

BPS-Sberbank
Interim Condensed
Consolidated Financial Statements


For the 9 months ended 30 September 2015

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**Interim condensed consolidated statement of financial position
as of 30 September 2015***(in millions of Belarusian Roubles)*

	Notes	30 September 2015	31 December 2014
Assets:			
Cash and cash equivalents	3	5,902,920	5,666,401
Mandatory cash balances with the National Bank of the Republic of Belarus		193,106	214,285
Due from banks	4	618,491	58,451
Derivative financial assets	5	6,382,105	4,593,803
Loans to corporate customers	6	28,521,944	23,732,562
Loans to individuals	6	1,670,343	1,813,621
Non-current assets held for sale	7	179,845	14,259
Investments available for sale	8	2,815,811	1,150,334
Investments held to maturity	9	10,832	219,604
Investments in associates		82,798	72,777
Premises and equipment	10	1,519,446	1,506,633
Intangible assets	10	310,912	237,209
Current income tax assets		14,568	–
Other financial assets	11	199,812	418,411
Other non-financial assets	11	311,297	208,763
Total assets		48,734,230	39,907,113
Liabilities and equity			
Liabilities:			
Loans from the National bank of the Republic of Belarus		–	800,000
Due to banks	12	10,595,526	10,049,493
Derivative financial liabilities	5	19,346	38,631
Due to individuals	13	17,907,788	12,310,532
Due to corporate customers	13	11,753,476	9,904,928
Debt securities issued	14	2,013,448	832,745
Current income tax liabilities		–	41,206
Deferred income tax liabilities		3,431	69,970
Provisions for guarantees and other commitments	18	8,080	11,202
Other financial liabilities	15	828,000	659,797
Other non-financial liabilities	15	58,822	139,904
Subordinated debt	24	995,400	719,116
Total liabilities		44,183,317	35,577,524
Equity:			
Share capital	16	3,217,563	3,217,563
Share premium		5,763	5,763
Revaluation reserve for office premises and assets held for sale		271,681	284,923
Investments available for sale fair value reserve		13,609	7,547
Retained earnings		1,042,297	813,564
Total equity attributable to shareholders of the Bank		4,550,913	4,329,360
Non-controlling interest		–	229
Total equity		4,550,913	4,329,589
Total liabilities and equity		48,734,230	39,907,113

Signed and authorized for release on behalf of the Management Board


Acting Chairman of the Board
Viktor A. Perepelitsa
20 November 2015
Minsk





Chief Accountant
Nina N. Ilyukovich
20 November 2015
Minsk

**Interim condensed Consolidated income statement
for the 9 months ended 30 September 2015**
(in millions of Belarusian Roubles)

	Notes	3 months ended 30 September 2015	3 months ended 30 September 2014	9 months ended 30 September 2015	9 months ended 30 September 2014
Interest income	17	1,456,530	1,189,194	4,559,625	3,578,264
Interest expense	17	(729,468)	(624,677)	(2,423,849)	(1,909,232)
Contributions to deposits protection fund	17	(27,278)	(38,342)	(117,044)	(107,325)
Net interest income before provision for impairment losses on interest bearing assets	17	699,784	526,175	2,018,732	1,561,707
Allowance for impairment losses on interest bearing assets	18	(1,064,777)	(138,488)	(2,178,265)	(253,734)
Net interest (expense)/ income		(364,993)	387,687	(159,533)	1,307,973
Fee and commission income	19	423,731	409,717	1,234,372	1,135,222
Fee and commission expense	19	(103,590)	(103,010)	(280,750)	(276,874)
Net gains/(losses) arising from investment securities available for sale		559	(6,404)	598	(37,058)
Net gains/(losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation losses	20	600,893	(40,564)	1,202,302	1,121
Net losses arising from operations with precious metals and precious metals derivatives	20	(57,395)	(52,320)	(265,667)	(185,368)
(Other provisions)/ reversal on other provisions	18	(7,577)	491	3,122	5,943
Loss on disposal of subsidiary		(35,534)	—	(35,534)	—
Other income	21	40,688	39,702	128,317	97,167
Net non-interest income		861,775	247,612	1,986,760	740,153
Operating income		496,782	635,299	1,827,227	2,048,126
Operating expenses	22	(478,728)	(497,177)	(1,647,621)	(1,413,597)
Share of results of an associate		1,984	2,145	22,133	18,255
Profit before loss on net monetary position		20,038	140,267	201,739	652,784
Loss on net monetary position due to inflation effect		—	(112,535)	—	(365,957)
Profit before income taxes		20,038	27,732	201,739	286,827
Income tax income/(expense)		28,511	(9,794)	13,959	(122,476)
Net profit		48,549	17,938	215,698	164,351
Attributable to:					
Shareholders of the parent Bank		48,892	17,931	215,927	164,343
Non-controlling interest		(343)	7	(229)	8
Net profit		48,549	17,938	215,698	164,351

Signed and authorized for release on behalf of the Management Board


 Acting Chairman of the Board
 Viktor A. Perepelitsa
 20 November 2015
 Minsk


 Chief Accountant
 Nina N. Ilyukevich
 20 November 2015
 Minsk

Interim condensed consolidated statement of comprehensive income
for the 9 months ended 30 September 2015
(in millions of Belarusian Roubles)

	Notes	3 months ended 30 September 2015	3 months ended 30 September 2014	9 months ended 30 September 2015	9 months ended 30 September 2014
Net profit		48,549	17,938	215,698	164,351
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Net change in fair value of investments available for sale		3,823	(5,937)	6,660	(13,161)
Reclassification adjustments for (gains)/losses included in profit or loss from comprehensive income on disposal of investments available for sale		(559)	6,404	(598)	37,058
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		3,264	467	6,062	23,897
Other comprehensive income not being reclassified to profit or loss in subsequent periods:					
Net change in income tax relating to office premises remeasurement		–	(5,702)	–	(26,035)
Net other comprehensive loss not being reclassified to profit or loss in subsequent periods		–	(5,702)	–	(26,035)
Other comprehensive income		3,264	(5,235)	6,062	(2,138)
Total comprehensive income		51,813	12,703	221,760	162,213
Attributable to:					
Shareholders of the parent		52,156	12,696	221,989	162,205
Minority interest		(343)	7	(229)	8
Total comprehensive income		51,813	12,703	221,760	162,213

**Interim condensed consolidated statement of changes in equity
for the 9 months ended 30 September 2015**
(in millions of Belarusian Roubles)

	Notes	Share capital	Share premium	Revaluation reserve for office premises	Investments available for sale fair value (deficit)/reserve	Retained earnings	Total equity attributable to shareholders of the Bank	Non-controlling interest	Total equity
31 December 2013		3,217,532	5,763	375,075	(19,376)	763,853	4,342,847	218	4,343,065
Gain for the period		–	–	–	–	164,343	164,343	8	164,351
Other comprehensive income for the period		–	–	(26,035)	23,897	–	(2,138)	–	(2,138)
Total comprehensive income for the period		–	–	(26,035)	23,897	164,343	162,205	8	162,213
Amortisation of revaluation reserve for premises, net of tax		–	–	(9,578)	–	9,578	–	–	–
Disposal of premises		–	–	(16,173)	–	16,173	–	–	–
Dividends paid	16	–	–	–	–	(106,066)	(106,066)	–	(106,066)
30 September 2014		3,217,532	5,763	323,289	4,521	847,881	4,398,986	226	4,399,212
31 December 2014		3,217,563	5,763	284,923	7,547	813,564	4,329,360	229	4,329,589
Gain for the period		–	–	–	–	215,927	215,927	(229)	215,698
Other comprehensive income for the period		–	–	–	6,062	–	6,062	–	6,062
Total comprehensive income for the period		–	–	–	6,062	215,927	221,989	(229)	221,760
Amortisation of revaluation reserve for premises, net of tax		–	–	(13,215)	–	13,215	–	–	–
Disposal of premises		–	–	(27)	–	27	–	–	–
Dividends paid	16	–	–	–	–	(436)	(436)	–	(436)
30 September 2015		3,217,563	5,763	271,681	13,609	1,042,297	4,550,913	–	4,550,913

Interim condensed consolidated statement of cash flows
for the 9 months ended 30 September 2015
(in millions of Belarusian Roubles)

	Notes	9 months ended 30 September 2015	9 months ended 30 September 2014
Cash flows from operating activities:			
Interest income		4,121,831	3,474,555
Interest expense		(2,331,901)	(1,903,958)
Fee and commission income		1,234,372	1,135,222
Fee and commission expense		(280,750)	(276,874)
Net gain on foreign exchange operations		696,603	322,155
Net gain on derivative financial instruments		683,736	668,961
Net gain/(loss) on disposal of investments available for sale		598	(37,057)
Net (loss)/gain on precious metals		(20,953)	6,671
Loss on disposal of subsidiary		(14,669)	–
Other income		120,862	89,099
Operating expenses		(1,514,274)	(1,264,371)
Income taxes paid		(108,354)	(165,635)
Cash flows from operating activities before changes in operating assets and liabilities		2,587,101	2,048,768
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Minimum reserve deposit with the National Bank of the Republic of Belarus		21,179	(8,798)
Due from banks		(501,519)	(95,019)
Loans to corporate customers		5,017,364	(680,830)
Loans to individuals		139,185	(215,253)
Other assets		68,546	8,114
Increase/(decrease) in operating liabilities:			
Loans from the National Bank of the Republic of Belarus		(800,000)	(212,405)
Due to banks		(7,051,538)	(3,775,743)
Due to individuals		719,679	2,179,244
Due to corporate customers		(197,693)	866,715
Debt securities issued		802,692	362,749
Other liabilities		(180,782)	(64,152)
Net cash outflow from operating activities		624,214	413,390
Cash flows from investing activities:			
Purchase of premises, equipment and intangible assets		(243,278)	(279,145)
Proceeds on sale of premises and equipment		153,686	320,531
Disposals of HFS assets		–	7,878
Purchase of investments available for sale		(1,107,865)	(1,303,175)
Proceeds on repayment of investments available for sale		–	254,156
Proceeds on repayment of investments available held to maturity		263,841	30,726
Dividends received		4,859	3,319
Net cash outflow from investing activities		(928,757)	(965,710)
Cash flows from financing activities			
Dividends paid		(436)	(100,230)
Net cash outflow from financing activities		(436)	(100,230)
Effect of changes in foreign exchange rates on cash and cash equivalents			
		541,498	52,987
Inflation effect on monetary assets and liabilities			
		–	(817,169)
Net increase in cash and cash equivalents		(304,979)	(652,550)
Cash and cash equivalents, beginning of the period	3	5,666,401	5,593,625
Cash and cash equivalents, end of the period	3	5,902,920	4,176,893

1. Organisation

Open Joint-Stock Company "BPS-Sberbank" (previous name – BPS-Bank), or BPS-Sberbank (the Bank), was established from the Belarusian branch of Promstroibank USSR and registered with the National Bank of the Republic of Belarus (the "National Bank") as a closed joint-stock company on 28 December 1991. On 17 February 1993 the Bank was reorganized into an open joint stock company and accordingly registered by the National Bank. The Bank conducts its business under License of the National Bank for performing banking operations № 4 issued on 28 November 2014. The Bank accepts deposits from the public, issues loans and transfers payments in the Republic of Belarus and abroad, exchanges currencies and provides other banking services to its commercial and retail customers, including cash collection and operations with precious metals.

The registered office of the Bank is located at 6 Mulyavin Boulevard, 220005, Minsk, Republic of Belarus. As at 30 September 2015 the Bank had 6 regional directories and 32 banking service centers, as well as representative office in the Republic of Poland, Warsaw.

The average number of employees of the Bank during 9 months, ended 30 September 2015, and 9 months, ended 30 September 2014 was 3,945 and 4,192 persons, respectively.

The Bank is a parent company of a banking group (the Group) which consists of the following enterprises:

Name	Country of operation	Proportion of ownership interest / voting rights, %		Type of operation
		30 September 2015	31 December 2014	
Subsidiaries:				
Limited Liability Company “Narochanskaya Niva 2004”	Republic of Belarus	—	98.7	Agriculture
Closed Joint Stock Company “SB-Global”	Republic of Belarus	99.9	99.9	Advisory activity
CJSC “Service Desk”	Republic of Belarus	99.9	99.9	Information and communication services
Associates:				
Closed Joint Stock Company “BPS-Leasing”	Republic of Belarus	49.0	49.0	Finance lease activities
Closed Joint Stock Insurance Company “TASK”	Republic of Belarus	25.6	25.6	Insurance services
LLC “Sberbank-Technologies”	Republic of Belarus	25.0	25.0	Software development and consulting

On 25 September 2015 the Bank has sold 98.0% of participation in share capital of LLC "Narochanskaya Niva 2004", 0.7% will be sold in December 2015.

As at 30 September 2015 and 31 December 2014 the following shareholders owned the issued shares of the Bank:

Shareholder	30 September 2015, %	31 December 2014, %
Sberbank	98.43	98.43
Other	1.57	1.57
Total	100.00	100.00

On 14 December 2009 Savings Bank of the Russian Federation (Sberbank) acquired 834,795,559 ordinary shares and 708,404 preference shares. The controlling party of Sberbank is the Bank of Russia.

On 4 August 2015 Savings Bank of the Russian Federation (Sberbank) was renamed to Sberbank of Russia (Sberbank).

These consolidated financial statements were authorized for issue by the Management Board on 20 November 2015.

2. Basis of presentation

Accounting basis

These interim condensed consolidated financial statements of the Group for 9 months ended 30 September 2015 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* ("IAS 34").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2014.

These interim condensed consolidated financial statements are presented in millions of Belarusian roubles (BYR), unless otherwise indicated. The exchange rates at the end of the reporting period used by the Group in the preparation of the interim condensed consolidated financial statements are as follows:

	30 September 2015	31 December 2014
BYR/USD	17,703.00	11,850.00
BYR/EUR	19,908.00	14,380.00
BYR/RUB	267.33	214.50

The preparation of financial statements under IFRS requires Management to make estimates and assumptions for certain categories of assets and liabilities. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. The Management performs backtesting of its judgments and appraisals on a regular basis. The Management's appraisals and judgments are based on the all available historical data and other factors, which are reasonably solid in current circumstances. Actual results could differ from Management's estimates and the results reported should not be regarded as necessarily indicative of results that may be expected for the entire year.

The accounting policies and methods of computation applied in the preparation of these interim condensed consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2014.

With the effect from 1 January 2011 until 31 December 2014, the Belarusian economy is considered to be hyperinflationary in accordance with the criteria in IAS 29 *Financial Reporting in Hyperinflationary Economies* ("IAS 29"). Starting 1 January 2015, the economy of the Republic of Belarus is no longer considered to be hyperinflationary and values of the Group's non-monetary assets, liabilities and equity as stated in measuring units at 31 December 2014 have formed the basis for the amounts carried forward to 1 January 2015.

Functional and presentation currency

The functional and presentation currency of these consolidated financial statements is the currency of the Republic of Belarus – Belarusian Rouble, the currency of the primary economic environment in which the Group operates.

3. Cash and cash equivalents

	30 September 2015	31 December 2014
Cash	1,327,576	1,676,237
Current accounts with the National Bank	3,436,262	2,817,995
Correspondent accounts and placements with other banks:		
– Belarus	601,300	128,528
– Other countries	491,728	960,037
Settlements with the Belarusian Currency and Stock Exchange	46,054	83,604
Total cash and cash equivalents	5,902,920	5,666,401

Correspondent accounts and placements with other banks mostly represent balances with the largest foreign banks and top rated belarusian banks. In particular, the balance on correspondent accounts of two large foreign banks at 30 September 2015 amounted BYR 384,151 million or 78.1% of the balance on correspondent accounts and placements with banks of other countries.

Analysis by credit quality of the balances with counterparty banks as at 30 September 2015 made on the basis of ratings of international rating agencies is as follows:

	Investment rating	Speculative rating	Not rated	Total
Correspondent accounts and placements with other banks:				
– Belarus	–	594,714	6,586	601,300
– Other countries	484,308	104	7,316	491,728
Total	484,308	594,818	13,902	1,093,028

Analysis by credit quality of the balances with counterparty banks as at 31 December 2014 made on the basis of ratings of international rating agencies is as follows:

	Investment rating	Speculative rating	Not rated	Total
Correspondent accounts and placements with other banks:				
– Belarus	–	126,679	1,849	128,528
– Other countries	955,883	–	4,154	960,037
Total	955,883	126,679	6,003	1,088,565

Rating definitions in the tables above represent the rating scale developed by the international rating agencies. As at 30 September 2015 and 31 December 2014 all cash and cash equivalents are neither past due nor impaired.

4. Due from banks

Due from banks comprise:

	30 September 2015	31 December 2014
Time deposits and loans to banks:		
– Belarus	618,491	51,451
– Other countries	–	7,000
Total due from banks	618,491	58,451

Time deposits and loans to banks represent balances with top rated belarusian and foreign banks.

Analysis by credit quality of the balances with counterparty banks as at 30 September 2015 made on the basis of ratings of international rating agencies is as follows:

	Investment rating	Speculative rating	Total
Time deposits and loans to banks:			
– Belarus	–	618,491	618,491
Total	–	618,491	618,491

4. Due from banks (continued)

Analysis by credit quality of the balances with counterparty banks as at 31 December 2014 made on the basis of ratings of international rating agencies is as follows:

	Speculative rating	Not rated	Total
Time deposits and loans to banks:			
– Belarus	–	51,451	51,451
– Other countries	7,000	–	7,000
Total	7,000	51,451	58,451

As at 30 September 2015 and 31 December 2014 included in due from banks are long-term loans issued to JSC “Belagroprombank” under the Government’s program on financing for acquisition of agricultural equipment for the total amount of BYR 36,221 million and BYR 51,451 million, respectively, with maturities of up to 10 years and interest rate amounting to the refinancing rate of the National Bank.

5. Derivative financial instruments

As at 30 September 2015 and 31 December 2014 derivative financial instruments comprise:

Derivative type	Nominal amount (in units of currency to be purchased)	Fair value as at 30 September 2015	
		Asset	Liability
EUR/BYR foreign currency swap	EUR 191,923,602	2,891,951	–
XAU/BYR precious metals swap	XAU 5,005,000	2,474,442	–
USD/BYR foreign currency swap	USD 73,047,586	1,007,575	1
USD/RUB foreign currency swap	USD 84,600,000	6,790	–
EUR/RUB foreign currency forward	EUR 1,800,000	550	–
BYR/EUR foreign currency swap	BYR 125,634,517,000	214	–
XPT/USD precious metals forward	XPT 100,153	191	3
XAG/USD precious metals forward	XAG 3,887,938	139	–
XAU/USD precious metals forward	XAU 739,797	109	–
EUR/USD foreign currency forward	EUR 1,300,000	75	–
BYR/USD foreign currency swap	BYR 39,015,834,000	69	–
RUB/BYR foreign currency forward	RUB 3,000,000	–	10
RUB/USD foreign currency forward	RUB 16,335,000	–	59
XAG/EUR precious metals forward	XAG 5,033	–	95
XAU/EUR precious metals forward	XAU 811	–	169
RUB/EUR foreign currency forward	RUB 1,556,078,710	–	8,054
USD/EUR foreign currency forward	USD 159,294,828	–	10,955
USD/XAU precious metals forward	USD 95,617	–	–
Total derivative financial instruments		6,382,105	19,346

Derivative type	Nominal amount (in units of currency to be purchased)	Fair value as at 31 December 2014	
		Asset	Liability
EUR/BYR foreign currency swap	EUR 211,226,602	2,127,028	–
XAU/BYR precious metals swap	XAU 5,005,000	1,633,049	–
USD/BYR foreign currency swap	USD 158,879,583	830,660	–
RUB/USD foreign currency forward	RUB 297,432,500	2,774	2
USD/EUR foreign currency forward	USD 6,694,530	240	–
XAG/USD precious metals swap	XAG 3,110,350	52	–
BYR/USD foreign currency forward	BYR 17,591,419	–	–
XPT/USD precious metals swap	XPT 96,421	–	98
EUR/RUB foreign currency forward	EUR 500,000	–	206
EUR/USD foreign currency forward	EUR 9,000,000	–	248
XAU/USD precious metals swap	XAU 668,725	–	3,611
USD/RUB foreign currency forward	USD 10,750,000	–	8,899
RUB/EUR foreign currency forward	RUB 178,572,997	–	25,567
Total derivative financial instruments		4,593,803	38,631

5. Derivative financial instruments (continued)

As at 30 September 2015 and 31 December 2014 derivative financial instruments mainly comprised swap contracts with the National Bank to purchase foreign currency and precious metals for Belarusian Roubles.

On 10th October, 2014, the National Bank of the Republic of Belarus has resolved to refinance forward deal (pair euro - belarusian rouble), concluded with the Bank. In the aftermath of the aforesaid decision the Bank has purchased foreign currency bonds of the National Bank in the amount of 140,000 bonds with nominal EUR 1,000 totalling EUR 140 million, and at the same the Bank has recognised issued loan to the National Bank, totalling BYR 596,579 million. Considering specific conditions of the deal, purchasing of the aforesaid bonds and issuing of the loan were treated as the prolongation of the matured forward deal and recognised at fair value.

6. Loans to customers

The tables below show credit quality of the Group's loan portfolio by loan types as at 30 September 2015 and 31 December 2014.

For the purposes of these consolidated financial statements a loan is considered past due when the borrower fails to make any payment due under the loan agreement at the reporting date. In this case a past due amount is recognised as the aggregate amount of all amounts due from borrower under the loan agreement including accrued interest and commissions.

	<i>Not past due loans</i>	<i>Past due loans</i>	<i>Total</i>
30 September 2015			
Commercial loans to legal entities	12,566,497	2,532,011	15,098,508
Specialized loans to legal entities	11,798,625	4,843,446	16,642,071
Consumer and other loans to individuals	739,549	62,018	801,567
Credit cards and overdrafts	252,185	13,731	265,916
Mortgage loans to individuals	582,650	42,294	624,944
Car loans to individuals	70,033	5,139	75,172
Total loans to customers before allowance for loan impairment	26,009,539	7,498,639	33,508,178
Less: Allowance for loan impairment	(1,435,383)	(1,880,508)	(3,315,891)
Total loans to customers net of allowance for loan impairment	24,574,156	5,618,131	30,192,287
	<i>Not past due loans</i>	<i>Past due loans</i>	<i>Total</i>
31 December 2014			
Commercial loans to legal entities	11,228,467	675,774	11,904,241
Specialized loans to legal entities	12,535,874	564,628	13,100,502
Consumer and other loans to individuals	863,739	36,562	900,301
Credit cards and overdrafts	272,179	7,053	279,232
Mortgage loans to individuals	581,836	26,003	607,839
Car loans to individuals	75,017	2,415	77,432
Total loans to customers before allowance for loan impairment	25,557,112	1,312,435	26,869,547
Less: Allowance for loan impairment	(1,024,115)	(299,249)	(1,323,364)
Total loans to customers net of allowance for loan impairment	24,532,997	1,013,186	25,546,183

Commercial lending to legal entities comprises corporate loans, loans to individual entrepreneurs and state and local authorities of the Republic of Belarus. Loans are granted for current needs (working capital financing, acquisition of movable and immovable property, portfolio investments, expansion and consolidation of business, etc.). Commercial lending also includes overdraft lending and lending for export-import transactions. The repayment source is cash flow from current production and financial activities of the borrower.

Specialised lending to legal entities includes investment and construction project financing and also developers' financing. As a rule, loan terms are linked to payback periods of investment and construction projects, contract execution periods and exceed the terms of commercial loans to legal entities. The principal and interest may be repaid from cash flows generated by the investment project at the stage of its commercial operation.

*(in millions of Belarusian Roubles)***6. Loans to customers (continued)**

Consumer and other individual loans comprise loans to individuals other than housing acquisition, construction and repair of real estate as well as car loans and credit cards and overdrafts.

Credit cards and overdrafts represent revolving credit lines. These loans are considered a comfortable instrument for customers as a reserve source of funds in case of need available everywhere and anytime.

Mortgage loans to individuals include loans for acquisition, construction and reconstruction of real estate. These loans are mostly long-term and are collateralized by guarantees of individuals.

Car loans to individuals include loans for purchasing a car or other vehicle.

The table below shows the analysis of loans and allowance for loan impairment as at 30 September 2015:

	<i>Gross loans</i>	<i>Allowance for loan impairment</i>	<i>Net loans</i>	<i>Allowance for loan impairment to gross loans</i>
Commercial loans to legal entities				
<i>Individually assessed but not impaired and collectively assessed loans</i>				
Not past due	9,781,624	(249,652)	9,531,972	2.6%
Loans up to 30 days overdue	10,313	(68)	10,245	0.7%
Loans 31 to 60 days overdue	345,972	(3,857)	342,115	1.1%
Loans 61 to 90 days overdue	146,733	(5,138)	141,595	3.5%
Loans 91 up to 180 days overdue	262,490	(3,778)	258,712	1.4%
Loans over 180 days overdue	324,984	(64,822)	260,162	19.9%
Total collectively assessed loans	10,872,116	(327,315)	10,544,801	3.0%
<i>Individually impaired</i>				
Not past due	2,784,873	(326,829)	2,458,044	11.7%
Loans up to 30 days overdue	—	—	—	—
Loans 31 to 60 days overdue	278,232	(59,668)	218,564	21.4%
Loans 61 to 90 days overdue	27,130	(8,053)	19,077	29.7%
Loans 91 up to 180 days overdue	293,035	(124,334)	168,701	42.4%
Loans over 180 days overdue	843,122	(291,804)	551,318	34.6%
Total individually impaired loans	4,226,392	(810,688)	3,415,704	19.2%
Total commercial loans to legal entities	15,098,508	(1,138,003)	13,960,505	7.5%
Specialized loans to legal entities				
<i>Individually assessed but not impaired and collectively assessed loans</i>				
Not past due	8,063,210	(473,563)	7,589,647	5.9%
Loans up to 30 days overdue	8,413	(104)	8,309	1.2%
Loans 31 to 60 days overdue	220,553	(10,671)	209,882	4.8%
Loans 61 to 90 days overdue	121,678	(1,704)	119,974	1.4%
Loans 91 up to 180 days overdue	78,445	(60,778)	17,667	77.5%
Loans over 180 days overdue	65,583	(29,312)	36,271	44.7%
Total collectively assessed loans	8,557,882	(576,132)	7,981,750	6.7%
<i>Individually impaired</i>				
Not past due	3,735,415	(367,077)	3,368,338	9.8%
Loans up to 30 days overdue	7,250	(3,897)	3,353	53.8%
Loans 31 to 60 days overdue	1,048,702	(300,928)	747,774	28.7%
Loans 61 to 90 days overdue	2,248,246	(662,600)	1,585,646	29.5%
Loans 91 up to 180 days overdue	557,142	(29,653)	527,489	5.3%
Loans over 180 days overdue	487,434	(140,345)	347,089	28.8%
Total individually impaired loans	8,084,189	(1,504,500)	6,579,689	18.6%
Total specialized loans to legal entities	16,642,071	(2,080,632)	14,561,439	12.5%
Total loans to legal entities	31,740,579	(3,218,635)	28,521,944	10.1%

6. Loans to customers (continued)

	<i>Gross loans</i>	<i>Allowance for loan impairment</i>	<i>Net loans</i>	<i>Allowance for loan impairment to gross loans</i>
Consumer and other loans to individuals				
<i>Collectively assessed</i>				
Not past due	739,549	(3,623)	735,926	0.5%
Loans up to 30 days overdue	17,927	(3,446)	14,481	19.2%
Loans 31 to 60 days overdue	6,978	(4,511)	2,467	64.6%
Loans 61 to 90 days overdue	3,752	(3,752)	–	100.0%
Loans 91 up to 180 days overdue	6,614	(6,614)	–	100.0%
Loans over 180 days overdue	26,747	(26,747)	–	100.0%
Total consumer and other loans to individuals	801,567	(48,693)	752,874	6.1%
Credit cards and overdrafts				
<i>Collectively assessed</i>				
Not past due	252,185	(11,433)	240,752	4.5%
Loans up to 30 days overdue	13,731	(623)	13,108	4.5%
Loans 31 to 60 days overdue	–	–	–	–
Loans 61 to 90 days overdue	–	–	–	–
Loans 91 up to 180 days overdue	–	–	–	–
Loans over 180 days overdue	–	–	–	–
Total credit cards and overdrafts	265,916	(12,056)	253,860	4.5%
Mortgage loans to individuals				
<i>Collectively assessed</i>				
Not past due	582,650	(2,961)	579,689	0.5%
Loans up to 30 days overdue	13,823	(2,701)	11,122	19.5%
Loans 31 to 60 days overdue	4,640	(3,842)	798	82.8%
Loans 61 to 90 days overdue	5,239	(5,133)	106	98.0%
Loans 91 up to 180 days overdue	5,266	(5,266)	–	100.0%
Loans over 180 days overdue	13,326	(13,326)	–	100.0%
Total mortgage loans to individuals	624,944	(33,229)	591,715	5.3%
Car loans to individuals				
<i>Collectively assessed</i>				
Not past due	70,033	(245)	69,788	0.3%
Loans up to 30 days overdue	2,285	(263)	2,022	11.5%
Loans 31 to 60 days overdue	121	(56)	65	46.3%
Loans 61 to 90 days overdue	224	(205)	19	91.5%
Loans 91 up to 180 days overdue	826	(826)	–	100.0%
Loans over 180 days overdue	1,683	(1,683)	–	100.0%
Total car loans to individuals	75,172	(3,278)	71,894	4.4%
Total loans to individuals	1,767,599	(97,256)	1,670,343	5.5%
Total loans and advances to customers as at 30 September 2015	33,508,178	(3,315,891)	30,192,287	9.9%

(in millions of Belarusian Roubles)

6. Loans to customers (continued)

The table below shows the analysis of loans and provisions for loan impairment as at 31 December 2014:

	Gross loans	Allowance for loan impairment	Net loans	Allowance for loan impairment to gross loans
Commercial loans to legal entities				
<i>Individually assessed but not impaired and collectively assessed loans</i>				
Not past due	9,713,155	(192,009)	9,521,146	2.0%
Loans up to 30 days overdue	40,454	(507)	39,947	1.3%
Loans 31 to 60 days overdue	53,471	(2,033)	51,438	3.8%
Loans 61 to 90 days overdue	97,921	(613)	97,308	0.6%
Loans 91 up to 180 days overdue	53,362	(1,058)	52,304	2.0%
Loans over 180 days overdue	89,566	(33,043)	56,523	36.9%
Total collectively assessed loans	10,047,929	(229,263)	9,818,666	2.3%
<i>Individually impaired</i>				
Not past due	1,515,312	(153,406)	1,361,906	10.1%
Loans up to 30 days overdue	-	-	-	-
Loans 31 to 60 days overdue	7,725	(443)	7,282	5.7%
Loans 61 to 90 days overdue	-	-	-	-
Loans 91 up to 180 days overdue	73,046	(16,752)	56,294	22.9%
Loans over 180 days overdue	260,229	(145,507)	114,722	55.9%
Total individually impaired loans	1,856,312	(316,108)	1,540,204	17.0%
Total commercial loans to legal entities	11,904,241	(545,371)	11,358,870	4.6%
Specialized loans to legal entities				
<i>Individually assessed but not impaired and collectively assessed loans</i>				
Not past due	9,514,450	(210,734)	9,303,716	2.2%
Loans up to 30 days overdue	11,256	(150)	11,106	1.3%
Loans 31 to 60 days overdue	321,221	(7,857)	313,364	2.4%
Loans 61 to 90 days overdue	88,777	(1,920)	86,857	2.2%
Loans 91 up to 180 days overdue	24,759	(382)	24,377	1.5%
Loans over 180 days overdue	48,578	(9,572)	39,006	19.7%
Total collectively assessed loans	10,009,041	(230,615)	9,778,426	2.3%
<i>Individually impaired</i>				
Not past due	3,021,424	(457,411)	2,564,013	15.1%
Loans up to 30 days overdue	-	-	-	-
Loans 31 to 60 days overdue	5,387	(1,223)	4,164	22.7%
Loans 61 to 90 days overdue	-	-	-	-
Loans 91 up to 180 days overdue	-	-	-	-
Loans over 180 days overdue	64,650	(37,561)	27,089	58.1%
Total individually impaired loans	3,091,461	(496,195)	2,595,266	16.1%
Total specialized loans to legal entities	13,100,502	(726,810)	12,373,692	5.5%
Total loans to legal entities	25,004,743	(1,272,181)	23,732,562	5.1%

6. Loans to customers (continued)

	<i>Gross loans</i>	<i>Allowance for loan impairment</i>	<i>Net loans</i>	<i>Allowance for loan impairment to gross loans</i>
Consumer and other loans to individuals				
<i>Collectively assessed</i>				
Not past due	863,739	(3,136)	860,603	0.4%
Loans up to 30 days overdue	13,511	(2,477)	11,034	18.3%
Loans 31 to 60 days overdue	3,189	(2,484)	705	77.9%
Loans 61 to 90 days overdue	2,573	(2,573)	–	100.0%
Loans 91 up to 180 days overdue	4,162	(4,162)	–	100.0%
Loans over 180 days overdue	13,127	(13,127)	–	100.0%
Total consumer and other loans to individuals	900,301	(27,959)	872,342	3.1%
Credit cards and overdrafts				
<i>Collectively assessed</i>				
Not past due	272,179	(6,726)	265,453	2.5%
Loans up to 30 days overdue	7,053	(174)	6,879	2.5%
Loans 31 to 60 days overdue	–	–	–	–
Loans 61 to 90 days overdue	–	–	–	–
Loans 91 up to 180 days overdue	–	–	–	–
Loans over 180 days overdue	–	–	–	–
Total credit cards and overdrafts	279,232	(6,900)	272,332	2.5%
Mortgage loans to individuals				
<i>Collectively assessed</i>				
Not past due	581,836	(490)	581,346	0.1%
Loans up to 30 days overdue	11,411	(426)	10,985	3.7%
Loans 31 to 60 days overdue	1,153	(469)	684	40.7%
Loans 61 to 90 days overdue	1,968	(1,626)	342	82.6%
Loans 91 up to 180 days overdue	4,042	(4,042)	–	100.0%
Loans over 180 days overdue	7,429	(7,429)	–	100.0%
Total mortgage loans to individuals	607,839	(14,482)	593,357	2.4%
Car loans to individuals				
<i>Collectively assessed</i>				
Not past due	75,017	(203)	74,814	0.3%
Loans up to 30 days overdue	560	(110)	450	19.6%
Loans 31 to 60 days overdue	568	(245)	323	43.1%
Loans 61 to 90 days overdue	9	(6)	3	66.7%
Loans 91 up to 180 days overdue	–	–	–	–
Loans over 180 days overdue	1,278	(1,278)	–	100.0%
Total car loans to individuals	77,432	(1,842)	75,590	2.4%
Total loans to individuals	1,864,804	(51,183)	1,813,621	2.7%
Total loans and advances to customers as at 31 December 2014	26,869,547	(1,323,364)	25,546,183	4.9%

*(in millions of Belarusian Roubles)***6. Loans to customers (continued)**

As defined by the Group for the purposes of internal credit risk assessment, loans fall into the “non-performing” category when a principal and/or interest payment becomes more than 90 days overdue.

As at 30 September 2015 the outstanding non-performing loans were as follows:

	Gross loans	Allowance for loan impairment	Net loans	Allowance for loan impairment to gross loans
Commercial loans to legal entities	1,723,631	(484,738)	1,238,893	28.1%
Specialised loans to legal entities	1,188,604	(260,088)	928,516	21.9%
Consumer and other loans to individuals	33,361	(33,361)	–	100.0%
Mortgage loans to individuals	18,592	(18,592)	–	100.0%
Car loans to individuals	2,509	(2,509)	–	100.0%
Total non-performing loans to customers as at 30 September 2015	2,966,697	(799,288)	2,167,409	26.9%

As at 31 December 2014 the outstanding non-performing loans were as follows:

	Gross loans	Allowance for loan impairment	Net loans	Allowance for loan impairment to gross loans
Commercial loans to legal entities	476,203	(196,360)	279,843	41.2%
Specialised loans to legal entities	137,987	(47,515)	90,472	34.4%
Consumer and other loans to individuals	17,289	(17,289)	–	100.0%
Mortgage loans to individuals	11,471	(11,471)	–	100.0%
Car loans to individuals	1,278	(1,278)	–	100.0%
Total non-performing loans to customers as at 31 December 2014	644,228	(273,913)	370,315	42.5%

Movements in allowances for impairment losses for the periods ended 30 September 2015 and 30 September 2014 are disclosed in Note 18.

Information on loans which terms have been renegotiated, as at 30 September 2015 and 31 December 2014 is presented in the tables below. It shows the carrying amount for renegotiated loans by class.

	30 September 2015	31 December 2014
Commercial loans to legal entities	1,089,330	679,179
Specialised loans to legal entities	255,810	220,962
Consumer and other loans to individuals	428	514
Mortgage loans to individuals	6,028	4,482
Car loans to individuals	60	94
Total renegotiated loans before allowance for loan impairment	1,351,656	905,231

The loans to legal entities within the business size of borrowers as at 30 September 2015 and 31 December 2014 are as follows:

	30 September 2015	31 December 2014
Largest clients	8,948,302	7,273,355
Large clients	15,949,010	12,718,122
Medium business	2,866,796	2,048,051
Small business	3,976,471	2,965,215
Total loans to legal entities before allowance for loan impairment	31,740,579	25,004,743

6. Loans to customers (continued)

Included in commercial loans to legal entities are net investments in finance lease. The analysis of net investments in finance lease as at 30 September 2015 and 31 December 2014 is as follows:

	30 September 2015	31 December 2014
Gross investment in finance lease	78,621	169,357
Unearned future finance income on finance lease	(25,010)	(42,395)
Net investment in finance lease before allowance for impairment	53,611	126,962
Less allowance for impairment	(2,544)	(4,439)
Net investment in finance lease after allowance for impairment	51,067	122,523

The contractual maturity analysis of net investments in finance lease as at 30 September 2015 is as follows:

	Net investment in finance lease before allowance for impairment	Allowance for loan impairment	Net investment in finance lease after allowance for impairment
Not later than 1 year	33,695	(1,599)	32,096
Later than 1 year but not later than 5 years	19,888	(944)	18,944
Later than 5 years	28	(1)	27
Total as at 30 September 2015	53,611	(2,544)	51,067

The contractual maturity analysis of net investments in finance lease as at 31 December 2014 is as follows:

	Net investment in finance lease before allowance for impairment	Allowance for loan impairment	Net investment in finance lease after allowance for impairment
Not later than 1 year	48,187	(1,685)	46,502
Later than 1 year but not later than 5 years	78,574	(2,747)	75,827
Later than 5 years	201	(7)	194
Total as at 31 December 2014	126,962	(4,439)	122,523

The analysis of minimal finance lease receivables as at 30 September 2015 and 31 December 2014 per contractual maturity is as follows:

	30 September 2015	31 December 2014
Not later than 1 year	53,759	70,806
Later than 1 year but not later than 5 years	24,831	98,334
Later than 5 years	31	217
Total	78,621	169,357

*(in millions of Belarusian Roubles)***6. Loans to customers (continued)**

Economic sector risk concentrations within the customer loan portfolio as at 30 September 2015 and 31 December 2014 are as follows:

	30 September 2015		31 December 2014	
	Amount	%	Amount	%
Financial services	8,577,908	25.5	5,394,287	20.0
Trade and catering	5,306,542	15.8	3,697,490	13.8
Machinery and equipment	4,721,825	14.1	4,667,104	17.3
Food	2,764,881	8.2	2,241,502	8.3
Chemical and oil refinery industry	2,238,543	6.7	1,041,708	3.9
Timber and woodworking industry	1,995,691	6.0	2,431,555	9.0
Individuals	1,767,599	5.3	1,864,804	6.9
Construction	1,438,973	4.3	1,386,851	5.2
Building materials	823,472	2.5	689,662	2.6
Metallurgy	711,640	2.1	427,770	1.6
Light industry	549,637	1.6	553,719	2.1
Transport and communication	502,095	1.5	508,336	1.9
Energy and fuel	429,982	1.3	418,172	1.6
Agriculture	399,090	1.2	311,343	1.2
Mining	255,521	0.8	368,036	1.4
Other	1,024,779	3.1	867,208	3.2
Total loans to customers before allowance for loan impairment	33,508,178	100.0	26,869,547	100.0

The table below summarizes the amount of loans secured by collateral, rather than the fair value of the collateral itself:

	30 September 2015	31 December 2014
Loans collateralized by equipment and rights thereon	9,211,742	6,908,623
Loans collateralized by real estate or rights thereon	8,482,699	6,534,630
Loans collateralized by cash or guarantee deposits	4,208,964	1,138,223
Loans collateralized by lien over receivables	3,903,685	2,883,218
Loans collateralized by inventories	2,607,297	3,396,855
Loans collateralized by guarantees of the Government and local authorities	1,756,471	2,566,589
Loans collateralized by guarantees of enterprises	1,027,353	945,001
Loans collateralized by guarantees of individuals	772,692	758,767
Loans collateralized by other types of collateral	1,537,275	1,737,641
	33,508,178	26,869,547
Less allowance for loan impairment	(3,315,891)	(1,323,364)
Total loans to customers	30,192,287	25,546,183

As at 30 September 2015 the aggregated loan amount of 20 largest borrowers was BYR 12,634,728 million or 37.7% of the total gross loan portfolio of the Group (31 December 2014: BYR 8,867,864 million or 33.0%).

All loans are granted to companies operating in the Republic of Belarus, which represents significant geographical concentration in one region.

As at 30 September 2015 the Group has entered into Funded Participation Deals. As at 30 September 2015 The Group issued loans to its corporate customers funded by the banks of Sberbank of Russia Group in amount of BYR 11,837,669 million (31 December 2014: 8,491,465). As a result of the transfer of credit risks and rewards on related financial assets in the share 90%, 99% and 100% took place and respective part of loans to customers was derecognised.

7. Non-current assets held for sale

As at 30 September 2015 and 31 December 2014 non-current assets held for sale include premises previously used by the Group, machinery equipment, residential real estate and selling spaces of a bankrupted borrowers. The Management has elaborated a plan to dispose premises and equipment. The sale transactions for these assets are expected to be completed in 2015.

*(in millions of Belarusian Roubles)***8. Investments available for sale**

Investments available for sale comprise:

	<i>Interest to nominal, %</i>	<i>30 September 2015</i>	<i>Interest to nominal, %</i>	<i>31 December 2014</i>
Long-term government bonds in foreign currency	6.85%–7.25%	2,303,336	6.85%–7.25%	1,071,968
Long-term government bonds in national currency	25.0%	411,049	–	–
Bonds of Belarusian banks	6.00%	60,431	6.00%	43,651
Shares	–	29,862	–	24,843
Bonds issued by municipalities	25.0%	11,133	20.0%	9,872
Total investments available for sale		2,815,811		1,150,334

9. Investments held to maturity

Investments held to maturity comprise:

	<i>Currency</i>	<i>Maturity date</i>	<i>Interest to nominal</i>	<i>30 September 2015</i>
Bonds issued by municipalities	BYR	July 2020	25.00%	10,832
Total investments held to maturity				10,832

	<i>Currency</i>	<i>Maturity date</i>	<i>Interest to nominal</i>	<i>31 December 2014</i>
Republic of Belarus Eurobonds	USD	August 2015	8.75%	208,990
Bonds issued by municipalities	BYR	July 2020	20.00%	10,614
Total investments held to maturity				219,604

10. Premises and equipment and intangible assets

For the 9 months ended 30 September 2015 the Group's premises, equipment, and intangible assets additions amounted to BYR 249,132 million (for the 9 months ended 30 September 2014 – BYR 259,518 million), disposals of premises, equipment, and intangible assets amounted to 6,581 million (for the 9 months ended 30 September 2014 – BYR 16,353 million).

As at 30 September 2015 included in computer equipment are fully depreciated items in the amount of BYR 162,803 million (31 December 2014: BYR 166,066 million), in vehicles in the amount of BYR 21,358 million (31 December 2014: BYR 29,059 million) and in furniture and other assets in the amount of BYR 117,240 million (31 December 2014: BYR 121,729 million).

11. Other assets

Other assets comprise:

	30 September 2015	31 December 2014
Other financial assets		
Receivables on bank cards settlements	142,310	178,504
Accrued income	50,903	28,262
Receivables from purchasers of Group's fixed assets	814	143,339
Other accounts receivables due to business transactions to be settled in cash	5,785	68,306
	199,812	418,411
Other non-financial assets		
Taxes recoverable and prepaid, other than income taxes	76,124	64,341
Precious metals	64,824	44,805
Premises in stock	60,132	
Prepaid expenses	49,455	38,150
Prepayments for premises, equipment and intangible assets	27,385	33,587
Inventory	378	6,473
Other advances and prepayments	32,999	21,407
	311,297	208,763
Total other assets	511,109	627,174

12. Due to banks

Due to banks comprise:

	30 September 2015	31 December 2014
Trade finance deals	4,076,367	3,113,792
Loans from banks and financial institutions	2,830,958	4,461,044
Deposit in precious metals	3,203,564	2,262,308
Correspondent accounts of banks	484,637	212,349
Total due to banks	10,595,526	10,049,493

As at 30 September 2015 a balance of due to banks amounting to BYR 8,460,894 million was to three counterparties, including BYR 6,992,926 million due to Sberbank of Russia, which individually exceeded 10% of the Group's equity.

As at 31 December 2014 a balance of due to banks amounting to BYR 7,929,775 million was due to four counterparties, including BYR 6,473,146 million due to Sberbank of Russia, which individually exceeded 10% of the Group's equity.

*(in millions of Belarusian Roubles)***13. Due to individuals and due to corporate customers**

Due to individuals and corporate customers comprise:

	30 September 2015	31 December 2014
Individuals:		
–Current/demand accounts	2,858,148	2,221,815
–Term deposits	15,049,640	10,088,717
Total due to individuals	17,907,788	12,310,532
State and non-profit organisations:		
–Current/settlement accounts	170,552	124,047
–Term deposits	270,114	322,513
Total due to state and non-profit organisations	440,666	446,560
Other corporate customers:		
–Current/settlement accounts	3,644,222	3,146,311
–Term deposits	7,668,588	6,312,057
Total due to other corporate customers	11,312,810	9,458,368
Total due to corporate customers	11,753,476	9,904,928
Total due to individuals and corporate customers	29,661,264	22,215,460

As at 30 September 2015 included in due to corporate customers are deposits of BYR 579,112 million (31 December 2014: BYR 832,643 million) held as collateral for irrevocable commitments under import letters of credit.

As at 30 September 2015 the aggregated balances of 20 largest customers was BYR 4,967,100 million or 16.7% of total due to individuals and corporate customers (31 December 2014: BYR 3,605,650 million or 16.2%).

Industry sector concentrations within customer accounts are as follows:

	30 September 2015		31 December 2014	
	Amount	%	Amount	%
Individuals	17,907,788	60.4	12,310,532	55.4
Trade	3,058,238	10.3	1,605,228	7.2
Machinery and equipment	1,473,790	5.0	1,417,867	6.4
Insurance and other financial services	1,013,189	3.4	905,221	4.1
Construction	974,093	3.3	1,122,441	5.1
Transport and communications	927,645	3.1	914,258	4.1
Oil refinery and chemical industry	822,679	2.8	1,189,119	5.4
Woodworking and timber industry	694,999	2.3	318,889	1.4
Mining	391,784	1.3	263,528	1.2
Energy	359,920	1.2	320,029	1.4
Agriculture	315,027	1.1	72,753	0.3
Education	297,959	1.0	321,476	1.4
Food	271,616	0.9	259,868	1.2
Light industry	215,330	0.7	90,325	0.4
State organisations	188,331	0.6	193,376	0.9
Building materials industry	160,272	0.5	206,331	0.9
Metallurgy	26,319	0.1	39,139	0.2
Other	562,285	2.0	665,080	3.0
Total due to individuals and corporate customers	29,661,264	100.0	22,215,460	100.0

14. Debt securities issued

Debt securities issued comprise:

	30 September 2015	31 December 2014
Bonds issued to legal entities	1,887,304	716,128
Bonds issued to individuals	125,341	114,275
Certificates of deposit	802	2,340
Saving certificates	1	2
Total debt securities issued	2,013,448	832,745

Bonds issued to legal entities are interest-bearing securities issued by the Group. They are denominated in BYR, USD, RUB and EUR and have maturity dates from December 2015 to December 2024 (31 December 2014: from "on demand" to May 2019). Interest rates on such bonds vary from 4.5-7.5% (for bonds in USD, EUR and RUB) to 22- 27% (for bonds in BYR) p.a. (31 December 2014: from 17% to 22% p.a.).

Bonds issued to individuals are interest-bearing securities issued by the Group. They are denominated in BYR, USD and EUR and have maturity dates from "on demand" to April 2016 (31 December 2014: from "on demand" to April 2016). Interest rates on such bonds vary from 5.5% (for bonds in USD and EUR) to 28.5% (for bonds in BYR) p.a. (31 December 2014: from 7.0% to 28.5% p.a.).

15. Other liabilities

Other liabilities comprise:

	30 September 2015	31 December 2014
Other financial liabilities		
Payables for finance lease	593,852	424,245
Settlement accounts on other banking services	73,986	18,170
Unused leave and bonus accrual	61,104	110,988
Accrued contributions to deposits protection fund	52,688	37,415
Accrued fee payable under documentary transactions and transactions with plastic cards	24,387	22,164
Payments due to other contractors	21,933	46,621
Payables of dividends	50	50
Payables for premises and equipment	—	144
	828,000	659,797
Other non-financial liabilities		
Taxes payable, other than income taxes	50,481	133,495
Other	8,341	6,409
	58,822	139,904
Total other liabilities	886,822	799,701

As at 30 September 2015 and 31 December 2014 payables for finance lease arised from sell and lease back operations, conducted by the Group, with its own office premises.

15. Other liabilities (continued)

Liabilities under finance lease agreements as at 30 September 2015 are analyzed as follows:

	<i>Not later than 1 year</i>	<i>Later than 1 year and not later than 5 years</i>	<i>Later than 5 years</i>	<i>Total</i>
Minimum lease payments	105,243	409,709	525,819	1,040,771
Future finance costs	(72,867)	(240,638)	(133,414)	(446,919)
Net liabilities under finance lease agreements	32,376	169,071	392,405	593,852

Liabilities under finance lease agreements as at 31 December 2014 are analyzed as follows:

	<i>Not later than 1 year</i>	<i>Later than 1 year and not later than 5 years</i>	<i>Later than 5 years</i>	<i>Total</i>
Minimum lease payments	74,494	286,176	420,669	781,339
Future finance costs	(53,753)	(179,895)	(123,446)	(357,094)
Net liabilities under finance lease agreements	20,741	106,281	297,223	424,245

16. Share capital

Movements in shares outstanding, issued and fully paid were as follows:

	<i>Number of shares</i>		<i>Nominal amount, BYR</i>		<i>Inflation adjustment</i>	<i>Total, mln. BYR</i>
	<i>Preferred</i>	<i>Ordinary</i>	<i>Preferred</i>	<i>Ordinary</i>		
31 December 2014	871,112	1,470,828,888	500	500	2,481,713	3,217,563
30 September 2015	871,112	1,470,828,888	500	500	2,481,713	3,217,563

All ordinary shares are ranked equally and carry one vote. Preference shares are non-voting. Preference shares are entitled to annual dividend, the amount of which is determinable by annual shareholders meeting.

During the 9 months ended 30 September 2015 the Bank declared BYR 436 million dividends on preference shares for the year 2014. The dividends were BYR 500 per preference share.

During the 9 months ended 30 September 2014 the Bank declared BYR 106,046 million and BYR 20 million dividends on ordinary and preference shares for the year 2013, respectively. The dividends were BYR 72 per ordinary share and BYR 23 per preference share.

In accordance with Belarussian legislation, dividends may only be declared to the shareholders of the Bank from retained undistributed earnings of previous years and net profit of the current year as shown in the Bank's financial statements prepared in accordance with Belarusian GAAP. The Bank had approximately BYR 154,492 million of net profit for the 9 months ended 30 September 2015 (during the year ended 31 December 2014: BYR 906,409 million).

(in millions of Belarusian Roubles)

17. Net interest income before loan impairment

The net interest income before allowance for loan impairment comprises:

	3 months ended 30 September 2015	3 months ended 30 September 2014	9 months ended 30 September 2015	9 months ended 30 September 2014
Interest income				
Interest on loans to corporate customers	1,257,245	979,323	3,927,758	3,039,716
Interest on loans to individuals	144,766	118,572	451,343	334,170
Interest on investments available for sale	39,518	74,673	112,314	130,231
Interest on due from banks	12,240	11,071	52,984	53,251
Interest on investments held to maturity	2,761	5,555	15,226	20,896
Total interest income	1,456,530	1,189,194	4,559,625	3,578,264
Interest expense				
Interest on due to individuals	312,363	285,578	945,107	777,575
Interest on due to corporate customers	228,470	179,428	787,889	624,981
Interest on deposits from banks	157,041	115,012	485,149	370,441
Interest on debt securities issued to corporate customers	31,250	27,135	107,072	77,855
Interest on Subordinated loan	–	13,113	21,922	36,325
Interest on debt securities issued to individuals	–	1,801	3,384	8,748
Interest on deposits from National Bank	344	2,610	73,326	13,307
Total interest expense	729,468	624,677	2,423,849	1,909,232
Contributions to deposits protection fund	27,278	38,342	117,044	107,325
Net interest income before allowance for loan impairment	699,784	526,175	2,018,732	1,561,707

18. Allowance for loan impairment, other provisions

The movements in allowance for loan impairment were as follows:

	Commercial loans	Specialized loans	Consumer and other loans	Loans to individuals			Total
				Credit cards and overdrafts	Mortgage loans	Car loans	
31 December 2013	389,700	684,338	14,463	12	13,484	533	1,102,530
Allowance charge for the period	154,217	83,493	11,764	104	3,261	895	253,734
Inflation effect	(46,473)	(81,609)	(1,725)	(1)	(1,608)	(64)	(131,480)
30 September 2014	497,444	686,222	24,502	115	15,137	1,364	1,224,784
31 December 2014	545,371	726,810	27,959	6,900	14,482	1,842	1,323,364
Allowance charge for the period	761,765	1,370,427	20,734	5,156	18,747	1,436	2,178,265
Amounts written off	(169,133)	(16,605)	–	–	–	–	–
30 September 2015	1,138,003	2,080,632	48,693	12,056	33,229	3,278	3,315,891

The movements in provisions for guarantees and other commitments were as follows:

	Guarantees and other commitments
31 December 2013	14,912
Reversal of provision	(5,943)
Inflation effect	(1,778)
30 September 2014	7,191
31 December 2014	11,202
Reversal of provision	(3,122)
30 September 2015	8,080

19. Fee and commission income and expense

Fee and commission income and expense comprise:

	3 months ended 30 September 2015	3 months ended 30 September 2014	9 months ended 30 September 2015	9 months ended 30 September 2014
Fee and commission income				
Other operations with plastic cards	125,687	106,147	351,220	300,098
Salary transfer on card accounts and related cash withdrawals	79,413	85,681	225,434	247,300
Settlement and cash operations with clients	75,572	69,047	209,108	183,413
Agent's fees	55,665	47,621	156,707	140,458
Documentary operations	44,053	41,013	129,714	111,543
Cash delivery and collection	27,040	22,501	75,686	58,645
Foreign exchange operations	6,698	30,350	57,427	83,181
Securities operations	5,565	1,480	16,439	2,352
Settlements with banks	84	22	334	252
Other	3,954	5,855	12,303	7,980
Total fee and commission income	423,731	409,717	1,234,372	1,135,222
Fee and commission expense				
Plastic cards operations	64,397	52,540	158,521	148,066
Documentary operations	32,442	37,565	103,218	103,317
Cash delivery and collection	1,965	1,629	4,250	4,346
Correspondent bank services	1,460	5,748	3,694	7,886
Foreign exchange and cash operations	650	1,853	4,025	5,129
Other	2,676	3,675	7,042	8,130
Total fee and commission expense	103,590	103,010	280,750	276,874

20. Net gain/(loss) on foreign exchange and precious metals operations

Net gain/(loss) on foreign exchange operations comprises:

	3 months ended 30 September 2015	3 months ended 30 September 2014	9 months ended 30 September 2015	9 months ended 30 September 2014
Net gains arising from trading in foreign currencies	253,248	180,111	902,461	322,155
Net foreign exchange translation losses	(455,272)	(117,164)	(1,346,282)	(491,018)
Net gains/(losses) from operations with foreign currency derivatives	802,917	(103,511)	1,646,123	169,984
Total net gain/(loss) on foreign exchange operations	600,893	(40,564)	1,202,302	1,121

Net loss from operations with precious metals and precious metals derivatives:

	3 months ended 30 September 2015	3 months ended 30 September 2014	9 months ended 30 September 2015	9 months ended 30 September 2014
Net (losses)/gains from operations with precious metals	(18,230)	(20,583)	(20,953)	6,671
Net result arising from revaluation of precious metals	(344,160)	116,840	(1,089,936)	(276,446)
Net gains/(losses) from operations with precious metals derivatives	304,995	(148,577)	845,222	84,407
Total net loss from operations with precious metals	(57,395)	(52,320)	(265,667)	(185,368)

21. Other income

Other income comprises:

	3 months ended 30 September 2015	3 months ended 30 September 2014	9 months ended 30 September 2015	9 months ended 30 September 2014
Repayment of loans previously written off	20,043	19,633	59,355	38,204
Income from sale of premises, equipment and intangible assets	12,208	–	7,299	8,068
Penalties received	4,322	1,493	10,521	3,942
Income from sale of coins	668	573	5,072	3,810
Income from operating leases	293	1,466	772	4,555
Dividends received	16	–	156	3,319
Income from non-banking activities	–	11,773	33,954	24,014
Other	3,138	4,764	11,188	11,255
	40,688	39,702	128,317	97,167

22. Operating expenses

Operating expenses comprise:

	3 months ended 30 September 2015	3 months ended 30 September 2014	9 months ended 30 September 2015	9 months ended 30 September 2014
Staff costs	177,748	200,134	534,355	593,871
Social security contribution	48,290	54,783	138,859	153,841
Other staff expenses	2,275	3,048	7,755	7,592
Personnel expenses	228,313	257,965	680,969	755,304
Depreciation and amortization	49,724	52,292	133,347	149,226
Operating leases	47,835	23,617	152,166	67,067
Expenses on maintenance of banking software	46,972	23,033	133,743	61,432
Taxes, other than income taxes	15,243	15,047	258,902	42,300
Stationery	15,024	7,489	35,941	14,701
Premises and equipment maintenance	10,390	31,327	70,678	80,407
Security expenses	8,672	9,656	26,393	27,633
Advertising costs	6,575	8,916	24,644	25,934
Public utilities payments	6,295	5,472	24,451	18,395
Net loss from sale of premises, equipment and other assets	–	1,489	–	–
Vehicles maintenance and fuel expenses	3,849	3,061	11,163	8,520
Communications	3,025	2,689	8,379	6,864
Legal and consulting services	2,889	4,157	7,922	9,003
Charity and sponsorship expenses	2,410	1,899	2,410	6,135
Other expenses	31,512	49,068	76,513	140,676
Other operating expenses	250,415	239,212	966,652	658,293
Total operating expenses	478,728	497,177	1,647,621	1,413,597

*(in millions of Belarusian Roubles)***23. Commitments and contingencies****Credit commitments**

The primary purpose of credit commitments instruments is to ensure that the funds are available to a customer when required. Credit commitments have varying degrees of credit risk and are not reflected in the consolidated statement of financial position.

The Group uses the same credit control and management policies in undertaking credit commitments instruments as it does for loans.

Provisions for guarantees and other commitments amounted to BYR 8,080 million and BYR 11,202 million as at 30 September 2015 and 31 December 2014, respectively (Note 18).

As at 30 September 2015 and 31 December 2014 the nominal or contract amounts of contingent liabilities were:

	30 September 2015	31 December 2014
Contingent liabilities and credit commitments		
Commitments on loans and unused credit lines	1,970,966	3,442,047
Uncovered letters of credit	1,258,676	1,719,176
Guarantees issued and similar commitments	919,191	784,301
Letters of credit secured by cash	579,112	832,643
Total contingent liabilities and credit commitments	4,727,945	6,778,167

Operating lease commitments – Where the Group is the lessee, the future minimum lease payments under non cancelable operating leases as at 30 September 2015 and 31 December 2014 are as follows:

	30 September 2015	31 December 2014
Not later than 1 year	135,967	151,845
Later than 1 year and not later than 5 years	351,764	256,367
Later than 5 years	281,816	248,856
Not later than 1 year	769,547	657,068

Legal proceedings – From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these consolidated financial statements.

Pensions and retirement plans – Employees receive pension benefits in accordance with the laws and regulations of the Republic of Belarus. As at 30 September 2015 and 31 December 2014 the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Legislation – Certain provisions of Belarusian commercial legislation and tax legislation in particular may give rise to varying interpretations and inconsistent application. In addition, as Management's interpretation of legislation may differ from that of the authorities, statutory compliance may be challenged by the authorities, and as result the Group may face additional taxes and charges and other preventive measures. The Management of the Group believes that it has already made all tax and other payments or accruals, and therefore no additional allowance has been made in the financial statements. Past fiscal years remain open to review by the authorities.

Operating environment – As an emerging market, the Republic of Belarus does not possess a well-developed business and regulatory infrastructure that would generally exist in more mature market economies. The Belarusian economy continues to display characteristics typical of an economy in transition. These characteristics include, but are not limited to, low levels of liquidity in the capital markets, relatively high inflation and the existence of currency controls which cause the national currency to be illiquid outside of Belarus. The stability of the Belarusian economy is largely dependent upon the progress of reforms and the effectiveness of economic, financial and monetary measures undertaken by the Government.

In 2011, Belarus experienced significant deterioration of the macroeconomic situation. The deterioration was primarily due to the high current account deficit, decrease in, and restriction on, external financing sources, and significant shortage of foreign currency inflow at the beginning of 2011. These factors resulted in a significant decrease in the gold and foreign currency reserves of the National Bank in the first quarter of 2011, which was followed by foreign currency shortages and a significant decrease in the official exchange rate accompanied by the growth of inflation and an increase in the prime refinancing rate up to 45% as of 31 December 2011. The rate of inflation in 2011 was 108.7%.

(in millions of Belarusian Roubles)

23. Commitments and contingencies (continued)

The significant financial support provided by Russia (extension of loans in 2011 and 2012 and participation in privatization of state assets at the end of 2011) and a positive foreign trade balance contributed to a significant increase in reserves of the National Bank and stabilization of the macroeconomic situation in the country in 2012. According to the Government and the National Bank, the reserves as of 31 December 2012 are sufficient and stable enough to avoid foreign currency shortages and to satisfy the external financing needs of the country in the short and medium term. The official exchange rate in 2012 remained virtually unchanged. The inflation rate in 2012 was 21.8%, the prime refinancing rate was reduced to 30% as of 31 December 2012.

During 1H 2014 the National Bank of the Republic of Belarus (NBRB) weakened the monetary policy and gradually decreased refinancing rate from 23.5% (as of 01 Jan 2014) to 20% (as of 12 August 2014 – last decrease), which was made for accelerating the economic growth and decrease of rates for loans and deposits in the banking system. Despite of decreased rates in the banking system, the NBRB closely monitored the inflation in the economy, foreign trade balance, growth of loans in the economy. In 2014 year the Government attracted additional loan from Russian Federation in the amount of MUSD 2,000, which prevented foreign reserves of NBRB from significant decrease.

Nevertheless, there were continuing negative factors in the economy. Inflation comprised 16.3% for 2014 year (CPI). Significant external debt payments and deficit of foreign payment balance together with sharp devaluation of RUR against major hard currencies in Russia in November 2014 made pressure on the exchange rate of the national currency and led to higher devaluation expectations. Since the fourth quarter of 2014 the economy of the Republic of Belarus faced increased deficit of foreign payment balance, which was caused by worsened economic situation of the main partner-country - Russian Federation, which led to decrease of revenues of the Belarus exporters. As a result the national currency devaluated to USD by 10% for December 2014 (and 24.6% during 2014 in terms of NBRB rates). On 19 December 2014 NBRB restricted the access to foreign currency purchase by implementing 30% tax for purchasing of foreign currency by private individuals, legal entities and banks at Stock Exchange. The level of obligatory sale of foreign currency increased to 50% from 30%. NBRB also strengthened restrictive monetary policy by increasing interest rates for liquidity instruments (overnights, lombard loans, swap deals) from 24% to 50% in December 2014. On 9 January 2015 refinancing rate grew from 20% to 25%.

The monetary measures, adopted in December, 2014 – January, 2015, were conducive to stabilization in the Republic's foreign currency market. As a result of transition to more flexible currency policy the influence of supply–demand forces on forming the exchange rate has substantially intensified. The work of over–the–counter currency market has recommenced since February, 20, 2015. The Board of the National Bank of the Republic of Belarus has adopted the decision on decreasing the norm of obligatory sale of foreign exchange in the domestic foreign exchange market from 50 to 40 percent since February 25, 2015 and from 40 to 30 percent since April 15, 2015.

Aforementioned factors has caused positive effect on the level of devaluation expectations of legal entities and, accordingly, on predictive estimates on the increase of supply of foreign currency in the domestic foreign exchange market. The measure of decreasing the norm of obligatory sale of foreign exchange is aimed at creating conditions for enhancing foreign economic activities, encouraging the economic entities to reduce external accounts receivable and providing the enterprises with foreign exchange assets for covering their current obligations in foreign exchange.

As of October 1, 2015, the volume of gold and foreign exchange reserves of the Republic of Belarus on the IMF's SDDS definition increased by USD 54.2 million and amounted, according to the preliminary data, to USD 4,628.6 million in the equivalent as of August 1, 2015.

The repayment of external and internal foreign exchange obligations of the Government of the Republic of Belarus and the decrease of cost of gold had a negative impact on the volume of gold and foreign exchange reserves.

Revenues from collection of export duties on oil products, the surplus of the National Bank's trade in foreign exchange at the JSC "Belarusian Currency and Stock Exchange", as well as refinancing of its obligations by the National Bank of the Republic of Belarus were conducive to maintaining the level of gold and foreign exchange reserves in 2015.

Since June 1st, 2015 the regime of trading foreign currencies on Belarusian Currency-Stock Exchange has changed from fixing to continuous double auction. The transition to continuous double auction regime will allow to increase the influence of market factors on forming of the exchange rate of national currency, to mitigate the necessity of the National Bank's partaking in currency trading.

While management of the Bank believes it is taking appropriate measures to support the sustainability of the Bank's business in the current circumstances, unexpected further deterioration in the areas described above could negatively affect the results and financial position of the Bank and its borrowers. The degree of such impact on the Group's financial statements is not currently determinable.

(in millions of Belarusian Roubles)

24. Transactions with related parties

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party or 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.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The Group had the following transactions outstanding as at 30 September 2015 and 31 December 2014 with related parties:

	30 September 2015		31 December 2014	
	Related party balances	Total category as per the financial statements caption	Related party balances	Total category as per the financial statements caption
Cash and cash equivalents	226,043	5,902,920	88,287	5,666,401
– parent bank	225,835		88,174	
– entities under common control	208		113	
Due from banks	–	618,491	7,000	58,451
– parent bank	–		7,000	
Loans to individuals, gross	19,165	1,767,599	24,035	1,864,804
– key management personnel	19,165		24,035	
Allowance for impairment losses	1,054	3,315,891	1,069	1,323,364
– associates			409	
– key management personnel	1,054		660	
Investments in associates	82,798	82,798	72,777	72,777
Due to banks	7,223,104	10,595,526	6,673,887	10,049,493
– parent bank	6,992,926		6,473,146	
– entities under common control	230,178		200,741	
Subordinated debt	995,400	995,400	719,116	719,116
– parent bank	995,400		719,116	
Due to individuals	105,369	17,907,788	77,922	12,310,532
– key management personnel	105,369		77,922	
Due to corporate customers	64,965	11,753,476	23,253	9,904,928
– associates	64,965		23,253	
Commitments and contingencies	19,397	4,727,945	34,208	6,778,167
– parent bank	–		14,516	
– associates	68		292	
– key management personnel	19,329		19,400	
Other financial assets	12,400	199,812	72,680	418,411
– parent bank	10,619		6,600	
– associates	1,781		66,080	
– entities under common control	–		–	
Other financial liabilities	605,902	828,000	473,945	659,797
– parent bank	11,473		49,700	
– associates	593,852		424,245	
– entities under common control	577		–	

(in millions of Belarusian Roubles)

24. Transactions with related parties (continued)

On 29 December 2011 the Group received a subordinated loan from its parent Sberbank of Russia in the amount of EUR 40 million amounting to BYR 575,200 million at an interest rate of 6.45%, repayable on 29 December 2020.
On 29 October 2013 the Group received a subordinated loan from its parent Sberbank of Russia in the amount of EUR 10 million amounting to BYR 143,800 million at an interest rate of 6.45%, repayable on 29 October 2020.

In accordance with IFRS (IAS) 24 "Related Party disclosures" Government of the Russian Federation is a related party of JSC BPS-Sberbank, as it is able to control the financial and operational decisions of JSC BPS-Sberbank via JSC Sberbank of Russia. During nine months 2015 there were no significant transactions (and transactions significant in aggregate) between JSC BPS-Sberbank and the Government of the Russian Federation, as well as with the Russian State companies.

Included in the interim condensed consolidated income statement for the 9 months ended 30 September 2015 and 9 months ended 30 September 2014 are the following amounts which arose due to transactions with related parties:

	30 September 2015		30 September 2014	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Interest income	10,014	4,559,625	31,828	3,578,264
– parent bank	9,811		3,500	
– associates	–		28,010	
– key management personnel	203		318	
Fee and commission income	178,395	1,234,372	143,128	1,135,222
– parent bank	177,300		142,913	
– associates	1,094		214	
– key management personnel	1		1	
Interest expense	(396,670)	(2,423,849)	(299,297)	(1,909,232)
– parent bank	(390,219)		(293,045)	
– associates	(1,258)		(1,560)	
– key management personnel	(5,193)		(4,692)	
Allowance for loan impairment	15	(2,178,265)	(3,161)	(253,734)
– associates	409		(3,166)	
– key management personnel	(394)		5	
Fee and commission expense	(87,016)	(280,750)	(76,140)	(276,874)
– parent bank	(87,016)		(76,140)	
Staff costs	(15,803)	(534,355)	(28,076)	(593,871)
– key management personnel	(15,803)		(28,076)	

During the 9 months ended 30 September 2015 and 9 months ended 30 September 2014 remuneration of key management personnel comprised of short-term employee benefits.

25. Segment reporting

The Group discloses information to enable users of its consolidated financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. This matter is regulated by IFRS 8 "Operating segments" and other standards that require special disclosures in the form of segmental reporting.

IFRS 8 defines an operating segment as a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

Information on the Group's activity per segments is analyzed by the Management based on data prepared in accordance with the IFRS recognition and measurement principles.

The Group is organized on the basis of two main business segments:

- retail banking – provision of banking services to individuals, running private customer current accounts, deposits, custody, credit and debit cards, issuance of consumer, mortgage and car loans.
- corporate banking – representing current accounts, deposits, overdrafts, loans and other credit facilities, transactions with foreign currency and securities.

Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's average interest rate of placed and received funds. There are no other material items of income or expense between the business segments.

By the Management's judgment operating income and income tax expense are unable to be allocated between two main business segments for the segment reporting disclosure.

(in millions of Belarusian Roubles)

25. Segment reporting (continued)

Internal charges have been reflected in the performance of each business.
Segment information about these businesses is presented below:

				30 September 2015/ 9 months ended 30 September 2015 Total
	Retail banking	Corporate banking	Unallocated	
Interest income	451,343	3,927,758	180,524	4,559,625
Interest expense	(948,491)	(894,961)	(580,397)	(2,423,849)
Allowance for impairment losses on interest bearing assets	(46,073)	(2,132,192)	–	(2,178,265)
Contributions to deposits protection fund	(117,044)	–	–	(117,044)
Fee and commission income	609,228	615,592	9,552	1,234,372
Fee and commission expense	(158,521)	(118,535)	(3,694)	(280,750)
Net gains arising from investment securities available for sale	–	–	598	598
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation losses	2,757	299,015	900,530	1,202,302
Net losses arising from operations with precious metals and precious metals derivatives	–	–	(265,667)	(265,667)
Other provisions	–	3,122	–	3,122
Loss on disposal of subsidiary	–	(35,534)	–	(35,534)
Other income	–	–	128,317	128,317
Operating (expense)/income	(206,801)	1,664,265	369,763	1,827,227
Income/(expense) from other segments	603,214	(2,019,271)	1,416,057	–
Total operating income	396,413	(355,006)	1,785,820	1,827,227
Operating expenses	–	–	(1,647,621)	(1,647,621)
Share of results of an associate	–	–	22,133	22,133
Profit/(Loss) before income taxes	396,413	(355,006)	160,332	201,739
Income tax expenses	–	–	13,959	13,959
Net profit/(loss)	396,413	(355,006)	174,291	215,698
Segment assets	1,767,599	31,740,579	15,226,052	48,734,230
Segment liabilities	18,033,130	13,641,582	12,508,605	44,183,317
Other segment items:				
Loans to customers	1,767,599	31,740,579	–	33,508,178
Customer accounts	17,907,788	11,753,476	–	29,661,264
Debt securities issued	125,342	1,888,106	–	2,013,448

(in millions of Belarusian Roubles)

25. Segment reporting (continued)

				31 December 2014/ 9 months ended 30 September 2014
	Retail Banking	Corporate banking	Unallocated	Total
Interest income	334,170	3,039,716	204,378	3,578,264
Interest expense	(787,838)	(701,320)	(420,074)	(1,909,232)
Allowance for impairment losses on interest bearing assets	(16,028)	(237,706)	—	(253,734)
Contributions to deposits protection fund	(107,325)	—	—	(107,325)
Fee and commission income	572,830	551,873	10,519	1,135,222
Fee and commission expense	(148,066)	(120,922)	(7,886)	(276,874)
Net losses arising from investment securities available for sale	—	—	(37,058)	(37,058)
Net gains /(losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation (losses)	53,880	146,582	(191,341)	1,121
Net gains /(losses) arising from operations with precious metals and precious metals derivatives	411	811	(186,590)	(185,368)
Other provisions	—	5,943	—	5,943
Other income	—	—	97,167	97,167
Operating (expense)/ income	(97,966)	2,684,977	(538,885)	2,048,126
Income/(expense) from other segments	504,554	(1,422,788)	918,234	—
Total operating income	406,588	1,262,189	379,349	2,048,126
Operating expenses	—	—	(1,413,597)	(1,413,597)
Share of results of an associate	—	—	18,255	18,255
Profit/(loss) before loss on net monetary position	406,588	1,262,189	(1,015,993)	652,784
Gain/(loss) on net monetary position due to inflation effect	8,210	(177,550)	(196,617)	(365,957)
Profit/(loss) before income taxes	414,798	1,084,639	(1,212,610)	286,827
Income tax expense	—	—	(122,476)	(122,476)
Net profit/(loss)	414,798	1,084,639	(1,335,086)	164,351
Segment assets	1,864,804	25,004,743	13,037,566	39,907,113
Segment liabilities	13,026,662	10,021,543	12,529,319	35,577,524
Other segment items				
Loans to customers	1,864,804	25,004,743	—	26,869,547
Customer accounts	12,310,532	9,904,928	—	22,215,460
Debt securities issued	716,130	116,615	—	832,745

All the Group's customers are residents of the Republic of Belarus. All the premises and equipment are also located on the territory of the Republic of Belarus.

*(in millions of Belarusian Roubles)***26. Fair value of financial instruments**

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

The fair value of financial assets and liabilities not accounted at fair value compared with the corresponding carrying amount in the consolidated statement of financial position of the Group is presented below:

	30 September 2015			31 December 2014		
	Carrying value	Fair value	Unrecognised gain/(loss)	Carrying value	Fair value	Unrecognised (loss)
Cash and cash equivalents	5,902,920	5,902,920	–	5,666,401	5,666,401	–
Mandatory cash balances with the National Bank of the Republic of Belarus	193,106	193,106	–	214,285	214,285	–
Due from banks	618,491	618,491	–	58,451	58,451	–
Loans to corporate customers	28,521,944	28,148,955	(372,989)	23,732,562	23,630,717	(101,845)
Loans to individuals	1,670,343	1,636,473	(33,870)	1,813,621	1,731,955	(81,666)
Investments held to maturity	10,832	11,133	301	219,604	208,617	(10,987)
Other financial assets	199,812	199,812	–	418,411	418,411	–
Loans from the National Bank of the Republic of Belarus	–	–	–	800,000	800,000	–
Due to banks	10,595,526	10,591,290	(4,236)	10,049,493	10,045,290	(4,203)
Due to individuals	17,907,788	17,907,788	–	12,310,532	12,310,532	–
Due to corporate customers	11,753,476	11,756,223	2,747	9,904,928	9,902,286	(2,642)
Debt securities issued	2,013,448	2,013,448	–	832,745	832,745	–
Other financial liabilities	828,000	828,000	–	659,797	659,797	–
Subordinated debt	995,400	995,400	–	719,116	719,116	–

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid have a floating rate or having a short term maturity it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand accounts, current without a specific maturity.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortized cost are estimated by comparing market interest rates when they were first recognized with current market rates offered for similar financial instruments. The estimated fair value of these financial instruments is calculated as discounted cash flow using prevailing money-market interest rates for financial instruments with similar characteristics.

Financial instruments recognised at fair value are broken down for disclosure purposes into levels based on the observability of inputs as follows:

- Quoted prices in an active market (Level 1) – Valuations based on quoted prices for identical assets or liabilities in active markets that the Group has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuations of these products do not entail a significant amount of judgment.
- Valuation techniques using observable inputs (Level 2) – Valuations for which all significant inputs are observable, either directly or indirectly and valuations based on one or more observable quoted prices for orderly transactions in markets that are not considered active.
- Valuation techniques incorporating information other than observable market data (Level 3) – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

*(in millions of Belarusian Roubles)***26. Fair value of financial instruments (continued)**

The Group's fair value valuation approach for certain significant classes of financial instruments recognised at fair value is as follows:

As at 30 September 2015	Level 1	Level 2	Level 3	Total
Assets carried at fair value				
Derivative financial instruments	1,335	6,842	6,373,928	6,382,105
Investments available for sale	–	2,785,949	–	2,785,949
Office premises	13,560	–	–	13,560
Premises held for sale	–	–	781,377	781,377
Total Assets carried at fair value	–	–	179,845	179,845
	14,895	2,792,791	7,335,150	10,142,836
Liabilities carried at fair value				
Derivative financial instruments	17,964	1,382	–	19,346
Total Liabilities carried at fair value	17,964	1,382	–	19,346
As at 31 December 2014				
Assets carried at fair value				
Derivative financial instruments	33,818	72	4,559,913	4,593,803
Investments available for sale	–	1,125,491	–	1,125,491
Equity investments available for sale	8,541	–	–	8,541
Office premises	–	–	766,945	766,945
Premises held for sale	–	–	8,007	8,007
Total Assets carried at fair value	42,359	1,125,563	5,334,865	6,502,787
Liabilities carried at fair value				
Derivative financial instruments	34,857	3,774	–	38,631
Total Liabilities carried at fair value	34,857	3,774	–	38,631

The following table shows an analysis of financial assets and liabilities for which fair values are disclosed by level of the fair value hierarchy:

As at 30 September 2015	Level 1	Level 2	Level 3	Total
Financial assets for which fair values are disclosed				
Cash and cash equivalents	5,902,920	–	–	5,902,920
Mandatory cash balances with the National Bank of the Republic of Belarus	193,106	–	–	193,106
Due from banks	–	618,491	–	618,491
Loans to corporate customers	–	–	28,148,955	28,148,955
Loans to individuals	–	–	1,636,473	1,636,473
Investments held to maturity	–	11,133	–	11,133
Other financial assets	–	–	199,812	199,812
Total financial assets for which fair values are disclosed	6,096,026	629,624	29,985,240	36,710,890
Financial liabilities for which fair values are disclosed				
Due to banks	–	10,591,290	–	10,591,290
Due to individuals	–	–	17,907,788	17,907,788
Due to corporate customers	–	–	11,756,223	11,756,223
Debt securities issued	–	2,013,448	–	2,013,448
Subordinated debt	–	995,400	–	995,400
Other financial liabilities	–	–	828,000	828,000
Total financial liabilities for which fair values are disclosed	–	13,600,138	30,492,011	44,092,149

(in millions of Belarusian Roubles)

26. Fair value of financial instruments (continued)

As at 31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets for which fair values are disclosed				
Cash and cash equivalents	5,666,401	–	–	5,666,401
Mandatory cash balances with the National Bank of the Republic of Belarus	214,285	–	–	214,285
Due from banks	–	58,451	–	58,451
Loans to corporate customers	–	–	23,630,717	23,630,717
Loans to individuals	–	–	1,731,955	1,731,955
Investments held to maturity	198,745	9,872	–	208,617
Other financial assets	–	–	418,411	418,411
Total financial assets for which fair values are disclosed	6,079,431	68,323	25,781,083	31,928,837
Financial liabilities for which fair values are disclosed				
Loans from the National Bank of the Republic of Belarus	–	800,000	–	800,000
Due to banks	–	10,045,290	–	10,045,290
Due to individuals	–	–	12,310,532	12,310,532
Due to corporate customers	–	–	9,902,286	9,902,286
Debt securities issued	–	832,745	–	832,745
Subordinated debt	–	719,116	–	719,116
Other financial liabilities	–	–	659,797	659,797
Total financial liabilities for which fair values are disclosed	–	12,397,151	22,872,615	35,269,766

The following tables show a reconciliation of amount of Level 3 financial assets which are recorded at fair value:

	At 1 January 2015	Unrealized gain recorded in profit or loss	Realized gain recorded in profit or loss	Settlements /Movements for premises	At 30 September 2015
Financial assets					
Office premises	766,945	–	–	14,432	781,377
Premises held for sale	8,007	–	–	165,586	173,593
Derivative financial assets	4,559,913	2,256,453	249,213	(691,651)	6,373,928
Total level 3 financial assets	5,334,865	2,256,453	249,213	(511,633)	7,328,898

	At 1 January 2014	Unrealized gain/(loss) recorded in profit or loss	Realized gain/(loss) recorded in profit or loss	Settlements /Movements for premises	Inflation effect	At 31 December 2014
Financial assets						
Office premises	849,123	–	–	(82,178)	–	766,945
Premises held for sale	15,885	–	–	(7,878)	–	8,007
Derivative financial assets	5,683,327	902,816	10,132	(1,240,236)	(796,126)	4,559,913
Total level 3 financial assets	6,548,335	902,816	10,132	(1,330,292)	(796,126)	5,334,865

*(in millions of Belarusian Roubles)***26. Fair value of financial instruments (continued)**

The following table shows the impact on the fair value of level 3 instruments of using reasonably possible alternative assumptions:

	30 September 2015		31 December 2014	
	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
Financial assets				
Derivative financial instruments:	6,373,928	(39,248)	4,559,913	(208,340)
–foreign currency derivatives	3,899,486	(35,748)	2,926,864	(143,929)
–precious metals derivatives	2,474,442	(3,500)	1,633,049	(64,411)
Financial liabilities				
Derivative financial liabilities:	–	–	–	(1,542)
–foreign currency derivatives	–	–	–	(1,542)

The input used for estimation of fair values of foreign currency derivatives for 30 September 2015 was the yield to maturity of the Belarusian Eurobonds in USD with maturity date in January, 2018, amounting to 8.66% (31 December 2014: 16.51%-19.19%). The input used for estimation of fair values of precious metals derivatives for 30 September 2015 and 31 December 2014 was the interest rate of attracting deposits in precious metals from individuals, which is 6% on both dates.

The obligations in Belarusian roubles were estimated against the prevailing rate of attracting funds in Belarusian roubles at the reporting date – 29.0% (31 December 2014: 50.0%). Should the input rate for Belarusian roubles decrease for 1000 base points the carrying value of the foreign currency derivatives would be 0.9% lower (31 December 2014: 5.2% lower with the input rate for Belarusian roubles decrease for 2,000 base points), the carrying value of the precious metals derivatives would be 0.1% lower (31 December 2014: 4.1% lower with the input rate for Belarusian roubles decrease for 2,000 base points). The Group has changed the quantitative input to 2,000 base points in the sensitivity analysis due to recent fluctuations of interest rates at the end of 2014.

27. Capital management

The Group manages its capital to ensure compliance with prudential requirements and ability to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group is comprised of share capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

The Group's Management reviews the capital structure on a monthly basis. As a part of this review, the capital adequacy ratio is determined by comparing the Bank's own regulatory funds with quantified assessment of the risks it undertakes (risk-weighted assets). The Bank's Management considers weighted average cost of capital and risks associated with each class of capital, and balances its overall capital structure through dividend policy and issues of new shares.

The adequacy of the Group's capital is monitored using, among other measures, the ratios established by the National Bank of the Republic of Belarus and the Basel Capital Accord.

As at 30 September 2015 according to the norms of the Basel Capital Accord the Group's total capital amount for Capital adequacy purposes was BYR 5,546,313 million and tier 1 capital amount was BYR 4,265,623 million with ratios of 15.4% and 11.9%, respectively.

As at 31 December 2014 according to the norms of the Basel Capital Accord the Group's total capital amount for Capital adequacy purposes was BYR 5,048,705 million and tier 1 capital amount was BYR 4,037,119 million with ratios of 15.2% and 12.1%, respectively.

As at 30 September 2015 and 31 December 2014 according to the norms established by the National Bank of the Republic of Belarus the capital adequacy ratios were 13.1% and 10.7%, respectively.

28. Risk management policies

The Group implements system approach to risk management, having developed the unified standards for the process of risk management based on the requirements of the National Bank of the Republic of Belarus, methodology of Sberbank of Russia Group and recommendations of Basel Committee on Banking Supervision

The risk management system developed within the Group is integrated into the corporate management system and is aimed at achieving the key goals and targets of the effective risk management strategy adopted by the Bank.

The main components of the Bank's risk management system are the organizational structure, risk management methodology and procedures: identification, evaluation, monitoring, mitigation and controlling of main risk categories.

The existing organizational structure of the risk management system is in line with the organizational and functional structure, corresponds to the nature and scope of the Bank's activities, rules out the conflict of interest and distributes authority in the sphere of risk management among the following collegiate bodies and structural divisions:

The Supervisory Board sets the main courses of development and the effective functioning of the risk management system and approves the Bank's Strategic Development Plan, system of risk tolerance indicator (on indicators of risk appetite - in the target model), as well as exercises control over the implementation of the aforementioned system and plan;

The Risk Committee is responsible for the implementation and internal monitoring of the realization of the Bank's strategy in the sphere of risk management and implementation of the decisions of the Bank's Supervisory Board made in respect of the risk profile, risk tolerance and risk appetite;

The Management Board of the Bank defines goals and tasks of risk management and in accordance with the declared objectives organizes the effective risk management system, including, by optimal distribution and delegation of authority in the process of risk management, limits compliance regulation and controlling of the powers of the Bank's officials, as well as in the process of taking measures aimed at risk mitigation (limitation);

Chief Risk Officer of the Bank sets objectives for the development of the Bank's risk management system within the framework of business strategies and risk management strategy of the Bank and Sberbank of Russia JSC Group (including implementation of target risk management processes in the Bank in accord with the instructions and recommendations of Sberbank of Russia Group and requirements of the National Bank of the Republic of Belarus), elaborates respective plans and ensures their fulfillment to the fullest and timeliest extent;

Assets and Liabilities Management Committee decides on topics of balance structure management, funding operations, liquidity risk and market risk control, transfer pricing, interest rates, tariffs, the Bank's capital adequacy and structure;

Major Credit Committee decides on setting/changing/annulment of credit limits for subordinate collegiate bodies, performance of credit operations with legal bodies and individual entrepreneurs, categorized as "largest", "large" or "mid-sized" customer, and also on managing credit risk of financial market operations;

Minor Credit Committee decides on credit operations with legal bodies and individual entrepreneurs, categorized as "micro", "small" customers and individuals, and other issues relating to credit operations with these categories of customers;

Operational Risk Committee examines the reports on operational risks (including the analysis of the most significant incidents), decides on measures to be taken for operational risk mitigation and on acceptance of operational risks, considers disputable situations relating to the identification of operational risk owners, as well as takes decisions on the matter;

The Department of Methodology and Risk Control ensures functioning, improvement and development of the Bank's integrated risk management system, identifies risks, conducts evaluation, monitoring and control of risks, develop measures and procedures aimed at risk limitation and mitigation;

The Underwriting Center implements an independent examination of risks (identification, assessment and analysis) for operations with credit risk and makes the conclusion on the basis of the results of the independent examination of risks;

Other structural divisions of the Bank perform some risk management functions in accordance with the requirements and approaches of Sberbank of Russia Group and local legal regulations of the Bank.

*(in millions of Belarusian Roubles)***28. Risk management policies (continued)**

The Group's risk management process does not cover subsidiaries due to insignificant scope of financial operations between the parent Bank and its subsidiaries.

The Bank implements system approach to risk management, having established the unified standards for identification, evaluation and mitigation of risks. In accordance with the aforementioned standards the Bank has elaborated and duly implemented methodology, processes and procedures for management of main risk categories inherent to the Bank's operations, including credit, liquidity, market risks (including currency, interest rate and operational risks).

A description of the Bank's risk management policies in relation to those risks follows.

Credit risk

The Bank is exposed to credit risk which is the risk of potential losses (failure to get the expected profit) due to the Counterparty's default on its financial obligations or failure to timely or fully meet its financial obligations. Credit risk management is performed on the level of counterparties and on loans portfolio level.

The following table details the financial assets held by the Group per credit ratings of the counterparties (for state authorities – per country's rating):

30 September 2015	AA	A	BBB	BB	B	CCC	Not rated	Total
Cash equivalents	–	247,669	236,639	104	4,029,796	1,180	59,956	4,575,344
Mandatory cash balances with the National Bank	–	–	–	–	193,106	–	–	193,106
Due from banks	–	–	–	–	282,273	336,218	–	618,491
Derivative financial assets	–	–	7,779	55	6,373,948	–	323	6,382,105
Loans to corporate customers	–	–	–	–	–	–	28,521,944	28,521,944
Loans to individuals	–	–	–	–	–	–	1,670,343	1,670,343
Investments available for sale	–	13,560	–	–	2,774,816	–	27,435	2,815,811
Investments held to maturity	–	–	–	–	–	–	10,832	10,832
Other financial assets	–	–	–	–	–	–	199,812	199,812
31 December 2014	AA	A	BBB	BB	B	CCC	Not rated	Total
Cash equivalents	–	864,338	91,545	–	2,944,057	617	89,607	3,990,164
Mandatory cash balances with the National Bank	–	–	–	–	214,285	–	–	214,285
Due from banks	–	–	7,000	–	–	51 451	–	58,451
Derivative financial assets	–	–	2,843	–	4,590,736	–	224	4,593,803
Loans to corporate customers	–	–	–	–	–	–	23,732,562	23,732,562
Loans to individuals	–	–	–	–	–	–	1,813,621	1,813,621
Investments available for sale	–	8,541	–	–	1,115,619	–	26,174	1,150,334
Investments held to maturity	–	–	–	–	208,990	–	10,614	219,604
Other financial assets	–	–	–	–	–	–	418,411	418,411

As at 30 September 2015 and 31 December 2014 other financial assets comprised past due but not impaired assets in the amount of 10,663 BYR million and 3,173 BYR million, respectively. Carrying value of past due and impaired loans to customers is disclosed in Note 6.

As at 30 September 2015 and 31 December 2014 the Group had neither past due nor impaired financial assets in addition to those mentioned above.

*(in millions of Belarusian Roubles)***28. Risk management policies (continued)****Geographical concentration**

The Group assesses influence of geographical risk on its portfolios. Geographical risk cases are caused by the failure of the foreign Counterparties (corporate, individuals) to fulfill their obligations due to economic, political and social changes, as well as the unavailability of the currency of the obligation to the Counterparty due to the specific characteristics of the legislation (irrespective of the particular characteristics of the Counterparty itself).

Credit risk of the Group is concentrated in the Republic of Belarus, except for operations with correspondent banks, which are non-residents of the Republic of Belarus. Limitation of transactions with counterparties resident of the Republic of Belarus is not required and is used indicatively.

Information on the geographical concentration of financial assets and liabilities is presented in the following tables:

30 September 2015	Belarus	CIS Countries	OECD Countries	Non-OECD countries	Total
Financial assets					
Cash and cash equivalents	5,411,193	236,638	241,535	13,554	5,902,920
Mandatory cash balances with the National Bank	193,106	–	–	–	193,106
Due from banks	618,491	–	–	–	618,491
Derivative financial assets	6,374,270	7,835	–	–	6,382,105
Loans to corporate customers	28,521,944	–	–	–	28,521,944
Loans to individuals	1,670,343	–	–	–	1,670,343
Investments available for sale	2,802,251	–	13,560	–	2,815,811
Investments held to maturity	10,832	–	–	–	10,832
Other financial assets	199,812	–	–	–	199,812
Total financial assets	45,802,242	244,473	255,095	13,554	46,315,364
Financial liabilities					
Due to banks	550,068	7,111,570	2,932,266	1,622	10,595,526
Derivative financial liabilities	21	18,742	264	319	19,346
Due to individuals	17,132,014	584,860	58,114	132,800	17,907,788
Due to corporate customers	11,458,856	16,033	8,299	270,288	11,753,476
Debt securities issued	2,013,448	–	–	–	2,013,448
Other financial liabilities	828,000	–	–	–	828,000
Subordinated debt	–	995,400	–	–	995,400
Total financial liabilities	31,982,407	8,726,605	2,998,943	405,029	44,112,984
Net position	13,819,835	(8,482,132)	(2,743,848)	(391,475)	

31 December 2014	Belarus	CIS Countries	OECD Countries	Non-OECD countries	Total
Financial assets					
Cash and cash equivalents	4,706,364	91,544	864,313	4,180	5,666,401
Mandatory cash balances with the National Bank	214,285	–	–	–	214,285
Due from banks	51,451	7,000	–	–	58,451
Derivative financial assets	4,590,960	2,843	–	–	4,593,803
Loans to corporate customers	23,732,494	68	–	–	23,732,562
Loans to individuals	1,813,621	–	–	–	1,813,621
Investments available for sale	1,141,793	–	8,541	–	1,150,334
Investments held to maturity	219,604	–	–	–	219,604
Other financial assets	418,411	–	–	–	418,411
Total financial assets	36,888,983	101,455	872,854	4,180	37,867,472
Financial liabilities					
Loans from the National Bank	800,000	–	–	–	800,000
Due to banks	383,107	6,600,183	3,064,574	1,629	10,049,493
Derivative financial liabilities	67	38,564	–	–	38,631
Due to individuals	11,040,216	1,035,713	40,700	193,903	12,310,532
Due to corporate customers	9,629,792	8,582	66,770	199,784	9,904,928
Debt securities issued	832,745	–	–	–	832,745
Other financial liabilities	659,797	–	–	–	659,797
Subordinated debt	–	719,116	–	–	719,116
Total financial liabilities	23,345,724	8,402,158	3,172,044	395,316	35,315,242
Net position	13,543,259	(8,300,703)	(2,299,190)	(391,136)	

28. Risk management policies (continued)

Liquidity risk

Liquidity risk refers to difficulties in obtaining sufficient funds for deposit withdrawals and other financial liabilities associated with financial instruments as they actually fall due.

The following table presents the analysis of the liquidity risk based on the carrying values of assets and liabilities.

30 September 2015	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	Overdue	No stated maturity	Total
Assets								
Cash and cash equivalents	5,902,920	-	-	-	-	-	-	5,902,920
Mandatory cash balances with the National Bank	57,710	27,910	75,511	30,294	1,681	-	-	193,106
Due from banks	514,938	74,715	6,972	19,329	2,537	-	-	618,491
Derivative financial assets	2,491,532	3,178,636	711,937	-	-	-	-	6,382,105
Loans to corporate customers	2,027,912	7,280,141	3,575,537	8,759,645	5,415,367	1,463,342	-	28,521,944
Loans to individuals	68,330	143,369	242,339	519,119	693,670	3,516	-	1,670,343
Non-current asset held for sale	-	-	179,845	-	-	-	-	179,845
Investments available for sale	6,496	67,041	613,940	973,665	1,124,806	-	29,863	2,815,811
Investments held to maturity	218	-	-	-	10,614	-	-	10,832
Investments in an associate	-	-	-	-	-	-	82,798	82,798
Premises and equipment	-	-	-	-	-	-	1,519,446	1,519,446
Intangible assets	-	-	-	-	-	-	310,912	310,912
Current income tax assets	14,568	-	-	-	-	-	-	14,568
Other assets	339,557	14,986	326	82,632	1,684	10,663	61,261	511,109
Total assets	11,424,181	10,786,798	5,406,407	10,384,684	7,250,359	1,477,521	2,004,280	48,734,230
Liabilities								
Due to banks	4,354,170	1,870,929	626,240	3,209,803	534,384	-	-	10,595,526
Derivative financial liabilities	19,346	-	-	-	-	-	-	19,346
Due to individuals	3,131,028	1,428,779	9,510,779	3,818,865	18,337	-	-	17,907,788
Due to corporate customers	5,733,209	2,858,155	2,087,969	834,284	239,859	-	-	11,753,476
Debt securities issued	62,971	172,041	380,849	293,385	1,104,202	-	-	2,013,448
Deferred income tax liabilities	-	-	-	-	-	-	3,431	3,431
Provisions for guarantees and other commitments	-	-	-	503	-	-	7,577	8,080
Other liabilities	266,519	35,429	17,061	73,363	493,718	-	732	886,822
Subordinated debt	-	-	-	-	995,400	-	-	995,400
Total liabilities	13,567,243	6,365,333	12,622,898	8,230,203	3,385,900	-	11,740	44,183,317
Net liquidity surplus/(gap)	(2,143,062)	4,421,465	(7,216,491)	2,154,481	3,864,459	1,477,521	1,992,540	4,550,913
Cumulative liquidity gap as at 30 September 2015	(2,143,062)	2,278,403	(4,938,088)	(2,783,607)	1,080,852	2,558,373	4,550,913	

*(in millions of Belarusian Roubles)***28. Risk management policies (continued)****Liquidity risk (continued)**

31 December 2014	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	Overdue	No stated maturity	Total
Assets								
Cash and cash equivalents	5,666,401	-	-	-	-	-	-	5,666,401
Mandatory cash balances with the National Bank	83,345	50,600	26,727	50,502	3,111	-	-	214,285
Due from banks	8,709	6,757	10,158	25,237	7,590	-	-	58,451
Derivative financial assets	34,398	193,950	1,882,514	2,482,941	-	-	-	4,593,803
Loans to corporate customers	1,955,841	5,495,589	3,943,389	7,131,852	4,808,597	397,294	-	23,732,562
Loans to individuals	59,603	125,268	231,442	597,112	792,559	7,637	-	1,813,621
Non-current asset held for sale	-	-	14,259	-	-	-	-	14,259
Investments available for sale	4,566	4,879	-	1,105,848	10,198	-	24,843	1,150,334
Investments held to maturity	-	7,240	201,750	-	10,614	-	-	219,604
Investments in an associate	-	-	-	-	-	-	72,777	72,777
Premises and equipment	-	-	-	-	-	-	1,506,633	1,506,633
Intangible assets	-	-	-	-	-	-	237,209	237,209
Current income tax assets	-	-	-	-	-	-	-	-
Other assets	323,416	1,736	14	290,077	8,612	3,173	146	627,174
Total assets	8,136,279	5,886,019	6,310,253	11,683,569	5,641,281	408,104	1,841,608	39,907,113
Liabilities								
Loans from the National Bank	800,000	-	-	-	-	-	-	800,000
Due to banks	3 453, 868	797,956	2,993,752	2,486,394	317,523	-	-	10,049,493
Derivative financial liabilities	13,240	25,391	-	-	-	-	-	38,631
Due to individuals	3,267,328	3,814,198	1,484,462	3,707,017	37,527	-	-	12,310,532
Due to corporate customers	5,659,954	1,680,213	1,059,908	1,247,073	257,780	-	-	9,904,928
Debt securities issued	61,881	2,091	156	538,214	230,403	-	-	832,745
Current income tax liabilities	41,206	-	-	-	-	-	-	41,206
Deferred income tax liabilities	-	-	-	-	-	-	69,970	69,970
Provisions for guarantees and other commitments	-	-	-	6,799	4,403	-	-	11,202
Other liabilities	360,496	19,981	10,444	47,984	360,796	-	-	799,701
Subordinated debt	116	-	-	-	719,000	-	-	719,116
Total liabilities	13,658,089	6,339,830	5,548,722	8,033,481	1,927,432	-	69,970	35,577,524
Net liquidity surplus/(gap)	(5,521,810)	(453,811)	761,531	3,650,088	3,713,849	408,104	1,771,638	4,329,589
Cumulative liquidity gap as at December 2014	(5,521,810)	(5,975,621)	(5,214,090)	(1,564,002)	2,149,847	2,557,951	4,329,589	

(in millions of Belarusian Roubles)

28. Risk management policies (continued)**Liquidity risk (continued)**

The Group's liquidity risk management includes estimation of core deposits, i.e. funds associated with stable customer deposits relationships, the amount of which is calculated with the use of statistical methods applied to historic information on fluctuations of customer accounts balances. Core deposits as at 30 September 2015 and 31 December 2014 are estimated in the amount of BYR 3,576,067 million and BYR 3,253,489 million, respectively. As at 30 September 2015 and 31 December 2014 included in 'Due to banks' were short-term non-tied loans attracted from parent bank in the amount of BYR 1,050,027 million and BYR 2,569,631 million, which commonly are being reinvested on maturity dates. Based on the going concern assumptions the effective maturities of core deposits of funds from parent bank are considered to be undefined. Information as to the expected periods of repayment on customer accounts, funds from parent bank and effective liquidity gaps as at 30 September 2015 and 31 December 2014 is as follows:

30 September 2015	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	Overdue	No stated maturity	Total
Accounts of individuals analyzed based on expected withdrawal dates	1,407,021	1,428,779	9,510,779	3,818,865	18,337	-	1,724,007	17,907,788
Corporate accounts analyzed based on expected withdrawal dates	3,881,149	2,858,155	2,087,969	834,284	239,859	-	1,852,060	11,753,476
Funds attracted from other banks analyzed	3,909,950	997,694	796,078	3,287,875	553,902	-	1,050,027	10,595,526
Liquidity gap (based on expected withdrawal dates for customers accounts)	1,877,225	5,294,700	(7,386,329)	2,076,409	3,844,941	1,477,521	(2,633,554)	
31 December 2014	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	More than 3 years	Overdue	No stated maturity	Total
Accounts of individuals analyzed based on expected withdrawal dates	1,679,629	3,814,198	1,484,462	3,707,017	37,527	-	1,587,699	12,310,532
Corporate accounts analyzed based on expected withdrawal dates	3,994,164	1,680,213	1,059,908	1,247,073	257,780	-	1,665,790	9,904,928
Funds attracted from other banks analyzed	494,001	898,060	3,103,148	2,639,085	345,568	-	2,569,631	10,049,493
Liquidity gap (based on expected withdrawal dates for customers accounts)	691,546	(553,915)	652,135	3,497,397	3,685,804	408,104	(4,051,482)	

As at 30 September 2015 a covenant with EBRD was violated in the Group. Liabilities in the amount of BYR 439,036 million were reclassified into the demand group. At the same time the Group's Management doesn't expect the cash outflow connected with violation of the covenant.

Market risk

Market risk is the possibility of the Group's financial losses, (failure to get the expected profit), as a result of changes in the market value of balance sheet and off-balance sheet items, as well as items nominated in foreign currency and goods due to the change in market prices of financial instruments and goods caused by the fluctuations in foreign currency exchange rates, market interest rates and other factors.

Market risk comprises general (systemic) risk (risk of losses resulting from general fluctuations of the market risk factor, e.g. changes of interest rates, price volatility, etc.) and specific risk (risk of losses resulting from fluctuations of the price of a specific asset due to the factors inherent to this asset (e.g. worsening of the financial position of the securities issuer)).

28. Risk management policies (continued)

Market risk (continued)

Market risk covers interest rate risk, currency risk and other pricing risks which the Group is exposed to. Market risk management is organized on the basis of both aggregated risk indicators which combine the effects of individual risk-factors (VaR, stress-test, stop-loss) and indicators associated with individual risk-factors (such as, for instance, indicators of open currency position tied to the fluctuation of the exchange rate of a specific currency pair) allowing to estimate and limit the level of potential losses which may be incurred by the Bank due to the change of prices of financial instruments.

In order to take into account the specific characteristics of instruments and factors in the course of market risk assessment all of the Bank's operations are divided into the trading book and banking book operations. In addition to that, all financial market operations are subject to market conformity process.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the interest rate margin and the value of the financial instruments. The Group's interest rate risk management policy is primarily directed to provide adequate interest rate margin and stable level of net interest income. The Group manages interest rate risk through periodic estimation of cumulative imbalances to interest bearing assets.

The management of interest rate risk in terms of development and implementation of procedures of identifying, estimating, monitoring and controlling interest rate risk is conducted by the Department of Strategic Management and Treasury in accordance with the requirements to the system of management of interest rate risks defined by the Department of Methodology and Risk Control. The Department of Methodology and Risk Control provides a overall control of functioning of the interest rate risk management system. The Bank's Assets and Liabilities Management Committee takes decisions on interest rate risk mitigation.

The following table presents an interest rate risk sensitivity analysis based on "reasonably possible changes" of interest rates. The degree of these changes is determined by the Management. The sensitivity analysis represents the annual effect on the net profit of the Group of increase/reduction in interest rates in respect of floating rate financial instruments nominated in BYR and foreign currencies existing as at 30 September 2015 and 31 December 2014, respectively, provided that all the other variables are held constant. Additionally, the calculation includes the effect of potential reinvestment of fixed-rate instruments at new market rates as they mature.

Impact on profit before taxes:

	As at 30 September 2015		As at 31 December 2014	
	Interest rate +10%	Interest rate -10%	Interest rate +20%	Interest rate -20%
BYR				
Impact on profit before taxes				
Assets				
Due from banks	52,248	(52,248)	11,632	(11,632)
Loans to customers	627,638	(627,638)	1,565,659	(1,565,659)
Investments available for sale	42,217	(42,217)	1,974	(1,974)
Investments held to maturity	1,082	(1,082)	2,123	(2,123)
Liabilities				
Due to banks	(18,603)	18,603	(57,336)	57,336
Customer accounts	(530,250)	530,250	(1,271,716)	1,271,716
Debt securities issued	(24,297)	24,297	(10,620)	10,620
Net impact on profit before taxes	150,035	(150,035)	241,716	(241,716)
Impact on comprehensive income (excluding profit for the year)				
Net impact on comprehensive income	150,035	(150,035)	241,716	(241,716)

(in millions of Belarusian Roubles)

28. Risk management policies (continued)**Interest rate risk (continued)**

USD	As at 30 September 2015		As at 31 December 2014	
	Interest rate +5%	Interest rate -5%	Interest rate +5%	Interest rate -5%
Impact on profit before taxes				
Assets				
Due from banks	12,662	(12,662)	—	—
Loans to customers	513,363	(513,363)	411,340	(411,340)
Investments available for sale	8,183	(8,183)	369	(369)
Investments held to maturity	—	—	2,778	(2,778)
Liabilities				
Due to banks	(37,505)	37,505	(107,736)	107,736
Customer accounts	(340,117)	340,117	(225,033)	225,033
Debt securities issued	(7,383)	7,383	(2,318)	2,318
Net impact on profit before taxes	149,203	(149,203)	79,400	(79,400)
Impact on comprehensive income (excluding profit for the year)				
Investments available for sale	(94,253)	94,253	(81,713)	81,713
Net impact on comprehensive income	54,950	(54,950)	(2,313)	2,313

EUR	As at 30 September 2015		As at 31 December 2014	
	Interest rate +5%	Interest rate -5%	Interest rate +5%	Interest rate -5%
Impact on profit before taxes				
Assets				
Loans to customers	386,237	(386,237)	287,032	(287,032)
Investments available for sale	37,241	(37,241)	23	(23)
Liabilities				
Due to banks	(163,014)	163,014	(121,817)	121,817
Customer accounts	(114,235)	114,235	(124,291)	124,291
Debt securities issued	(3,335)	3,335	(590)	590
Net impact on profit before taxes	142,894	(142,894)	40,357	(40,357)
Impact on comprehensive income (excluding profit for the year)				
Investments available for sale	(2,789)	2,789	(1,933)	1,933
Net impact on comprehensive income	140,105	(140,105)	38,424	(38,424)

(in millions of Belarusian Roubles)

28. Risk management policies (continued)**Interest rate risk (continued)**

RUB	As at 30 September 2015		As at 31 December 2014	
	Interest rate +7%	Interest rate -7%	Interest rate +10%	Interest rate -10%
Impact on profit before taxes				
Assets				
Loans to customers	99,497	(99,497)	79,162	(79,162)
Liabilities				
Due to banks	(8,091)	8,091	(95,902)	95,902
Customer accounts	(39,744)	39,744	(47,196)	47,196
Debt securities issued	(2,289)	2,289	–	–
Net impact on profit before taxes	49,373	(49,373)	(63,936)	63,936
Impact on comprehensive income (excluding profit for the year)				
Net impact on comprehensive income	49,373	(49,373)	(63,936)	63,936

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates and precious metals prices. Due to the structure of its balance sheet the Group is exposed to the effects of fluctuations in the foreign currency exchange rates and precious metals prices.

The Group's risk policy aiming at loss minimization from foreign currency and precious metals exchange rates fluctuations includes daily assessment with 95% probability of maximum exposure to losses from liquidating open currency position within one day and determination of the level of currency risk. The Group has set rigid limitation of open currency position by each type of currency for carrying positions over the next day depending on volatility of currency pairs and stop-loss limit. Considering increased volatility of world markets and for estimation of extraordinary, but still possible, events the Group uses stress-testing procedures. The Group also exercises daily control of currency risk limits set by the National Bank of the Republic of Belarus.

28. Risk management policies (continued)

Currency risk (continued)

The Group's exposure to currency risk is presented in the table below:

30 September 2015	BYR	USD 1USD=BYR 17,703	EUR 1EUR=BYR 19,908	RUB 1RUB=BYR 267.33	Precious metals	Other currencies	Total
Financial assets							
Cash and cash equivalents	2,609,658	794,306	2,252,220	202,891	23,334	20,511	5,902,920
Mandatory cash balances with the National Bank of the Republic of Belarus	193,106	-	-	-	-	-	193,106
Due from banks	336,221	282,270	-	-	-	-	618,491
Derivative financial assets	6,382,105	-	-	-	-	-	6,382,105
Loans to corporate customers	5,462,120	12,076,988	8,573,810	2,400,066	-	8,960	28,521,944
Loans to individuals	1,590,362	79,073	908	-	-	-	1,670,343
Investments available for sale	438,484	1,614,998	762,329	-	-	-	2,815,811
Investments held to maturity	10,832	-	-	-	-	-	10,832
Other financial assets	151,634	22,373	16,442	9,150	-	213	199,812
Total financial assets	17,174,522	14,870,008	11,605,709	2,612,107	23,334	29,684	46,315,364
Financial liabilities							
Due to banks	190,806	1,488,049	5,497,643	209,483	3,200,415	9,130	10,595,526
Derivative financial liabilities	19,346	-	-	-	-	-	19,346
Due to individuals	2,118,645	12,338,897	2,845,497	162,325	442,422	2	17,907,788
Due to corporate customers	4,065,709	4,306,394	2,428,208	801,299	137,028	14,838	11,753,476
Debt securities issued	243,918	1,223,907	402,655	142,968	-	-	2,013,448
Other financial liabilities	116,720	580,415	41,342	88,865	-	658	828,000
Subordinated debt	-	-	995,400	-	-	-	995,400
Total financial liabilities	6,755,144	19,937,662	12,210,745	1,404,940	3,779,865	24,628	44,112,984
Currency position	10,419,378	(5,067,654)	(605,036)	1,207,167	(3,756,531)	5,056	

Derivative financial instruments

The analysis of currency risk of derivative financial instruments at par value is given below. Par value of a derivative financial instrument is its contract claims/obligations at the official exchange rate at the reporting date. Par value of derivative financial instruments differ from its fair value, recognized in the statement of financial position, due to the effect of discounting while using interest rate parity model.

30 September 2015	BYR	USD 1USD=BYR 17,703	EUR 1EUR=BYR 19,908	RUB 1RUB=BYR 267.33	Precious metals	Other currencies	Total
Claims on derivative financial instruments	164,650	5,612,524	3,882,530	421,155	3,761,769	-	13,842,628
Obligations on derivative financial instruments	(1,901,982)	(627,736)	(3,381,204)	(1,526,168)	(1,692)	-	(7,438,782)
Net derivative financial instruments	(1,737,332)	4,984,788	501,326	(1,105,013)	3,760,077	-	6,403,846
Total currency position less fair value of derivative	2,319,287	(82,866)	(103,710)	102,154	3,546	5,056	

(in millions of Belarusian Roubles)

28. Risk management policies (continued)**Currency risk (continued)**

The Group's exposure to currency risk is presented in the table below:

31 December 2014	BYR	USD 1USD=BYR 11,850	EUR 1EUR=BYR 14,380	RUB 1RUB=BYR 214.5	Precious metals	Other currencies	Total
Financial assets							
Cash and cash equivalents	3,592,354	1,179,319	630,077	189,611	70,818	4,222	5,666,401
Mandatory cash balances with the National Bank of the Republic of Belarus	214,285	-	-	-	-	-	214,285
Due from banks	58,451	-	-	-	-	-	58,451
Derivative financial assets	4,593,803	-	-	-	-	-	4,593,803
Loans to corporate customers	6,639,272	9,132,602	6,255,320	1,697,515	-	7,853	23,732,562
Loans to individuals	1,746,377	66,433	811	-	-	-	1,813,621
Investments available for sale	26,175	1,080,508	43,651	-	-	-	1,150,334
Investments held to maturity	10,614	208,990	-	-	-	-	219,604
Other financial assets	403,210	1,298	6,927	6,948	-	28	418,411
Total financial assets	17,284,541	11,669,150	6,936,786	1,894,074	70,818	12,103	37,867,472
Financial liabilities							
Loans from the National Bank	800,000	-	-	-	-	-	800,000
Due to banks	299,793	2,674,531	3,781,682	1,025,410	2,260,200	7,877	10,049,493
Derivative financial liabilities	38,631	-	-	-	-	-	38,631
Due to individuals	1,868,661	7,443,285	2,586,101	124,943	287,528	14	12,310,532
Due to corporate customers	5,017,725	1,755,006	2,325,734	656,569	148,706	1,188	9,904,928
Debt securities issued	53,468	505,573	271,796	1,908	-	-	832,745
Other financial liabilities	174,963	389,361	26,143	69,265	-	65	659,797
Subordinated debt	-	-	719,116	-	-	-	719,116
Total financial liabilities	8,253,241	12,767,756	9,710,572	1,878,095	2,696,434	9,144	35,315,242
Currency position	9,031,300	(1,098,606)	(2,773,786)	15,979	(2,625,616)	2,959	

Derivative financial instruments

The analysis of currency risk of derivative financial instruments at par value is given below. Par value of a derivative financial instrument is its contract claims/obligations at the official exchange rate at the reporting date. Par value of derivative financial instruments differ from its fair value, recognized in the statement of financial position, due to the effect of discounting while using interest rate parity model.

31 December 2014	BYR	USD 1USD=BYR 11,850	EUR 1EUR=BYR 14,380	RUB 1RUB=BYR 214.5	Precious metals	Other currencies	Total
Claims on derivative financial instruments	18	2,089,441	3,213,737	102,103	2,628,051	-	8,033,350
Obligations on derivative financial instruments	(2,697,936)	(559,829)	(138,203)	(166,683)	-	-	(3,562,651)
Net derivative financial instruments	(2,697,918)	1,529,612	3,075,534	(64,580)	2,628,051	-	4,470,699
Total currency position less fair value of derivative	1,778,210	431,006	301,748	(48,601)	2,435	2,959	

(in millions of Belarusian Roubles)

28. Risk management policies (continued)**Currency risk sensitivity**

The following table details the Group's sensitivity to an increase and decrease in the USD, EUR and RUB rates against the BYR. This is the sensitivity rate which represents the Management's assessment of the possible change in foreign currency exchange rates as at 30 September 2015 and 31 December 2014. The sensitivity analysis includes only amounts in foreign currency available at the end of the period, the conversion of which at the end of this period is performed with the use of exchange rates changed by a certain percent in comparison with the current exchange rates.

	As at 30 September 2015		As at 31 December 2014	
	BYR/USD	BYR/USD	BYR/USD	BYR/USD
	+30%	-30%	+50%	-50%
Impact on profit or loss	(24,860)	24,860	215,503	(215,503)
Impact on comprehensive income	(24,860)	24,860	215,503	(215,503)

	As at 30 September 2015		As at 31 December 2014	
	BYR/EUR	BYR/EUR	BYR/EUR	BYR/EUR
	+30%	-30%	+50%	-50%
Impact on profit or loss	(31,113)	31,113	150,874	(150,874)
Impact on comprehensive income	(31,113)	31,113	150,874	(150,874)

	As at 30 September 2015		As at 31 December 2014	
	BYR/RUB	BYR/RUB	BYR/RUB	BYR/RUB
	+30%	-30%	+50%	-50%
Impact on profit or loss	30,646	(30,646)	(24,301)	24,301
Impact on comprehensive income	30,646	(30,646)	(24,301)	24,301

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analysis does not take into account the fact that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may change in connection with actual market movements. For example, the Group's financial risk management strategy aims to manage possible fluctuations of the market. As financial markets move past various trigger levels, Management actions could include selling positions and taking other protective actions. Consequently, the change in the assumptions may not have any impact on the liabilities and significantly influence the assets, which are held at market value in the statement of financial position. In these circumstances, different measurement bases for liabilities and assets may lead to volatility of shareholders' equity.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible market changes that cannot be predicted with any degree of certainty. And the assumption that all interest rates move in an identical fashion is also a restriction.

28. Risk management policies (continued)**Operational risk**

Operational risk is the risk of losses and/or additional costs arising from non-compliance of the Group's established norms and procedures of performing banking operations and other deals with the legislation or violation of the norms and procedures by the employees of the Group, incompetence and errors made by the employees of the Group, inadequacy or failure of the systems used within the Group, information systems included, as well as costs and losses arising from external factors. This definition includes legal, but excludes strategic and reputational risks.

When the internal control system does not prevent risks, operational risks may lead to financial losses, cause damage to reputation or have legal implications. The Group cannot expect to eliminate all operational risks, but with the help of internal control system, monitoring and adequate responding to potential risks the Group can control such risks. The control system includes effective distribution of duties, access rights, authorization and verification procedures, staff training, as well as assessment procedures, including internal audit.