

BPS-Sberbank
Interim Condensed
Consolidated Financial Statements

For the 3 months ended 31 March 2015

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Interim condensed consolidated statement of financial position**As of 31 March 2015***(in millions of Belarusian Roubles)*

	Notes	31 March 2015	31 December 2014
Assets:			
Cash and cash equivalents	3	4,482,802	5,666,401
Mandatory cash balances with the National Bank of the Republic of Belarus		163,641	214,285
Due from banks	4	140,306	58,451
Derivative financial assets	5	5,583,220	4,593,803
Loans to corporate customers	6	26,321,831	23,732,562
Loans to individuals	6	1,740,775	1,813,621
Non-current assets held for sale	7	14,259	14,259
Investments available for sale	8	1,416,903	1,150,334
Investments held to maturity	9	265,059	219,604
Investments in associates		77,334	72,777
Premises and equipment	10	1,537,717	1,506,633
Intangible assets	10	248,275	237,209
Other financial assets	11	104,714	418,411
Other non- financial assets	11	217,578	208,763
Total assets		42,314,414	39,907,113
Liabilities and equity			
Liabilities:			
Loans from the National bank of the Republic of Belarus		-	800,000
Due to banks	12	10,637,157	10,049,493
Derivative financial liabilities	5	6,513	38,631
Due to individuals	13	14,648,555	12,310,532
Due to corporate customers	13	9,508,234	9,904,928
Debt securities issued	14	1,422,200	832,745
Current income tax liabilities		22,153	41,206
Deferred income tax liabilities		22,414	69,970
Provisions for guarantees and other commitments	18	4,125	11,202
Other financial liabilities	15	742,111	659,797
Other non- financial liabilities	15	71,207	139,904
Subordinated debt	24	798,758	719,116
Total liabilities		37,883,427	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		280,518	284,923
Investments available for sale fair value deficit		8,371	7,547
Retained earnings		918,559	813,564
Total equity attributable to shareholders of the Bank		4,430,774	4,329,360
Non-controlling interest		213	229
Total equity		4,430,987	4,329,589
Total liabilities and equity		42,314,414	39,907,113

Signed and authorized for release on behalf of the Management Board

Acting Chairman of the Board
Viktar A. Perepelitsa
15 May 2015
Minsk

Acting Chief Accountant
Nina N. Ilyukevich
15 May 2015
Minsk

Interim condensed Consolidated income statement
For the 3 months ended 31 March 2015
(in millions of Belarusian Roubles)

	<i>Notes</i>	3 months ended 31 March 2015	3 months ended 31 March 2014
Interest income	17	1,602,166	1,282,645
Interest expense	17	(883,234)	(665,659)
Contributions to deposits protection fund	17	(43,592)	(34,362)
Net interest income before provision for impairment losses on interest bearing assets	17	675,340	582,624
Allowance for impairment losses on interest bearing assets	18	(613,022)	(43,732)
Net interest income		62,318	538,892
Fee and commission income	19	390,739	350,697
Fee and commission expense	19	(82,004)	(79,045)
Net losses arising from investment securities available for sale		-	(1,977)
Net gains/(losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation losses	20	334,354	(78,047)
Net losses arising from operations with precious metals and precious metals derivatives	20	(177,771)	(78,227)
Reversal on other provisions/other provisions	18	7,077	10,109
Other income	21	31,278	50,686
Net non-interest income		503,673	174,196
Operating income		565,991	713,088
Operating expenses	22	(504,703)	(499,187)
Share of results of an associate		16,669	11,980
Profit before loss on net monetary position		77,957	225,881
Loss on net monetary position due to inflation effect		-	(112,911)
Profit before income taxes		77,957	112,970
Income tax savings/(expenses)		23,053	(68,248)
Net profit		101,010	44,722
Attributable to:			
Shareholders of the parent Bank		101,026	44,729
Non-controlling interest		(16)	(7)
Net profit		101,010	44,722

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15 May 2015
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Interim condensed consolidated statement of comprehensive income
For the 3 months ended 31 March 2015
(in millions of Belarusian Roubles)

	<i>Notes</i>	3 months ended 31 March 2015	3 months ended 31 March 2014
Net profit		101,010	44,722
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		824	(3,787)
Reclassification adjustments for losses included in profit or loss from comprehensive income on disposal of investments available for sale		-	1,977
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		824	(1,810)
Other comprehensive income not being reclassified to profit or loss in subsequent periods:			
Net change in income tax relating to office premises remeasurement		-	(2,203)
Net other comprehensive loss not being reclassified to profit or loss in subsequent periods		-	(2,203)
Other comprehensive income/(loss)		824	(4,013)
Total comprehensive income		101,834	40,709
Attributable to:			
Shareholders of the parent		101,850	40,716
Minority interest		(16)	(7)
Total comprehensive income		101,834	40,709

Interim condensed consolidated statement of changes in equity
For the 3 months ended 31 March 2015
(in millions of Belarusian Roubles)

	Notes	Share capital	Share premium	Revaluation reserve for office premises	Investments available for sale fair value deficit	Retained earnings	Total equity attributable to shareholders of the Bank	Non-controlling interest	Total equity
31 December 2013		<u>3,217,462</u>	<u>5,763</u>	<u>375,072</u>	<u>(19,376)</u>	<u>763,844</u>	<u>4,342,765</u>	<u>219</u>	<u>4,342,984</u>
Gain for the period		-	-	-	-	44,729	44,729	(7)	44,722
Other comprehensive income for the period		-	-	(2,203)	(1,810)	-	(4,013)	-	(4,013)
Total comprehensive income for the period		-	-	(2,203)	(1,810)	44,729	40,716	(7)	40,709
Amortisation of revaluation reserve for premises, net of tax		-	-	(3,969)	-	3,969	-	-	-
Dividends paid	16	-	-	-	-	(106,066)	(106,066)	-	(106,066)
31 March 2014		<u>3,217,462</u>	<u>5,763</u>	<u>368,900</u>	<u>(21,186)</u>	<u>706,476</u>	<u>4,277,415</u>	<u>212</u>	<u>4,277,627</u>
31 December 2014		<u>3,217,563</u>	<u>5,763</u>	<u>284,923</u>	<u>7,547</u>	<u>813,564</u>	<u>4,329,360</u>	<u>229</u>	<u>4,329,589</u>
Gain for the period		-	-	-	-	101,026	101,026	(16)	101,010
Other comprehensive income for the period		-	-	-	824	-	824	-	824
Total comprehensive income for the period		-	-	-	824	101,026	101,850	(16)	101,834
Amortisation of revaluation reserve for premises, net of tax		-	-	(4,405)	-	4,405	-	-	-
Dividends paid	16	-	-	-	-	(436)	(436)	-	(436)
31 March 2015		<u>3,217,563</u>	<u>5,763</u>	<u>280,518</u>	<u>8,371</u>	<u>918,559</u>	<u>4,430,774</u>	<u>213</u>	<u>4,430,987</u>

Interim condensed consolidated statement of cash flows
For the 3 months ended 31 March 2015
(in millions of Belarusian Roubles)

	<i>Notes</i>	3 months ended 31 March 2015	3 months ended 31 March 2014
Cash flows from operating activities:			
Interest income		1,350,912	1,242,764
Interest expense		(834,552)	(612,382)
Fee and commission income		390,739	350,697
Fee and commission expense		(82,004)	(79,045)
Net gain on foreign exchange operations		247,675	100,577
Net gain on derivative financial instruments		85,228	695,270
Net loss on disposal of investments available for sale		-	(1,977)
Net gain on precious metals		245	29,224
Other income		31,264	50,310
Operating expenses		(455,619)	(446,163)
Income taxes paid		4,000	(81,355)
Cash flows from operating activities before changes in operating assets and liabilities		<u>737,888</u>	<u>1,247,920</u>
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:		50,644	5,877
Minimum reserve deposit with the National Bank of the Republic of Belarus		(24,596)	(12,349)
Due from banks		2,190,679	(387,496)
Loans to corporate customers		78,478	38,481
Loans to individuals		49,791	44,060
Other assets			
Increase/(decrease) in operating liabilities:			
Loans from the National Bank of the Republic of Belarus		(800,000)	(13)
Due to banks		(3,068,385)	(1,819,857)
Due to individuals		136,324	886,954
Due to corporate customers		(1,242,251)	(725,313)
Debt securities issued		431,184	149,554
Other liabilities		(125,299)	13,917
Net cash outflow from operating activities		<u>(1,585,543)</u>	<u>(558,265)</u>

Interim condensed consolidated statement of cash flows
For the 3 months ended 31 March 2015
(in millions of Belarusian Roubles)

	<i>Notes</i>	3 months ended 31 March 2015	3 months ended 31 March 2014
Cash flows from investing activities:			
Purchase of premises, equipment and intangible assets		(73,869)	(84,176)
Proceeds on sale of premises and equipment		142,792	330,143
Disposals of HFS assets		-	7,879
Purchase of investments available for sale		-	(124,683)
Proceeds on repayment of investments available for sale		-	21,607
Dividends received		12,126	1
Net cash inflow from investing activities		<u>81,049</u>	<u>150,771</u>
Effect of changes in foreign exchange rates on cash and cash equivalents		320,895	6,785
Inflation effect on monetary assets and liabilities		-	(399,331)
Net decrease in cash and cash equivalents		<u>(1,504,494)</u>	<u>(407,494)</u>
Cash and cash equivalents, beginning of the period	3	<u>5,666,401</u>	<u>5,593,562</u>
Cash and cash equivalents, end of the period	3	<u>4,482,802</u>	<u>4,793,522</u>

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 31 March 2015 the Bank had 6 regional directories and 33 banking service centers, as well as representative office in the Republic of Poland, Warsaw.

The average number of employees of the Bank during 3 months, ended 31 March 2015, and 3 months, ended 31 March 2014 was 3,977 and 4,221 persons, respectively.

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

<i>Name</i>	<i>Country of operation</i>	<i>Proportion of ownership interest / voting rights, %</i>		<i>Type of operation</i>
		<i>31 March 2015</i>	<i>31 December 2014</i>	
Subsidiaries:				
Limited Liability Company "Narochanskaya Niva 2004"	Republic of Belarus	98.7	98.7	Agriculture
Closed Joint Stock Company "SB-Global"	Republic of Belarus	99.9	99.9	Advisory activity Information and communication services
CJSC "Service Desk"	Republic of Belarus	99.9	99.9	
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 Software development and consulting
LLC "Sberbank-Technologies"	Republic of Belarus	25.0	25.0	

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

<i>Shareholder</i>	<i>31 March 2015, %</i>	<i>31 December 2014, %</i>
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.

These consolidated financial statements were authorized for issue by the Management Board on 15 May 2015.

2. Basis of presentation

Accounting basis

These interim condensed consolidated financial statements of the Group for 3 months ended 31 March 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:

	<u>31 March 2015</u>	<u>31 December 2014</u>
BYR/USD	14,740.00	11,850.00
BYR/EUR	15,970.00	14,380.00
BYR/RUB	251.50	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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Current accounts with the National Bank	2,014,615	2,817,995
Cash	1,502,724	1,676,237
Correspondent accounts and placements with other banks:		
- Belarus	130,707	128,528
- Other countries	619,146	960,037
Settlements with the Belarusian Currency and Stock Exchange	215,610	83,604
Total cash and cash equivalents	<u>4,482,802</u>	<u>5,666,401</u>

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 31 March 2015 amounted BYR 463,627 million or 74.9% 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 31 March 2015 made on the basis of ratings of international rating agencies is as follows:

	<u>Investment rating</u>	<u>Speculative rating</u>	<u>Not rated</u>	<u>Total</u>
Correspondent accounts and placements with other banks:				
- Belarus	-	130,643	64	130,707
- Other countries	616,900	9	2,237	619,146
Total	<u>616,900</u>	<u>130,652</u>	<u>2,301</u>	<u>749,853</u>

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:

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

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

4. Due from banks

Due from banks comprise:

	<u>31 March 2015</u>	<u>31 December 2014</u>
Time deposits and loans to banks:		
- Belarus	140,306	51,451
- Other countries	-	7,000
Total due from banks	<u>140,306</u>	<u>58,451</u>

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 31 March 2015 made on the basis of ratings of international rating agencies is as follows:

	<u>Investment rating</u>	<u>Speculative rating</u>	<u>Total</u>
Time deposits and loans to banks:			
- Belarus	-	140,306	140,306
Total	<u>-</u>	<u>140,306</u>	<u>140,306</u>

*(in millions of Belarusian Roubles)***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:

	<i>Speculative rating</i>	<i>Not rated</i>	<i>Total</i>
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 31 March 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 46,378 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 31 March 2015 and 31 December 2014 derivative financial instruments comprise:

<i>Derivative type</i>	<i>Nominal amount (in units of currency to be purchased)</i>	<i>Fair value as at 31 March 2015</i>	
		<i>Asset</i>	<i>Liability</i>
EUR/BYR foreign currency swap	EUR 211,227,197	2,376,255	-
XAU/BYR precious metals swap	XAU 5,005,000	2,096,533	-
USD/BYR foreign currency swap	USD 106,911,860	1,105,033	-
USD/RUB foreign currency forward	USD 22,300,000	3,715	-
EUR/USD foreign currency forward	EUR 9,700,000	719	46
EUR/RUB foreign currency forward	EUR 2,711,000	641	-
XAU/USD precious metals swap	XAU 777,588	223	-
USD/EUR foreign currency forward	USD 51,793,190	53	6,352
XPT/USD precious metals swap	XPT 37,324	29	-
BYR/USD foreign currency forward	BYR 3,700,000,000	15	-
PLN/USD foreign currency forward	PLN 100,000	4	-
CHF/BYR foreign currency forward	CHF 688	-	-
BYR/EUR foreign currency forward	BYR 14,454,842	-	-
PLN/BYR foreign currency forward	PLN 526	-	-
USD/PLN foreign currency forward	USD 28,909	-	4
XAG/USD precious metals swap	XAG 3,421,385	-	10
RUB/EUR foreign currency forward	RUB 3,124,500	-	13
RUB/USD foreign currency forward	RUB 14,730,000	-	33
XAU/RUB precious metals swap	XAU 778	-	55
Total derivative financial instruments		5,583,220	6,513

*(in millions of Belarusian Roubles)***5. Derivative financial instruments (continued)**

<i>Derivative type</i>	<i>Nominal amount (in units of currency to be purchased)</i>	<i>Fair value as at 31 December 2014</i>	
		<i>Asset</i>	<i>Liability</i>
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

As at 31 March 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 31 March 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.

31 March 2015	<i>Not past due</i>		<i>Total</i>
	<i>loans</i>	<i>Past due loans</i>	
Commercial loans to legal entities	11,162,693	1,983,240	13,145,933
Specialized loans to legal entities	13,422,821	1,491,351	14,914,172
Consumer and other loans to individuals	799,778	49,844	849,622
Credit cards and overdrafts	266,516	8,654	275,170
Mortgage loans to individuals	578,930	37,483	616,413
Car loans to individuals	68,105	3,899	72,004
Total loans to customers before allowance for loan impairment	26,298,843	3,574,471	29,873,314
Less: Allowance for loan impairment	(1,132,169)	(678,539)	(1,810,708)
Total loans to customers net of allowance for loan impairment	25,166,674	2,895,932	28,062,606

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

31 December 2014	<i>Not past due loans</i>	<i>Past due loans</i>	<i>Total</i>
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 municipal 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.

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.

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

The table below shows the analysis of loans and allowance for loan impairment as at 31 March 2015:

	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	10,295,892	(274,063)	10,021,829	2.7%
Loans up to 30 days overdue	11,652	(80)	11,572	0.7%
Loans 31 to 60 days overdue	283,049	(11,948)	271,101	4.2%
Loans 61 to 90 days overdue	44,726	(2,227)	42,499	5.0%
Loans 91 up to 180 days overdue	100,601	(2,855)	97,746	2.8%
Loans over 180 days overdue	192,549	(31,838)	160,711	16.5%
Total collectively assessed loans	10,928,469	(323,011)	10,605,458	3.0%
<i>Individually impaired</i>				
Not past due	866,801	(98,601)	768,200	11.4%
Loans up to 30 days overdue	-	-	-	-
Loans 31 to 60 days overdue	642,500	(112,290)	530,210	17.5%
Loans 61 to 90 days overdue	90,809	(12,258)	78,551	13.5%
Loans 91 up to 180 days overdue	391,196	(93,429)	297,767	23.9%
Loans over 180 days overdue	226,158	(84,709)	141,449	37.5%
Total individually impaired loans	2,217,464	(401,287)	1,816,177	18.1%
Total commercial loans to legal entities	13,145,933	(724,298)	12,421,635	5.5%
Specialized loans to legal entities				
<i>Individually assessed but not impaired and collectively assessed loans</i>				
Not past due	7,328,876	(253,786)	7,075,090	3.5%
Loans up to 30 days overdue	3,510	(123)	3,387	3.5%
Loans 31 to 60 days overdue	51,074	(469)	50,605	0.9%
Loans 61 to 90 days overdue	37,161	(565)	36,596	1.5%
Loans 91 up to 180 days overdue	513,850	(34,104)	479,746	6.6%
Loans over 180 days overdue	70,335	(7,334)	63,001	10.4%
Total collectively assessed loans	8,004,806	(296,381)	7,708,425	3.7%
<i>Individually impaired</i>				
Not past due	6,093,945	(491,404)	5,602,541	8.1%
Loans up to 30 days overdue	153,242	(16,219)	137,023	10.6%
Loans 31 to 60 days overdue	193,375	(85,479)	107,896	44.2%
Loans 61 to 90 days overdue	371,042	(89,264)	281,778	24.1%
Loans 91 up to 180 days overdue	24,288	(3,986)	20,302	16.4%
Loans over 180 days overdue	73,474	(31,243)	42,231	42.5%
Total individually impaired loans	6,909,366	(717,595)	6,191,771	10.4%
Total specialized loans to legal entities	14,914,172	(1,013,976)	13,900,196	6.8%
Total loans to legal entities	28,060,105	(1,738,274)	26,321,831	6.2%

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	799,778	(4,663)	795,115	0.6%
Loans up to 30 days overdue	18,763	(5,274)	13,489	28.1%
Loans 31 to 60 days overdue	5,683	(4,844)	839	85.2%
Loans 61 to 90 days overdue	2,927	(2,927)	-	100.0%
Loans 91 up to 180 days overdue	5,463	(5,463)	-	100.0%
Loans over 180 days overdue	17,008	(17,008)	-	100.0%
Total consumer and other loans to individuals	849,622	(40,179)	809,443	4.7%
Credit cards and overdrafts				
<i>Collectively assessed</i>				
Not past due	266,516	(7,544)	258,972	2.8%
Loans up to 30 days overdue	8,654	(245)	8,409	2.8%
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	275,170	(7,789)	267,381	2.8%
Mortgage loans to individuals				
<i>Collectively assessed</i>				
Not past due	578,930	(1,677)	577,253	0.3%
Loans up to 30 days overdue	18,518	(2,658)	15,860	14.4%
Loans 31 to 60 days overdue	4,040	(2,202)	1,838	54.5%
Loans 61 to 90 days overdue	963	(917)	46	95.2%
Loans 91 up to 180 days overdue	3,796	(3,796)	-	100.0%
Loans over 180 days overdue	10,166	(10,166)	-	100.0%
Total mortgage loans to individuals	616,413	(21,416)	594,997	3.5%
Car loans to individuals				
<i>Collectively assessed</i>				
Not past due	68,105	(431)	67,674	0.6%
Loans up to 30 days overdue	1,442	(557)	885	38.6%
Loans 31 to 60 days overdue	834	(442)	392	53.0%
Loans 61 to 90 days overdue	11	(8)	3	72.7%
Loans 91 up to 180 days overdue	98	(98)	-	100.0%
Loans over 180 days overdue	1,514	(1,514)	-	100.0%
Total car loans to individuals	72,004	(3,050)	68,954	4.2%
Total loans to individuals	1,813,209	(72,434)	1,740,775	4.0%
Total loans and advances to customers as at 31 March 2015	29,873,314	(1,810,708)	28,062,606	6.1%

*(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 31 March 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	910,504	(212,831)	697,673	23.4%
Specialised loans to legal entities	681,947	(76,667)	605,280	11.2%
Consumer and other loans to individuals	22,471	(22,471)	-	100.0%
Mortgage loans to individuals	13,962	(13,962)	-	100.0%
Car loans to individuals	1,612	(1,612)	-	100.0%
Total non-performing loans to customers as at 31 March 2015	1,630,496	(327,543)	1,302,953	20.1%

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 31 March 2015 and 31 March 2014 are disclosed in Note 18.

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

	31 March 2015	31 December 2014
Commercial loans to legal entities	949,640	679,179
Specialised loans to legal entities	392,085	220,962
Consumer and other loans to individuals	515	514
Mortgage loans to individuals	5,341	4,482
Car loans to individuals	92	94
Total renegotiated loans before allowance for loan impairment	1,347,673	905,231

6. Loans to customers (continued)

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Largest clients	7,896,200	7,273,355
Large clients	14,568,542	12,718,122
Medium business	2,352,032	2,048,051
Small business	3,243,331	2,965,215
Total loans to legal entities before allowance for loan impairment	<u>28,060,105</u>	<u>25,004,743</u>

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Gross investment in finance lease	169,944	169,357
Unearned future finance income on finance lease	(45,662)	(42,395)
Net investment in finance lease before allowance for impairment	124,282	126,962
Less allowance for impairment	(41,547)	(4,439)
Net investment in finance lease after allowance for impairment	<u>82,735</u>	<u>122,523</u>

The contractual maturity analysis of net investments in finance lease as at 31 March 2015 is as follows:

	<u>Net investment in finance lease before allowance for impairment</u>	<u>Allowance for loan impairment</u>	<u>Net investment in finance lease after allowance for impairment</u>
Not later than 1 year	45,124	(15,085)	30,039
Later than 1 year but not later than 5 years	79,115	(26,448)	52,667
Later than 5 years	43	(14)	29
Total as at 31 March 2015	<u>124,282</u>	<u>(41,547)</u>	<u>82,735</u>

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

	<u>Net investment in finance lease before allowance for impairment</u>	<u>Allowance for loan impairment</u>	<u>Net investment in finance lease after allowance for impairment</u>
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	<u>126,962</u>	<u>(4,439)</u>	<u>122,523</u>

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Not later than 1 year	72,096	70,806
Later than 1 year but not later than 5 years	97,796	98,334
Later than 5 years	52	217
Total	<u>169,944</u>	<u>169,357</u>

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

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

	31 March 2015		31 December 2014	
	Amount	%	Amount	%
Financial services	6,648,396	22.2	5,394,287	20.0
Machinery and equipment	5,553,251	18.5	4,667,104	17.3
Trade and catering	3,910,379	13.1	3,697,490	13.8
Timber and woodworking industry	2,676,575	9.0	2,431,555	9.0
Food	2,406,077	8.1	2,241,502	8.3
Individuals	1,813,209	6.1	1,864,804	6.9
Construction	1,340,272	4.5	1,386,851	5.2
Chemical and oil refinery industry	1,070,065	3.6	1,041,708	3.9
Building materials	768,913	2.6	689,662	2.6
Transport and communication	559,926	1.9	508,336	1.9
Light industry	537,800	1.8	553,719	2.1
Metallurgy	522,290	1.7	427,770	1.6
Energy and fuel	411,858	1.4	418,172	1.6
Agriculture	355,564	1.2	311,343	1.2
Mining	329,618	1.1	368,036	1.4
Other	969,121	3.2	867,208	3.2
Total loans to customers before allowance for loan impairment	29,873,314	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:

	31 March 2015	31 December 2014
Loans collateralized by real estate or rights thereon	8,254,956	6,534,630
Loans collateralized by equipment and rights thereon	7,205,076	6,908,623
Loans collateralized by inventories	3,676,322	3,396,855
Loans collateralized by lien over receivables	2,780,204	2,883,218
Loans collateralized by guarantees of the Government and local authorities	2,685,193	2,566,589
Loans collateralized by cash or guarantee deposits	1,761,370	1,138,223
Loans collateralized by guarantees of enterprises	1,219,093	945,001
Loans collateralized by guarantees of individuals	734,285	758,767
Loans collateralized by other types of collateral	1,556,815	1,737,641
	29,873,314	26,869,547
Less allowance for loan impairment	(1,810,708)	(1,323,364)
Total loans to customers	28,062,606	25,546,183

As at 31 March 2015 the aggregated loan amount of 20 largest borrowers was BYR 10,571,105 million or 35.4% 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 31 March 2015 the Group has entered into Funded Participation Deals. As at 31 March 2015 The Group issued loans to its corporate customers funded by the banks of Sberbank of Russia Group in amount of BYR 10,186,253 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 of more 90% took place and respective part of loans to customers was derecognised.

*(in millions of Belarusian Roubles)***7. Non-current assets held for sale**

As at 31 March 2015 and 31 December 2014 non-current assets held for sale include premises previously used by the Group and machinery equipment of a bankrupted borrower. The Management has elaborated a plan to dispose premises and equipment. The sale transactions for these assets are expected to be completed in 2015.

8. Investments available for sale

Investments available for sale comprise:

	<i>Interest to nominal, %</i>	<i>31 March 2015</i>	<i>Interest to nominal, %</i>	<i>31 December 2014</i>
Long-term government bonds in foreign currency	6.85%–7.25%	1,332,903	6.85%–7.25%	1,071,968
Bonds of Belarusian banks	6.00%	48,461	6.00%	43,651
Shares	–	26,904	–	24,843
Bonds issued by municipalities	25.00%	8,635	20.0%	9,872
Total investments available for sale		1,416,903		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>31 March 2015</i>
Republic of Belarus Eurobonds	USD	August 2015	8.75%	254,445
Bonds issued by municipalities	BYR	July 2020	25.00%	10,614
Total investments held to maturity				265,059

	<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 3 months ended 31 March 2015 the Group's premises, equipment, and intangible assets additions amounted to BYR 91,502 million (for the 3 months ended 31 March 2014 - BYR 89,399 million), disposals of premises, equipment, and intangible assets amounted to 471 million (for the 3 months ended 31 March 2014 - BYR 15,889 million).

As at 31 March 2015 included in computer equipment are fully depreciated items in the amount of BYR 165,184 million (31 December 2014: BYR 166,066 million), in vehicles in the amount of BYR 29,425 million (31 December 2014: BYR 29,059 million) and in furniture and other assets in the amount of BYR 153,353 million (31 December 2014: BYR 121,729 million).

11. Other assets

Other assets comprise:

	31 March 2015	31 December 2014
Other financial assets		
Receivables on bank cards settlements	57,965	178,504
Accrued income	42,511	28,262
Receivables from purchasers of Group's fixed assets	815	143,339
Other accounts receivables due to business transactions to be settled in cash	3,423	68,306
	104,714	418,411
Other non-financial assets		
Taxes recoverable and prepaid, other than income taxes	67,702	64,341
Precious metals	60,829	44,805
Prepaid expenses	40,394	38,150
Prepayments for premises, equipment and intangible assets	15,810	33,587
Inventory	10,998	6,473
Other advances and prepayments	21,845	21,407
	217,578	208,763
Total other assets	322,292	627,174

12. Due to banks

Due to banks comprise:

	31 March 2015	31 December 2014
Loans from banks and financial institutions	4,729,566	4,461,044
Trade finance deals	2,666,281	3,113,792
Deposit in precious metals	2,816,760	2,262,308
Correspondent accounts of banks	424,550	212,349
Total due to banks	10,637,157	10,049,493

As at 31 March 2015 a balance of due to banks amounting to BYR 8,475,572 million was to three counterparties, including BYR 6,556,717 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.

13. Due to individuals and due to corporate customers

Due to individuals and corporate customers comprise:

	<u>31 March 2015</u>	<u>31 December 2014</u>
Individuals:		
-Current/demand accounts	2,222,130	2,221,815
-Term deposits	12,426,425	10,088,717
Total due to individuals	<u>14,648,555</u>	<u>12,310,532</u>
State and public organisations:		
-Current/settlement accounts	112,795	124,047
-Term deposits	336,276	322,513
Total due to state and public organisations	<u>449,071</u>	<u>446,560</u>
Other corporate customers:		
-Current/settlement accounts	2,549,822	3,146,311
-Term deposits	6,509,341	6,312,057
Total due to other corporate customers	<u>9,059,163</u>	<u>9,458,368</u>
Total due to corporate customers	<u>9,508,234</u>	<u>9,904,928</u>
Total due to individuals and corporate customers	<u>24,156,789</u>	<u>22,215,460</u>

As at 31 March 2015 included in due to corporate customers are deposits of BYR 695,000 million (31 December 2014: BYR 832,643 million) held as collateral for irrevocable commitments under import letters of credit.

As at 31 March 2015 the aggregated balances of 20 largest customers was BYR 3,666,923 million or 15.2% 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:

	<u>31 March 2015</u>		<u>31 December 2014</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Individuals	14,648,555	60.6	12,310,532	55.4
Trade	2,372,478	9.8	1,605,228	7.2
Machinery and equipment	1,379,074	5.7	1,417,867	6.4
Construction	958,444	4.0	1,122,441	5.1
Transport and communications	903,711	3.7	914,258	4.1
Insurance and other financial services	819,117	3.4	905,221	4.1
Oil refinery and chemical industry	772,938	3.2	1,189,119	5.4
Energy	334,550	1.4	320,029	1.4
Education	279,857	1.2	321,476	1.4
Woodworking and timber industry	269,299	1.1	318,889	1.4
State and government bodies	192,424	0.8	193,376	0.9
Food	158,535	0.7	259,868	1.2
Mining	157,237	0.7	263,528	1.2
Light industry	121,264	0.5	90,325	0.4
Building materials industry	120,454	0.5	206,331	0.9
Agriculture	40,495	0.2	72,753	0.3
Metallurgy	17,185	0.1	39,139	0.2
Other	611,172	2.4	665,080	3.0
Total due to individuals and corporate customers	<u>24,156,789</u>	<u>100.0</u>	<u>22,215,460</u>	<u>100.0</u>

14. Debt securities issued

Debt securities issued comprise:

	31 March 2015	31 December 2014
Bonds issued to legal entities	1,296,557	716,128
Bonds issued to individuals	125,048	114,275
Certificates of deposit	593	2,340
Saving certificates	2	2
Total debt securities issued	1,422,200	832,745

Bonds issued to legal entities are interest-bearing securities issued by the Group. They are denominated in BYR, USD, RUB and Euro 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 4.5-6.5% (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 Euro 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:

	31 March 2015	31 December 2014
Other financial liabilities		
Payables for finance lease	516,121	424,245
Unused leave and bonus accrual	71,121	110,988
Payments due to other contractors	55,521	18,170
Accrued contributions to deposits protection fund	42,929	37,415
Settlement accounts on other banking services	31,735	46,621
Accrued fee payable under documentary transactions and transactions with plastic cards	24,198	22,164
Payables of dividends	486	50
Payables for premises and equipment	-	144
	742,111	659,797
Other non-financial liabilities		
Taxes payable, other than income taxes	64,813	133,495
Other	6,394	6,409
	71,207	139,904
Total other liabilities	813,318	799,701

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 31 March 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	90,379	350,583	493,963	934,925
Future finance costs	(64,426)	(215,804)	(138,574)	(418,804)
Net liabilities under finance lease agreements	25,953	134,779	355,389	516,121

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
31 March 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 3 months ended 31 March 2015 the Bank declared BYR 436 million dividends on preference shares for the year 2014.

During the 3 months ended 31 March 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 accumulated undistributed and unreserved earnings as shown in the Bank's financial statements prepared in accordance with Belarussian GAAP. The Bank had approximately BYR 30,672 million of undistributed and unreserved earnings during the 3 months ended 31 March 2015 (during the year ended 31 December 2014: BYR 906,409 million).

17. Net interest income before loan impairment

The net interest income before allowance for loan impairment comprises:

	3 months ended 31 March 2015	3 months ended 31 March 2014
Interest income		
Interest on loans to corporate customers	1,402,565	1,117,641
Interest on loans to individuals	159,321	113,198
Interest on investments available for sale	24,813	20,057
Interest on due from banks	9,228	26,092
Interest on investments held to maturity	6,239	5,657
Total interest income	1,602,166	1,282,645
Interest expense		
Interest on due to corporate customers	314,847	253,748
Interest on due to individuals	276,440	246,872
Interest on deposits from banks	168,443	117,180
Interest on deposits from National Bank	72,773	5,239
Interest on debt securities issued to corporate customers	39,888	27,238
Interest on subordinated loan	9,019	11,929
Interest on debt securities issued to individuals	1,824	3,453
Total interest expense	883,234	665,659
Contributions to deposits protection fund	43,592	34,362
Net interest income before allowance for loan impairment	675,340	582,624

18. Allowance for loan impairment, other provisions

The movements in allowance for loan impairment were as follows:

	<i>Commercial loans</i>	<i>Specialized loans</i>	<i>Consumer and other loans</i>	<i>Loans to individuals Credit</i>			<i>Total</i>
				<i>cards and overdrafts</i>	<i>Mortgage loans</i>	<i>Car loans</i>	
31 December 2013	389,696	684,330	8,713	5,762	13,483	533	1,102,517
(Reversal of allowance)/allowance charge for the period	(57,130)	91,638	2,677	2,166	4,422	(41)	43,732
Inflation effect	(18,486)	(32,463)	(413)	(274)	(639)	(25)	(52,300)
31 March 2014	314,080	743,505	10,977	7,654	17,266	467	1,093,949
31 December 2014	545,371	726,810	27,959	6,900	14,482	1,842	1,323,364
Allowance charge for the period	294,777	296,994	12,220	889	6,934	1,208	613,022
Amounts written off	(115,850)	(9,828)	-	-	-	-	(125,678)
31 March 2015	724,298	1,013,976	40,179	7,789	21,416	3,050	1,810,708

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

	<i>Guarantees and other commitments</i>
31 December 2013	14,913
Reversal of provision	(10,109)
Inflation effect	(708)
31 March 2014	4,096
31 December 2014	11,202
Reversal of provision	(7,077)
31 March 2015	4,125

19. Fee and commission income and expense

Fee and commission income and expense comprise:

	3 months ended 31 March 2015	3 months ended 31 March 2014
Fee and commission income		
Plastic cards operations	102,445	86,655
Salary transfer on card accounts and related cash withdrawals	71,258	77,672
Settlement and cash operations with clients	65,669	59,143
Agent's fees	48,931	46,382
Documentary operations	42,988	36,004
Foreign exchange operations	28,682	25,717
Cash delivery and collection	23,514	17,079
Securities operations	3,703	357
Settlements with banks	103	110
Other	3,446	1,578
Total fee and commission income	390,739	350,697
Fee and commission expense		
Plastic cards operations	39,270	39,352
Documentary operations	36,616	33,588
Foreign exchange and cash operations	1,682	1,584
Correspondent bank services	1,268	1,000
Cash delivery and collection	854	1,191
Other	2,314	2,330
Total fee and commission expense	82,004	79,045

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

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

	3 months ended 31 March 2015	3 months ended 31 March 2014
Net gains arising from trading in foreign currencies	318,906	100,577
Net foreign exchange translation losses	(624,001)	(336,565)
Net gains from operations with foreign currency derivatives	639,449	157,941
Total net gain/(loss) on foreign exchange operations	334,354	(78,047)

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

	3 months ended 31 March 2015	3 months ended 31 March 2014
Net gains from operations with precious metals	245	29,224
Net result arising from revaluation of precious metals	(645,345)	(280,374)
Net gains from operations with precious metals derivatives	467,329	172,923
Total net loss from operations with precious metals	(177,771)	(78,227)

21. Other income

Other income comprises:

	3 months ended 31 March 2015	3 months ended 31 March 2014
Repayment of loans previously written off	16,649	14,076
Income from non-banking activities	5,992	28,029
Income from sale of coins	3,649	2,160
Penalties received	2,114	1,166
Income from operating leases	235	282
Dividends received	14	-
Income from sale of premises, equipment and intangible assets	-	377
Other	2,625	4,596
Total other income	31,278	50,686

22. Operating expenses

Operating expenses comprise:

	3 months ended 31 March 2015	3 months ended 31 March 2014
Staff costs	151,182	213,435
Social security contribution	40,668	52,529
Other staff expenses	2,452	2,199
Personnel expenses	194,302	268,163
Taxes, other than income taxes	92,208	15,508
Depreciation and amortization	48,881	53,023
Operating leases	45,050	21,630
Premises and equipment maintenance	40,095	23,123
Expenses on maintenance of banking software	18,250	25,107
Public utilities payments	9,311	4,905
Security expenses	8,781	8,947
Stationery	8,656	2,176
Advertising costs	8,358	7,477
Vehicles maintenance and fuel expenses	3,502	2,297
Communications	2,531	1,881
Legal and consulting services	2,402	1,841
Net loss on disposal of premises and intangible assets	203	-
Charity and sponsorship expenses	-	1,152
Other expenses	22,173	61,957
Other operating expenses	310,401	231,024
Total operating expenses	504,703	499,187

*(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 4,125 million and BYR 11,202 million as at 31 March 2015 and 31 December 2014, respectively (Note 18).

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

	31 March 2015	31 December 2014
Contingent liabilities and credit commitments		
Commitments on loans and unused credit lines	2,809,401	3,442,047
Uncovered letters of credit	1,919,334	1,719,176
Guarantees issued and similar commitments	1,337,733	784,301
Letters of credit secured by cash	695,000	832,643
Total contingent liabilities and credit commitments	6,761,468	6,778,167

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

	31 March 2015	31 December 2014
Not later than 1 year	159,994	151,845
Later than 1 year and not later than 5 years	335,036	256,367
Later than 5 years	332,075	248,856
Total operating lease commitments	827,105	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 31 March 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 refinance 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 refinance 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 at the end of April 2015, the volume of gold and foreign exchange reserves of the Republic of Belarus on the IMF's SDDS definition increased by USD10.8 million and amounted, according to the preliminary data, to USD4,571.3 million in the equivalent as of May 1, 2015.

The repayment of external and internal foreign exchange obligations of the Government of the Republic of Belarus 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 April 2015.

The credit granted by the Russian Federation in Russian rubles was responsible for the increase in the level of gold and foreign exchange reserves on the national definition.

*(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 31 March 2015 and 31 December 2014 with related parties:

	31 March 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	334,974	4,482,802	88,287	5,666,401
- parent bank	334,964		88,174	
- entities under common control	10		113	
Loans to corporate customers, gross	7,000	28,060,105	16,894	25,004,743
- associates	7,000		16,894	
Loans to individuals, gross	21,407	1,813,209	24,035	1,864,804
- key management personnel	21,407		24,035	
Allowance for impairment losses	1,239	1,810,708	1,069	1,323,364
- associates	384		409	
- key management personnel	855		660	
Investments in associates	77,334	77,334	72,777	72,777
Due to banks	6,777,864	10,637,157	6,673,887	10,049,493
- parent bank	6,556,717		6,473,146	
- entities under common control	221,147		200,741	
Subordinated debt	798,758	798,758	719,116	719,116
- parent bank	798,758		719,116	
Due to individuals	38,922	14,648,555	77,922	12,310,532
- key management personnel	38,922		77,922	
Due to corporate customers	48,130	9,508,234	23,253	9,904,928
- associates	48,130		23,253	
Commitments and contingencies	15,868	6,761,468	34,208	6,778,167
- parent bank	-		14,516	
- associates	363		292	
- key management personnel	15,505		19,400	
Other financial assets	11,770	104,714	72,680	418,411
- parent bank	8,993		6,600	
- associates	-		66,080	
- entities under common control	2,777		-	
Other financial liabilities	534,286	742,111	473,945	659,797
- parent bank	17,835		49,700	
- associates	516,121		424,245	
- entities under common control	330		-	

*(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 the year 2014 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 3 months ended 31 March 2015 and 3 months ended 31 March 2014 are the following amounts which arose due to transactions with related parties:

	31 March 2015		31 March 2014	
	<i>Related party transactions</i>	<i>Total category as per the financial statements caption</i>	<i>Related party transactions</i>	<i>Total category as per the financial statements caption</i>
Interest income	4,820	1,602,166	11,077	1,282,645
- parent bank	4,101		829	
- associates	417		9,785	
- key management personnel	302		463	
Fee and commission income	48,752	390,739	46,553	350,697
- parent bank	48,232		46,532	
- associates	519		19	
- key management personnel	1		2	
Interest expense	(124,883)	(883,234)	(98,145)	(665,659)
- parent bank	(123,809)		(96,836)	
- associates	(416)		(445)	
- key management personnel	(658)		(864)	
Allowance for loan impairment	170	(613,022)	2,761	(43,732)
- associates	(25)		2,812	
- key management personnel	195		(51)	
Fee and commission expense	(24,998)	(82,004)	(23,868)	(79,045)
- parent bank	(24,998)		(23,868)	
Staff costs	(3,642)	(151,182)	(18,832)	(213,435)
- key management personnel	(3,642)		(18,832)	

During the 3 months ended 31 March 2015 and 3 months ended 31 March 2014 remuneration of key management personnel comprised of short-term employee benefits.

(in millions of Belarusian Roubles)

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:

	Retail banking	Corporate banking	Unallocated	31 March 2015/ 3 months ended 31 March 2015 Total
Interest income	159,321	1,402,565	40,280	1,602,166
Interest expense	(278,264)	(354,735)	(250,235)	(883,234)
Allowance for impairment losses on interest bearing assets	(21,251)	(591,771)	-	(613,022)
Contributions to deposits protection fund	(43,592)	-	-	(43,592)
Fee and commission income	181,895	205,451	3,393	390,739
Fee and commission expense	(39,270)	(41,466)	(1,268)	(82,004)
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation losses	1,435	86,378	246,541	334,354
Net losses arising from operations with precious metals and precious metals derivatives	-	-	(177,771)	(177,771)
Other provisions	-	7,077	-	7,077
Other income	-	-	31,278	31,278
Operating (expense)/income	(39,726)	713,499	(107,782)	565,991
Income/(expense) from other segments	159,318	(670,321)	511,003	-
Total operating income	119,592	43,178	403,221	565,991
Operating expenses	-	-	(504,703)	(504,703)
Share of results of an associate	-	-	16,669	16,669
Profit/(Loss) before income taxes	119,592	43,178	(84,813)	77,957
Income tax savings	-	-	23,053	23,053
Net profit/(loss)	119,592	43,178	(61,760)	101,010
Segment assets	1,813,209	28,060,105	12,441,100	42,314,414
Segment liabilities	(14,773,605)	(10,805,384)	(12,304,438)	(37,883,427)
Other segment items:				
Loans to customers	1,813,209	28,060,105	-	29,873,314
Customer accounts	(14,648,555)	(9,508,234)	-	(24,156,789)
Debt securities issued	(125,050)	(1,297,150)	-	(1,422,200)

*(in millions of Belarusian Roubles)***25. Segment reporting (continued)**

	Retail Banking	Corporate banking	Unallocated	31 December 2014/ 3 months ended 31 March 2014 Total
Interest income	113,198	1,117,640	51,807	1,282,645
Interest expense	(253,786)	(277,524)	(134,349)	(665,659)
Allowance for impairment losses on interest bearing assets	(9,224)	(34,508)	-	(43,732)
Contributions to deposits protection fund	(34,362)	-	-	(34,362)
Fee and commission income	172,565	175,081	3,051	350,697
Fee and commission expense	(39,352)	(38,693)	(1,000)	(79,045)
Net losses arising from investment securities available for sale	-	-	(1,977)	(1,977)
Net gains /(losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation (losses)	20,238	68,744	(167,029)	(78,047)
Net gains /(losses) arising from operations with precious metals and precious metals derivatives	234	553	(79,014)	(78,227)
Other provisions	-	10,109	-	10,109
Other income	-	-	50,686	50,686
Operating (expense)/ income	(30,489)	1,021,402	(277,825)	713,088
Income/(expense) from other segments	162,568	(492,516)	329,948	-
Total operating income	132,079	528,866	52,123	713,088
Operating expenses	-	-	(499,187)	(499,187)
Share of results of an associate	-	-	11,980	11,980
Profit/(loss) before loss on net monetary position	132,079	528,866	(435,084)	225,881
Loss on net monetary position due to inflation effect	1,430	(24,323)	(90,018)	(112,911)
Profit/(loss) before income taxes	133,509	504,563	(525,102)	112,970
Income tax expense	-	-	(68,248)	(68,248)
Net profit/(loss)	133,509	504,563	(593,350)	44,722
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:

	31 March 2015			31 December 2014		
	Carrying value	Fair value	Unrecog-nised gain/(loss)	Carrying value	Fair value	Unrecog-nised (loss)
Cash and cash equivalents	4,482,802	4,482,802	-	5,666,401	5,666,401	-
Mandatory cash balances with the National Bank of the Republic of Belarus	163,641	163,641	-	214,285	214,285	-
Due from banks	140,306	140,306	-	58,451	58,451	-
Loans to corporate customers	26,321,831	26,020,074	(301,757)	23,732,562	23,630,717	(101,845)
Loans to individuals	1,740,775	1,657,835	(82,940)	1,813,621	1,731,955	(81,666)
Investments held to maturity	265,059	261,513	(3,546)	219,604	208,617	(10,987)
Other financial assets	104,714	104,714	-	418,411	418,411	-
Loans from the National Bank of the Republic of Belarus	-	-	-	800,000	800,000	-
Due to banks	10,637,157	10,606,423	(30,734)	10,049,493	10,045,290	(4,203)
Due to individuals	14,648,555	14,648,555	-	12,310,532	12,310,532	-
Due to corporate customers	9,508,234	9,506,535	(1,699)	9,904,928	9,902,286	(2,642)
Debt securities issued	1,422,200	1,422,200	-	832,745	832,745	-
Other financial liabilities	742,111	742,111	-	659,797	659,797	-
Subordinated debt	798,758	798,758	-	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 31 March 2015	Level 1	Level 2	Level 3	Total
Assets carried at fair value				
Derivative financial instruments	1,888	3,511	5,577,821	5,583,220
Investments available for sale	-	1,389,999	-	1,389,999
Equity investments available for sale	10,602	-	-	10,602
Office premises	-	-	767,631	767,631
Premises held for sale	-	-	8,007	8,007
Total Assets carried at fair value	12,490	1,393,510	6,353,459	7,759,459
Liabilities carried at fair value				
Derivative financial instruments	1,781	4,732	-	6,513
Total Liabilities carried at fair value	1,781	4,732	-	6,513
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	-	-	738,229	738,229
Premises held for sale	-	-	8,007	8,007
Total Assets carried at fair value	42,359	1,125,563	5,306,149	6,474,071
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 31 March 2015	Level 1	Level 2	Level 3	Total
Financial assets for which fair values are disclosed				
Cash and cash equivalents	4,482,802	-	-	4,482,802
Mandatory cash balances with the National Bank of the Republic of Belarus	163,641	-	-	163,641
Due from banks	-	140,306	-	140,306
Loans to corporate customers	-	-	26,020,074	26,020,074
Loans to individuals	-	-	1,657,835	1,657,835
Investments held to maturity	252,878	8,635	-	261,513
Other financial assets	-	-	104,714	104,714
Total financial assets for which fair values are disclosed	4,899,321	148,941	27,782,623	32,830,885
Financial liabilities for which fair values are disclosed				
Due to banks	-	10,606,423	-	10,606,423
Due to individuals	-	-	14,648,555	14,648,555
Due to corporate customers	-	-	9,506,535	9,506,535
Debt securities issued	-	1,422,200	-	1,422,200
Subordinated debt	-	798,758	-	798,758
Other financial liabilities	-	-	742,111	742,111
Total financial liabilities for which fair values are disclosed	-	12,827,381	24,897,201	37,724,582

(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/(loss) recorded in profit or loss	Realized gain/(loss) recorded in profit or loss	Settlements /Movements for premises	At 31 March 2015
Financial assets					
Office premises	766,945	-	-	686	767,631
Premises held for sale	8,007	-	-	-	8,007
Derivative financial assets	4,559,913	1,018,416	5,706	(6,214)	5,577,821
Total level 3 financial assets	5,334,865	1,018,416	5,706	(5,528)	6,353,459

	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:

	31 March 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:	5,577,821	(103,363)	4,559,913	(208,340)
-foreign currency derivatives	3,481,287	(74,434)	2,926,864	(143,929)
-precious metals derivatives	2,096,534	(28,929)	1,633,049	(64,411)
Financial liabilities				
Derivative financial liabilities:	-	-	-	(1,542)
-foreign currency derivatives	-	-	-	(1,542)

The inputs used for estimation of fair values of foreign currency derivatives for 31 March 2015 were the adjusted yields to maturity of the Belarusian Eurobonds in USD with different maturity dates varying from 11.36% to 12.09% (31 December 2014: 16.51%-19.19%). The input used for estimation of fair values of precious metals derivatives for 31 March 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 – 30.0% (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 2.2% 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 1.4% 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' 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 31 March 2015 according to the norms of the Basel Capital Accord the Group's total capital amount for Capital adequacy purposes was BYR 5,229,745 million and tier 1 capital amount was BYR 4,142,098 million with ratios of 14.1% and 11.2%, 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 31 March 2015 and 31 December 2014 according to the norms established by the National Bank of the Republic of Belarus the capital adequacy ratios were 12.9% 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 and risk appetite indicators, 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 Group's risk management process does not cover subsidiaries due to insignificant scope of financial operations between the parent Bank and its subsidiaries.

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.

28. Risk management policies (continued)

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, currency, market, 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):

31 March 2015	AA	A	BBB	BB	B	CCC	Not rated	Total
Cash equivalents	-	264,345	352,555	9	2,144,208	1,050	217,911	2,980,078
Mandatory cash balances with the National Bank	-	-	-	-	163,641	-	-	163,641
Due from banks	-	-	-	-	93,928	46,378	-	140,306
Derivative financial assets	-	4	4,792	-	5,577,821	585	18	5,583,220
Loans to corporate customers	-	-	-	-	-	-	26,321,831	26,321,831
Loans to individuals	-	-	-	-	-	-	1,740,775	1,740,775
Investments available for sale	-	10,602	-	-	1,381,364	-	24,937	1,416,903
Investments held to maturity	-	-	-	-	254,445	-	10,614	265,059
Other financial assets	-	-	-	-	-	-	104,714	104,714
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 31 March 2015 and 31 December 2014 other financial assets comprised past due but not impaired assets in the amount of 10,460 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 31 March 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.

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

31 March 2015	Belarus	CIS Countries	OECD Countries	Non-OECD countries	Total
Financial assets					
Cash and cash equivalents	3,863,656	352,563	261,821	4,762	4,482,802
Mandatory cash balances with the National Bank	163,641	-	-	-	163,641
Due from banks	140,306	-	-	-	140,306
Derivative financial assets	5,578,424	4,682	4	110	5,583,220
Loans to corporate customers	26,321,788	43	-	-	26,321,831
Loans to individuals	1,740,775	-	-	-	1,740,775
Investments available for sale	1,406,301	-	10,602	-	1,416,903
Investments held to maturity	265,059	-	-	-	265,059
Other financial assets	104,714	-	-	-	104,714
Total financial assets	39,584,664	357,288	272,427	4,872	40,219,251
Financial liabilities					
Due to banks	454,678	7,087,827	3,093,134	1,518	10,637,157
Derivative financial liabilities	435	6,078	-	-	6,513
Due to individuals	13,988,026	433,529	33,488	193,512	14,648,555
Due to corporate customers	9,154,334	10,609	30,956	312,335	9,508,234
Debt securities issued	1,422,200	-	-	-	1,422,200
Other financial liabilities	742,111	-	-	-	742,111
Subordinated debt	-	798,758	-	-	798,758
Total financial liabilities	25,761,784	8,336,801	3,157,578	507,365	37,763,528
Net position	13,822,880	(7,979,513)	(2,885,151)	(502,493)	

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

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

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

31 March 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	4,482,802	-	-	-	-	-	-	4,482,802
Mandatory cash balances with the National Bank	49,994	17,068	21,614	72,821	2,144	-	-	163,641
Due from banks	1,709	100,690	9,067	23,042	5,798	-	-	140,306
Derivative financial assets	10,353	349,101	4,690,768	532,998	-	-	-	5,583,220
Loans to corporate customers	1,952,547	6,111,209	3,945,296	7,996,259	5,598,579	717,941	-	26,321,831
Loans to individuals	72,261	130,709	255,514	532,397	740,437	9,457	-	1,740,775
Non-current asset held for sale	-	-	14,259	-	-	-	-	14,259
Investments available for sale	4,590	5,779	47,910	1,321,883	9,836	-	26,905	1,416,903
Investments held to maturity	-	254,445	-	-	10,614	-	-	265,059
Investments in an associate	-	-	-	-	-	-	77,334	77,334
Premises and equipment	-	-	-	-	-	-	1,537,717	1,537,717
Intangible assets	-	-	-	-	-	-	248,275	248,275
Other assets	229,156	3,890	481	65,056	12,792	10,460	457	322,292
Total assets	6,803,412	6,972,891	8,984,909	10,544,456	6,380,200	737,858	1,890,688	42,314,414
Liabilities								
Due to banks	2,727,594	1,474,549	3,484,784	2,623,754	326,476	-	-	10,637,157
Derivative financial liabilities	6,513	-	-	-	-	-	-	6,513
Due to individuals	3,289,592	1,517,044	965,798	8,857,625	18,496	-	-	14,648,555
Due to corporate customers	4,996,138	1,361,140	1,949,366	932,226	269,364	-	-	9,508,234
Debt securities issued	29,506	5,313	220,474	652,027	514,880	-	-	1,422,200
Current income tax liabilities	22,153	-	-	-	-	-	-	22,153
Deferred income tax liabilities	-	-	-	-	-	-	22,414	22,414
Provisions for guarantees and other commitments	-	-	-	4,125	-	-	-	4,125
Other liabilities	278,586	24,576	14,340	61,206	434,290	-	320	813,318
Subordinated debt	258	-	-	-	798,500	-	-	798,758
Total liabilities	11,350,340	4,382,622	6,634,762	13,130,963	2,362,006	-	22,734	37,883,427
Net liquidity surplus/(gap)	(4,546,928)	2,590,269	2,350,147	(2,586,507)	4,018,194	737,858	1,867,954	4,430,987
Cumulative liquidity gap as at 31 March 2015	(4,546,928)	(1,956,659)	393,488	(2,193,019)	1,825,175	2,563,033	4,430,987	

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	125,68	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	

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 31 March 2015 and 31 December 2014 are estimated in the amount of BYR 2,591,702 million and BYR 3,253,489 million, respectively. As at 31 March 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 1,769,413 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 31 March 2015 and 31 December 2014 is as follows:

31 March 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	1,986,277	1,517,044	965,798	8,857,625	18,496	-	1,303,315	14,648,555
Corporate accounts analyzed based on expected withdrawal dates	3,707,751	1,361,140	1,949,366	932,226	269,364	-	1,288,387	9,508,234
Funds attracted from other banks analyzed	<u>567,608</u>	<u>1,509,389</u>	<u>3,620,872</u>	<u>2,812,078</u>	<u>357,797</u>	-	<u>1,769,413</u>	10,637,157
Liquidity gap (based on expected withdrawal dates for customers accounts)	<u>204,760</u>	<u>2,555,429</u>	<u>2,214,059</u>	<u>(2,774,831)</u>	<u>3,986,873</u>	<u>737,858</u>	<u>(2,493,161)</u>	
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	<u>494,001</u>	<u>898,060</u>	<u>3,103,148</u>	<u>2,639,085</u>	<u>345,568</u>	-	<u>2,569,631</u>	10,049,493
Liquidity gap (based on expected withdrawal dates for customers accounts)	<u>691,546</u>	<u>(553,915)</u>	<u>652,135</u>	<u>3,497,397</u>	<u>3,685,804</u>	<u>408,104</u>	<u>(4,051,482)</u>	

As at 31 March 2015 a covenant with EBRD was violated in the Group. Liabilities in the amount of BYR 486,669 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 31 March 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:

	<i>As at 31 March 2015</i>		<i>As at 31 December 2014</i>	
	<i>Interest rate +10%</i>	<i>Interest rate -10%</i>	<i>Interest rate +20%</i>	<i>Interest rate -20%</i>
BYR				
Impact on profit before taxes				
Assets				
Due from banks	4,638	(4,638)	11,632	(11,632)
Loans to customers	728,258	(728,258)	1,565,659	(1,565,659)
Investments available for sale	864	(864)	1,974	(1,974)
Investments held to maturity	1,061	(1,061)	2,123	(2,123)
Liabilities				
Due to banks	(13,861)	13,861	(57,336)	57,336
Customer accounts	(617,991)	617,991	(1,271,716)	1,271,716
Debt securities issued	(42,336)	42,336	(10,620)	10,620
Net impact on profit before taxes	60,633	(60,633)	241,716	(241,716)
Impact on comprehensive income (excluding profit for the year)				
Net impact on comprehensive income	60,633	(60,633)	241,716	(241,716)

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

USD	As at 31 March 2015		As at 31 December 2014	
	Interest rate	Interest rate	Interest rate	Interest rate
	+5%	-5%	+5%	-5%
Impact on profit before taxes				
Assets				
Loans to customers	508,153	(508,153)	411,340	(411,340)
Investments available for sale	402	(402)	369	(369)
Investments held to maturity	9,012	(9,012)	2,778	(2,778)
Liabilities				
Due to banks	(53,605)	53,605	(107,736)	107,736
Customer accounts	(156,551)	156,551	(225,033)	225,033
Debt securities issued	(2,889)	2,889	(2,318)	2,318
Net impact on profit before taxes	304,552	(304,552)	79,400	(79,400)
Impact on comprehensive income (excluding profit for the year)				
Investments available for sale	(90,074)	90,074	(81,713)	81,713
Net impact on comprehensive income	214,448	(214,448)	(2,313)	2,313

EUR	As at 31 March 2015		As at 31 December 2014	
	Interest rate	Interest rate	Interest rate	Interest rate
	+5%	-5%	+5%	-5%
Impact on profit before taxes				
Assets				
Loans to customers	309,489	(309,489)	287,032	(287,032)
Investments available for sale	622	(622)	23	(23)
Liabilities				
Due to banks	(169,912)	169,912	(121,817)	121,817
Customer accounts	(83,429)	83,429	(124,291)	124,291
Debt securities issued	(1,060)	1,060	(590)	590
Net impact on profit before taxes	55,710	(55,710)	40,357	(40,357)
Impact on comprehensive income (excluding profit for the year)				
Investments available for sale	(1,666)	1,666	(1,933)	1,933
Net impact on comprehensive income	54,044	(54,044)	38,424	(38,424)

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

<i>RUB</i>	As at 31 March 2015		As at 31 December 2014	
	<i>Interest rate +7%</i>	<i>Interest rate -7%</i>	<i>Interest rate +10%</i>	<i>Interest rate -10%</i>
Impact on profit before taxes				
Assets				
Due from banks	4,657	(4,657)	-	-
Loans to customers	66,625	(66,625)	79,162	(79,162)
Liabilities				
Due to banks	(62,008)	62,008	(95,902)	95,902
Customer accounts	(36,409)	36,409	(47,196)	47,196
Debt securities issued	(3)	3	-	-
Net impact on profit before taxes	(27,138)	27,138	(63,936)	63,936
Impact on comprehensive income (excluding profit for the year)				
Net impact on comprehensive income	(27,138)	27,138	(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:

31 March 2015	BYR	USD 1USD=BYR 14,740	EUR 1EUR=BYR 15,970	RUB 1RUB=BYR 251.50	Precious metals	Other currencies	Total
Financial assets							
Cash and cash equivalents	2,883,350	628,282	491,474	383,188	64,295	32,213	4,482,802
Mandatory cash balances with the National Bank of the Republic of Belarus	163,641	-	-	-	-	-	163,641
Due from banks	46,378	-	-	93,928	-	-	140,306
Derivative financial assets	5,583,220	-	-	-	-	-	5,583,220
Loans to corporate customers	6,315,959	11,370,114	6,611,295	2,015,701	-	8,762	26,321,831
Loans to individuals	1,662,371	77,570	834	-	-	-	1,740,775
Investments available for sale	24,938	1,343,503	48,462	-	-	-	1,416,903
Investments held to maturity	10,614	254,445	-	-	-	-	265,059
Other financial assets	79,869	7,443	6,450	10,952	-	-	104,714
Total financial assets	16,770,340	13,681,357	7,158,515	2,503,769	64,295	40,975	40,219,251
Financial liabilities							
Due to banks	144,787	1,673,601	4,916,283	1,080,166	2,813,555	8,765	10,637,157
Derivative financial liabilities	6,513	-	-	-	-	-	6,513
Due to individuals	2,281,442	9,710,423	2,142,813	131,669	382,207	1	14,648,555
Due to corporate customers	4,278,197	2,720,669	1,640,429	676,449	167,312	25,178	9,508,234
Debt securities issued	424,474	744,386	250,012	3,328	-	-	1,422,200
Other financial liabilities	131,962	493,703	34,470	81,893	-	83	742,111
Subordinated debt	-	-	798,758	-	-	-	
Total financial liabilities	7,267,375	15,342,782	9,782,765	1,973,505	3,363,074	34,027	37,763,528
Currency position	9,502,965	(1,661,425)	(2,624,250)	530,264	(3,298,779)	6,948	

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 March 2015	BYR	USD 1USD=BYR 14,740	EUR 1EUR=BYR 15,970	RUB 1RUB=BYR 251.50	Precious metals	Other currencies	Total
Claims on derivative financial instruments	3,714	2,668,441	3,571,502	4,490	3,302,125	404	9,550,676
Obligations on derivative financial instruments	(2,113,160)	(643,540)	(770,567)	(368,133)	-	(430)	(3,895,830)
Net derivative financial instruments	(2,109,446)	2,024,901	2,800,935	(363,643)	3,302,125	(26)	5,654,846
Total currency position less fair value of derivative	1,816,812	363,476	176,685	166,621	3,346	6,922	

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 31 March 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.

	<i>As at 31 March 2015</i>		<i>As at 31 December 2014</i>	
	<i>BYR/USD</i>	<i>BYR/USD</i>	<i>BYR/USD</i>	<i>BYR/USD</i>
	<i>+30%</i>	<i>-30%</i>	<i>+50%</i>	<i>-50%</i>
Impact on profit or loss	109,043	(109,043)	215,503	(215,503)
Impact on comprehensive income	109,043	(109,043)	215,503	(215,503)

	<i>As at 31 March 2015</i>		<i>As at 31 December 2014</i>	
	<i>BYR/EUR</i>	<i>BYR/EUR</i>	<i>BYR/EUR</i>	<i>BYR/EUR</i>
	<i>+30%</i>	<i>-30%</i>	<i>+50%</i>	<i>-50%</i>
Impact on profit or loss	53,006	(53,006)	150,874	(150,874)
Impact on comprehensive income	53,006	(53,006)	150,874	(150,874)

	<i>As at 31 March 2015</i>		<i>As at 31 December 2014</i>	
	<i>BYR/RUB</i>	<i>BYR/RUB</i>	<i>BYR/RUB</i>	<i>BYR/RUB</i>
	<i>+30%</i>	<i>-30%</i>	<i>+50%</i>	<i>-50%</i>
Impact on profit or loss	49,986	(49,986)	(24,301)	24,301
Impact on comprehensive income	49,986	(49,986)	(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.