	851,285	**977,893**
Total neither past due nor individually impaired	**1,478,734**	**745,295**	**101,132**	**-**	**851,285**	**3,176,446**
Past due but not impaired individually						
- less than 30 days overdue	10,411	247	41	-	26,487	**37,186**
- 30 to 90 days overdue	13,673	1,477	-	-	22,386	**37,536**
- 91 to 180 days overdue	-	8,220	904	-	19,202	**28,326**
- 181 to 360 days overdue	3,682	92	109	-	13,158	**17,041**
- over 360 days overdue	-	1,361	430	-	6,487	**8,278**
Total past due not individually impaired	**27,766**	**11,397**	**1,484**	**-**	**87,720**	**128,367**
Loans individually determined to be impaired						
- current	4,513,730	27,329	27,599	79,895	-	**4,648,553**
- less than 30 days overdue	-	-	-	-	-	**-**
- 30 to 90 days overdue	36,771	-	-	-	-	**36,771**
- 91 to 180 days overdue	63,284	-	-	-	-	**63,284**
- 181 to 360 days overdue	187,769	-	-	-	-	**187,769**
Total individually impaired loans (gross)	**4,801,554**	**27,329**	**27,599**	**79,895**	**-**	**4,936,377**
Less impairment provisions	**(332,006)**	**(39,254)**	**(3,659)**	**(6,918)**	**(59,115)**	**(440,952)**
Total loans and advances to customers	**5,976,048**	**744,767**	**126,556**	**72,977**	**879,890**	**7,800,238**

Analysis by credit quality of loans outstanding at 31 December 2014 is as follows:

In millions of Belarusian roubles	**Corporate loans**	**Loans to small and medium enterprises (SME)**	**Finance lease receivables**	**Corporate bonds classified as loans and receivables**	**Loans to individuals**	**Total**
Neither past due nor individually impaired						
- Rating I	592,276	33,474	15,252	-	-	**641,002**
- Rating II	320,506	43,030	17,491	-	-	**381,027**
- Rating III A	73,132	88,717	18,444	-	-	**180,293**
- Rating III B	179,297	145,145	16,039	-	-	**340,481**
- Rating IV	21,713	45,003	5,194	-	-	**71,910**
- Rating V	254	23,843	1,447	-	-	**25,544**
- Unrated	12,610	41,872	1,338	-	726,674	**782,494**
Total neither past due nor individually impaired	**1,199,788**	**421,084**	**75,205**	**-**	**726,674**	**2,422,751**
Past due but not impaired individually						
- less than 30 days overdue	4,895	7,423	950	-	29,666	**42,934**
- 30 to 90 days overdue	-	1,323	185	-	17,541	**19,049**
- 91 to 180 days overdue	-	876	-	-	14,287	**15,163**
- 181 to 360 days overdue	-	737	150	-	14,389	**15,276**
- over 360 days overdue	-	7,253	-	-	2,439	**9,692**
Total past due not individually impaired	**4,895**	**17,612**	**1,285**	**-**	**78,322**	**102,114**
Loans individually determined to be impaired						
- current	2,763,788	20,220	34,756	58,340	-	**2,877,104**
- less than 30 days overdue	179,462	-	-	-	-	**179,462**
- 30 to 90 days overdue	68,035	-	-	-	-	**68,035**
Total individually impaired loans (gross)	**3,011,285**	**20,220**	**34,756**	**58,340**	**-**	**3,124,601**
Less impairment provisions	**(161,066)**	**(23,513)**	**(2,838)**	**(2,050)**	**(43,596)**	**(233,063)**
Total loans and advances to customers	**4,054,902**	**435,403**	**108,408**	**56,290**	**761,400**	**5,416,403**

The Bank applied the portfolio provisioning methodology prescribed by IAS 39, *Financial Instruments: Recognition and Measurement*, and created portfolio provisions for impairment losses that were incurred, but have not been specifically identified with any individual loan, by the end of the reporting period. The Bank’s policy is to classify each loan as “neither past due nor individually impaired” until specific objective evidence of impairment of the loan is identified. The impairment provisions may exceed the total gross amount of individually impaired loans as a result of this policy and the portfolio impairment methodology. The borrowers’ ratings presented above are calculated based on the system of financial indexes where rating I means stable first-class borrower with no signs of financial instability.

The primary factors that the Bank considers in determining whether a loan is impaired are its overdue status and realisability of related collateral, if any. As a result, the Bank presents above an ageing analysis of loans that are individually determined to be impaired.

Past due, but not individually impaired, loans primarily include loans collectively assessed for impairment. The amount reported as past due but not individually impaired is the whole balance of such loans, not only the individual instalments that are past due.

The Bank evaluates collateral provided to secure loans. Premises are measured at fair value. Carrying amount of other collateral does not differ significantly from its fair value.

The financial effect of collateral is presented by disclosing impact of collateral and other credit enhancements on allowance for impairment recognised at the end of the reporting period. Without holding collateral and other credit enhancements, the allowance for impairment would be higher by the following amounts:

In millions of Belarusian roubles	2015	2014
Corporate loans	346,735	207,365
Loans to small and medium enterprises (SME)	-	910
Finance lease receivables	645	1,601
Corporate bonds classified as loans and receivables	20,402	2,811

Finance lease payments receivable (gross investment in the leases) and their present values are as follows:

In millions of Belarusian roubles	2015	2014
Less than one year	120,754	84,369
From one year to five years	41,327	47,957
Minimum lease payments	**162,081**	**132,326**
Less: unearned finance income	(31,866)	(21,080)
Present value of lease payments receivable	**130,215**	**111,246**

As at 31 December 2015 the Bank received the loan from the National bank of Belarus (NB RB) in the amount of BYR 2,757,653 million and lent the same amount to JSC “Belgorhimprom” (the borrower). In accordance with the terms of the agreements with the NB RB and the borrower, the transactions are related. The Bank does not have any credit or liquidity risks: the Bank settles its liability to the NB RB simultaneously with the realization of the financial assets of the borrower. The Bank acts as an agent of NB RB, merely collecting cash on its behalf, rather than as the asset's owner. The arrangement with the NB RB meets all the pass-through conditions in IAS 39.19 and therefor meets the criteria for a transfer under IAS 39.18. The effect of meeting all the pass-through conditions is that the Bank derecognize the loan received from NB RB and loan with the borrower in the amount of BYR 2,757,653 million, interest income in the amount BYR 70,727 million and interest expenses BYR 67,806 million at 31 December 2015.The Bank presented in financial statement the net financial result as the agent fee.

Refer to Note 33 for the estimated fair value of each class of loans and advances to customers. Interest rate analysis of loans and advances to customers is disclosed in Note 29. Information on related party balances is disclosed in Note 35.

10 Investment Securities Available for Sale

In millions of Belarusian roubles	**2015**	**2014**
Governmental bonds	637,777	178,161
Total investment securities available for sale	**637,777**	**178,161**

Governmental bonds as at 31 December 2015 and 31 December 2014 in the amount of BYR 637,777 and 178,161 million, respectively, are neither past due nor impaired.

The bonds are not collateralised.

11 Premises, Equipment and Intangible Assets

In millions of Belarusian roubles	**Note**	**Premi-ses**	**Office and computer equipment**	**Construc-tion in progress**	**Total premises and equipment**	**Intan-gible assets**	**Total**
Cost at 1 January 2014		156,004	137,384	166,354	459,742	48,537	508,279
Accumulated depreciation		-	(74,731)	-	(74,731)	(21,289)	(96,020)
Carrying amount at 1 January 2014		**156,004**	**62,653**	**166,354**	**385,011**	**27,248**	**412,259**
Additions		-	-	32,490	32,490	2,191	34,681
Transfers		128,429	17,827	(177,503)	(31,247)	31,247	-
Disposals		-	(696)	-	(696)	-	(696)
Depreciation charge	25	(5,734)	(23,794)	-	(29,528)	(9,662)	(39,190)
Positive revaluation		32,075	-	-	32,075	-	32,075
Revaluation of depreciation recorded directly in other comprehensive income		4,064	-	-	4,064	-	4,064
Carrying amount at 31 December 2014		**314,838**	**55,990**	**21,341**	**392,169**	**51,024**	**443,193**
Cost at 31 December 2014		314,838	149,296	21,341	485,475	77,596	563,071
Accumulated depreciation		-	(93,306)	-	(93,306)	(26,572)	(119,878)
Carrying amount at 31 December 2014		**314,838**	**55,990**	**21,341**	**392,169**	**51,024**	**443,193**
Additions		-	-	51,914	51,914	3,465	55,379
Transfers		11,215	23,808	(52,147)	(17,124)	17,124	-
Disposals		(11)	(530)	(279)	(820)	-	(820)
Depreciation charge	25	(6,762)	(17,195)	-	(23,957)	(16,157)	(40,114)
Positive revaluation		93,590	-	-	93,590	-	93,590
Revaluation of depreciation recorded directly in other comprehensive income		6,126	-	-	6,126	-	6,126
Carrying amount at 31 December 2015		**418,996**	**62,073**	**20,829**	**501,898**	**55,456**	**557,354**
Cost at 31 December 2015		418,996	168,434	20,829	608,259	98,185	706,444
Accumulated depreciation		-	(106,361)	-	(106,361)	(42,729)	(149,090)
Carrying amount at 31 December 2015		**418,996**	**62,073**	**20,829**	**501,898**	**55,456**	**557,354**

Construction in progress consists mainly of construction of the Bank’s premises and refurbishment of branch premises and equipment. Upon completion, assets are transferred to premises and equipment.

Premises have been revalued at fair value at 31 December 2015 and premises and construction in progress have been valued at fair value at 31 December 2014. The valuation was carried out by an independent firm of valuers, who hold a recognised and relevant professional qualification. The basis used for the appraisal was market value, comparative and discounted cash flow method.

At 31 December 2015, the carrying amount of premises would have been BYR 272,482 million (2014: BYR 268,040 million) had the assets been carried at cost less depreciation.

12 Other Financial Assets

In millions of Belarusian roubles	2015	2014
Accrued commission and other income	29,584	23,991
Settlements on conversion and other banking operations	44,268	4,241
Other financial debtors	5,942	4,813
Less: Provision for impairment	(26,179)	(17,344)
Total other financial assets	**53,615**	**15,701**

Movements in the provision for impairment of other financial assets during 2015 and 2014 are as follows:

In millions of Belarusian roubles	2015	2014
Provision for impairment at 1 January	**17,344**	**15,341**
Provision for impairment during the year	350	1,592
Amounts written off during the year as uncollectible	-	(1,815)
Currency translation differences	8,485	4,365
Monetary gain	-	(2,139)
Provision for impairment at 31 December	**26,179**	**17,344**

The provision for impairment for 2015 differs from the amount presented in profit and loss statement for the amount of BYR 648 million (2014: BYR 1,692 million) which represents amounts written off directly to profit and loss without creating allowance.

Analysis by credit quality of other financial assets outstanding at 31 December 2015 is as follows:

In millions of Belarusian roubles	**Settlements on conversion and other banking operations**	**Accrued commission and other income**	**Other financial debtors**	**Total**
Neither past due nor individually impaired	44,268	5,156	270	49,694
Neither past due nor impaired with credit history	-	-	-	-
Total neither past due nor impaired	**44,268**	**5,156**	**270**	**49,694**
Past due but not impaired individually				
- less than 30 days overdue	-	126	-	**126**
- 30 to 90 days overdue	-	266	-	**266**
- 91 to 180 days overdue	-	514	-	**514**
- 181 to 360 days overdue	-	1,274	-	**1,274**
- over 360 days overdue	-	2,097	5,672	**7,769**
Total past due not impaired individually	**-**	**4,277**	**5,672**	**9,949**
Receivables individually determined to be impaired				
- less than 30 days overdue	-	101	-	**101**
- 30 to 90 days overdue	-	143	-	**143**
- 91 to 180 days overdue	-	384	-	**384**
- 181 to 360 days overdue	-	3,152	-	**3,152**
- over 360 days overdue	-	16,371	-	**16,371**
Total individually impaired (gross)	**-**	**20,151**	**-**	**20,151**
Less impairment provision	(1,260)	(19,246)	(5,673)	**(26,179)**
Total other financial receivables	**43,008**	**10,338**	**269**	**53,615**

Analysis by credit quality of other financial assets outstanding at 31 December 2014 is as follows:

In millions of Belarusian roubles	**Settlements on conversion and other banking operations**	**Accrued commission and other income**	**Other financial debtors**	**Total**
Neither past due nor individually impaired				
Neither past due nor impaired with credit history	4,241	9,846	148	14,235
Total neither past due nor impaired	**4,241**	**9,846**	**148**	**14,235**
Past due but not impaired individually				
- less than 30 days overdue	-	111	-	**111**
- 30 to 90 days overdue	-	139	-	**139**
- 91 to 180 days overdue	-	223	-	**223**
- 181 to 360 days overdue	-	483	-	**483**
- over 360 days overdue	-	1,114	4,665	**5,779**
Total past due not impaired individually	**-**	**2,070**	**4,665**	**6,735**
Receivables individually determined to be impaired				
- less than 30 days overdue	-	149	-	**149**
- 30 to 90 days overdue	-	442	-	**442**
- 91 to 180 days overdue	-	1,297	-	**1,297**
- 181 to 360 days overdue	-	1,110	-	**1,110**
- over 360 days overdue	-	9,077	-	**9,077**
Total individually impaired (gross)	**-**	**12,075**	**-**	**12,075**
Less impairment provision	(1,273)	(11,406)	(4,665)	**(17,344)**
Total other financial receivables	**2,968**	**12,585**	**148**	**15,701**

The primary factors that the Bank considers in determining whether a receivable is impaired are its overdue status and realisability of related collateral, if any. As a result, the Bank presents above an ageing analysis of receivables that are individually determined to be impaired.

Refer to Note 33 for the disclosure of the fair value of each class of other financial assets. Information on related party balances is disclosed in Note 35.

13 Other Assets

In millions of Belarusian roubles	**2015**	**2014**
Prepayments	16,247	21,616
Taxes prepaid other than income taxes	7,934	9,439
Prepaid expenses	6,789	3,869
Other	194	637
Total other assets	**31,164**	**35,561**

All of the above assets at 31 December 2015 and 31 December 2014 are expected to be recovered less than twelve months after the year-end, except for prepaid expenses of BYR 992 million (2014: BYR 251 million). Information on related party balances is disclosed in Note 35.

14 Due to Other Banks

In millions of Belarusian roubles	2015	2014
Correspondent accounts and overnight placements of other banks	10,067	2,966
Short-term placements of other banks	2,397,307	1,702,143
Long-term placements of other banks	418,027	349,372
Total due to other banks	**2,825,401**	**2,054,481**

As at 31 December 2015 and 2014 amounts due to other banks included BYR 2,095,175 million (74%) due to five banks and BYR 1,399,326 million (68,1%) due to five banks, respectively, which represents significant concentration.

Refer to Note 33 for the disclosure of the fair value of each class of amounts due to other banks. Interest rate analysis of due to other banks is disclosed in Note 29. Information on related party balances is disclosed in Note 35.

15 Customer Accounts

In millions of Belarusian roubles	2015	2014
Legal entities and organisations		
- Current/settlement accounts	1,100,806	1,235,991
- Term deposits	2,147,645	1,427,902
Individuals		
- Current/demand accounts	1,252,888	724,739
- Term deposits	1,634,360	937,719
Total customer accounts	**6,135,699**	**4,326,351**

Economic sector concentrations within customer accounts are as follows:

	2015		2014	
In millions of Belarusian roubles	Amount	%	Amount	%
Individuals	2,887,248	47,1%	1,662,458	38,4%
Other	837,546	13,6%	505,462	11,7%
Trade and commerce	722,585	11,8%	874,124	20,2%
Manufacturing	657,082	10,7%	321,672	7,4%
Energy and oil and gas	515,531	8,4%	13,734	0,3%
State and public organisations	212,527	3,5%	751,126	17,4%
Construction and real estate	145,080	2,4%	80,127	1,9%
Finance and investment companies	70,484	1,1%	28,848	0,7%
Transport	63,547	1,0%	38,836	0,9%
Food industry	12,489	0,2%	32,052	0,7%
Mass media and telecommunication	7,704	0,1%	17,547	0,4%
Science	3,876	0,1%	365	0,0%
Total customer accounts	**6,135,699**	**100%**	**4,326,351**	**100%**

As at 31 December 2015 and 2014 customer accounts amounting to BYR 1,050,826 million (17%) were due to 3 customers, and BYR 588,514 million (14%), were due to 3 customers, respectively, which represented moderate concentration.

At 31 December 2015, included in customer accounts are deposits of BYR 102,689 million (2014: BYR 315,158 million) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 31.

Refer to Note 33 for the disclosure of the fair value of each class of customer accounts. Interest rate analysis of customer accounts is disclosed in Note 29. Information on related party balances is disclosed in Note 35.

16 Debt Securities in Issue

Debt securities in issue are presented by bonds issued on domestic market.

In millions of Belarusian roubles	Nominal % rate	2015	Nominal % rate	2014
Denominated in BYR with fixed rate	20,00%	29,919	20.00%	22,835
Denominated in EUR with fixed rate	6,50%	6,976	6.50%	72,015
Denominated in USD with fixed rate	5,41%	332,720	7.11%	177,126
Denominated in RUB with fixed rate	-	-	7.50%	54,309
Total debt securities in issue		**369,615**		**326,285**

At 31 December 2015 debt securities in issue were not concentrated. As at 31 December 2014 the Bank had debt securities in issue held by 1 counterparty totalling BYR 202,909 million, which individually exceeded 10% of the Bank's equity and represented significant concentration. The aggregate amount of these balances was 62% of total debt securities in issue.

Refer to Note 33 for the disclosure of the fair value of each class of debt securities in issue. Interest rate analyses of debt securities in issue are disclosed in Note 29. Information on debt securities in issue held by related parties is disclosed in Note 35.

17 Other Financial Liabilities

Other financial liabilities comprise the following:

In millions of Belarusian roubles	2015	2014
Settlements on conversion and other banking operations	37,746	-
Other financial liabilities	57,911	52,692
Provision for credit related commitments	4,275	5,155
Total other financial liabilities	**99,932**	**57,847**

Provision for credit related commitments represents specific provisions created for losses incurred on financial guarantees and letters of credit to extend credit to borrowers whose financial conditions deteriorated. Movements in the provision for impairment of credit related commitments are presented in Note 31.

Refer to Note 33 for disclosure of the fair value of each class of other financial liabilities.

18 Other Liabilities

Other liabilities comprise the following:

In millions of Belarusian roubles	2015	2014
Taxes payable other than on income tax	17,380	38,757
Salaries and unused vacation expense accrued	62,457	30,932
Amounts payable to Deposits guarantee fund	4,250	4,980
Other	3,651	1,384
Total other liabilities	**87,738**	**76,053**

As at 31 December 2015 all of the above liabilities are expected to be settled less than twelve months after the reporting date.

As at 31 December 2014 all of the above liabilities were expected to be settled less than twelve months after the reporting date, except for other liabilities of BYR 8 million.

19 Subordinated Debt

In millions of Belarusian roubles	Currency	Maturity Date	Interest rate	2015	Interest rate	2014
ABH Belarus Limited	USD	30 June 2021	6.44%	55,707	6.33%	35,550
ABH Belarus Limited	EUR	14 September 2022	6.14%	40,600	6.30%	28,760
ABH Belarus Limited	USD	22 November 2022	5.00%	37,138	5.00%	23,700
Total subordinated debt				**133,445**		**88,010**

Subordinated debt ranks after all other creditors in the case of liquidation.

Refer to Note 33 for the disclosure of the fair value of subordinated debt. Interest rate analysis of subordinated debt is disclosed in Note 29. Information on related party balances is disclosed in Note 35.

20 Share Capital and Retained Earnings

In millions of Belarusian roubles except for number of shares	Number of outstanding shares	Ordinary shares	Hyperinflation adjustment	Total share capital
At 1 January 2014	**577,006,619**	**288,504**	**490,415**	**778,919**
New shares issued	555,970,000	277,985	6,506	**284,491**
At 31 December 2014	**1,132,976,619**	**566,489**	**496,921**	**1,063,410**
New shares issued	-	-	-	**-**
At 31 December 2015	**1,132,976,619**	**566,489**	**496,921**	**1,063,410**

The total authorised number of ordinary shares is 1,132,976,619 shares (2014: 1,132,976,619 shares), with a par value of BYR 500 per share (2014: BYR 500 per share). All issued ordinary shares are fully paid. Each ordinary share carries one vote.

In accordance with Belarusian legislation, the Bank distributes profits as dividends or transfers them to reserves on the basis of financial statements prepared in accordance with Belarusian Accounting Rules. The Bank's reserves under Belarusian Accounting Rules at 31 December 2015 amount to BYR 541,516 million (2014: BYR 405,035 million on non-hyperinflated basis).

21 Other Comprehensive Income Recognised in Each Component of Equity

An analysis of other comprehensive income by item for each component of equity is as follows:

In millions of Belarusian roubles	**Other Comprehensive Income**
Year ended 31 December 2014	
Investment securities available for sale:	
- Gains less losses arising during the year	(5,497)
- Gains less losses recycled to profit or loss upon disposal or impairment	(43)
Total items that may be reclassified subsequently to profit or loss:	**(5,540)**
Revaluation reserve for property, plant and equipment	36,139
Income tax recorded directly in other comprehensive income	(9,035)
Total items that will not be reclassified to profit or loss:	**27,104**
Total other comprehensive income	**21,564**
Year ended 31 December 2015	
Investment securities available for sale:	
- Gains less losses arising during the year	8,384
- Gains less losses recycled to profit or loss upon disposal or impairment	(2,196)
Total items that may be reclassified subsequently to profit or loss:	**6,188**
Revaluation reserve for property, plant and equipment	99,717
Income tax recorded directly in other comprehensive income	(24,929)
Total items that will not be reclassified to profit or loss:	**74,788**
Total other comprehensive income	**80,976**

22 Interest Income and Expense

In millions of Belarusian roubles	2015	2014
Interest income		
Loans and advances to legal entities	873,686	525,339
Loans and advances to individuals	286,323	233,730
Investment securities available for sale	33,519	30,882
Due from other banks	20,634	8,030
Cash and cash equivalents	2,633	1,495
Other	2,098	1,748
Total interest income	**1,218,893**	**801,224**
Interest expense		
Term deposits of legal entities	249,506	118,026
Due to other banks	158,849	77,826
Term deposits of individuals	118,338	146,238
Current/settlement accounts of individuals	45,348	35,071
Current/settlement accounts of legal entities	38,300	27,990
Debt securities in issue	26,235	33,176
Subordinated debt	6,956	17,647
Other	210	57
Total interest expense	**643,742**	**456,031**
Net interest income	**575,151**	**345,193**

23 Fee and Commission Income and Expense

In millions of Belarusian roubles	2015	2014
Fee and commission income		
Cash and foreign currency exchange transactions	100,428	145,132
Settlement transactions	113,069	101,196
Documentary operations	56,497	47,293
Organisation and administration of syndications	38,341	22,155
Transactions with securities	97	86
Other	922	511
Total fee and commission income	**309,354**	**316,373**
Fee and commission expense		
Cash and foreign currency exchange transactions	29,743	26,083
Documentary operations	18,834	20,423
Settlement transactions	12,083	9,760
Transactions with securities	78	29
Other	4,237	4,543
Total fee and commission expense	64,975	60,838
Net fee and commission income	**244,379**	**255,535**

24 Other Operating Income

In millions of Belarusian roubles	2015	2014
Fines and penalties	12,406	8,710
Other income	1,533	396
Total other operating income	**13,939**	**9,106**

25 Administrative and Other Operating Expenses

In millions of Belarusian roubles	2015	2014
Staff costs	280,125	205,081
Statutory social security	67,808	58,326
Depreciation and Amortisation	40,114	39,190
Computer and telecommunications expenses	36,167	23,982
Rent expenses	33,855	35,600
Advertising and marketing	23,338	22,085
Contributions to deposits protection fund	22,979	21,562
Repairs and maintenance	20,454	12,362
Consulting and professional services	13,340	9,109
Utilities	8,226	5,406
Taxes other than income tax	4,840	21,865
Security	4,164	4,006
Result on disposal of assets	3,528	38
Materials and Supplies	2,790	2,364
Transport	2,253	1,780
Charity	1,100	-
Other	38,592	35,205
Total administrative and other operating expenses	**603,673**	**497,961**

26 Income Taxes

(a) Components of income tax expense

Income tax expense comprises the following:

In millions of Belarusian roubles	2015	2014
Current tax	56,054	38,172
Deferred tax	200,306	(16,767)
Income tax expense for the year	**256,360**	**21,405**

(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the Bank's 2015 income is 25% (2014: 18%). Reconciliation between the expected and the actual taxation charge is provided below.

In millions of Belarusian roubles	2015	2014
Profit before tax	**1,095,876**	**150,655**
Theoretical tax charge at statutory rate (2015: 25%; 2014: 18%)	273,969	27,118
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Income on domestic securities which is exempt from taxation	(9,240)	(7,263)
- Non-deductible expenses	14,756	8,097
Reversal of statutory revaluation of property and equipment	(23,125)	(24,760)
Effect of change of income tax rate from 18% to 25%	-	(3,854)
IAS 29 – monetary loss / (gain) on share capital contributions and dividends	-	747
IAS 29 - loss on tax base of assets and liabilities	-	20,302
IAS 29 - restatement of current income tax	-	1,018
Income tax expense for the year	**256,360**	**21,405**

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in the Republic of Belarus give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below, and is recorded at the rate of 25%.

In millions of Belarusian roubles	1 January 2014	Credited/ (charged) to profit or loss	Credited/ (charged) to other comprehen - sive income	31 December 2014	Credited/ (charged) to profit or loss	Credited/ (charged) to other comprehen- sive income	31 December 2015
Tax effect of deductible/(tax- able) temporary differences							
Premises and equipment due to statutory revaluation and different useful lives	(7,244)	(10,418)	9,035	(8,627)	(21,667)	24,929	(5,365)
Allowance for impairment of financial assets	11,509	(9,049)	-	2,460	(210,123)	-	(207,663)
Fair value of derivatives	(460)	4,702	-	4,242	(4,818)	-	(576)
Other	(6,809)	13,462	-	6,653	(13,556)	-	(6,903)
Net deferred tax asset/(liability)	**(3,004)**	**(1,303)**	**9,035**	**4,728**	**(250,164)**	**24,929**	**(220,507)**

The Bank had no tax loss carry forwards as at 31 December 2015 and 2014.

27 Dividends

In millions of Belarusian roubles	2015 Ordinary	2014 Ordinary
Dividends payable at 1 January	-	-
Dividends declared during the year	33,106	31,261
Dividends paid during the year	(33,106)	(31,261)
Dividends payable at 31 December	**-**	**-**

All dividends are declared in Belarusian roubles and paid either in US dollars or in Belarusian roubles.

28 Segment Analysis

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The CODM is the person - or group of persons - who allocates resources and assesses the performance for the entity. The functions of the CODM are performed by the Management Board of the Bank.

(a) Description of products and services from which each reportable segment derives its revenue

The Bank is organised on the basis of three main business segments:

- Retail banking – representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;
- Corporate banking – representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products;
- Treasury – representing corresponding accounts, deposits, loans and derivative products with other banks.

(b) Factors that management used to identify the reportable segments

The Bank's segments are strategic business units that focus on different customers. They are managed separately because each business unit requires different marketing strategies and service level and are based on different business and decision-making processes.

(c) Measurement of operating segment profit or loss, assets and liabilities

The CODM reviews financial information prepared based on Belarusian accounting standards adjusted to meet the requirements of internal reporting. Such financial information differs in certain aspects from International Financial Reporting Standards:

(i) Financial information is not restated in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies";

(ii) loan provisions are recognised based on Belarusian legislation and availability of information, rather than based on the incurred loss model prescribed in IAS 39;

(iii) the fair value changes in available for sale securities are reported within the segments' profits or losses rather than in other comprehensive income;

(iv) income taxes are not allocated to segments;

(v) commission income relating to lending is recognised immediately rather than deferred using the effective interest method;

(vi) funds are generally reallocated between segments at internal interest rates set by the treasury department, which are determined by reference to market interest rate benchmarks, contractual maturities for loans and observed actual maturities of customer accounts balances;

The CODM evaluates performance of each segment based on profit before tax.

(d) Information about reportable segment profit or loss, assets and liabilities

Segment information for the reportable segments for the year ended 31 December 2015 is set out below:

In millions of Belarusian roubles	**Retail banking**	**Corporate banking**	**Treasury**	**Unallocated**	**Total**
External revenues:					
- Interest income	340,160	773,771	57,506	-	**1,171,437**
- Fee and commission income	90,642	237,127	848	60	**328,677**
- Other operating income	7,801	4,696	-	1,444	**13,941**
Total revenues	**438,603**	**1,015,594**	**58,354**	**1,504**	**1,514,055**
Interest expense	(162,686)	(314,812)	(149,991)	(6,956)	**(634,445)**
Allowance for impairment of loans to customers, amounts due from other banks, investment securities available for sale and credit commitments	(162,577)	(770,792)	28,830	(2,308)	**(906,847)**
Fee and commission expense	(26,852)	(30,373)	(12,944)	(2,932)	**(73,101)**
Gains less losses from trading in foreign currencies and translation gains less losses	29,387	314,913	(231,654)	538,884	**651,530**
Gains less losses from financial derivatives	-	-	247,875	-	**247,875**
Gains less losses from disposals of investment securities available for sale	-	2,513	(317)	-	**2,196**
Administrative and other operating expenses	(263,582)	(249,588)	(44,108)	(232)	**(557,510)**
Income tax expense	-	-	-	(52,319)	**(52,319)**
Segment result	**(147,707)**	**(32,545)**	**(103,955)**	**475,641**	**191,434**
Segment assets	**778,944**	**5,735,597**	**3,263,738**	**792,772**	**10,571,051**
Segment liabilities	**2,893,586**	**3,697,486**	**2,335,699**	**245,017**	**9,171,788**

Segment information for the reportable segments for the year ended 31 December 2014 is set out below:

In millions of Belarusian roubles	Retail banking	Corporate banking	Treasury	Unallocated	Total
External revenues:					
- Interest income	242,350	439,133	40,030	-	**721,513**
- Fee and commission income	98,582	211,900	1,357	290	**312,129**
- Other operating income	6,528	1,728	-	1,183	**9,439**
Total revenues	**347,460**	**652,761**	**41,387**	**1,473**	**1,043,081**
Interest expense	(170,333)	(168,065)	(67,651)	(16,520)	**(422,569)**
Allowance for impairment of loans to customers, amounts due from other banks, investment securities available for sale and credit commitments	(37,448)	(127,571)	(1,789)	(10,831)	**(177,639)**
Fee and commission expense	(22,603)	(25,876)	(12,459)	(2,499)	**(63,437)**
Gains less losses from trading in foreign currencies and translation gains less losses	-	-	-	187,605	**187,605**
Gains less losses from financial derivatives	-	-	77,988	-	**77,988**
Gains less losses from disposals of investment securities available for sale	-	(809)	772	-	**(37)**
Administrative and other operating expenses	-	-	-	(436,011)	**(436,011)**
Income tax expense	-	-	-	(38,172)	**(38,172)**
Segment result	**117,076**	**330,440**	**38,248**	**(314,955)**	**170,809**
Segment assets	**767,016**	**4,533,843**	**2,088,698**	**661,778**	**8,051,335**
Segment liabilities	**1,662,791**	**3,248,187**	**1,825,586**	**199,296**	**6,935,860**

(e) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

In millions of Belarusian roubles	2015	2014
Total revenues for reportable segments	**1,514,055**	**1,043,081**
(a) hyperinflation adjustments in accordance with IAS 29	-	56,607
(b) derecognition of syndicated loans where the Bank doesn't bear credit risk	-	-
(c) elimination of deposits with the National Bank of Belarus and recognition of derivative	(718)	(1,293)
(d) other IFRS adjustments	28,849	28,308
Total revenues	**1,542,186**	**1,126,703**

Total revenues comprise interest income, fee and commission income and other operating income.

In millions of Belarusian roubles	**2015**	**2014**
Total reportable segment result	**191,434**	**170,809**
(a) hyperinflation adjustments in accordance with IAS 29	-	(101,229)
(b) elimination of deposits with the National Bank of Belarus and recognition of derivative	9,947	(19,154)
(c) additional allowance (reversal) for impairment of financial assets	772,501	44,361
(d) other IFRS adjustments	(134,366)	34,463
Profit for the year	**839,516**	**129,250**

In millions of Belarusian roubles	**2015**	**2014**
Total reportable segment assets	**10,571,051**	**8,051,335**
(a) hyperinflation adjustments in accordance with IAS 29	-	166,401
(b) derecognition of syndicated loans where the Bank doesn't bear credit risk	-	-
(c) elimination of deposits with the National Bank of Belarus and recognition of derivative	(7,021)	(128,420)
(d) deal date accounting adjustment	37,799	-
(e) additional allowance for impairment of financial assets	684,406	(37,341)
(f) NOSTRO cut-off error	28,823	(1,706)
(g) Clearance of transit accounts	(17,171)	(232,023)
(h) other IFRS adjustments	718,474	352,497
Total assets	**12,016,361**	**8,170,743**

In millions of Belarusian roubles	**2015**	**2014**
Total reportable segment liabilities	**9,171,788**	**6,935,860**
(a) hyperinflation adjustments in accordance with IAS 29	-	38
(b) derecognition of syndicated loans where the Bank doesn't bear credit risk	-	-
(c) elimination of deposits with the National Bank of Belarus and recognition of derivative	-	(111,464)
(d) deal date accounting adjustment	37,746	-
(e) NOSTRO cut-off error	28,857	(1,694)
(f) Clearance of transit accounts	(17,171)	(232,023)
(g) other IFRS adjustments	681,008	353,279
Total liabilities	**9,902,228**	**6,943,996**

(f) Analysis of revenues by products and services

The Bank's revenues are analysed by products and services in Notes 22 (interest income), Note 23 (fee and commission income) and in Note 24 (other operating income).

(g) Geographical information

In 2015 and 2014 revenues were collected mainly from Belarus (more than 90% of total revenues), other significant countries are the Netherlands and Russia. Revenues comprise interest income, fee and commission income and other operating income.

(h) Major customers

In 2015 revenues above 10% of the total revenue were generated from 1 customer. In 2014 revenues above 10% of the total revenue were generated from 2 customers.

29 Financial Risk Management

The risk management function within the Bank is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimise operational and legal risks.

Credit risk. The Bank takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Bank's lending and other transactions with counterparties giving rise to financial assets.

The Bank's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the statement of financial position. For credit related commitments, the maximum exposure to credit risk is the amount of the commitment. Refer to Note 31.

The main purposes of credit risk management are securing of loan portfolio growth, minimisation of bad debts, and diversification of loan portfolio.

The main instruments of credit risk management are credit risk limits, limits by loan product, internal borrower credit ratings, pricing with an allowance for risk, collateral discounts.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Large risks are approved regularly by the Credit Committees. Such risks are monitored on a revolving basis and are subject to review on continuing basis.

The Bank established a number of credit committees which are responsible for approving credit limits for individual borrowers:

The senior credit committee is responsible for:

- making loan decision on credit limits to corporate clients in the amount not exceeding USD 12,000 thousand and meets weekly or twice a week.
- submission to the Bank's Management Board for consideration a decision on proposed credit limits exceeding USD 12,000 thousand.
- submission to the Bank's Management Board for consideration the proposals of establishing country's limits.
- making a decision on non-standard legal risks and non-standard terms of credit transactions.

The junior credit committee is responsible for:

- review and approving credit limits to small and medium enterprises in the amount not exceeding USD 1,000 thousand and meets twice a week.

Loan applications originated by the relevant client relationship managers are passed on to the relevant credit committee for approval of the credit limit. Exposure to credit risk is also managed, in part, by obtaining collateral and corporate and personal guarantees. In order to monitor credit risk exposures, regular reports are produced by the Risk Management Department's officers based on a structured analysis focusing on the customer's business and financial performance. Any significant exposure to customers with deteriorating creditworthiness are reported to, and reviewed by the relevant Credit Committee.

The Bank also uses internal credit ratings and past due balances to monitor exposure to credit risk. Borrower's rating determination is based on weighted estimation of two categories of indicators: financial and business. Financial indicators analysis presents an appraisal of borrower's financial statements in order to establish its financial competitiveness (solvency and financial stability), ability to fulfil its obligations. Estimation of borrower's financial indicator includes analysis of the following areas: liquidity, property status, financial stability, payables, receivables, profit. Evaluation of business indicators is conducted to clarify borrower's business potential on market, interrelations with counterparties and banks and an efficiency of working capital usage. Such evaluation supplements analysis of financial indicators in a way that makes it possible to have full information about the borrower for the purpose of making judgement on its investment attractiveness. Estimation of borrower's business indicator includes analysis of the following areas: economic activity, profitability, sales, and turnover of accounts in banks, credit history, management quality, goodwill, market position and counterparties.

The Risk Management department reviews the ageing analysis of outstanding loans and follows up on past due balances. Management, therefore, considers it appropriate to provide ageing and other information about credit risk as disclosed in Notes 8-10,12.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as the result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The Bank uses the same credit policies in assuming conditional obligations as it does for on-balance sheet financial instruments, through established credit approvals, risk control limits and monitoring procedures.

Market risk. The Bank takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

The main purpose of market risk management is to minimise the fluctuation of the currencies portfolio and the securities portfolio, admitted in fair value, and to prevent their negative influence on the Bank's capital by establishing the limits on the amount of unexpected losses with the prescribed level of confidence interval, and establishing the limits on amount of open position.

The specific and the general risk analysis uses when the investments in securities are made by the Bank. The specific risk analysis is exercised in purpose of exposure credit risk of security and it is the same as the procedure used in credit analysis. The policy of forming and management of the securities portfolio has been established the minimum international credit rating of issuer for purchasing his bonds, limiting the size of the trading securities portfolio, limiting the share of investments in securities of the same emission.

The general risk analysis directs to the estimation of the market characteristic of risk: calculating modified duration, volatility of interest rates, price sensitivity, and correlation of interest rate with the basic indexes of the securities market.

The limit of risk concentration on securities per issuer is established on the basis of the specific and the general risk analysis.

The policy of forming and management of the securities portfolio determines the stop-loss. The Division of the Transactions in the Financial Markets must stop the position in security when the stop-loss has been achieved.

The portfolio of securities is analysed on a weekly basis by the Asset and Liability Management Committee.

Currency risk. In respect of currency risk, management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The table below summarises the Bank’s exposure to foreign currency exchange rate risk at the end of the reporting period:

	At 31 December 2015				At 31 December 2014			
In millions of Belarusian roubles	**Monetary financial assets**	**Monetary financial liabilities**	**Deri-vatives (net)**	**Net position**	**Mone-tary financial assets**	**Monetary financial liabilities**	**Deri-vatives (net)**	**Net position**
Belarusian roubles	1,878,699	(1,602,355)	883,200	1,159,544	1,582,011	(1,607,066)	(153,038)	(178,093)
US Dollars	5,446,224	(4,649,687)	(145,719)	650,818	3,312,898	(3,268,781)	878,888	923,005
Euros	3,012,315	(2,969,224)	1,374	44,465	1,791,055	(1,622,194)	(86,760)	82,101
Russian roubles	466,361	(341,106)	(118,939)	6,316	349,481	(353,971)	-	(4,490)
Other	2,144	(1,720)	-	424	1,101	(962)	-	139
Total	**10,805,743**	**(9,564,092)**	**619,916**	**1,861,567**	**7,036,546**	**(6,852,974)**	**639,090**	**822,662**

Derivatives presented above are monetary financial assets or monetary financial liabilities, but are presented separately in order to show the Bank’s gross exposure.

Amounts disclosed in respect of derivatives represent the fair value, at the end of the reporting period, of the respective currency that the Bank agreed to buy (positive amount) or sell (negative amount) before netting of positions and payments with the counterparty. The amounts by currency are presented gross as stated in Note 32. The net total represents the fair value of the currency derivatives. The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the Bank, with all other variables held constant:

	At 31 December 2015		At 31 December 2014	
In millions of Belarusian roubles	**Impact on profit before taxes**	**Impact on equity**	**Impact on profit before taxes**	**Impact on equity**
US Dollar strengthening by 30% (2014: strengthening by 30%)	195,245	146,434	276,902	207,677
US Dollar weakening by 5% (2014: weakening by 5%)	(32,541)	(24,406)	(46,150)	(34,613)
Euro strengthening by 30% (2014: strengthening by 30%)	13,339	10,004	24,630	18,473
Euro weakening by 5% (2014: weakening by 5%)	(2,223)	(1,667)	(4,105)	(3,079)
Russian roubles strengthening by 30% (2014: strengthening by 30%)	1,905	1,429	(1,347)	(1,010)
Russian roubles weakening by 5% (2014: weakening by 5%)	(317)	(238)	225	169

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Bank.

Interest rate risk. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise. The Bank makes use of gap- analysis of assets and liabilities for estimation interest risk rate.

The table below summarises the Bank's exposure to interest rate risks. The table presents the aggregated amounts of the Bank's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates:

In millions of Belarusian roubles	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**No stated maturity**	**Total**
31 December 2015						
Total financial assets	3,061,203	5,338,196	638,143	2,350,696	38,379	**11,426,617**
Total financial liabilities	4,661,352	3,073,265	621,081	1,209,352	-	**9,565,050**
Net interest sensitivity gap at 31 December 2015	**(1,600,149)**	**2,264,931**	**17,062**	**1,141,344**	**38,379**	**1,861,567**
31 December 2014						
Total financial assets	2,317,535	2,598,347	911,327	1,807,440	40,987	**7,675,636**
Total financial liabilities	3,218,048	1,466,168	982,681	1,186,077	-	**6,852,974**
Net interest sensitivity gap at 31 December 2014	**(900,513)**	**1,132,179**	**(71,354)**	**621,363**	**40,987**	**822,662**

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Bank's income statement. The sensitivity of the income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2015 and 2014. The sensitivity of other comprehensive income is calculated by revaluing fixed rate available-for-sale financial assets at 31 December 2015 and 2014 for the effects of the assumed changes in interest rates based on the assumption that there are parallel shifts in the yield curve:

	At 31 December 2015		**At 31 December 2014**	
In millions of Belarusian roubles	**Impact on net interest income**	**Impact on other comprehensive income**	**Impact on net interest income**	**Impact on other comprehensive income**
Increase by 500 basis points for interest rate in Belarusian roubles (2014: increase by 500 basis points)	3,741	-	5,249	-
Decrease by 500 basis points for interest rate in Belarusian roubles (2014: Decrease by 500 basis points)	(3,741)	-	(5,249)	-
increase by 200 basis points for interest rate in other currencies (2014: increase by 200 basis points)	(11,785)	(2,703)	(2,253)	(4,585)
Decrease by 200 basis points for interest rate in other currencies (2014: decrease by 200 basis points)	11,785	3,235	2,253	4,944

The Bank monitors interest rates for its financial instruments. The table below summarises weighted average interest rates at the respective reporting date based on reports reviewed by key management personnel.

	2015				2014			
In % p.a.	**BYR**	**USD**	**Euro**	**RUR**	**BYR**	**USD**	**Euro**	**RUR**
Assets								
Cash and cash equivalents	0%	0%	0%	2%	0%	0%	0%	11%
Due from other banks	29%	0%	0%	0%	49%	0%	1%	0%
Loans and advances to customers	29%	11%	10%	19%	37%	11%	9%	14%
Investment securities available for sale	-	7%	-	-	-	10%	-	-
Other financial assets	0%	0%	0%	0%	0%	0%	0%	0%
Liabilities								
Due to other banks	26%	7%	4%	14%	28%	6%	3%	17%
Customer accounts								
- current and settlement accounts	13%	1%	1%	1%	25%	3%	2%	0%
- term deposits	27%	5%	5%	9%	31%	6%	4%	13%
Debt securities in issue	20%	5%	7%	-	20%	7%	7%	8%
Other financial liabilities	0%	0%	0%	0%	0%	0%	0%	0%
Subordinated debt	-	6%	6%	-	-	6%	6%	-

The sign "-" in the table above means that the Bank does not have the respective assets or liabilities in the corresponding currency.

The Treasury department makes use of currency swap to manage the risk. The Assets and Liability Management Committee regularly revises advisable interest rates of credits and limiting interest rates for deposits to form optimal cost of assets and liabilities.

Other price risk. The Bank has limited exposure to equity price risk.

The Bank is exposed to prepayment risk through providing fixed or variable rate loans, including mortgages, which give the borrower the right to repay the loans early. The Bank's current year profit (loss) and equity at the end of the current reporting period would not have been significantly impacted by changes in prepayment rates because such loans are carried at amortised cost and the prepayment right is at, or close to, the amortised cost of the loans and advances to customers.

Geographical risk concentrations. The geographical concentration of the Bank's assets and liabilities at 31 December 2015 is set out below:

In millions of Belarusian roubles	Belarus	Russia	Other CIS	Europe	USA	Other	Total
Assets							
Cash and cash equivalents	1,702,148	29,240	280	88,760	89,355	-	**1,909,783**
Mandatory cash balances with the National Bank of Belarus	38,379	-	-	-	-	-	**38,379**
Due from other banks	365,140	811	-	-	-	-	**365,951**
Loans and advances to customers	7,800,238	-	-	-	-	-	**7,800,238**
Investment securities available for sale	637,777	-	-	-	-	-	**637,777**
Derivative financial assets	610,199	10,675	-	-	-	-	**620,874**
Current income tax asset	-	-	-	-	-	-	**-**
Deferred income tax asset	-	-	-	-	-	-	**-**
Property, equipment and intangible assets	557,354	-	-	-	-	-	**557,354**
Other financial assets	15,816	9,379	-	28,420	-	-	**53,615**
Other assets	31,164	-	-	-	-	-	**31,164**
Non-Current Assets Classified as Held for Sale	1,226	-	-	-	-	-	**1,226**
Total assets	**11,759,441**	**50,105**	**280**	**117,180**	**89,355**	**-**	**12,016,361**
Liabilities							
Due to other banks	80,520	1,458,612	187,399	955,581	-	143,289	**2,825,401**
Customer accounts	5,194,238	281,135	24,417	576,462	860	58,587	**6,135,699**
Debt securities in issue	369,615	-	-	-	-	-	**369,615**
Derivative financial liabilities	-	958	-	-	-	-	**958**
Current income tax liability	28,933	-	-	-	-	-	**28,933**
Deferred income tax liability	220,507	-	-	-	-	-	**220,507**
Other financial liabilities	62,187	9,378	-	28,367	-	-	**99,932**
Other liabilities	87,738	-	-	-	-	-	**87,738**
Subordinated debt	-	-	-	133,445	-	-	**133,445**
Total liabilities	**6,043,738**	**1,750,083**	**211,816**	**1,693,855**	**860**	**201,876**	**9,902,228**
Net position	**5,715,703**	**(1,699,978)**	**(211,536)**	**(1,576,675)**	**88,495**	**(201,876)**	**2,114,133**
Credit related commitments, not secured by cash, net of provision	**2,290,467**	**-**	**-**	**-**	**-**	**-**	**2,290,467**

Assets, liabilities and credit related commitments have generally been based on the country in which the counterparty is located. Cash on hand have been allocated based on the country in which they are physically held.

The geographical concentration of the Bank's assets and liabilities at 31 December 2014 is set out below:

In millions of Belarusian roubles	Belarus	Russia	Other CIS	Europe	USA	Other	Total
Assets							
Cash and cash equivalents	836,935	52,399	4	38,647	121,256	-	**1,049,241**
Mandatory cash balances with the National Bank of Belarus	40,987	-	-	-	-	-	**40,987**
Due from other banks	330,638	5,415	-	-	-	-	**336,053**
Loans and advances to customers	5,416,403	-	-	-	-	-	**5,416,403**
Investment securities available for sale	178,161	-	-	-	-	-	**178,161**
Derivative financial assets	639,078	-	-	12	-	-	**639,090**
Current income tax asset	11,625	-	-	-	-	-	**11,625**
Deferred income tax asset	4,728	-	-	-	-	-	**4,728**
Property, equipment and intangible assets	443,193	-	-	-	-	-	**443,193**
Other financial assets	15,179	-	-	522	-	-	**15,701**
Other assets	35,561	-	-	-	-	-	**35,561**
Total assets	**7,952,488**	**57,814**	**4**	**39,181**	**121,256**	**-**	**8,170,743**
Liabilities							
Due to other banks	148,822	928,705	178,435	786,244	-	12,275	**2,054,481**
Customer accounts	3,766,132	208,897	25,819	305,427	949	19,127	**4,326,351**
Debt securities in issue	326,285	-	-	-	-	-	**326,285**
Current income tax liability	14,969	-	-	-	-	-	**14,969**
Other financial liabilities	57,847	-	-	-	-	-	**57,847**
Other liabilities	76,053	-	-	-	-	-	**76,053**
Subordinated debt	-	-	-	88,010	-	-	**88,010**
Total liabilities	**4,390,108**	**1,137,602**	**204,254**	**1,179,681**	**949**	**31,402**	**6,943,996**
Net position	**3,562,380**	**(1,079,788)**	**(204,250)**	**(1,140,500)**	**120,307**	**(31,402)**	**1,226,747**
Credit related commitments, not secured by cash, net of provision	**331,948**	**-**	**-**	**-**	**-**	**-**	**331,948**

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw-downs, guarantees and from margin and other calls on cash-settled derivative instruments. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Liquidity risk is managed by Assets and Liability Management Committee of the Bank.

The Bank seeks to maintain a stable funding base primarily consisting of amounts due to other banks, corporate and retail customer deposits and debt securities. The Bank invests the funds in diversified portfolios of liquid assets. The target capital structure of assets and liabilities is assigned and the limits on attraction of resources from one creditor is fixed at the rate of USD 15,000 thousand ,in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The Bank's Treasury Department requires consideration of the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans; and monitoring liquidity ratios against regulatory requirements. The Financial Department calculates liquidity ratios on a daily basis. These ratios are:

- Instant liquidity ratio, which is calculated as the ratio of highly-liquid assets to liabilities payable on demand;

- Current liquidity ratio, which is calculated as the ratio of liquid assets to liabilities maturing within 30 calendar days;

- Long-term liquidity ratio, which is calculated as the ratio of assets maturing after one year to regulatory capital and liabilities maturing after one year.

The Treasury Department receives information about the liquidity profile of the financial assets and liabilities. The Treasury Department then provides for an adequate portfolio of short-term liquid assets, largely made up of short-term liquid trading securities, deposits with banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank.

The daily liquidity position is monitored by the Treasury Department. Regular liquidity stress testing, under a variety of scenarios covering both normal and more severe market conditions, controlling maintenance of management limits on liquidity risk, is performed by the Risk Management Department.

The Treasury Department manages the portfolio of securities.

The table below shows liabilities at 31 December 2015 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows, gross credit related commitments, and contractual amounts to be exchanged under a gross settled currency swaps. Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in the statement of financial position is based on discounted cash flows. Financial derivatives are included at the contractual amounts to be paid or received, unless the Bank expects to close the derivative position before its maturity date in which case the derivatives are included based on the expected cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The maturity analysis of undiscounted financial instruments at 31 December 2015 is as follows:

In millions of Belarusian roubles	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**Total**
Liabilities					
Due to other banks	855,185	1,327,941	300,422	479,672	**2,963,220**
Customer accounts	3,130,369	1,238,280	942,122	1,122,698	**6,433,469**
Debt securities in issue	-	280,303	101,042	-	**381,345**
Gross settled swaps and forwards:					
- inflow	-	-	-	-	**-**
- outflows	(1,640)	-	-	-	**(1,640)**
Other financial liabilities	52,580	1,442	45,892	18	**99,932**
Subordinated debt	703	3,425	4,173	176,373	**184,674**
Guarantees issued	1,544,179	-	-	-	**1,544,179**
Import letters of credit, not secured by cash	750,462	-	-	-	**750,462**
Total potential future payments for financial obligations	**6,331,838**	**2,851,391**	**1,393,651**	**1,778,761**	**12,355,641**

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment disclosed in the above maturity analysis, because the Bank does not generally expect the third party to draw funds under the agreement.

The maturity analysis of undiscounted financial instruments at 31 December 2014 is as follows:

In millions of Belarusian roubles	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**Total**
Liabilities					
Due to other banks	722,261	834,589	184,319	409,938	**2,151,107**
Customer accounts	2,528,169	546,662	738,537	760,874	**4,574,242**
Debt securities in issue	-	8,854	114,345	330,886	**454,085**
Other financial liabilities	15,702	3,778	6,371	31,996	**57,847**
Subordinated debt	452	2,186	2,681	115,273	**120,592**
Guarantees issued	266,350	-	-	-	**266,350**
Import letters of credit, not secured by cash	70,753	-	-	-	**70,753**
Total potential future payments for financial obligations	**3,603,687**	**1,396,069**	**1,046,253**	**1,648,967**	**7,694,976**

Payments in respect of gross settled forwards will be accompanied by related cash inflows. Customer accounts are classified in the above analysis based on contractual maturities. However, in accordance with Belarusian Banking Code, individuals have a right to withdraw their deposits prior to maturity.

The Bank does not use the above maturity analysis based on undiscounted contractual maturities of liabilities to manage liquidity. Instead, the Bank's Treasury monitors contractual maturities and the resulting expected liquidity gap.

The following table represents analysis of assets and liabilities as at 31 December 2015 by their contractual maturities as determined by the Bank:

In millions of Belarusian roubles	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**No stated maturity**	**Total**
Assets						
Cash and cash equivalents	1,909,783	-	-	-	-	1,909,783
Mandatory cash balances with the National Bank of Belarus	-	-	-	-	38,379	38,379
Due from other banks	300,000	-	-	-	65,951	365,951
Loans and advances to customers	748,004	4,126,740	712,528	2,212,966	-	7,800,238
Investment securities available for sale	-	214,062	-	423,715	-	637,777
Derivative financial assets	10	620,864	-	-	-	620,874
Current income tax asset	-	-	-	-	-	-
Deferred income tax asset	-	-	-	-	-	-
Premises, equipment and intangible assets	-	-	-	-	557,354	557,354
Other financial assets	46,188	4,983	-	318	2,126	53,615
Other assets	16,565	8,087	1,515	992	4,005	31,164
Non-Current Assets Classified as Held for Sale	-	-	-	-	1,226	1,226
Total assets	**3,020,550**	**4,974,736**	**714,043**	**2,637,991**	**669,041**	**12,016,361**
Liabilities						
Due to other banks	848,289	1,283,013	278,108	415,991	-	2,825,401
Customer accounts	3,096,066	1,157,303	877,266	1,005,064	-	6,135,699
Debt securities in issue	-	269,401	100,214	-	-	369,615
Derivative financial liabilities	958	-	-	-	-	958
Current income tax liability	28,933	-	-	-	-	28,933
Deferred income tax liability	-	-	-	-	220,507	220,507
Other financial liabilities	51,903	1,442	45,892	18	677	99,932
Other liabilities	38,091	49,647	-	-	-	87,738
Subordinated debt	-	-	-	133,445	-	133,445
Total liabilities	**4,064,240**	**2,760,806**	**1,301,480**	**1,554,518**	**221,184**	**9,902,228**
Net expected liquidity gap	**(1,043,690)**	**2,213,930**	**(587,437)**	**1,083,473**	**447,857**	**2,114,133**
Cumulative expected liquidity gap	**(1,043,690)**	**1,170,240**	**582,803**	**1,666,276**	**2,114,133**	

The following table represents analysis of assets and liabilities as at 31 December 2014 by their contractual maturities as determined by the Bank:

In millions of Belarusian roubles	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**No stated maturity**	**Total**
Assets						
Cash and cash equivalents	1,049,241	-	-	-	-	**1,049,241**
Mandatory cash balances with the National Bank of Belarus	-	-	-	-	40,987	**40,987**
Due from other banks	303,631	-	-	-	32,422	**336,053**
Loans and advances to customers	853,801	2,503,361	635,556	1,423,685	-	**5,416,403**
Investment securities available for sale	-	-	-	178,161	-	**178,161**
Derivative financial assets	12	-	302,862	336,216	-	**639,090**
Current income tax asset	-	11,625	-	-	-	**11,625**
Deferred income tax asset	-	-	-	-	4,728	**4,728**
Premises, equipment and intangible assets	-	-	-	-	443,193	**443,193**
Other financial assets	11,498	375	-	1,869	1,959	**15,701**
Other assets	28,288	4,851	177	74	2,171	**35,561**
Total assets	**2,246,471**	**2,520,212**	**938,595**	**1,940,005**	**525,460**	**8,170,743**
Liabilities						
Due to other banks	718,297	814,293	174,240	347,651	-	**2,054,481**
Customer accounts	2,491,069	499,902	701,034	634,346	-	**4,326,351**
Debt securities in issue	-	-	107,923	218,362	-	**326,285**
Current income tax liability	14,969	-	-	-	-	**14,969**
Other financial liabilities	15,670	3,778	6,371	31,996	32	**57,847**
Other liabilities	53,378	22,663	4	8	-	**76,053**
Subordinated debt	-	-	-	88,010	-	**88,010**
Total liabilities	**3,293,383**	**1,340,636**	**989,572**	**1,320,373**	**32**	**6,943,996**
Net expected liquidity gap	**(1,046,912)**	**1,179,576**	**(50,977)**	**619,632**	**525,428**	**1,226,747**
Cumulative expected liquidity gap	**(1,046,912)**	**132,664**	**81,687**	**701,319**	**1,226,747**	

Significant mismatch in the liquidity position up to 1 month is caused by significant portion of customer accounts classified into the category “Demand and less than 1 month”. The Bank’s management believes that in spite of a substantial portion of customer accounts being on demand, diversification of these deposits by number and type of depositors, and the past experience of the Bank would indicate that these customer accounts provide a long-term and stable source of funding for the Bank. The Bank’s management believes that the Bank will be able to attract sufficient interbank borrowings to finance potential customer short-term funds withdrawal. The Bank has positive cumulative expected liquidity gap for all other maturity periods.

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest and exchange rates.

Operational risk. The Bank reviews operational risk by development and monitoring the Key Risk Indicators (KRI) of the guidelines for the Bank's activities. The senior executives of all Bank departments provide the Department of Risk Management with information about operational risks. The Risk Management Department performs an analysis of operating risk accidents and takes part in developing measures to prevent operating risk accidents. The Bank's Management Board is informed of the KRI and operating risk accidents by means of quarterly reports.

30 Management of Capital

The Bank's objectives when managing capital are (i) to comply with the capital requirements set by the National Bank of Belarus, (ii) to safeguard the Bank's ability to continue as a going concern and (iii) to maintain a sufficient capital base to achieve a capital adequacy ratio based on the Basel Accord of at least 8%. Compliance with capital adequacy ratios set by the National Bank of Belarus is monitored monthly, with reports outlining their calculation reviewed and signed by the Bank's Chief Executive Officer. Other objectives of capital management are evaluated on a regular basis.

Under the current capital requirements set by the National Bank of Belarus, banks have to maintain a ratio of regulatory capital to risk weighted assets ("statutory capital ratio") above a prescribed minimum level (10%). Regulatory capital is based on the Bank's reports prepared under Belarusian accounting standards and comprises:

In millions of Belarusian roubles	**2015**	**2014**
Net assets under Belarusian GAAP	1,477,460	1,240,933
Plus subordinated debt	133,445	88,010
Less intangible assets	(51,130)	(41,830)
Less borrowings granted	(74)	(100)
Less income accrued in 2015 - either overdue or not received after 30 days from the accrual date	(16,879)	-
Less income accrued in 2014 - either overdue or not received after 30 days from the accrual date	-	(18,484)
Less income accrued in the previous years - either overdue or not, but not yet received	(5,554)	(7,252)
Total regulatory capital	**1,537,268**	**1,261,277**

The minimal level of regulatory capital established by the National Bank of Belarus amounts to EUR 25 million which is equivalent as at 31 December 2015 to BYR 507,500 million (2014: BYR 359,500 million).

The Bank's management also monitors capital adequacy levels calculated in accordance with the requirements of the Basel Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and Amendment to the Capital Accord to incorporate market risks (updated November 2005), commonly known as Basel I. The composition of the Bank's capital calculated in accordance with Basel Accord is as follows:

In millions of Belarusian roubles	2015	2014
Tier 1 capital		
Share capital	1,063,410	1,063,410
Retained earnings	917,223	110,813
Revaluation reserve for investment securities available for sale	-	(6,153)
Total tier 1 capital	**1,980,633**	**1,168,070**
Tier 2 capital		
Subordinated debt (adjusted for residual maturity)	133,445	88,010
Revaluation surplus for investment securities available for sale	35	-
Revaluation surplus for buildings and construction in progress	133,465	58,677
Total tier 2 capital	**266,945**	**146,687**
Total capital per Basel I	**2,247,578**	**1,314,757**
Capital Ratios:		
Tier 1 capital	16.4%	14.3%
Total capital	18.6%	16.1%

The Bank has complied with all externally imposed capital requirements throughout 2015 and 2014 years.

31 Contingencies and Commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Bank may be received. On the basis of its own estimates and both internal professional advice, management is of the opinion that no material losses will be incurred in respect of claims, and accordingly no provision has been made in these financial statements.

Tax contingencies. Belarusian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Bank. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be successfully challenged by relevant tax authorities. Fiscal periods remain open to review by the authorities in respect of taxes for indefinite period. The Bank's management believes that the Bank applies tax accounting approaches that will be accepted by tax authorities as fully compliant with valid tax legislation of the Republic of Belarus.

As Belarusian tax legislation does not provide definitive guidance in certain areas, the Bank adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Bank. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that outflow of resources will be required should such tax positions and interpretations be challenged by the relevant tax authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Bank.

Capital expenditure commitments.

At 31 December 2015 and 2014, the Bank has no material contractual capital expenditure commitments in respect of premises and equipment and in respect of software and other intangible assets.

The Bank has already allocated the necessary resources in respect of these commitments. The Bank believes that future net income and funding will be sufficient to cover this and any similar such commitments.

Operating lease commitments.

The Bank had no significant commitments under non-cancellable contracts for operating leases as of 31 December 2015 and 2014.

Compliance with covenants. The Bank complies with financial covenants in respect of its borrowings.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and, therefore, carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since all Bank's commitments to extend credit can be revocable without a material adverse change in the borrower performance. Outstanding credit related commitments are as follows:

In millions of Belarusian roubles	**Note**	**2015**	**2014**
Guarantees issued		1,544,179	266,350
Import letters of credit secured by cash	15	102,689	315,158
Import letters of credit, not secured by cash		750,462	70,753
Total credit related commitments, gross		**2,397,330**	**652,261**
Less: Provision for credit related commitments	17	(4,275)	(5,155)
Total credit related commitments, net of provision		**2,393,055**	**647,106**

The total outstanding contractual amount of letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

Movement in the provision for losses on credit related commitments were as follows:

In millions of Belarusian roubles	**2015**	**2014**
Provision for losses on credit related commitments at 1 January	**5,155**	**3,780**
(Release)/provision for credit related commitments during the year	(2,045)	846
Currency translation differences	1,165	1,056
Monetary gain		(527)
Provision for losses on credit related commitments at 31 December	**4,275**	**5,155**

Credit related commitments are denominated in currencies as follows:

In millions of Belarusian roubles	**2015**	**2014**
Euro	808,306	512,094
US Dollars	740,224	97,522
Russian roubles	660,793	6,728
Belarusian roubles	188,007	35,069
Other	-	848
Total credit related commitments, gross	**2,397,330**	**652,261**

Assets pledged and restricted. The Bank had no assets pledged as collateral except for the following:

At 31 December 2015, due from other banks balances of BYR 65,951 million (2014: BYR 32,422 million) are placed as a cover for letters of credit and international payment cards transactions (Note 8).

In addition, mandatory cash balances with the National Bank of Belarus of BYR 38,379 million (2014: BYR 40,987 million) represent mandatory reserve deposits which are not available to finance the Bank's day to day operations as disclosed in Note 3.

32 Derivative Financial Instruments

The table below sets out fair values, at the end of the reporting period, of currencies receivable or payable under foreign exchange forward and swap contracts entered into by the Bank. The table reflects gross positions before the netting of any counterparty positions (and payments) and covers the contracts with settlement dates after the end of the respective reporting period. The contracts are short term in nature:

	Notes	**2015**		**2014**	
In millions of Belarusian roubles		**Contracts with positive fair value**	**Contracts with negative fair value**	**Contracts with positive fair value**	**Contracts with negative fair value**
Foreign exchange forwards and swaps: fair values, at the end of the reporting period, of					
- USD receivable on settlement (+)		726,111	122,624	878,888	-
- USD payable on settlement (-)		(994,454)	-	-	-
- Euros receivable on settlement (+)		-	1,374	-	-
- Euros payable on settlement (-)		-	-	(86,760)	-
- Russian roubles receivable on settlement (+)		6,017	-		
- Russian roubles payable on settlement (-)		-	(124,956)	-	-
- Belarusian roubles receivable on settlement (+)		999,114	-	-	-
- Belarusian roubles payable on settlement (-)		(115,914)	-	(153,038)	-
Net fair value of foreign exchange forwards and swaps	29	**620,874**	**(958)**	**639,090**	**-**

Foreign exchange derivative financial instruments entered into by the Bank are generally traded in an over-the-counter market. Derivatives have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

33 Fair Value Disclosures

(a) Fair values of financial instruments carried at amortised cost.

Fair values of financial instruments carried at amortised cost are as follows:

	2015		2014	
In millions of Belarusian roubles	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
FINANCIAL ASSETS				
Cash and cash equivalents	1,909,783	1,909,783	1,049,241	1,049,241
Mandatory cash balances with the National Bank of Belarus	38,379	38,379	40,987	40,987
Due from other banks	365,951	365,951	336,053	336,053
Loans and advances to customers				
- Corporate loans	5,976,048	5,956,727	4,054,902	4,054,902
- Loans to small and medium enterprises (SME)	744,767	744,767	435,403	435,403
- Finance lease receivables	126,556	126,556	108,408	108,408
- Corporate bonds classified as loans and receivables	72,977	72,977	56,290	56,290
- Loans to individuals	879,890	856,325	761,400	673,287
Other financial assets	53,615	53,615	15,701	15,701
TOTAL FINANCIAL ASSETS CARRIED AT AMORTISED COST	**10,167,966**	**10,125,080**	**6,858,385**	**6,770,272**
FINANCIAL LIABILITIES				
Due to other banks	2,825,401	2,825,401	2,054,481	2,054,481
Customer accounts	6,135,699	6,135,351	4,326,351	4,326,858
Debt securities in issue	369,615	369,615	326,285	326,285
Other financial liabilities	99,932	99,932	57,847	57,847
Subordinated debt	133,445	133,445	88,010	88,010
TOTAL FINANCIAL LIABILITIES CARRIED AT AMORTISED COST	**9,564,092**	**9,563,744**	**6,852,974**	**6,853,481**

(b) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

	31 December 2015				**31 December 2014**			
In millions of Belarusian roubles	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets AT FAIR VALUE								
FINANCIAL Assets								
Investment securities available for sale	-	-	637,777	**637,777**	-	-	178,161	**178,161**
Derivative financial assets	-	-	620,874	**620,874**	-	12	639,078	**639,090**
NON-FINANCIAL ASSETS								
Premises	-	418,996	-	**418,996**	-	314,838	-	**314,838**
Total ASSETS RECURRING FAIR VALUE MEASUREMENTS	**-**	**418,996**	**1,258,651**	**1,677,647**	**-**	**314,850**	**817,239**	**1,132,089**
LIABILITIES CARRIED AT FAIR VALUE								
FINANCIAL LIABILITIES								
Derivative financial liabilities	-	-	958	**958**	-	-	-	-
Total LIABILITIES RECURRING FAIR VALUE MEASUREMENTS	-	-	958	**958**	-	-	-	-

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

As at 31 December 2015 and 2014 currency swaps with the National Bank of Belarus and investment securities available for sale are categorised under the third level of fair value hierarchy since its fair value is assessed with significant non-observable inputs in the market (Level 3).

(c) Reconciliation of movements in instruments belonging to level 3 of the fair value hierarchy.

A reconciliation of movements in Level 3 of the fair value hierarchy by class of instruments for the year ended 31 December 2015 and 2014 is as follows:

	2015			**2014**		
In millions of Belarusian roubles	**Investment securities available for sale**	**Derivative financial assets**	**Derivative financial liabilities**	**Investment securities available for sale**	**Derivative financial assets**	**Derivative financial liabilities**
Fair value at 1 January	**178,161**	**639,090**	**-**	**95,235**	**562,437**	**-**
Gains or losses recognised in profit or loss for the year	177,448	238,819	958	101,902	155,065	-
Loss on monetary position	-	-	-	(13,479)	(78,412)	-
Gains or losses recognised in other comprehensive income	8,384	-	-	(5,497)	-	-
Acquisition	1,381,908	-	-	-	-	-
Disposal	(1,108,124)	(257,035)	-	-	-	-
Transfers into level 3	-	-	-	(178,161)	(639,090)	-
Fair value at 31 December	**637,777**	**620,874**	**958**	**-**	**-**	**-**
Cumulative revaluation gains less losses recognised in profit or loss for the current or prior years for assets held at 31 December	**175,357**	**238,819**	**958**	**-**	**-**	**-**
Sensitivity of fair value at 31 December to reasonably possible changes in assumptions not based on observable market data						
Effect on fair value of 2% increase in USD interest rate used to discount future cash flows under derivative	(2,703)	(697)	(69)	(4,585)	(13,485)	-
Effect on fair value of 2% increase in EUR interest rate used to discount future cash flows under derivative	-	-	(1)	-	-	-
Effect on fair value of 2% increase in RUB interest rate used to discount future cash flows under derivative	-	(3)	65	-	-	-
Effect on fair value of 2% decrease in BYR interest rate used to discount future cash flows under derivative	-	1,822	-	-	(1,860)	-

Gains and losses on derivatives are presented separately in profit or loss for the year.

The sensitivity to valuation assumptions disclosed in the table above represents by how much the fair value of derivative financial instruments and investment securities available for sale could increase or decrease had management used reasonably possible alternative valuation assumptions that are not based on observable market data, primarily the credit risk premium above the risk free discount rate in the discounted cash flow valuation technique applied by the Bank.

(d) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value are as follows:

	31 December 2015				**31 December 2014**			
In millions of Belarusian roubles	**Level 1 fair value**	**Level 2 fair value**	**Level 3 fair value**	**Carrying value**	**Level 1 fair value**	**Level 2 fair value**	**Level 3 fair value**	**Carrying value**
ASSETS								
Cash and cash equivalents	-	1,909,783	-	1,909,783	-	1,049,241	-	1,049,241
Mandatory cash balances with the National Bank	-	38,379	-	38,379	-	40,987	-	40,987
Due from other banks	-	365,951	-	365,951	-	336,053	-	336,053
Loans and advances to customers								
- Corporate loans	-	5,956,727	-	5,976,048	-	4,054,902	-	4,054,902
- Loans to small and medium enterprises (SME)	-	744,767	-	744,767	-	435,403	-	435,403
- Finance lease receivables	-	126,556	-	126,556	-	108,408	-	108,408
- Corporate bonds classified as loans and receivables	-	72,977	-	72,977	-	56,290	-	56,290
- Loans to individuals	-	856,325	-	879,890	-	673,287	-	761,400
Other financial assets	-	53,615	-	53,615	-	15,701	-	15,701
TOTAL	**-**	**10,125,080**	**-**	**10,167,966**	**-**	**6,770,272**	**-**	**6,858,385**

Fair values analysed by level in the fair value hierarchy and carrying value of liabilities not measured at fair value are as follows:

	31 December 2015				**31 December 2014**			
In millions of Belarusian roubles	**Level 1 fair value**	**Level 2 fair value**	**Level 3 fair value**	**Carrying value**	**Level 1 fair value**	**Level 2 fair value**	**Level 3 fair value**	**Carrying value**
FINANCIAL LIABILITIES								
Due to other banks	-	2,825,401	-	2,825,401	-	2,054,481	-	2,054,481
Customer accounts	-	6,135,351	-	6,135,699	-	4,326,858	-	4,326,351
Debt securities in issue	-	369,615	-	369,615	-	326,285	-	326,285
Other financial liabilities	-	99,932	-	99,932	-	57,847	-	57,847
Subordinated debt	-	133,445	-	133,445	-	88,010	-	88,010
TOTAL	**-**	**9,563,744**	**-**	**9,564,092**	**-**	**6,853,481**	**-**	**6,852,974**

(e) The methods and assumptions applied in determining fair values.

The fair values in level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique, because the quoted market prices were not available. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

Level 3 valuations are reviewed on a monthly basis by the Chief financial officer who reports to the Board of Directors on a quarterly basis. The CFO considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard within the financial services industry.

Discount rates used depend on currency, maturity of the instrument and credit risk of the counterparty and were as follows:

	2015	2014
Due from other banks		
US dollar	0%	0%
Russian rouble	-	-
Euro	1%	1%
Belarusian rouble	-	-
Loans and advances to customers		
US dollar	11%	11%
Russian rouble	19%	14%
Euro	10%	9%
Belarusian rouble	29%	46%
Due to other banks		
US dollar	7%	6%
Russian rouble	14%	17%
Euro	4%	3%
Belarusian rouble	26%	28%
Customer accounts		
- Current/settlement accounts		
US dollar	1%	3%
Russian rouble	1%	0%
Euro	1%	2%
Belarusian rouble	13%	25%
- Term deposits		
US dollar	5%	6%
Russian rouble	9%	13%
Euro	5%	4%
Belarusian rouble	27%	31%
Debt securities in issue		
US dollar	6%	6%
Russian rouble	-	8%
Euro	7%	7%
Belarusian rouble	20%	20%
Subordinated debt		
US dollar	6%	6%
Euro	6%	6%

34 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IAS 39 "Financial Instruments: Recognition and Measurement", classifies financial assets into the following categories: (a) loans and receivables; (b) available-for-sale financial assets; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss ("FVTPL"). Financial assets at fair value through profit or loss have two sub-categories: (i) assets designated as such upon initial recognition, and (ii) those classified as held for trading. In addition, finance lease receivables form a separate category. The following table provides a reconciliation of financial assets with these measurement categories as of 31 December 2015:

In millions of Belarusian roubles	**Loans and receivables**	**Available-for-sale assets**	**Trading assets**	**Total**
ASSETS				
Cash and cash equivalents	1,909,783	-	-	**1,909,783**
Mandatory cash balances with the National Bank of Belarus	38,379	-	-	**38,379**
Due from other banks	365,951	-	-	**365,951**
Loans and advances to customers				
Corporate loans	5,976,048	-	-	**5,976,048**
Loans to small and medium enterprises (SME)	744,767	-	-	**744,767**
Finance lease receivables	126,556	-	-	**126,556**
Corporate bonds classified as loans and receivables	72,977	-	-	**72,977**
Loans to individuals	879,890	-	-	**879,890**
Investment securities available for sale	-	637,777	-	**637,777**
Derivative financial assets	-	-	620,874	**620,874**
Other financial assets	53,615	-	-	**53,615**
TOTAL FINANCIAL ASSETS	**10,167,966**	**637,777**	**620,874**	**11,426,617**

The following table provides a reconciliation of financial assets with measurement categories at 31 December 2014:

In millions of Belarusian roubles	**Loans and receivables**	**Available-for-sale assets**	**Trading assets**	**Total**
ASSETS				
Cash and cash equivalents	1,049,241	-	-	**1,049,241**
Mandatory cash balances with the National Bank of Belarus	40,987	-	-	**40,987**
Due from other banks	336,053	-	-	**336,053**
Loans and advances to customers				
Corporate loans	4,054,902	-	-	**4,054,902**
Loans to small and medium enterprises (SME)	435,403	-	-	**435,403**
Finance lease receivables	108,408	-	-	**108,408**
Corporate bonds classified as loans and receivables	56,290	-	-	**56,290**
Loans to individuals	761,400	-	-	**761,400**
Investment securities available for sale	-	178,161	-	**178,161**
Derivative financial assets	-	-	639,090	**639,090**
Other financial assets	15,701	-	-	**15,701**
TOTAL FINANCIAL ASSETS	**6,858,385**	**178,161**	**639,090**	**7,675,636**

As of 31 December 2015 and 31 December 2014, all of the Bank's financial liabilities except for derivatives were carried at amortised cost. Derivatives belong to the fair value through profit or loss measurement category.

35 Related Party Transactions

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

At 31 December 2015, the outstanding balances with related parties were as follows:

In millions of Belarusian roubles	**Parent company**	**Entities under common control**	**Key management personnel**
Cash and cash equivalents	-	26,760	-
Due from other banks (contractual interest rate: 0 - 55%)	-	-	-
Gross amount of loans and advances to customers (contractual interest rate: 11 - 40 %)	-	231,210	2,773
Allowance for impairment of loans and advances to customers at 31 December	-	(7,317)	(17)
Derivative financial assets	-	10,675	-
Other financial assets	-	39,930	2
Due to other banks (contractual interest rate: 4 - 23%)	-	903,112	-
Customer accounts (contractual interest rate: 0 - 52%)	-	19,080	10,081
Derivative financial liabilities	-	958	-
Other financial and non-financial liabilities	-	39,159	28,210
Subordinated debt (contractual interest rate: 5 - 6%)	133,445	-	-

At 31 December 2014, the outstanding balances with related parties were as follows:

In millions of Belarusian roubles	**Parent company**	**Entities under common control**	**Key management personnel**
Cash and cash equivalents	-	50,117	-
Due from other banks (contractual interest rate: 0 - 55%)	-	5,415	-
Gross amount of loans and advances to customers (contractual interest rate: 11 - 40 %)	-	110,192	2,565
Allowance for impairment of loans and advances to customers at 31 December	-	(2,722)	(104)
Derivative financial assets	-	12	-
Other financial assets	-	5,919	2
Due to other banks (contractual interest rate: 4 - 23%)	-	840,545	-
Customer accounts (contractual interest rate: 0 - 52%)	-	37,505	10,055
Other financial and non-financial liabilities	-	365	6,285
Subordinated debt (contractual interest rate: 5 - 6%)	88,010	-	-

The income and expense items with related parties for 2015 and 2014 were as follows:

	2015			2014		
In millions of Belarusian roubles	Parent company	Entities under common control	Key management personnel	Parent company	Entities under common control	Key management personnel
Interest income	-	22,672	546	-	10,667	137
Interest expense	(6,956)	(40,538)	(710)	(4,722)	(37,556)	(707)
Allowance for impairment of loans to customers	-	(657)	30	-	2,082	(82)
Fee and commission income	-	7,002	250	-	10,273	77
Fee and commission expense	-	(11,551)	-	-	(3,531)	-
Gains less losses from financial derivatives	-	8,170	-	-	13	-
Gains less losses from trading in foreign currencies	-	93,121	-	-	9,174	-
Other operating income	-	-	-	-	12	-
Administrative and other operating expenses	-	(588)	(39,347)	-	(222)	(33,494)

The credit commitments with related parties for 2015 and 2014 were as follows:

	2015			2014		
In millions of Belarusian roubles	Parent company	Entities under common control	Key management personnel	Parent company	Entities under common control	Key management personnel
Import letters of credit	-	-	-	-	18,340	-
Cross guarantees	-	3,714	-	-	-	-

Key management compensation is presented below:

	2015		2014	
In millions of Belarusian roubles	Expense	Accrued liability	Expense	Accrued liability
Short-term benefits:				
- Salaries and short-term bonuses	33,983	24,803	28,550	5,726
Post-employment benefits:				
- State pension and social security costs	5,364	3,407	4,944	559
Total	**39,347**	**28,210**	**33,494**	**6,285**

Short-term bonuses fall due wholly within twelve months after the end of the period in which management rendered the related services.

36 Events After the End of the Reporting Period

Official exchange rates of Euro and US dollar were 20,300 BYR and 18,569 BYR, respectively, as at 1 January 2016. As at 4 April, exchange rates of Euro and US dollar were 22,781 BYR and 19,996 BYR, respectively.

Under the Decree of the President of the Republic of Belarus No. 7 "About fund raising on deposits" dated 11 November 2015, clause 1.4 of this document concerning income tax deduction on individuals' income in the form of interests on deposits comes into effect on the 1st of April 2016.

Under the Decree of the President of the Republic of Belarus No. 450 "About the redenomination of the official currency of the Republic of Belarus" dated 4 November 2015, the official currency of the Republic of Belarus will be redenominated on the 1st of July 2016 in the following ratio: 10,000 BYR in banknotes designed in 2000 will become 1 BYR in banknotes designed in 2009. Currency units in the form of coins designed in 2009 will be put into circulation as well.

On 25 March 2016 the General Shareholders Meeting took a decision on dividends payment. The dividends were declared on 29 March 2016 in the amount of BYR 211,867 million.