AMSTERDAM TRADE BANK NV

ANNUAL REPORT 2015

Profile and strategy

Amsterdam Trade Bank NV (ATB) is an independent financial institution founded in 1994 that obtained its banking license in the same year. Since 2001 ATB forms part of the Alfa Group through its parent Alfa-Bank Russia, currently the largest private bank in the Russian Federation.

ATB is a bank which specializes in financing international trade and associated assets. Typically it focuses on owner-managed companies which are active in the cross-border logistics and supply chains, with an emphasis on commodity traders and transport asset owners, including shipping companies. Given its ownership and history, ATB enjoys a natural competitive advantage when providing services for cross-border flows with the countries of the Commonwealth of Independent States, but ATB is active globally and the growing number of our clients are today located in Western Europe and other countries of the OECD. ATB enjoys a growing scale of operations and exposure in its home country, the Netherlands, where ATB will be focusing additional resources in the future.

ATB is subject to Dutch and European banking regulations, and is supervised by Dutch Central Bank (De Nederlandsche Bank or DNB) and the Dutch Authority for Financial Markets (Autoriteit Financiële Markten or AFM). ATB aims to comply with all legal and supervisory requirements, including all integrity and compliance codes and laws.

ATB’s small size allows for high client proximity and a short turnaround time when dealing with client and customer business. Currently ATB has around 130 employees.

ATB has its head office in Amsterdam, The Netherlands, and has representative offices in Moscow (Russia), Almaty (Kazakhstan) and a fully owned subsidiary (ATB Leasing) in Moscow.

ATB’s activities are funded by a mix of retail savings and deposits from the Netherlands, Germany and Austria, as well as wholesale funding.

We present the annual report (including the financial statements) of Amsterdam Trade Bank NV (ATB) for the year ended 31 December 2015, as prepared by the Executive Board, and approved by ourselves. The financial statements have been audited by KPMG Accountants NV.

We recommend the Shareholder to adopt the financial statements of 2015, as presented, and to discharge the members of the Executive Board from their liabilities arising from the management of ATB in 2015, and the members of the Supervisory Board from their liabilities arising from their duties.

On adoption of the 2015 report and accounts and the annual result, no dividend will be distributed for the financial year 2015.

ATB experienced another challenging year in 2015 due to a number of global and organizational risks which crystallised during the year. These were carefully managed and in some cases fully resolved in the first half of 2016. The Supervisory Board met seven times in the course of 2015 for formal meetings. The Executive Board was present during these meetings. On the basis of these meetings the Supervisory Board participated intensively in discussions with oversight authorities, external auditors and other parties to reflect on the impact of compliance with regulatory requirements, resolution of the legacy issues in the loan portfolio as well as all aspects related to the going concern presentation of the financial statements. The members of the Supervisory Board also frequently interacted with senior management outside the regular Supervisory Board meetings for discussion and information sharing purposes. Key topics on the agenda of the Supervisory Board included the year-end and quarterly figures, compliance with regulatory requirements applicable to the banking sector at large, risk management, risk appetite, staffing and the internal organization including governance and finally regulatory and statutory capital needs. The Supervisory Board and the Executive Board also met a number of times for in-depth discussions with respect to ATB's re-aligned strategic direction, which is focused on financing commodity trade flows and associated assets. The Supervisory Board fully endorses this strategic direction. The meetings and conversations with members of the Executive Board made certain that the Supervisory Board is fully informed of the resolution of the challenges facing ATB.

Although 2015 was a challenging year for ATB due to the continuing geopolitical tension and economic uncertainties in Russia and Ukraine, ATB made further progress in de-risking the credit portfolio and winding down non-core activities.

The execution of ATB's realigned strategy will significantly improve ATB's risk profile.

The **Audit Committee** met five times and monitored ATB's audit activities and the quality with respect to the financial reporting, internal control, risk management and governance. Within this scope the Audit Committee has discussed, in attendance of the external auditor, the annual risk assessment and audit plan, the reports from the internal and external auditor, the audit plan execution and progress in the resolution of audit issues, including IT audit and compliance related matters. During 2015 the committee consisted of Mr H.C.M. van Damme (Chairman), Mr W.J.M.O. Devriendt and Mr P.S. Smida (from 27 April 2015).

The **Risk and Compliance Committee** met five times and monitored ATB's risk policies, appetite and profile as well as ATB's governance and compliance with laws and codes. In this respect the Risk and Compliance Committee discussed ATB's Integrity Risk Analysis, risk policies and Risk Appetite Dashboard with focus on credit risk, market risk, capital and liquidity adequacy, operational risk, compliance risk, earnings volatility and strategic risk. On an ongoing basis during the year, the committee also took several decisions on credit proposals escalated in accordance with ATB's internal governance. During 2015 the committee consisted of Mr F.C.W. Kuijlaars (Chairman), Mr H.C.M. van Damme and Mr V.V. Tatarchuk (until his resignation from this committee on 1 December 2015).

The **Remuneration and Nominating Committee** met three times and discussed ATB's Remuneration Policy and the variable income components of ATB's Executive Board and staff members in line with new Dutch and European banking regulations, expectations of the various stakeholders and social acceptance. The Committee prepared the profiles and proposals in order to fill in the vacant positions in the Supervisory Board and the Executive Board, considering required specific expertise, complementarity, collegiality and diversity. The Committee discussed the performances of the Supervisory Board, its committees, its members and the individual members of the Executive Board. During 2015 the committee consisted of Mr F.C.W. Kuijlaars (Chairman), Mr H.C.M. van Damme, and Mr W. Devriendt.

We are pleased to note that the Supervisory Board committee meetings were, in nearly all cases, attended by all members of the committees and the members of the Executive Board.

The Supervisory Board has been involved in ATB's compliance with the Dutch Banking Code. In that respect the permanent education program, through which the expertise of the members of the Executive Board and the Supervisory Board is maintained and expanded, continued in the course of 2015. The permanent educations cover relevant developments at ATB and in the financial sector, corporate governance in general and in the financial sector in particular, the duty of care towards customers, integrity, IT infrastructure, risk management, financial reporting and audit.

The composition of the Supervisory Board changed during 2015. Mr James resigned on 27 April 2015 after having served six years on the Supervisory Board. As his successor, the shareholder proposed Mr Vovk, who was appointed as a member of the Supervisory Board as per 1 February 2016. Mr Tatarchuk resigned on 1 December 2015 after having served eight years on the Supervisory Board. As from November 2015 Mr Sokolov participated as proposed member in the Supervisory Board and he was appointed in that capacity as per 8 February 2016. On 23 May 2016, Mr Smida resigned and Mr Baxter was appointed as a member of the Supervisory Board as per the same date. We thank Mr Tatarchuk and Mr Smida for the duties they have performed and wish them great success in their future endeavors. We are pleased that Mr Vovk, Mr Sokolov and Mr Baxter joined the Supervisory Board in order to maintain a balanced composition. On 30 June 2016, Mr Devriendt resigned as Chairman of the Supervisory Board after having been appointed into a new position that could not be combined with the Supervisory Board Duties at ATB. We thank him for his leadership and contribution over the past three years and wish him great success in his new position.

On 25 April 2016, the Executive Board was strengthened with the appointment of Mr C. Antoniou as the Chief Executive Officer. On 1 July 2016, Mr Pakan resigned as

Chief Commercial Officer. We thank Mr Pakan for his valuable work and wish him continued success in his future endeavors.

We wish to thank the Executive Board and staff of ATB for their continuous efforts and dedication in a complex financial year.

Amsterdam, 24 October 2016

Supervisory Board:

H.C.M. van Damme, Chairman
F.C.W. Kuijlaars
D. Vovk
A.B. Sokolov
A.J. Baxter

Profile of the members of the Supervisory Board
(in accordance with article 3.5 of ATB's governing charter)

Mr H.C.M. van Damme RA (1951), Chairman

Nationality: Dutch
Appointing period: 2013-2017

Position ATB:
- Chairman of Audit Committee
- Member of Risk and Compliance Committee
- Member of Remuneration and Nominating Committee

Other positions:
- Chair of Common Content Project
- Independent Business Advisor

Mr F.C.W. Kuijlaars (1958)

Nationality: Dutch
Appointing period: 2012-2016

Position ATB:
- Chairman of Risk and Compliance Committee
- Member of Remuneration and Nominating Committee

Other positions:
- Chairman of the Board of Directors of JSC NC KazMunayGas
- Independent director JSC HalykBank
- Managing Director MD Eureka (Energy) Ventures BV

Mr D. Vovk (1963)

Nationality: Russian
Appointing period: 2016-2020

Position ATB:
- Chairman of Remuneration and Nominating Committee

Mr A.B. Sokolov (1955)

Nationality: Russian
Appointing period: 2016-2020

Position ATB:
- Member of Risk and Compliance Committee

Other positions:
- Chairman of the Executive Board JSC Alfa-Bank
- Chairman of the Board of Directors of Baltiyskiy Bank

Mr A.J. Baxter (1966)

Nationality: South African
Appointing period: 2016-2020

Position ATB:
- Member of Audit Committee

Other positions:
- Executive Director ABH Holdings S.A.
- Member of the Board of Directors JSC Alfa-Bank
- Member of the Board of Directors of ABH Financial Limited

Operational Review

In 2015 geo-political tensions and economic difficulties in some of our key client geographies (Russia and Ukraine) have caused considerable deterioration in the quality of our asset portfolio. In these circumstances ATB had to take significant loan loss provisions amounting to € 242 million. As a result ATB's equity reduced to € 84 million. The CET1 capital ratio amounted to 8.4% as at 31 December 2015.
With the continued support of ATB's shareholders - as explained in the section subsequent events - the capital was strengthened in 2016, resulting in a capital ratio at the end of August 2016 of 20.6% and a CET1 ratio of 16.1% which is above the minimum regulatory requirements. This support of our shareholders has enabled us to strengthen our capital position to cope not just with the immediate impact of impairments, but also with the currently expected credit losses in the loan portfolio.

In order to structurally change the risk profile of ATB in 2015 the Executive Board drafted a strategic plan which was presented to the Supervisory Board by the end of 2015. Subsequently, the Supervisory Board approved the business plan, which confirms Amsterdam Trade Bank as a bank focusing on trade and commodity finance and associated assets.

In view of these developments, the Executive Board has made extensive analyses of the possible developments over the next twelve months in order to assess the potential impact on the results of ATB and ATB's capital position.
The Executive Board's business plan scenario takes into account ATB's current solid financial footing, the intention of the shareholders to continue providing support to ATB, as well as the ability to turn ATB around. ATB is in the process of further strengthening the capital position in order to grow our core business in accordance with our strategic plans. We intend to complete the process for an injection of another 20 million euros before the end of 2016.
The Executive Board has also considered another, more stressed, scenario in which no strategic shift and no capital support is relied upon, and has concluded that ATB is strong enough to continue with its normal business operations into the foreseeable future.

ATB has, and will continue to have, a low liquidity risk appetite, evidenced by a high Liquidity Coverage ratio. The liquidity position maintained in 2015 and the current position as per the end of August 2016 is more than sufficient to cover a potential higher net funding outflow (in case of stressed adverse circumstances) and was well above the minimum requirements set out by the DNB.

Furthermore the Executive Board would like to point out that it also values the commitment of the ultimate shareholders of ATB, as has been expressed by the shareholders in several letters written to the DNB and to the Executive Board of ATB itself. In such letters the shareholders reiterate their commitment to support ATB in resolving the issues from the past and state their willingness and ability to provide support for the Bank to meet its regulatory requirements. The promise to uphold regulatory ratios of ATB is a clear commitment to ensure ATB's continued existence by being fully compliant with solvency and liquidity requirements set by the Dutch regulator.

Based on the above and our assessment of both scenarios, the Executive Board concludes that the financial statements 2015 should be prepared on a going concern basis.

Key financials in 2015

During 2015 the loan portfolio was subject to the continued conflict situation in Eastern-Ukraine, no economic improvement in Russia or Ukraine leading to payment defaults with clients, and lack of collateral or failed recoveries. In view of the ongoing economic difficulties in Russia and Ukraine resulting in additional major loan losses, ATB's results during the year and capital ratios at the end of 2015 were substantially affected.

In view of these economic conditions affecting ATB's performance and capital position, our direct shareholders have continued providing support to ATB by replacing the capital which was consumed by substantial additional provisioning not only in 2015 but also during the first half of 2016 allowing ATB to remain compliant with the regulatory requirements.

Subsequently during 2015 ATB generated an operating loss before tax of € 224.5 million, (2014: € 47.5 million), mainly due to exceptionally high impairments on loans and interest-bearing securities amounting to a net charge € 242 million excluding a FAR release of € 1.6 million (2014: € 96.3 million) mainly related to loans and advances to customers.

Total income from operating activities decreased by € 20.4 million. This decrease combined with an increase in operating expenses (excluding impairments and resolution charge) of € 11.4 million led to a cost to income ratio before impairments and resolution charge of 71% (2014: 42%).

The low effective tax rate of negative 2.6% (2014: 24.0%) is mainly explained by ATB's prudent attitude towards the creation of deferred taxes that would rely on ATB's future profitability.

Total income from operating activities decreased with 23.1% to € 68.0 million (2014: € 88.4 million) mainly due to a decrease of net interest income (€ 16.2 million). The decrease of net interest was principally the result of the contraction of ATB's loan portfolio, combined with the decision to reduce ATB's pledged deposit activity. Net commission income decreased with € 4.5 million. This reduction was seen across all fee categories. The result on financial transactions decreased with € 0.5 million. FX results on clients transactions increased with € 1.1 million and Other FX results increase with € 2.7 million. The increased results on FX transactions and positions were offset by a loss on the sale of interest bearing securities of € 2.1 million and losses made on the sale of loans (€ 1.6 million).

Total expenses excluding impairments and resolution charge increased with 30.9% to € 48.2 million (2014: € 36.8 million) which was due to an increase of staff expense (€ 3.5 million), increase in general and administrative expense (€ 7.2 million) and higher depreciation charges (€ 0.7 million).

Due to the ongoing adverse market developments in Ukraine and Russia, impairment charges on loans and advances to customers, interest-bearing securities and intangibles increased to € 243.5 million (2014: € 96.3 million), resulting in a total loan loss provision at year-end 2015 of € 294.6 million (2014: € 156.7 million) excluding full write offs of exposures amounting to € 102.8 million. The loan loss provisions also included an incurred but not reported provision (IBNR) for credit losses of

€ 6.3 million (2014: € 9.9 million), which decreased due to the reduction of the portfolio.

As a consequence of the substantial additions to the loan loss provision, ATB's 2015 operating result before tax amounted to € 224.5 million negative (2014: € 47.5 million negative).

Total assets at year-end 2015 amounted to € 2,003 million (year-end 2014: € 3,945 million). This decrease of total assets by € 1,940 million or 49 percent was mainly a result of the decision to decrease pledged deposits. At year-end 2015 the total volume of pledged deposits (and related assets) had decreased by €1,246 million compared to year end 2014. Next to this, during 2015 the gross loan portfolio (excluding the loan loss provision) decreased with 36.5% to € 807 million (2014: € 1,270 million). Mainly due to write off, repayments and sale of existing loans.

During 2015 ATB strengthened its equity with € 55 million. In October 2015 ATB Holdings SA (a company within the Alfa Group) took a stake for € 20 million of 7.82% in ATB's equity by the purchase of 28,500 shares. Next to this, an amount of € 35 million was converted from Subordinated Debt (issued by Alfa-Bank) into Equity by the issuance of 77,130 new shares of ATB.

Capital Adequacy

As per year end 2015, the BIS ratio significantly decreased to 14.2% compared with 18.8% at year-end 2014 mainly due to the substantial impairments in the loan portfolio during the year. In the first half of 2016, ATB performed a subsequent event review resulting in additional impairments in the loan portfolio which also have been taken into account in the capital position as at year-end 2015.

Subsequently the Tier 1 capital ratio decreased to 8.4% at year-end 2015 (year-end 2014: 14.1%). The Tier 1 capital amounted to € 77 million as per year-end 2015 (€ 245 million at year end 2014). Per year end 2015 ATB was not complying with the specific minimum capital requirements applicable to ATB as set by DNB.

Due to the continued support of ATB's direct shareholders, the capital was strengthened during 2016 and is evidenced by the current capital ratios achieved in 2016.

ATB applies the standardized approach to calculate its capital requirement for credit risk. Moreover, ATB further enhanced the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) to meet Pillar 2 requirements of the Basel framework, under which internal capital is calculated for additional risks that are not captured under Pillar 1: i.e. concentration risk, country risk, interest rate risk in the banking book and liquidity risk. On a daily basis, ATB monitors solvency and liquidity to ensure compliance with the regulatory requirements. Additionally, the capital and liquidity adequacy are evaluated through regular stress tests. The internal assessments are subject to the Supervisory Review and Evaluation Process (SREP) conducted by Dutch Central Bank.

Global market outlook

According to World banks' June 2016 'Global Economics Prospect Report' growth prospects have weakened throughout the world economy. Global growth for 2016 is projected at 2.4 percent, unchanged from the disappointing pace of 2015 and 0.5

percentage point below the January 2016 forecast. Emerging market and developing economies (EMDEs) are facing stronger headwinds, including weaker growth among advanced economies and persistently low commodity prices, as well as lackluster global trade and capital flows. Divergences between commodity exporters and importers persist. Conditions remain markedly challenging for commodity exporters, which continue to struggle to adjust to the new era of depressed prices. In contrast, commodity importers are showing greater resilience to headwinds, although the expected growth windfall from low energy prices has been surprisingly modest. Global growth is projected to pick up slowly to 3.0 percent by 2018, as stabilizing commodity prices provide support to commodity exporting EMDEs. Downside risks have become more pronounced. These include deteriorating conditions among key commodity exporters, softer-than expected activity in advanced economies, rising private sector debt in some large emerging markets, and heightened policy and geopolitical uncertainties.

Regional market outlook Europe and Central Asia

Economic activity in emerging market Europe and Central Asia stagnated in 2015, driven by the deep recession in the Russian Federation. Excluding Russia, regional growth remained at the 2014 rate of 2.5 percent. Despite the uptake in oil prices in April and May, they remain at low levels and continue to exert pressure on key oil exporters, including Azerbaijan, Kazakhstan and Russia, where government policy buffers are eroding. Regional growth is expected to pick up to only 1.2 percent in 2016, as the Russian economy contracts further (albeit at a shallower pace) and political uncertainty in Ukraine weighs on confidence. With a return to positive growth in Russia and Ukraine, regional growth will accelerate to about 2.6 percent in 2017-18. Key downside risks include geopolitical flare-ups, pressures from persistently low oil prices, less favorable external financing conditions as substantial bond repayments come due, and political polarization. Managing the adjustment to low commodity prices will be a major policy challenge for exporters, especially in view of the limited scope for fiscal and monetary accommodation. Priorities for non-commodity exporters center on making the most of the lower fuel import bill and implementing structural reforms to lift productivity and long-term growth.

Risk management

Risk management is of pre-eminent importance to ATB. In its business ATB incurs an increased level of inherent risk, which is implicit to ATB’s geographical focus. ATB aims to use stringent controls and portfolio techniques to manage risks. This includes the evaluation of the potential risks and the assessment and implementation of the measures that can mitigate these risks.

Reporting on the risks confronting ATB is performed via a Risk Appetite Dashboard which is assessed by the Executive Board on a periodic basis. The Supervisory Board subsequently reviews this risk reporting. Risk policies and the Risk Appetite Dashboard are subject to periodic discussion in the Executive Board and in the Risk and Compliance Committee of the Supervisory Board. The Chairman of the Risk and Compliance Committee reports the considerations, recommendations and decisions to the Supervisory Board, following each meeting. At least once a year the principles for risk-taking are jointly discussed by the Executive Board and the Supervisory Board and revised if necessary. These principles have been sustained throughout the year.

ATB's risk appetite is expressed in terms of a number of qualitative and quantitative measures designed to cover all areas of the 'classic risk categories'. The metrics have been developed with reference to ATB's strategy and budget as well as to DNB reporting requirements, the general regulatory environment, rating agencies and current banking leading practice. In order to best present these metrics, ATB has grouped the metrics in the categories credit risk, market risk, capital and liquidity adequacy, operational risk, compliance risk, earnings volatility and strategic risk. Each driver has its own assigned risk weighting based on ATB's business model and local circumstance, taking into account banking regulations. These risk weightings and metrics are summarized in the Risk Appetite Dashboard which is regularly reported to all relevant governance bodies within ATB.

The Executive Board monitors the metrics on a bi-monthly basis and instigates action plans in case limits are breached. The Risk and Compliance Committee of the Supervisory Board discusses the Risk Appetite Dashboard during their regular meetings, but at least once per year and will raise issues to the general meeting of the Supervisory Board, if required.

Risk Management is embedded throughout the entire organization. The Enterprise Risk Management framework developed and implemented during 2014 continues to consist of three lines of defense. Department Heads own and manage risks as first line of defense on a day to day basis. ATB has an independent Risk Management department as second line of defense with a direct reporting line to the Chief Risk Officer. As third line of defense the Internal Audit function assesses the quality and effectiveness of the risk management. The ERM framework provides a more solid foundation for the consistent application of these methodologies.

Based on our current Baseline Risk Assessment, ATB determines the following categories and risks, including the inherent and residual risks:

Strategic

- Strategic risk: the current and prospective impact on earnings or capital arising from changes in the business environment which can threaten the strategic position of ATB.

ATB's business areas are structured trade and commodity finance, corporate banking, treasury and payments services for Western Europe/CIS relationships. Facing the geopolitical tension and economic uncertainty for Russia and other CIS countries, the Executive Board is closely monitoring ATB's risk profile, capital allocation, liquidity requirements and operations compared to the approved risk appetite, ensuring that ATB's activities are executed with due care.

Compliance

- Compliance /Regulatory risk: the risk of regulatory sanctions, financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with applicable laws, regulations, codes of conduct and standards of good practice.
- Integrity risk: the risk of being used by criminals to launder funds or finance terrorist activity and terrorist organization or persons and entities that are subject to (international) sanctions.
- Reputational risk: the risk of loss resulting from damages to ATB's reputation, in decreased revenue or shareholder value.

ATB considers integrity as one of the most important values. ATB recognizes its responsibility as a gatekeeper to the financial system not to facilitate crime and is committed to comply with all applicable laws and regulations. Based on the analysis of clients, products and countries in combination with the strategy and business operations, the likelihood of compliance risks occurring is considered to be ‘very likely’. As the impact of such risks manifesting is considered to be high due to reputational and financial damage, the risk profile in relation to these risks is considered to be relatively high compared to the (Dutch) financial sector in general.

Credit

- Counterparty risk: the risk of financial loss if a customer or counterparty fails to meet a payment obligation under a contract. It is the risk that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms.
- Country risk: the risk of losses due to country-specific events or circumstances. It is also an exposure to cross-border risk, especially convertibility and transfer risk, i.e. the risk of obligations not being repaid as a consequence of a debt moratorium or similar payment restriction.
- Cross-border risk: the risk that funds in foreign currencies cannot be transferred out of a risk country as a result of a specific event or circumstance.
- Concentration risk: the risk arising from uneven distribution of counterparties in credit or any other business relationships or from a concentration in business sectors or geographical regions which is capable of generating losses large enough to endanger ATB.

Credit risk constitutes ATB’s most significant risk and arises mainly from trade finance and lending business. Credit risk also represents all other forms of counterparty exposure, where counterparties default on their obligations to ATB in relation to hedging and other financial activities. The Executive Board is responsible for establishing credit policies and the mechanism, organization and procedures required to analyze, manage and control credit risk. In order to identify and manage risk arising from these activities, ATB has put methodologies, policies, procedures and expertise in place.

Credit risk is managed in accordance with limits and asset quality measures which are set out in policies approved and monitored by the Executive Board. The policies set boundaries on one obligor exposure, industry sector and country of risk.

Measurement and monitoring of credit risks is embedded in the Risk Appetite Dashboard via credit metrics. Credit metrics includes metrics for (country) concentration risk, which risk is also considered via the metrics for solvency / capital adequacy in terms of risk weighted assets add-on to be covered by additional capital. Losses resulting from, for instance, credit exposures, country exposures and market exposures all have an impact on ATB’s equity buffer. This is monitored in the Dashboard via the metrics for solvency / capital adequacy. The impact of non-performing loans on profitability is monitored via ‘Earnings Volatility’.

ATB’s portfolio suffered a further deterioration of creditworthiness in 2015 as a result of the Russian/Ukrainian conflict and the indirect effects this had on the entire CIS region. Historically, due to the geographical concentration of ATB’s borrowers, development of ATB’s credit portfolio is closely linked to economic and political developments in the CIS countries. This deterioration is most visible in the increase in non-performing loans (and related provisions for impairment). This development has led to the decision to further reduce the exposures to CIS countries and to diversify to Western Europe. The reduction realized in 2015 is around € 460 million. In the first half year of 2016 an Asset Quality Review (AQR) was performed by the supervisor. Subsequently, due to the ongoing economic difficulties in Russia and Ukraine and taken into account the outcome of the AQR we recognized additional provisions for loan losses with an effect on the year-end position of 2015.

On a regular basis ATB performs stress tests related to its credit portfolio in the CIS region to assess the potential impact on capital and liquidity.

Market

- Market risk /Interest rate risk /Foreign exchange risk: the risk that movements in market risk factors, including foreign exchange rates, interest rates, credit spreads, equity prices and commodity prices, will reduce ATB's income or the value of its portfolio.

Within the market risk management framework, market risk limits, expressed in terms of Value at Risk (VaR), are set to prevent the accumulation of market risk beyond the market risk tolerance of ATB. The VaR limits are set, monitored and managed at trading book level: i.e. foreign exchange, derivatives, and fixed income. These limits are complemented by additional monetary and non-monetary trading controls with the aim of preventing excessive concentrations and illiquidity of exposures. ATB uses derivative transactions to hedge most of its market exposure (mainly foreign exchange and interest rate risk). Key metrics for market risk are included in the Risk Appetite Dashboard.

Liquidity

- Liquidity risk: the risk that ATB will fail to meet obligations as they come due.

As a key area of focus, ATB puts a high priority on establishing an internal funding and liquidity risk strategy that ensures ATB measures, monitors and manages its liquidity risk to be able to withstand a range of stress circumstances without endangering the continuing viability of its business.

ATB manages its liquidity profile by short-term liquidity risk management combined with a long-term funding strategy. Additionally, liquidity risk stress testing is an important element of liquidity risk measurement, risk evaluation and contingency funding planning for all potential contingent as well as improbable, but plausible stress events. ATB uses liquidity stress tests as a management tool to identify the potential vulnerabilities and worst case liquidity risks of ATB on its current cash flows, liquidity position and liquidity risk mitigates.

Detailed metrics for liquidity are included in the Risk Appetite Dashboard. Due to the importance, ATB also implemented a separate liquidity dashboard.

Operational

- The risk of loss arising from fraud, unauthorized activities, errors, omissions, inefficiency, system failure or external events.
- Process risk: the probability of loss inherent in business processes.
- ICT Risk: the risk of ICT support to business and information supply being provided with insufficient integrity, lack of continuity or insufficient security.

- Business Continuity risk: the risk that the continuity of critical ATB business is jeopardized by non-availability of the ICT-infrastructure (including applications and systems).
- Legal risk: the risk of financial or reputational loss arising from regulatory or legal action, disputes for or against ATB; failure to correctly document, enforce or adhere to contractual arrangements, inadequate management of non-contractual rights; or failure to meet non-contractual obligations.
- Outsourcing risk: the use of service providers presents various risks. Some are inherent to the outsourced activity itself, some are introduced with the involvement of a service provider. In this context ATB considers the impact of compliance risks, country and concentration risks, reputational risks and operational and legal risks.
- Product risk: under operational risk management, product risk is mainly considered in the context of new products.
- People risk: the risk that people do not follow ATB's procedures, practices and / or rules, thereby deviating from expected behavior.

In 2015 ATB has performed its annual review on the Baseline Risk Analysis and its Risk and Control Framework. ATB further developed its operational risk management framework and aims to further optimize the operational risk organization.

ATB is exposed to certain potential losses caused by a failure in information, system processing, settlement of transactions and procedures. Key measures that have been introduced to control operational risk include the four-eye principle, training, specific procedures and directives, segregation of duties and direct supervision.

Compliance and Integrity

The Executive Board considers compliance with all laws, regulations, and codes, to be the highest priority when allocating human and financial resources. ATB spares no effort in ensuring that we act in accordance with the highest standards of corporate and individual behavior. We are pleased to confirm that ATB is at the date of this report fully compliant with all regulations whether legal or regulatory.
During 2015 the Compliance agenda was predominantly determined by a number of projects, amongst others the roll out of a Systematic Integrity Risk Analysis (SIRA), the client file review projects aimed to achieve the de-risking of the client portfolio, and defining the risk appetite of ATB in the context of an evolving business model.

The markets ATB operates in, the products it offers, and the clients it services and targets have a direct impact on the integrity risk profile of ATB. ATB management is well aware of these risks and has taken far-reaching measures to identify, escalate, and mitigate these risks.

ATB spent significant effort to establish a sound framework which mitigates the identified integrity risks within the entire organisation. Stakeholders were engaged in preparatory sessions to have a clear cut view on the identified risks when taking our customers, products and geographies (as defined in the new business model) into consideration. Based on the likelihood and impact of the risks identified, specific control measures have been strengthened.

As part of a remedial program, client files were reviewed and enhanced in accordance with applicable legal and regulatory requirements. Furthermore, a number of non-core client relationships were terminated in the course of 2015 to better reflect the risk appetite of ATB.

Following the efforts to enhance the governance model and internal controls, a strong Compliance function has positioned itself firmly within the organisation. Risk mitigating controls are embedded in all applicable processes, while its effectiveness is tested periodically and reported to senior management. Ultimately, Compliance expects and promotes integrity through all layers of ATB in order to create a strong compliance culture led by integrity. The Compliance function has firmly secured its role as countervailing power by demonstrating an independent role in its monitoring and enforcement of relevant policies, Code of Conduct, and applicable laws and regulations.

The various reporting, organisational and conduct requirements related to amongst others CRS (Common Reporting Standard), FATCA (Foreign Account Tax Compliance Act), EMIR (European Markets and Infrastructure Regulation) and MiFID2 (Markets in Financial Instruments Directive) were developed and implemented and are expected to continue into 2016 and beyond.

Compliance cooperated with Human Resources to develop a Permanent Education Program covering amongst others areas such as Trade Based Money Laundering, Sanctions, Anti Bribery and Corruption and Conduct in response to the fast changing regulatory environment. Most of the training modules provided are targeting those geographic markets where ATB aims to conduct its business in as expressed in the new business strategy.

Future-oriented Banking and Banking Code

The Dutch Banking association, Nederlandse Vereniging van Banken (NVB) has introduced a Social Charter, updated the Dutch Banking Code and implemented a bankers’ oath across the board with associated Rules of Conduct and disciplinary scheme and system. The Social Charter, the updated Dutch Banking Code and the Rules of Conduct associated with the bankers' oath together form a package called 'Future-oriented Banking', which has come into effect on 1 January 2015.

The Social Charter describes the (preferred) position of the sector as a whole in society and the shared values of the sector and is complementary to the Dutch Banking Code.

The Social Charter includes the following four assumptions:
- the banking industry is pluriform and offers customers a wide choice;
- banks are reliable, service-oriented and transparent;
- bank employees are ethical, expert and professional and ensure that customers and other stakeholders are treated with care;
- banks have a social responsibility to contribute to a sustainable economy.

The Dutch Banking Code was introduced in 2010 so that banks would commit to and account for treating their customers with care while balancing the interests of the various stakeholders. The NVB has updated the Dutch Banking Code as parts of the principles in the ‘old’ Code have meanwhile been incorporated in legislation and regulation. The principles in the updated Code emphasize the importance of sound and ethical operation by banks and set this out in the principles for the Executive Board and Supervisory Board, proper risk management, thorough audit processes and a sound, balanced and sustainable remuneration policy. The Dutch Banking Code safeguards sound administration at every Dutch bank.

The bankers' oath across the board with the associated Rules of Conduct and disciplinary scheme and system, make the responsibility of every individual employee at the bank explicit.

The members of the NVB seek to achieve the following with the rules of conduct:
- to establish the desired conduct of everyone working for a bank;
- to make society aware of the rules of conduct that bank employees have to abide by;
- to increase society's confidence in banks.

By introducing a Social Charter, updating the Dutch Banking Code and implementing a bankers' oath across the board (with the associated Rules of Conduct and disciplinary scheme and system), the NVB wanted to demonstrate what the Dutch banking sector stands for and what the Dutch banking sector want to be held accountable for in the ongoing renewal process. Compliance with the rules set out in the Dutch Banking Code and the Rules of Conduct is required to banks having their registered offices in the Netherlands.

All staff-members of ATB have signed the applicable bankers' oath and the declaration for the disciplinary rules referring to the Rules of Conduct.
The Rules of Conduct are:
- you work with care and integrity;
- you weigh interests carefully;
- you put the customer's interests first;
- you comply with the law and other rules that apply to your work for ATB;
- you keep confidential information secret;
- you are transparent and honest about your conduct and are aware of your responsibilities to society;
- you contribute to society's confidence in ATB.

The Executive Board and Supervisory Board of ATB are responsible for setting up a sound governance structure and compliance with the governance principles. The members of these boards will set an example to all of ATB's employees and exhibit this in their day-to-day activities. In that respect also all members of the Executive Board and the Supervisory Board have signed the bankers' oath.

The Executive Board and Supervisory Board of ATB are responsible for developing, communicating and enforcing standards on integrity, morals and leadership in ATB. In addition, they ensure there are proper checks and balances and they safeguard a solid IT infrastructure that is vital for the functioning of ATB. Among other things, thorough checks and balances mean that the compliance function is also safeguarded within the Executive Board and Supervisory Board.

The Executive Board will promote responsible behavior and a healthy culture both at the top of ATB and throughout its organization. In this, it will consider the interests of ATB's customers and other stakeholders. The Executive Board is responsible for employees being and remaining familiar with all rules, values and standards applicable to ATB and will continue to pay attention to this.

The Supervisory Board supervises the risk policies pursued by the Executive Board. As part of its supervision, the Supervisory Board discusses ATB's risk profile and assesses at a strategic level whether capital allocation and liquidity requirements are generally in line with the approved risk appetite and whether operations in general are in line with ATB's risk appetite.

ATB maintains a permanent education program for all members of the Supervisory Board and Executive Board covering the relevant developments at ATB and in the financial sector, corporate governance in general and in the financial sector in particular, the duty of care towards customers, integrity, risk management, financial reporting and audit. The permanent education program for the Supervisory Board and Executive Board has continued in the course of 2015 and has been attended by all members.

ATB has an Internal Audit Department that reports directly to the Chief Executive Officer and the Audit Committee. Both the head of the Internal Audit Department and the external auditor of ATB attend the meetings of the Audit Committee where necessary.

At least twice a year consultations take place between Dutch Central Bank, the external auditor and the internal auditor on audit plans, risk analyses and audit findings.

ATB has a product approval process in place comprising a careful consideration of the risks and comprising a careful assessment of the duty of care towards the client.

The interests of the customers and other stakeholders have always been a priority to ATB. As part of the implementation of the Banking Code requirements, ATB reviewed all existing products and services and reemphasized ATB's responsibility for the interest of the clients with all staff members.

ATB values all feedback from its clients (positive or negative), also when this is expressed in the form of complaints, as this helps to improve services provided to them. The further development of ATB is also based on clients recommending ATB as a reputable, reliable and client-friendly organization.

ATB puts great importance on accurate, clear and not-misleading marketing and client communication. The website contains information on products, interest rates and corporate information. Contact details of various specialists are available on the website to facilitate direct communication between clients and ATB.

ATB has implemented a detailed remuneration policy in line with national and international regulations. This policy is in line with ATB's risk policies and takes the relevant international context into account. The variable remuneration is set in accordance with national and international regulations and as such capped at 20% of individual fixed income.

ATB reports on its website for further details on how it applied the Banking Code.

People & Operation

The number of employees decreased to 170 FTEs at year-end 2015, from 181 at year-end 2014. The decrease of FTEs during the year is a reflection of the economic and geo political circumstances affecting the Corporate Banking portfolio. To align with the redefined strategy, focusing upon transforming ATB into a financial institution strong with an expertise in the field of trade finance and associated assets, a re-organization was effected. The HR focus was on adjusting the current staffing to the new business model.

To equip ATB to successfully roll-out the new strategy, the organization has been reviewed and function profiles have been adjusted, where necessary. This implies that ATB will need to acquire new competencies in certain cases while other skills become redundant. At the same time, as part of the integrated new strategy, ATB is forced to reduce headcount to a total of 130 FTE in order to achieve a sustainable future. A Social Plan has been prepared and executed, providing the details for those employment agreement which will ATB be terminated. All plans have been discussed and approved by the Work Council. The IT organization was the first department to roll-out a new business concept, by introducing the agile scrum methodology and renaming the department as a result thereof into “Business, Technology & Change”.

In accordance with article 3.1 of ATB’s governing charter, ATB aims for a diverse composition of members in the Executive Board and Supervisory Board in terms of such factors as gender and age. In general, the hiring process of new staff executed within ATB follows transparent procedures considering objective criteria which are subject to the required job profile. Up until now female candidates were not available for a position in the Board or did not fit the required job profile.

Based on the governing charter and considering the term of currently seating members, ATB is committed to further improve the required diversification of new members taking part in the Board in order to acquire a participation level of at least 30% in terms of required number of female members.

ATB training efforts were concentrated upon the PE Compliance Program, providing in e-learning sessions regarding sanctions, code of conduct, AML risk appetite and client lifecycle. Furthermore, several training sessions were organized on credit risk analysis, trade finance products and commercial skills, as standard in the annual in-house training calendar. ATB has a dedicated budget for ongoing education of its employees in delivering high quality and flexible support within the organization and to its clients. Education covers personal and professional development and is part of the performance management cycle.

Statement by the Executive Board (section 5.25c (2c) of the Financial Supervision Act.
To our knowledge:

1. The financial statements give a true and fair view of the assets, liabilities, financial position and the profit and loss account of ATB; and
2. The annual report gives a true and fair view regarding the balance sheet as at 31 December 2015, the state of affairs of ATB during the financial year, and the principal risks confronting ATB.

Amsterdam, 24 October 2016

Executive Board:

C. Antoniou, CEO
H.P.M.G Steeghs, CFO
P.J. Ullmann, CRO

Profile of the members of the Executive Board

Mr C. Antoniou (1968)
Nationality: Hellenic

Chief Executive Officer

Responsible for:
- Structured Trade & Commodity Finance
- Financial Institutions and Corporate Banking
- Asset Based Finance
- Treasury
- Compliance, Legal & Conduct
- Human Resources
- Internal Audit
- ATB Leasing
- Representative offices

Mr H.P.M.G. Steeghs (1957)
Nationality: Netherlands

Chief Financial Officer

Responsible for:
- Finance & Control
- Business Technology & Change
- Operations
- Client Services

Mr P.J. Ullmann (1958)
Nationality: British

Chief Risk Officer

Responsible for:
- Risk Management
- Credit Support
- Financial Restructuring & Recovery

Executive Board

The Executive Board is collectively responsible for the management of Amsterdam Trade Bank NV (ATB) and the general course of affairs of ATB, while each of its members having specific roles and responsibilities. Each member of the Executive Board possesses a thorough knowledge of the financial sector in general and the banking sector in particular. Each member of the Executive Board is required to act in accordance with the interest of ATB and its business and is aware of the social role of a bank and of the interests of the various stakeholders. The members of the Executive Board are appointed by the General Meeting of Shareholders upon nomination of the Supervisory Board. Taking into account the risk appetite approved by the Supervisory Board, the Executive Board ensures a balanced assessment between the commercial interests of ATB and the risks to be taken. One member is responsible for risk management and does not bear any individual commercial responsibility. In accordance with best practices, the Executive Board submits ATB's operational and financial objectives together with the strategy to achieve stated goals to the Supervisory Board for its consideration and approval. The outlined objectives and strategy include detailed parameters to be applied in relation to the strategy, such as ATB's financial ratios and capital and liquidity adequacy level.

Supervisory Board

The role of the Supervisory Board is to supervise the policies of the Executive Board and the general course of affairs of ATB. The Supervisory Board assesses periodically at the strategic level whether the commercial activities in the general sense are appropriate in the context of ATB’s risk appetite. The Supervisory Board consists of six non-executive members. Up to three members are affiliated with the Alfa Group, the ultimate shareholder of ATB. The other members, including the chairman, are independent. The members of the Supervisory Board have a collective responsibility. Each member is required to act in accordance with the interest of ATB and is aware of the social role of a bank and of the interests of the various stakeholders. Pursuant to the Articles of Association, Supervisory Board members are empowered to obtain any information they deem necessary for the performance of their duties. Members of the Supervisory Board are appointed by the General Meeting of Shareholders. Each member is expected to be capable of assessing the main aspects of ATB’s overall policy in order to form a balanced and independent opinion about the basic risks involved. Each member also possesses its specific expertise needed to perform his or her role in the Supervisory Board. The Supervisory Board ultimately adopts ATB’s remuneration policy and is responsible for the implementation and evaluation of the remuneration policy adopted. The Supervisory Board annually discusses the variable incomes at ATB. Specific issues are dealt with and prepared in the Audit Committee, the Risk and Compliance Committee and the Remuneration and Nominating Committee. Members of these committees are appointed by and consist of a number of members of the Supervisory Board. The assessment of the effectiveness of the permanent education program for the Supervisory Board and Executive Board is part of the annual evaluation performed by the Supervisory Board.

- Audit Committee (AC)

The main responsibility of the Audit Committee is to assist the Supervisory Board in monitoring the preparation and audit of ATB’s financial statements and ATB’s capital and liquidity adequacy assessment reports, monitoring the quality and effectiveness of ATB’s system of governance, risk management and ATB’s control procedures and monitoring the external and internal audit governance and quality, including IT audit and IT security.
The Audit Committee reports its findings to the Supervisory Board and these findings are discussed in its plenary meetings.

- Risk and Compliance Committee (RCC)

The main responsibility of the Risk and Compliance Committee is to assist the Supervisory Board in supervising ATB's risk policy, appetite and profile, on credit risk, market risk, capital and liquidity adequacy, operational risk, compliance risk, earnings volatility and strategic risk.
In addition the Risk and Compliance Committee assists the Supervisory Board in the overall oversight of ATB’s compliance function and internal governance and ATB’s adherence to corporate governance principles and its Code of Conduct. The RCC assesses the policy in the fields of corporate sustainability and corporate social responsibility.
The RCC has authority to decide on credit proposals escalated in accordance with ATB's internal governance rules.
The Risk and Compliance Committee reports its findings to the Supervisory Board and these findings are discussed in its plenary meetings.

- Remuneration and Nominating Committee (RNC)

The main responsibilities of the Remuneration and Nominating Committee are to advice the Supervisory Board on the remunerations policy for the members of the Supervisory Board, members of the Executive Board and senior management, to implement and evaluate the remuneration policy adopted with regard to the members of the Executive Board, to oversee the implementation of the remuneration policy for the senior management by the Executive Board and to approve the principles of the remuneration policy for other bank employees. The Remuneration and Nominating Committee responsibility includes the monitoring of performances of the Supervisory Board, its committees, its members and the individual members of the Executive Board.
The Remuneration and Nominating Committee prepares the profiles of individual Supervisory Board and Executive Board positions, considering required specific expertise, complementarity, collegiality and diversity. The Remuneration and Nominating Committee prepares the proposals for appointment, re-appointment and dismissals of applicable board-members to the Supervisory Board, its committees and the Executive Board.
The Remuneration and Nominating Committee prepares the proposals for the Supervisory Board and reports its monitoring findings to the Supervisory Board in order to be discussed in its plenary meetings.

Consolidated statement of financial position
At 31 December 2015
before appropriation of result
(in €)

Assets	Note	31-12-2015	31-12-2014
Cash and cash equivalents and balances withdrawable with central banks	1	853,079,740	144,957,256
Due from banks	2	140,311,279	1,994,339,959
Trading financial assets	3	-	1,773,458
Loans and advances to customers	4	512,058,763	1,113,207,350
Interest-bearing securities	5	426,943,073	373,158,972
Shares and other non interest-bearing securities	6	843,529	58,310
Intangible assets	7	8,783,828	12,924,985
Property and equipment	8	1,427,108	1,885,987
Prepayments and accrued income	9	40,430,248	45,137,921
Other assets	10	19,568,437	257,526,641
Total assets		**2,003,446,005**	**3,944,970,839**
Liabilities and equity			
Due to banks	11	35,825,355	260,025,569
Funds entrusted	12	1,759,898,039	3,022,206,929
Accruals and deferred income	13	18,369,158	23,753,137
Other liabilities	14	18,692,311	258,205,706
Fund for general banking risks	15	-	1,591,603
Subordinated liabilities	16	87,136,627	118,827,938
Total liabilities		**1,919,921,490**	**3,684,610,882**
Equity:			
- Issued capital		165,276,205	117,343,424
- Share premium		11,385,022	4,317,803
- Retained earnings		155,793,269	191,882,992
- Currency translation reserve		-18,677,228	-17,109,144
- Revaluation reserve		14,605	14,605
- Net result		-230,267,358	-36,089,723
Total equity	17	**83,524,515**	**260,359,957**
Total liabilities and equity		**2,003,446,005**	**3,944,970,839**
Contingent liabilities	18	65,514,902	100,666,880
Irrevocable commitments	19	34,264,946	46,804,650

The number beside each item refers to the relevant note

Consolidated statement of income for 2015
(in €)

Income from operating activities	Note	2015		2014	
Interest income	20	83,818,337		117,800,934	
Interest expense	21	31,149,335		48,915,190	
Net interest income			52,669,002		68,885,744
Commission income		9,757,074		14,685,084	
Commission expense		526,553		926,689	
Net commission income	22		9,230,521		13,758,395
Result on financial transactions	23		3,506,097		3,967,416
Other income	24		2,614,049		1,804,598
Total income from operating activities			**68,019,669**		**88,416,153**
Expense					
Staff expense	25	26,778,431		23,302,821	
General and administrative expense	26	16,770,420		9,595,064	
Depreciation	27	4,604,693		3,882,629	
Impairments	28	243,506,643		96,255,291	
Resolution charge	29	845,794		2,895,123	
Total expense			**292,505,981**		**135,930,928**
Operating result before tax			**-224,486,312**		**-47,514,775**
Income tax	30		5,781,046		-11,425,052
Net result			**-230,267,358**		**-36,089,723**

Consolidated statement of changes in equity
(in €)

Statement of changes in equity:

	Issued capital	Share premium	Retained earnings	Currency translation reserve	Revaluation reserve	Undistributed profit	Total equity attributable to shareholders
Balance at 1 January 2014	117,343,424	4,317,803	164,321,310	-2,175,115	12,395	27,561,682	311,381,499
Other comprehensive income	-	-	-	-14,934,029	2,210	-	-14,931,819
Net result (as per statement of income)	-	-	-	-	-	-36,089,723	-36,089,723
Total comprehensive income	-	-	-	-14,934,029	2,210	-36,089,723	-51,021,542
Appropriation of result	-	-	27,561,682	-	-	-27,561,682	-
Dividends	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-
Balance at 31 December 2014	**117,343,424**	**4,317,803**	**191,882,992**	**-17,109,144**	**14,605**	**-36,089,723**	**260,359,957**
Other comprehensive income	-	-	-	-1,568,084	-	-	-1,568,084
Net result (as per statement of income)	-	-	-	0	-	-230,267,358	-230,267,358
Total comprehensive income	-	-	-	-1,568,084	-	-230,267,358	-231,835,442
Appropriation of result	-	-	-36,089,723	-	-	36,089,723	-
Dividends	-	-	-	-	-	-	-
Issue of shares	47,932,781	7,067,219	-	-	-	-	55,000,000
Balance at 31 December 2015	**165,276,205**	**11,385,022**	**155,793,269**	**-18,677,228**	**14,605**	**-230,267,358**	**83,524,515**

Consolidated statement of cash flows for 2015
(in €)

	2015	2014
Cash flow from operating activities		
Operating result before tax	-224,486,312	-47,514,775
Adjustment for		
Depreciation	4,604,693	3,882,629
Impairments	243,506,643	96,255,291
Amortisation premium and discounts	5,507,629	3,128,155
FX and revaluation reserve	-1,568,084	-17,320,651
FX revaluation of subordinated liabilities	3,308,688	3,418,668
	30,873,257	41,849,317
Net increase(decrease) in operating assets and liabilities		
Due from/to banks	1,496,511,304	408,327,079
Trading financial assets	1,773,458	21,323,855
Loans and advances to customers	356,481,789	21,054,638
Funds entrusted	-1,262,308,890	-540,700,574
Prepayments and accrued income/ Accruals and deferred income	-6,457,352	-9,792,871
Other assets / liabilities	-1,555,191	8,791,167
Total movement in assets and liabilities	584,445,118	-90,996,706
Net cash flow from operating activities	**615,318,375**	**-49,147,389**
Cash flow from investing activities		
Investments and acquisitions		
Interest-bearing securities	-254,037,338	-434,661,596
Intangible assets	-2,823,698	-3,571,175
Property and equipment	-343,601	-514,312
Divestments, repayments and sales		
Interest-bearing securities	196,647,899	208,108,400
Property and equipment	43,685	99,430
Net cash flow from investing activities	**-60,513,053**	**-230,539,253**
Cash flow from financing activities		
Issuance of capital	12,932,781	-
Share premium	7,067,219	-
Net cash flow from financing activities	**20,000,000**	-
Net increase in cash and cash equivalents and balances withdrawable with central banks	**574,805,322**	**-279,686,642**

Consolidated statement of cash flows for 2015
(in €)

Net increase in cash and cash equivalents and balances withdrawable with central banks	**574,805,322**	**-279,686,642**
Cash and cash equivalents and balances withdrawable with central banks at 1 January	276,136,949	555,823,591
Cash and cash equivalents and balances withdrawable with central banks at 31 December	850,942,271	276,136,949
Movement	574,805,322	-279,686,642
Additional information		
Cash flows from interest received	82,328,900	112,465,677
Cash flows from interest paid	13,525,406	47,248,077
Cash flows from income tax	-2,590,000	2,842,584

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

A. General

Amsterdam Trade Bank NV (ATB) is an independent financial institution founded in 1994 that obtained its banking license in the same year. ATB provides financing, services and solutions for trade and cross border transactions. ATB strives for excellence in trade solutions, including treasury coverage. ATB has a profound knowledge of the business environment in Russia and the other CIS countries ATB's registered office is at Herengracht 469-475, 1017 BS Amsterdam, the Netherlands. ATB is a company incorporated and established in the Netherlands. At 31 December 2015 the company is owned by Alfa-Bank Russia (92.2%) and ATB Holdings (7.8%). Ultimate shareholder of ATB is Alfa Group. The consolidated financial statements of Amsterdam Trade Bank NV at 31 December 2015 were prepared by the Executive Board, adopted by the Supervisory Board on 24 October 2016 and will be submitted to the General Meeting of Shareholders for approval within the regulatory time period.

B. Basis for consolidation

The consolidated financial statements of ATB comprise the financial statements of Amsterdam Trade Bank NV, its subsidiaries and other companies controlled by ATB and are prepared at 31 December, using consistent accounting policies. The financial year is the same as the calendar year.

C. Basis of preparation

C.1.1 General

The financial statements have been prepared in accordance with part 9, Book2 of the Dutch Civil Code. The accounting policies applied for measuring assets and liabilities and profit determination are based on the historical cost convention, unless stated otherwise in the specific accounting principles.

C.1.2 Judgement and estimates

C 1.2.1 Going Concern

In 2015 geo-political tensions and economic difficulties in some of our key client geographies (Russia and Ukraine) have caused considerable deterioration in the quality of our asset portfolio. In these circumstances ATB had to take significant loan loss provisions amounting to € 242 million. As a result ATB's equity reduced to € 84 million. The CET1 capital ratio amounted to 8.4% as at 31 December 2015.
With the continued support of ATB's shareholders - as explained in the section subsequent events - the capital was strengthened in 2016, resulting in a capital ratio at the end of August 2016 of 20.6% and a CET1 ratio of 16.1% which is above the minimum regulatory requirements. This support of our shareholders has enabled us to strengthen our capital position to cope not just with the immediate impact of impairments, but also with the currently expected credit losses in the loan portfolio.

In order to structurally change the risk profile of ATB in 2015 the Executive Board drafted a strategic plan which was presented to the Supervisory Board by the end of 2015. Subsequently, the Supervisory Board approved the business plan, which confirms Amsterdam Trade Bank as a bank focusing on trade and commodity finance and associated assets.

In view of these developments, the Executive Board has made extensive analyses of the possible developments over the next twelve months in order to assess the potential impact on the results of ATB and ATB's capital position.
The Executive Board's business plan scenario takes into account ATB's current solid financial footing, the intention of the shareholders to continue providing support to ATB, as well as the ability to turn the bank around. ATB is in the process of further strengthening the capital position in order to grow our core business in accordance with our strategic plans. We intend to complete the process for an injection of another 20 million euros before the end of 2016.
The Executive Board has also considered another, more stressed, scenario in which no strategic shift and no capital support is relied upon, and has concluded that ATB is strong enough to continue with its normal business operations into the foreseeable future.

ATB has, and will continue to have, a low liquidity risk appetite, evidenced by a high Liquidity Coverage ratio. The liquidity position maintained in 2015 and the current position as per the end of August 2016 is more than sufficient to cover a potential higher net funding outflow (in case of stressed adverse circumstances) and was well above the minimum requirements set out by the DNB.

Furthermore the Executive Board would like to point out that it also values the commitment of the ultimate shareholders of ATB, as has been expressed by the shareholders in several letters written to the DNB and to the Executive Board of ATB itself. In such letters the shareholders reiterate their commitment to support ATB in resolving the issues from the past and state their willingness and ability to provide support for the Bank to meet its regulatory requirements. The promise to uphold regulatory ratios of ATB is a clear commitment to ensure ATB's continued existence by being fully compliant with solvency and liquidity requirements set by the Dutch regulator.

Based on the above and our assessment of both scenarios, the Executive Board concludes that the financial statements 2015 should be prepared on a going concern basis.

C 1.2.2 Other judgements and estimates.

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities, the reporting of contingent assets and liabilities at the date of the financial statements, as well as the amounts reported for income and expenses during the reporting period. The situations that are assessed based on available financial data and information mainly relate to the determination of the fair value of assets and liabilities and impairments. Although management based their estimates on the most careful assessment of the current circumstances and activities, the actual results might deviate from these estimates. The use of different assumptions and methods may, due to the subjective nature involved, result in different outcomes.

C.1.3 Changes in presentation

In 2015 ATB changed the classification on interest paid on deposits placed at Central banks from (negative) Interest Income to Interest expense. In 2014 these amounts were classified as Interest income (negative € 119,299). Comparative figures have been adjusted.

C.2 (Group) financial statements

C.2.1 Recognition and de-recognition

An asset is recognized in the statement of financial position when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the statement of financial position when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.
An asset or liability that is recognized in the statement of financial position remains on the statement of financial position if a transaction (with respect to the asset or liability) does not lead to a mayor change in the economic reality with respect to the asset or liability. An asset or liability is no longer recognised in the balance sheet when a transaction results in the position that all or substantially all rights to economic benefits and or all of the risks related to the asset or liability have been transferred to a third party.

Income is recognised in the statement of income when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

C.2.2 Subsidiaries

The participating interests over which ATB maintains control are considered group companies and these are consolidated. Control is exercised over a participating interest if the investor is exposed to, or is entitled to, fluctuating income in respect of his involvement in the participating interest and has the opportunity to influence this income by using his control over the participating interest. The assets, liabilities and profit/loss of these companies are fully consolidated.
Participating interests are consolidated as of the date on which the effective control is transferred to ATB and will no longer be consolidated as of the date on which this control is terminated. All transactions, balances and unrealized gains and losses from transactions between ATB Group companies have been eliminated on consolidation
For a list of the consolidated group companies, refer to note ‘Group Companies’ in the Notes to the company financial statements.

C.3 Derivative financial instruments and hedging

C.3.1 General

Derivative financial instruments generally comprise foreign exchange contracts, currency and interest rate futures, currency and interest rate swaps, and currency and interest rate options (written as well as acquired). Derivative financial instruments can be traded either on the stock exchange or over the counter (OTC) between ATB and a client. Initially all derivative financial instruments are recognised at fair value. Subsequent measurement of derivative financial instruments is at fair value. All derivative financial instruments are included under assets if their value is positive and under liabilities if their value is negative. Derivative financial instruments that are embedded in other financial instruments are treated separately if their risks and characteristics are not closely related to those of the underlying derivative contract and this contract is not classified as at fair value through profit and loss.

C.3.2 Instruments not used for hedging

If ATB enters into derivatives for trading purposes, realised and unrealised gains and losses are accounted for under 'Result on financial transactions'.

C.3.3 Hedging instruments

ATB does not apply hedge accounting.

C.3.4 Trading Financial assets

Trading Financial assets are financial assets acquired with the objective of generating profit from short-term fluctuations in prices or traders' margins, or financial assets that form part of portfolios characterised by patterns of short-term profit participation. Financial assets held for trading are measured at fair value based on listed bid prices. All related comprehensive income is included under 'Result on financial transactions. Interest earned on financial assets is recognised as interest income. All acquisitions and sales of financial assets held for trading which require delivery within a time limit prescribed under the regulations or in accordance with market conventions are accounted for on the transaction date.

C.3.5 Repo transactions and reverse repo transactions

Securities sold subject to repurchase agreements (repos) continue to be included in the statement of financial position. The related liability is included under the line item concerned (mainly Due to banks). Securities purchased subject to resale agreements (reverse repos) are presented under the line item Due from banks or Loans and advances to customers. The difference between the sales price and the purchase price is recognised in the statement of income as interest during the term of the agreement.

C.3.6 Cash and cash equivalents and balances withdrawable with central banks

Cash equivalents are highly liquid short-term investments held to meet current obligations in cash, rather than for investments or other purposes. Such investments have remaining terms of less than 90 days at inception. Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

C.3.7 Netting of financial assets and liabilities

Financial assets and liabilities can be netted and presented in the financial statements at the net amount when ATB has a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. At year end 2015 and 2014 the netted amounts are nil.

C.3.8 Foreign currencies

C.3.8.1 Foreign entities

Items included in the financial statements of each entity in ATB are carried in the currency that best reflects the economic reality of the underlying events and circumstances that are relevant for the entity (the functional currency).
The consolidated financial statements are presented in euros, which is the parent company's functional currency. Gains, losses and cash flows of foreign entities are translated into the presentation currency of ATB at the exchange rates ruling at the transaction dates, which is approximately equal to the average exchange rates. Assets and liabilities are translated at closing rates. Translation differences arising on the net investments in foreign entities and on loans and other currency instruments designated as hedges of these investments are recognised in equity. If a foreign entity is sold, any such translation differences are recognised in profit or loss as part of the gain or loss on the sale.
A group company that has received a loan form the parent company recognizes any translation difference in the statement of income, even if the loan from the parent company is part of a net investment in foreign operations.

C.3.8.2 Foreign-currency transactions

Monetary assets and liabilities denominated in foreign currencies are converted at closing rate at reporting date. Exchange rate effects arising from the conversion of assets and liabilities are stated in the statement of income as Result on financial transactions. Transactions in foreign currencies are translated at the exchange rate prevailing on the transaction date.

C.3.9 Loans and advances to customers and due from banks

Loans and advances to customers and Due from banks are non-derivative financial instruments with fixed or defined payments, not listed on an active market, apart from such assets that ATB classifies as trading, at fair value on initial recognition with changes recognised through profit or loss, or as available for sale. Loans and advances to customers and due from banks are initially recognised at fair value, including transaction costs, and subsequently carried at amortised cost, including transaction costs.

Loans are subject to either individual or collective impairment analyses. A value adjustment, a provision for incurred losses on loans, is recognised if there is objective evidence that ATB will not be able to collect all amounts due under the original terms of the contract. The size of the provision is the difference between the carrying amount and the recoverable amount, which is the present value of the expected cash flows, including amounts recoverable under guarantees and sureties, discounted at the original (average) effective rate of interest of the loans.

Examples of objective evidence for value adjustments are:
• significant financial difficulties on the part of the borrower;
• default in making interest and/or redemption payments on the part of the borrower;
• loan renegotiations;

• possibility of bankruptcy of or financial reorganisation at the borrower;
• changes in borrowers’ payment status;
• changes in economic circumstances that could cause the borrower to default.

Individual impaired loans
For each individually assessed loan, the losses are estimated based on the expected credit worthiness of the borrowers and the value of the collateral provided to ATB, and taking into account the actual economic conditions under which the borrowers conduct their activities. The carrying amount of the loans is reduced through the use of a provision account and the loss is taken to the statement of income. Write-offs of provisions for expected loan losses are made as soon as the enforcement process is completed, the security provided has been realised, when virtually no other means of recovery are available and in the event of a formal cancellation of a debt. Any amounts subsequently collected are included under the item ‘Other income’ in the statement of income.
As soon as the prospects for continuity have recovered and arrears have been cleared as agreed, the loan is no longer considered impaired (not fully collectible). Management continually assesses these renegotiated loans to ensure that all criteria are satisfied with a view to expected future cash flows.

Incurred but not reported
Loans for which there is no objective indication of impairment are included in the collective assessment for ‘incurred but not reported’ (IBNR) provision. The IBNR impairment provision is calculated by estimating the probability of default (PD), the loss given default (LGD) exposure at default (EAD), the Loss Identification Period (LIP) and a general adjustment factor (AF). The PD and LGD are based on internal models and are periodically assessed as part of ATB’s control framework. The LIP is the estimated period between the time a loss event occurs at the client’s company and the time ATB has recorded the loss event in its risk systems. In 2015 the adjustment factor was increased with 50%. The AF is based on the relationship of IBNR to loan portfolio volumes and the global economic outlook.

C.3.10 Interest-bearing securities

Interest-bearing securities are debt securities held in the investment portfolio, with the general intent to hold the securities until redemption date. The investment portfolio is valued at cost including premiums and discounts less impairment charges, if necessary. Premiums and discounts are amortized over the remaining life of the securities on a straight line basis.

An investment in interest-bearing securities is tested for impairment if there is objective evidence of financial difficulties occurring at the counterparty, the collapse of a market or other indications. If, during the subsequent period, the amount of the impairment of these securities decreases, and the decrease can objectively be attributed to an event occurring after the write-off, the impairment previously recorded is reversed through profit or loss.

Examples of objective evidence for value adjustments are:
• significant financial difficulties on the part of the issuer;
• default in making interest and/or redemption payments on the part of the issuer;
• possibility of bankruptcy of or financial reorganisation at the issuer;
• changes in issuer’ payment status;
• changes in economic circumstances that could cause the issuer to default.

C.3.11 Shares and other non-interest-bearing securities

Shares and other non-interest bearing securities are initially recognized at fair value and subsequently at amortised cost less impairment charges.
Equity instruments are impaired if their cost permanently exceeds their recoverable amount, i.e. their fair value is permanently or significantly lower than their cost. The recoverable amount of investments in unlisted equity instruments is determined using approved valuation methods.

C.3.12.1 Intangible assets

Costs related to the implementation or maintenance of software are recognised as an expense at the time they are incurred. Costs directly incurred in connection with identifiable and unique software products over which ATB has control and that will probably provide economic benefits exceeding the costs for longer than a year are recognised as intangible assets. Expenditures that improve the performance of software compared with their original specifications are added to the original cost of the software. Software implementation costs are recognised as assets and amortised on a straight-line basis over a period not exceeding five years.

C.3.12.2 Impairment losses on Intangible assets

At each reporting date, ATB assesses whether there are indications of impairment of intangible assets. Intangible assets are tested for impairment by comparing the carrying value with the best estimate of the recoverable amount. The recoverable amount is estimated as the higher of fair value less cost to sell and value in use. Several methodologies are applied to arrive at the best estimate of the recoverable amount.
An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Impairment losses and reversed impairments of other intangible assets are included in the statement of income.

C.3.13 Property and equipment

Property and equipment is initially carried at cost and subsequently at historical cost less accumulated depreciation and accumulated impairments. Depreciation is calculated on a straight-line basis over the useful lives of the assets concerned.

Estimated useful lives of property and equipment are as follows:

Leasehold improvement	:	10 years
Computer equipment	:	5 years
Other equipment	:	5 years

At reporting date ATB assesses whether there is objective evidence for an impairment of Property and equipment. Property and equipment is impaired if loss event(s) occurred that had an impact on the estimated net realizable value of these assets. If the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount is written down immediately to the recoverable amount. Impairment losses and reversed impairments of property and equipment are included in Other administrative expenses in the statement of income. Gains and losses on the disposal of items of property and equipment are determined in proportion to their carrying amounts and taken into account when determining the operating result.

Repair and maintenance work is charged to profit or loss at the time the relevant costs are incurred.

C.3.14 Leases / ATB as lessor Finance leases

If assets are leased under a finance lease, the present value of the lease payments is recognised as a receivable under Due from other banks or Loans to customers. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised as interest income over the term of the lease using the net investment method, which results in a constant rate of return on the investment.

C.3.15 Provisions

Provisions are recognised if ATB has a present obligation (legal or constructive) as a result of a past event. When it is probable that an outflow of resources will be required to settle the obligation and only insofar a reliable estimate can be made of the amount of the obligation. If ATB expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only if the reimbursement is virtually certain. The provisions are carried at the discounted value of the expected future cash flows.

C.3.16 Employee benefits / Pension

ATB has defined contribution plans under which ATB pays contributions to publicly or privately managed insured pension schemes on a compulsory, contractual or voluntary basis. Once the contributions have been made, ATB has no further payment obligations. The regular contributions are net period costs for the year in which they are due and are included on this basis under Staff expense.

C.3.17 Tax

Current tax receivables and payables are set off if there is a legally enforceable right to set off such items and if simultaneous treatment or settlement is intended.
Deferred tax assets and liabilities are set off if there is a legally enforceable right to set off such items and if they relate to the same tax authority and arise from the same tax group.
Provisions are formed in full for deferred tax liabilities, using the liability method, arising from temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred income tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted at the reporting date.
Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available within the period available to compensate taxable losses according to applicable tax laws, against which the temporary differences can be utilised. Taxes on profit are calculated in accordance with the tax legislation of the relevant jurisdiction and recognised as an expense in the period in which the profit is realised. The tax effects of the carry-forward of unused tax losses are recognised as an asset if it is probable that future taxable profits will be available against which the losses can be utilised.

C.3.18 Due to other banks, due to customers and subordinated loans

These borrowings are initially recognised at fair value, i.e. the issue price less directly allocable and nonrecurring transaction costs, and subsequently carried at amortised cost, including transaction costs.

C.3.19 Fund for General Banking Risks (FAR)

ATB has formed a general banking risk provision to cover general risks arising from banking activities. The amount as presented in the statement of financial position is net of taxes.

C.3.20 Equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under Equity. Payments to holders of these instruments are deducted from Equity as part of profit distribution.
Direct costs of new shares issued are deducted from equity, taking taxes into account.

C.3.21 Obligations not recognised in the statement of financial position

This relates to the obligations that represent a potential credit or other risk and consists of the off-balance sheet items contingent liabilities and irrevocable commitments.

Contingent liabilities
Contingent liabilities are carried at the contract value and consist of guarantees and irrevocable letters of credit.

Irrevocable commitments
Irrevocable commitments consist of unused facilities, sale and repurchase commitments and all other obligations resulting from irrevocable commitments that can give rise to loans.

C.3.22 Revenue

C.3.21.1 General

Revenue is recognised insofar as it is likely that the economic benefits will flow to ATB and can be measured reliably. Costs are allocated as far as possible to the period in which the services were rendered or to the relevant proceeds.

C.3.22.2 Net interest income

Interest income and expense for all interest-bearing instruments is recognised in the statement of income on an accrual basis, with the effective interest method being applied. Interest income includes coupons relating to fixed interest financial assets and financial assets held for trading and Interest bearing securities. If any loans suffer impairment losses, they are written down to their recoverable amounts and the interest income recognised henceforth is based on the original discount rate for calculating the present value of the future cash flows used to determine the recoverable amounts.

C.3.22.3 Net commission income

This item consists of income, other than income similar to interest, earned on banking services provided to third parties. Commission received from and paid to third parties is accounted for as commission income and commission expense over the life of the underlying contracts.

C.3.23 Cash flow statement

The cash flow statement has been drawn up in accordance with the indirect method, distinguishing between cash flows from operating, investing and financing activities. Cash and cash equivalents comprise, at face value, all cash in hand and balances withdrawable on demand with central banks and other banks in respect of which the risk of value changes is insignificant.
Cash flows arising from foreign currency transactions are translated into the functional currency using the exchange rates at the date of the cash flows.
The net cash flow shown in respect of Loans and advances to customers relates only to transactions involving actual payments or receipts. The addition to loan loss provisions which is deducted from the item Loans and advances to customers in het statement of financial position has been adjusted accordingly from the result before tax and is shown separately in the statement of cash flows.

Fair value

In general, the fair value of financial assets and liabilities is derived from active markets.
Where the fair value cannot be derived from active markets, these are determined using valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not possible a degree of judgment may be required in establishing the fair value. The following summarizes the major methods and assumptions used in estimating the fair values:

- The estimated fair value of Loans and advances to customers represents the discounted amount of estimated future cash flows of individual loans expected to be received. Expected cash flows are discounted using market rates as discount rate. Given the volatile economic environment the realizable value may differ significantly from the disclosed fair value in the event the loans would be sold before maturity.
- The carrying amount of floating rate inter-bank placements, overnight deposits and fixed deposits placed with banks is deemed to be a good estimate of their fair value given.
- The fair value of the interest-bearing securities in the investment portfolio is based on the active market prices at reporting date.
- The fair value of derivatives is based on observable market data. The fair value is determined using listed market prices (a small bid-ask range applies to derivatives quoted in euros, US dollars and/or pound sterling, and mid prices are used), along with prices offered by traders, cash flow discounting models and option valuation models based on current market prices and contracted prices for the underlying instruments, as well as the time value of money, yield curves and the volatility of the underlying assets and liabilities.
- The fair value of liabilities to banks, funds entrusted and subordinated loans is determined using discounted cash flows using applicable money market rates for debt instruments with a comparable term to maturity, taking account of own credit risk.

RISK MANAGEMENT

D.1 Introduction

This section starts with a general description of ATB's current approach to risk management (D.2). The section continues with a description of the risk governance (D.3) followed by detailed descriptions of the management of the categories of risk as defined in the risk taxonomy. In D.4 all identified risk categories are described and information is given on its composition and development during the year.

D.2 Risk Management Approach

ATB manages its risks following an integrated holistic approach to risk management as laid down in its Enterprise Risk Management Framework. This framework describes the general governance on the management of risks as it establishes risk owners, control owners and treatment owners for all major risk categories under the established risk taxonomy.

In early 2015 ATB performed a Baseline Risk Assessment of its activities in which it defined the major areas of risk ATB is exposed to (the risk taxonomy). For each of these categories ATB has assessed the inherent risks, identified controls related to the inherent risks and used these to determine the residual risks ATB is exposed to. Following to this approach ATB specifically and in detail reviewed the integrity risks ATB is exposed to as part of a sector wide initiative started by DNB. This Integrity Risk Analysis was set-up employing best practice guidelines as issued by DNB. It was concluded in November 2015 and revealed certain gaps between the desired risk appetite and residual integrity risks, for which a remedy plan has been prepared.

The overall risk taxonomy is reviewed annually by the Risk Management Department through the Baseline Risk Assessment to ensure major risk developments are captured, appropriately aggregated and to ensure that these risk categories are managed consistently. In line with ATB's risk taxonomy following risk categories and risks are determined:

- D.4.1 Strategic risk
- D.4.2 Compliance risk
    - Compliance / regulatory risk
    - Integrity risks
    - Reputational risks
- D.4.3 Credit risk
    - Counterparty risk
    - Cross-border risk
    - Concentration risk
    - Country risk
- D.5 Market risk
    - Market risk
    - Interest Rate risk
    - Foreign exchange risk
- D.6 Liquidity risk
- D.7 Operational risk
- D.8 Solvency risk
- D.9 Earnings volatility risk

Following ATB's assessment of existing risks and taking its strategic objectives into account, a risk appetite was approved early 2015 by the Risk and Compliance Committee of the Supervisory Board following Key Risk Indicators on each of the risks categories of the risk taxonomy. This risk appetite defined the desired residual risk profile at the end of 2015.

Overall the risk profile of ATB at the time of the Baseline Risk Assessment (during 2015) can be described as Average (second highest category). Despite significant de-risking in the credit portfolio (for details we refer to the credit risk section) and significant progress in the compliance area (for details we refer to the compliance risk section), at year end 2015 the risk profile can still be described as Average.

On a quarterly basis an Enterprise Risk Management report is prepared by the Risk Management Department and reported to the Executive Board as well as to the Supervisory Board containing a heat map of the existing risk profile of ATB, comparing developments to the risk appetite of the bank as well as providing a forward looking view on expected developments in the risk profile of ATB. This integrated overview allows ATB's senior management to balance several risk factors when taking decisions and allows for early remedial action to identified possible deteriorations.

As credit and compliance risks had been identified as the main risks during the Baselines Risk Assessment and as the treatment strategy (following the desired risk appetite) had been set at reduce, more frequent monitoring and reporting on these items has been incorporated. In addition, specific action plans were developed to improve the residual risks in these areas.

As ATB has further refined its strategic direction during 2015 and as some of the high risks identified at the beginning of 2015 materialized in a short time frame it has become apparent that the desired risk levels as defined in its 2015 risk appetite haven't been achieved. In addition, it has become apparent during 2015 that ATB's operational risk profile has increased. ATB has redefined its risk appetite for 2016 following the earlier identified strategic developments and will further cascade the high level risk appetite and KRI's down to the individual business lines.

D.3 Risk Governance

The Risk Governance is described in the Enterprise Risk Management Framework. ATB's ERM framework consists of three layers of risk governance, also known as the three lines of defense model (3 Lod).

<u>First line of defense</u> is represented by risk owners. The risk owner is the person who has the most knowledge about the particular risk and has the most influence over its outcome. The risk owner has the responsibility, authority and accountability to manage the risk within defined boundaries (established policies and procedures and limits). This means that the risk owner has the necessary level of authority to be able to spend resources and to be able to make sure he or she can task people to undertake the treatment strategies that might be directed towards that particular risk. Risk owners ensure that the risk is escalated where necessary to the appropriate level of management.

<u>Second line of defense</u> includes control owners, who are responsible for the oversight of the control mechanisms in ATB to make sure they are effective. Controls

consist of a set of methods, measures and tools including but not limited to policies, procedural frameworks and reporting that are in place and deem to measure and reduce consequences / likelihood of the risk.

The second line of defense monitors along established control lines independently from the first line of defense and provides its independent view on risks taken by the risk owners. The second line of defense has the authority to instruct the first line of defense on actions to be taken to ensure compliance with ATB's risk appetite and risk frameworks (within the boundaries of established policies and procedures) and to propose new mechanisms for measuring and managing the risks.

Third line of defense is formed by the Internal Audit (IA) department. IA provides senior management with comprehensive oversight based on the highest level of independence and objectivity within the organization. This high level of independence requires a third layer of risk governance. Internal audit provides independent assessment of the effectiveness of governance, risk management, and internal controls.

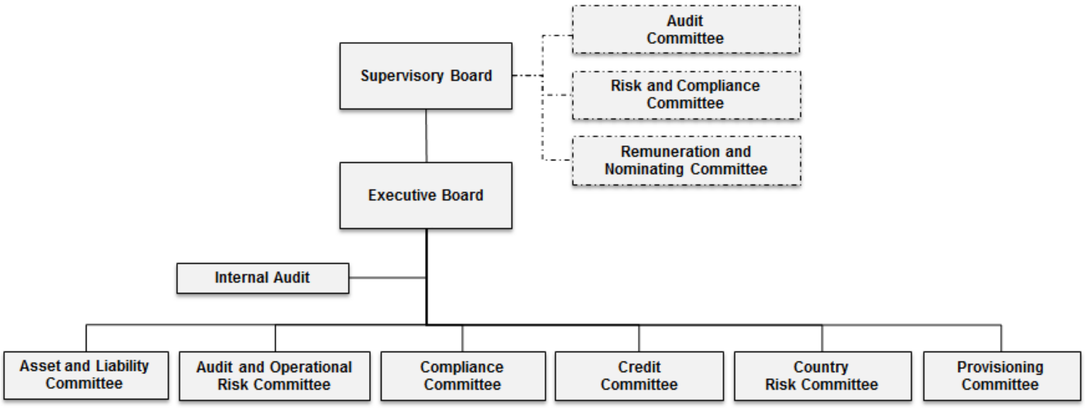
Supplementing the 3Lod model in the governance framework is the inclusion of treatment owners (next to risk and control owners), to whom any of the three lines of defense can escalate for treatment in case of a breach of risk tolerance levels. Treatment owners hence have:

the authority
- to define the risk treatment strategy,
- to delegate the responsibility for the implementation of the determined strategy
- to determine the timeframes for treatment implementation and responsibility
- to monitor ultimately the effectiveness of the treatment strategy.

Within ATB the Executive Board has been defined as the treatment owner for all risks as defined in the risk taxonomy, next to their overall governance task of promoting risk and compliance management awareness and culture as the Executive Board desires to lead by example in these topics, thereby setting the right tone at the top.

In the monitoring and day-to-day management of the identified risks the Executive Board and in its oversight the Supervisory Board are supported by a number of committees which provide oversight of risk management to ensure compliance with all relevant regulations regarding risk and capital management and to ensure compliance with the risk appetite. Strategic Risk and Earnings Volatility risk are discussed directly in the Executive Board. All other risk categories from the risk taxonomy are discussed and managed in delegation in one (or more) committees. These committees also approve and review policies supporting relevant departments that are responsible to manage the risks in their activities within approved risk tolerance limits.

ATB's risk governance structure is summarized as follows:



- **Asset and Liability Committee (ALCO)**

The ALCO consists of the members of the Executive Board as well as the heads of Treasury Front Office, Risk Management, Finance and Control and a commercial business representative. The ALCO meets at least once a month to monitor funding, interest rate, foreign exchange, market, liquidity and solvency risk. In addition, the ALCO discusses market developments and provides recommendations on managing liquidity.

- **Operational Risk Committee**

The Operational Risk Committee consists of members of the Executive Board, as well as the heads of Risk Management, Compliance, Internal Audit and identified Risk Owners. It meets monthly and monitors issues relating to the maintenance of an adequate operational risk management framework (in which all operational risks as mentioned in Baseline Risk Analysis are monitored) and assessment of the operational risk related incidents. Furthermore the committee monitors the progress in the internal control framework and the resolution of audit issues identified by both the internal and external auditor and the Supervisory Authorities. Lastly, the committee recommends on New Product Approval Proposals.

- **Compliance Committee**

The Compliance Committee consists of the Executive Board as well as the head of Compliance, the head of Transaction Monitoring and the heads of the business lines. In general its meetings are held weekly to decide on accepting new clients, reviewing client files from a regulatory and integrity perspective and to discuss and decide upon new compliance related policies or frameworks, covering risks as defined in the updated systemic integrity risk analysis.

- **Credit Committee**

The Credit Committee consists of members of the Executive Board as well as the heads of Risk Management, Compliance and the commercial business departments and meetings are held weekly to decide on new credit applications and proposals, and to monitor credit risk developments in the portfolio. The Credit Committee decides further on (semi) annual credit reviews. New credit proposals are in a limited number of cases and based on a predetermined escalation model, decided upon by the Supervisory Board.

- **Country and Industry Risk Committee**

The Country and Industry Risk Committee consists of the heads of Risk Management, Compliance, Treasury Front Office and the commercial business departments and meetings are held quarterly to advise the Executive Board on the establishment of country and industry limits. The committee, in its recommendations, explicitly takes economic, compliance and legal circumstances into account. Individual transactions are allocated to specific country limits by the Credit Committee. New or increased country limits are finally decided by the Supervisory Board upon the advice of the Executive Board following a predetermined escalation model.

- **Provisioning Committee**

The Provisioning Committee consists of the Executive Board as well as the heads of Risk Management, Finance and Control, Financial Restructuring and Recovery and the commercial business heads. It convenes at least on a quarterly basis. All relevant loans are discussed and problem loans are assessed or re-assessed. Potential non-performing loans are put under special monitoring for industry and company specific developments. The Provisioning Committee advises the Executive Board on loan impairments and provisions to be taken.

- **Financial Restructuring and Recovery Committee**

The Financial Restructuring and Recovery Committee consists of the same members as the Credit Committee, with the addition of the Head of Financial Recovery and Restructuring. Generally its meetings are held weekly to decide on restructuring or recovery strategies for ATB's non-performing loans. On a weekly basis the full troubled portfolio is discussed and relevant developments are escalated for decision. The Financial Restructuring and Recovery Committee decides further on semiannual credit reviews for the non-performing names.

D.4 Risk Categories

D.4.1 Strategic Risks

As ATB has shifted its strategic focus during 2015, such transition brings with it specific execution risks which are captured under the risk category of strategic risk. In addition to the execution risks, the business model itself brings specific risks with it which need to be managed. As examples, the business model will bring inherent exposures to commodity cycles and will lead to lower earning potential (balancing for the lower risks), emphasizing the need for efficient processes and a smaller organization. The risk is managed directly in the Executive Board meetings.

D.4.2 Compliance risks

Since ATB's client portfolio typically includes many clients operating in high risk political and economic environments, ATB needs to have stringent procedures with respect to reputation and compliance risk which are also aligned with the recommendations of the regulator to strengthen our internal controls in this area.

Since 2014, also in view of the increased geopolitical tensions and related sanctions in the areas where ATB’s (former) clients have their business, ATB has taken several measures to further improve its compliance framework, including related processes and procedures, next to the intense efforts of de-risking.
During 2014 and 2015 ATB has reviewed and scrutinized its complete client portfolio resulting in a significant reduction of the total number of client relationships whilst at the same time bringing the client files of remaining clients fully in line with internal and external standards.
Further, where the Compliance Department has been expanded and strengthened in 2015, the first line of defense has also been strengthened in terms of people and processes to specifically address potential compliance and integrity findings. In addition to the improvement in staffing, ATB implemented an automated transaction monitoring system which is fully operational since Q4 of 2015.
All these measures and efforts evidence a transparent and direct risk management which resulted in a crucial change in strategy, risk-appetite (including non-financial and reputational risks) and culture.

D.4.3 Credit Risk

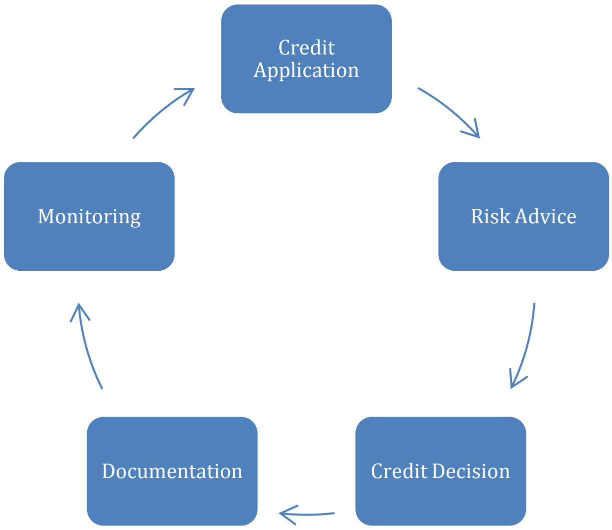
Credit risk is defined as the current or prospective threat to ATB’s earnings, liquidity and capital as a result of counterparty’s failure to comply with financial or other contractual obligations.
Credit risk comprises four separately defined sub categories, which relate to the main possible reasons of the counterparty’s failure to comply as indicated above: counterparty credit risk, cross border risk, concentration risk and country risk.
Credit risk constitutes ATB’s most significant financial risk and arises mostly from the lending business, but to a lesser extent also from the treasury business.

D.4.3.1 Counterparty Credit Risk

Counterparty Credit Risk follows the principles as set out in the Enterprise Risk Management framework and is primarily managed within the front offices as first line of defense. The Risk Management Department is responsible for creating and maintaining credit policies and frameworks, for monitoring the portfolio developments as well as for independent assessments of the individual risks originated by the first line of defense. Decisions regarding credit risk are taken in the Credit Committee or in the Financial Restructuring and Recovery Committee, unless these are escalated through a pre-defined escalation mechanism.
Monitoring of credit risks against individually established limits and portfolio established risk appetite limits takes place on an ongoing basis. Specific portfolio reports are created weekly, monthly and quarterly (with varying scopes) to provide complete and timely overviews to senior management for steering if and when required.

Although ATB uses the standardized approach for credit risk (following the Basel models), continuous development of internal rating methodologies as well as further integration of the Internal Rating System into the Risk Management Processes and expansion of its scope (currently only corporates are rated through the system) are considered to be important to further strengthen ATB’s credit risk management system.

Figure 1



The normal credit risk cycle of a client (figure 1), product or transaction begins as the business analyzes the risks of a client and prepares a credit application highlighting the structure of the proposed transaction or products and analyzing the financial soundness of the relevant counterparties. This credit application is sent to the Risk Management Department who prepares an independent opinion on the content of the credit application, and advices the credit committee on the appropriateness of the transaction in view of the business, financial and structural risks as well as match the proposed transaction with the strategic fit and portfolio objectives of ATB. The credit committee then balances the business and risk views and decides on the application. On the basis of this decision documentation is being drafted by the business, which is reviewed for sign-off by Risk Management and the Legal Department.
During the lifetime of a loan or a transaction, formal reviews (at least annually) are prepared by the business following a similar routine as for new applications.
In addition, the borrower's behavior, market circumstances and compliance with covenants are monitored by the business (and periodically by the Risk Management Department) in order to assess whether increased monitoring (watch list) or amendments are required. In case a significant deterioration is flagged by the business department or risk department, the client is placed on a watch list. In this case, developments with the client are monitored and reported to the credit committee on a biweekly basis.
Should a client still deteriorate and become non-performing, the client is transferred from the business to the Financial Restructuring and Recovery department who will take over day-to-day responsibility for the client and whose aim it is to ensure optimal recovery for ATB.

Credit risk mitigations

In order to optimally manage the credit risk on counterparties ATB employs various formal credit risk mitigations. These relate to collateral (assets with material value which are pledged to ATB), guarantees received and netting agreements. While ATB attaches some value to most types of collateral received, for risk mitigation and reduction purposes only so-called eligible collateral is taken into account. Eligible collateral is defined as collateral which reduces the capital charge of certain exposures and needs to follow certain predefined eligibility criteria.
In those cases where collateral is not deemed eligible for capital reduction; it may still be considered a credit enhancement and hence may play a role in the individual credit assessments.

Credit Portfolio Characteristics

In 2015 the credit portfolio continued to suffer from the effects of the continuation of the Ukrainian conflict, both in the country itself and through the economic domino effect in Russia and other CIS countries. The main focus in management of the portfolio has been to decrease ATB's exposure to these regions, either through direct reduction, through the purchase of credit protection instruments or through other credit protection measures.
Despite the ongoing difficulties in this region, ATB managed to reduce its portfolio at risk (defined as gross exposure, minus eligible collateral minus specific provisions taken) in the CIS region.
Next to this ATB has decided to change its strategic direction focusing increasingly on trade finance and asset based structures and abandoning clean cash flow based corporate lending.

On a regular basis ATB performs stress tests related to its entire portfolio to assess the potential impact on its capital position.

Impairments on Non-performing and Forborne Loans.

In the context of the provisioning process, ATB reviews at least quarterly all relevant loans and advances to each individual customer based upon objective impairment triggers, such as non-performing loans or forborne loans, in order to assess whether the loan loss provision is sufficient. This review is based on the identification of impairment indicators (such as amounts overdue or requests for restructuring) in order to assess the likelihood and magnitude of incurred losses.

Non-performing status is assigned to a customer in any of the below conditions apply
- A customer is past due more than 5 business days on any material debt service to ATB: or
- A coupon or principal payment on the interest bearing security is delinquent for at least five business days; or
- Customer breaches granted overdraft facility limit for longer than five business days; or
- A lessee is past due more than thirty days on at least € 500,000 of credit dent service to ATB; or
- A customer is declared insolvent by court or arbitration(e.g. bankruptcy); or
- A cross-default declared on a customer by any third party creditor unless revoked in ten days; or
- An exposure has been found impaired in accordance with the definition described in the Policy; or
- A client indicating inability to comply with payment terms; or
- In any other cases – and subject to the approval of the Credit Committee- when ATB considers that the obligor is unlikely to pay its credit obligations to the institution, the parent undertaking or any of its subsidiaries in time or in full, without recourse by ATB to actions such as realizing security.

Forborne exposure is a debt contract in respect of which forbearance measures have been extended. Forbearance measures consist of concession towards a debtor facing or about to face difficulties in meeting its financial obligation ('financial difficulties').

Forborne transactions can be qualified as modification or refinancing:

- A *modification* of the previous terms and conditions of a contract the debtor is considered unable to comply with, due to its financial difficulties ('troubled debt') to allow for sufficient debt service ability that would not have been granted had the debtor not been in financial difficulties.
- A *total or partial refinancing* of a troubled debt contract that would not have been granted had the debtor not been in financial difficulties. Refinancing means the use of debt contracts to ensure the total or partial payment of other debt contracts the current terms of which the debtor is unable to comply with.

The total amount of non-performing loans as at 2015 is € 521.1 million (2014: € 278.3 million).
The total amount of forborne loans in 2015 is € 248.0 million (2014: € 173.6 million).

Proposals for impairments are discussed in the Provisioning Committee and proposed to the Executive Board. The Executive Board decides on the provisioning level. Impairment losses are based on discounted expected cash flows of the outstanding loan (including a cash flow for the collateral value based on the estimated market value, as and when foreclosure of collateral is foreseen).

For the loans and advances to customers that are under restructuring, the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Such estimation is by its nature based on assumptions and actual results may differ.
During 2015 several fully impaired loans were written off (total gross loan amount: € 102.8 million; 2014 € 0 million).

D.4.3.2 Cross border risk

Cross border risk is a specific subset of country risks and deals with the convertibility and transferability of currencies. The risk materialized in 2015 as Ukraine (and some other CIS countries) introduced currency controls hampering recovery and repayment efforts of our clients. The risk is monitored through the country and industry risk as well as through individual credit applications. The presence of local Alfa units in these countries has been instrumental to understand the scope of regulations and to provide some mitigants to the direct effects of such risk.

D.4.3.3 Concentration risk

Concentration risk is the credit risk related to the degree of diversification in the credit portfolio. ATB takes separately into account the single name concentration, country concentration, and industry concentration. Due to the significance of Country risks for ATB, these risks are managed and reported upon separately. In addition, ATB has implemented a framework to measure concentration risk quantitatively and established an approach that links concentration risk levels to capital allocation under Pillar 2 of Basel three (the ICAAP approach).

Single Name Concentration risk is managed both on an individual and on a portfolio level. On an individual level it is managed in such a way that it ensures that each single exposure to a (group of connected) client(s), when defaulting, would remain manageable from a capital point of view. The definition of 'connected' includes exposures which are connected through, for example, common ownership, management or guarantors. ATB manages single name concentration risk and calculates internal capital for this risk under the current Basel framework. ATB's risk appetite defines limits to single name concentration both on an individual and portfolio level. In its core portfolio ATB complies with its risk appetite targets.

Industry concentration relates to the risk that sector or industry factors drive the likelihood of default for a significant number of counterparties in the portfolio. Industry concentration risk arises if the portfolio is unbalanced in exposures to certain sectors, entailing dependencies between default events. In 2015 ATB has expanded its approach to industry risk by establishing a joint Country and Industry Risk Committee.

No additional capital charge is calculated for sector concentration due to the high diversification maintained in various industries. No single industry accounts for more than 15% of the credit portfolio.

D.4.3.4 Country risk

ATB redefined its approach to measuring country risk during 2015, based on a more strict interpretation of regulations for assigning countries of risk.
The country of risk is defined in line with the DNB policy rule as "the risk that a borrower fails to meet his credit obligations owing to transfer or FX risk and the risk of losses related to developments in a specific country, over which the government has some degree of influence, but private companies or individuals certainly have not".
The assignment of country of risk follows an approach which is geared towards identifying any single country where a potential country event will have a substantial effect on the overall financial performance of the counterparty. As guidance, this may be based on the country of incorporation of a company, the country where cash flows are generated or the country where the majority of supplies/production assets are situated.

Country risk analysis is being performed at least annually (following a quarterly calendar, as with the industry risks) by Risk Management Department. On the basis of this analysis, recommendations are made to establish or amend country limits. The analysis is based on the macro-economic circumstances of the countries, but also on the compliance and legal aspects of the country. These elements, combined with a business indication of their business plans for a country, lead to a recommended maximum country limit. Depending on the size of such country limit, Supervisory Board approval is also needed.

In view of the extraordinary situation in the CIS region, the Executive Board has taken some specific additional measures in order to manage credit risks arising from the manifested country risks and its impact on ATB's performance. These measures include day-to-day portfolio management on the CIS related credit risks, running off exposures for the CIS portfolio and more frequent stress testing with respect to various regulatory ratios.

D.5 Market risk

Market risk arises from the uncertainty concerning changes in market prices and rates (including interest rates, foreign exchange rates and commodity prices). ATB differentiates between two types of market risk:

Trading market risk arises primarily through taking positions in debt, foreign exchange, as well as in derivatives.
Non-trading market risk arises from market movements, primarily outside the activities of our trading units, in the banking book and from off-balance sheet items. This includes interest rate risk and foreign exchange risk.

Market risk management is governed through a dedicated framework through which ATB allows market risk exposures in its trading and banking book without unduly compromising its capital and the stability of its earnings as well as ensuring efficient and effective monitoring and control to prevent the accumulation of market risk beyond ATB's market risk tolerance levels. In addition, the framework describes the governance following the ERM generic framework. In the framework it is described that Risk Management Department performs independent monitoring and controlling activities on all market risk related issues, and is responsible for the design and maintenance of procedures and measures to control and manage market risks in accordance with the limits set by the Executive Board in the risk appetite. Furthermore, the validation and periodic reviews of all internally and externally developed market risk models used in risk measures calculations are performed by the Risk Management Department. Treasury Department is responsible for executing its business activities in accordance with the defined mandates, the limits and products as approved by the Board at all times.
A Value at Risk (VaR) model, based on historical data, is a central part of ATB's internal model for calculating all material market risks derived from trading and non-trading activities. The associated model risk is monitored by frequent back testing to assess the adequacy of the VaR calculations. ATB realizes that inherent risk with regards to the use of such historic model base remains, and takes these risks into account when setting its VaR limits.

D.5.1 Trading Market Risk

The risk appetite of ATB for trading activities is expressed in terms of VaR. The VaR limits are complemented by additional monetary and non-monetary trading controls with the aim of preventing excessive concentrations and illiquidity of exposures. Considering the nature and scope of ATB's trading activities, the currently implemented VaR estimation procedure together with the additional trading controls in place provide a reasonably well-assessed picture of market risk, and is able to signal on a timely basis any excessive exposure that might arise.

The market risks in the trading portfolio have reduced during the year as a result of the sale of a sizeable portion of the bond portfolio. In the new strategic direction of ATB, a significant growth in the trading activities is not expected.

D.5.2 Non-trading Market Risk

Non-trading market risk arises from positions created in the banking book. ATB's Asset Liability Management (ALM) framework deals with the strategic hedging policy of any balance sheet risk, including interest rate risk and FX risk. (Limited) risk positions as a result of these activities are allowed as defined in the risk appetite. ATB focuses on continuously profiling the non-traded market risks in the balance sheet towards the strategically desired position. In the management of the balance sheet, regulatory and accounting issues are taken into account.

The quantitative risk measures that enable ATB to monitor and manage the non-trading market risk exposures are based on VaR and scenario analysis.

D.5.2.1 Interest Rate Risk Management

Interest rate risk is the exposure of a bank's financial condition to movements in interest rates. Changes in interest rates affect a bank's market-value balance sheet, earnings and/or equity by changing its net interest income and the fair value of (some) of its assets and liabilities.

The majority of ATB's interest rate risk (IRR) arises from non-trading asset and liability positions. The effective risk management process is established through ALM framework in order to maintain IRR within risk appetite levels. The measurement and reporting of IRR is performed on a biweekly basis by Risk Management Department.

IRR is calculated using a 99% 1 year VaR from economic value perspective as well as maturity/repricing schedule with gap and duration analysis. In repricing gap report interest rate sensitive assets are compared to interest rate sensitive liabilities. The net position per time period and cumulative gap is then calculated for each material currency. Furthermore ATB stresses yield curve movements through parallel and nonparallel shifts to calculate interest rate risk sensitivity. The interest rate limit utilizations for all risk calculations are then reported and discussed during regular ALCO meetings.

The interest rate risk is monitored by means of the GAP report prepared separately for EUR and USD (the two main currencies). The GAP-analyses measure the difference between the amount of interest-earning assets and interest-bearing liabilities (both on- and off-balance) and allocates these to different time buckets based on the instrument's next repricing or maturity date. Within each time bucket, ATB may have a positive, negative, or neutral gap. A positive gap indicates that ATB is generally expected to benefit from rising interest rates because its assets are expected to reprice more quickly than its liabilities. A negative gap indicates that ATB may benefit from falling interest rates.

Interest risk

(in € million)

	31-12-2015	31-12-2014
EUR GAP report		
Due within one month	282.6	174.6
Between one and three months	-11.4	116.9
Between three months and one year	-286.4	-174.0
Between one and five years	86.0	125.8
Over five years	98.0	123.8
Non-interest bearing	-196.4	-401.5
Total	**-27.6**	**-34.4**
USD GAP report		
Due within one month	-70.8	-466.4
Between one and three months	198.8	208.1
Between three months and one year	-81.8	155.1
Between one and five years	106.8	96.7
Over five years	0.0	0.8
Non-interest bearing	-153.7	5.5
Total	**-0.7**	**-0.2**

ATB’s interest rate swaps portfolio can be detailed as follows:

in €		Notional amount			Market value	
Year	Total	<= 1 year	1-< 5 year	> 5 year	Positive	Negative
2015	75,831,442	-	75,831,442	-	193,739	-268,100
2014	10,958,277	4,118,277	6,840,000	-	103,440	-73,514

ATB’s cross currency swaps portfolio can be detailed as follows:

in €		Notional amount			Market value	
Year	Total	<= 1 year	1-< 5 year	> 5 year	Positive	Negative
2015	44,446,863	-	44,446,863	-	18,170,739	-17,876,458
2014	43,118,088	-	43,118,088	-	14,917,658	-14,574,078

Effective interest rates at *In % per annum*	31 December 2015		
	EUR	**USD**	**RUB**
Assets			
Due from banks	0.88	7.48	-
Loans and advances to customers	6.55	7.87	17.06
Interest-bearing securities	2.21	-	-
Liabilities			
Due to banks	-	-	12.17
Savings and savings deposits	1.83	-	-
Other funds entrusted	-	0.75	11.16
Subordinated liabilities	4.67	5.03	-
	31 December 2014		
	EUR	**USD**	**RUB**
Assets			
Due from banks	0.40	1.30	10.35
Loans and advances to customers	6.34	6.79	16.77
Interest-bearing securities	2.05	7.08	8.03
Liabilities			
Due to banks	-	-	18.47
Savings and savings deposits	2.19	-	-
Other funds entrusted	0.80	0.86	19.33
Subordinated liabilities	4.90	4.89	-

D.5.2.2 Foreign Exchange Risk Management

Foreign exchange risk arises from non-trading asset and liability positions, denominated in currencies other than ATB's reporting currency. ATB believes that an open FX position in ALM does not offer structural benefits, as it does not offer a risk premium and only introduces additional profit & loss volatility.
ATB's foreign currency position is mainly caused by operational activities; credit activities, and; investment activities. The foreign currency positions due to operational activities, such as money transfer are covered on a day to day basis by spot transactions. The foreign currency positions due to credit and investment activities are hedged by means of derivatives, such as swaps and forward contracts. The hedging policies of ATB determine limits for (limited) allowed open positions in foreign currencies in the context of the banking book, balancing costs and effectiveness of hedges with risk appetite. The hedging policies of ATB prescribe a form of portfolio cash flow hedging, rather than micro-hedging all individual positions.

The statement of financial position at 31 December 2015 can be detailed as:

	EUR	USD	RUB	Others	Non monetary	Total
Cash and cash equivalents and balances withdrawable with central banks	853,079,740	-	-	-	-	853,079,740
Due from banks	49,434,729	89,734,914	27,203	1,114,433	-	140,311,279
Loans and advances to customers	112,335,679	367,863,675	30,329,557	1,529,852	-	512,058,763
Interest-bearing securities	426,943,073	-	-	-	-	426,943,073
Shares and other non interest-bearing securities	58,310	785,219	-	-	-	843,529
Intangible assets	-	-	-	-	8,783,828	8,783,828
Property and equipment	-	-	-	-	1,427,108	1,427,108
Prepayments and accrued income	21,937,493	14,074,895	4,417,860	-	-	40,430,248
Other assets	1,397,698	-	18,170,739	-	-	19,568,437
Total assets	**1,465,186,722**	**472,458,703**	**52,945,359**	**2,644,285**	**10,210,936**	**2,003,446,005**
Due to banks	401,769	20,883,023	14,540,563	-	-	35,825,355
Funds entrusted	943,191,824	804,540,368	11,104,860	1,060,987	-	1,759,898,039
Accruals and deferred income	13,322,481	4,642,696	403,981	-	-	18,369,158
Other liabilities	815,853	17,876,458	-	-	-	18,692,311
Subordinated liabilities	55,000,000	32,136,627	-	-	-	87,136,627
Total liabilities	**1,012,731,927**	**880,079,172**	**26,049,404**	**1,060,987**	**-**	**1,919,921,490**
Equity	83,524,515	-	-	-	-	83,524,515
Total equity	**83,524,515**	**-**	**-**	**-**	**-**	**83,524,515**

The statement of financial position at 31 December 2014 can be detailed as:

	EUR	USD	RUB	Others	Non monetary	Total
Cash and cash equivalents and balances withdrawable with central banks	144,957,256	-	-	-	-	144,957,256
Due from banks	463,869,824	1,527,079,904	3,129,656	260,575	-	1,994,339,959
Trading financial assets	-	1,647,478	125,980	-	-	1,773,458
Loans and advances to customers	238,522,022	810,645,489	57,623,958	6,415,881	-	1,113,207,350
Interest-bearing securities	334,911,186	35,102,648	3,145,138	-	-	373,158,972
Shares and other non interest-bearing securities	58,310	-	-	-	-	58,310
Intangible assets	-	-	-	-	12,924,985	12,924,985
Property and equipment	-	-	-	-	1,885,987	1,885,987
Prepayments and accrued income	29,903,325	14,497,362	712,678	24,556	-	45,137,921
Other assets	242,593,316	14,917,658	15,667	-	-	257,526,641
Total assets	**1,454,815,239**	**2,403,890,539**	**64,753,077**	**6,701,012**	**14,810,972**	**3,944,970,839**
Due to banks	146,365	250,373,843	9,505,361	-	-	260,025,569
Funds entrusted	956,197,585	2,004,944,782	34,519,710	26,544,852	-	3,022,206,929
Accruals and deferred income	13,291,478	3,872,635	6,396,926	192,098	-	23,753,137
Other liabilities	243,603,643	14,574,078	27,985	-	-	258,205,706
Fund for general banking risks	1,591,603	-	-	-	-	1,591,603
Subordinated liabilities	90,000,000	28,827,938	-	-	-	118,827,938
Total liabilities	**1,304,830,674**	**2,302,593,276**	**50,449,982**	**26,736,950**	-	**3,684,610,882**
Equity	260,359,957	-	-	-	-	260,359,957
Total equity	**260,359,957**	**-**	**-**	**-**	**-**	**260,359,957**

Foreign exchange contracts

in €		**Notional amount**		**Market value**	
Year	Total	< 1 year	1-<5 year	Positive	Negative
2015	408,216,707	408,216,707	-	2,068,709	-1,546,834
2014	1,568,665,159	1,568,665,159	-	256,925,252	-258,255,206

D.6 Liquidity risk

Liquidity risk arises from the inability of ATB to accommodate decreases in liabilities or to fund current (and increases in) assets in full, at the right time and in the right currency.

ATB puts a high priority to have robust and sound Liquidity Risk Management framework in order to maintain sufficient liquidity and manage its funding profile under normal and stressed situations.

The liquidity position maintained in 2015 was more than sufficient to cover an anticipated higher net funding outflow (due to the compliance efforts and the ongoing crisis in the CIS) and was comfortably above minimum requirements set out by DNB.

The Executive Board sets the liquidity risk tolerance levels in order to measure and control liquidity and funding risk of ATB through risk appetite. Under the governance frameworks Treasury/ALM is responsible for managing the funding requirements within prescribed guidelines and limits of the Liquidity Risk Management framework both under normal course of business as well as under stress conditions. Risk Management Department is responsible for monitoring compliance with set limits, limits utilization and timely notification of limit(s) breach to the Board as well as the development of the actual stress scenarios.

Treasury Front Office and the Executive Board are updated daily via a Liquidity Risk Dashboard for the liquidity risk situation of ATB. This includes whether there are material changes in ATB' s current or prospective liquidity risk position, and a significant decline in the liquidity reserves with all relevant information for the important regulatory developments and liquidity contingency status.

A series of measures are used to monitor both the statutory and prudential liquidity requirements of ATB on an ongoing basis including: the liquidity reserve calculation and composition, liquidity gap analysis, currency diversification and cash flow mismatches, and Basel III regulatory liquidity ratios calculations. Furthermore, stress testing and scenario analysis play a central role in ATB's liquidity risk management framework to identify ATB's potential vulnerabilities and "worst case" liquidity risks on its current cash flows, liquidity position and liquidity risk mitigants. The scenario outcomes are used in formulating the size of the required liquidity reserve, ATB's liquidity strategy, and necessary contingency funding plans to maintain capital adequacy and avoid a liquidity shortfall in times of stress. Daily stress test results are used to monitor ATB's ongoing compliance with the Board's liquidity risk tolerance levels.

Within ATB's liquidity risk management framework, liquidity reserves comprise available cash and cash equivalents, highly liquid assets as well as other unencumbered central bank eligible assets. To qualify an asset as a high quality liquid asset, ATB complies with the Basel III liquidity criteria and prefers, in principle, to keeping assets eligible at Central Bank to manage intraday liquidity needs and overnight liquidity facilities as well. Such assets include all unencumbered assets that are available to ATB to convert into cash at any time to fill funding gaps between cash inflows and outflows during potentially detrimental liquidity situations, and are managed for use as a source of contingent funding.

D.6.1 Stress Testing and Scenario Analysis

ATB uses scenario analysis and stress testing to measure the impact of the behavior of the liquidity risk drivers on its liquidity position under sudden and severe stress events. The main liquidity risk drivers as potential sources of outflows that could potentially be material to ATB under various sets of assumptions and stress conditions are: unexpected wholesale demand deposit withdrawals; decreased stickiness in retail demand deposits: decreased counterparty confidence; increased drawdowns on committed credit facilities available; reduction in asset prices and higher haircuts; fluctuations in collateral capacity towards margin calls; and diversification of liquidity sources and funding. The run-off rates for funding, haircuts for marketable securities, and drawings of contingent liabilities (credit/liquidity lines and outflows related to derivatives) are formulated based on the type and severity of the scenarios. The assumptions are developed with quantitative analysis, regulatory framework and, where appropriate, according to hypothetical assumptions to identify

ATB's most important vulnerabilities under various stress events. The scenario types of ATB cover institution-specific bank run events, market related as well as a combination of both. ATB monitors and manages not only the pure run-off gap profiles for different stress scenarios but also considers new business projections in daily liquidity risk management process.

Stress testing is fully integrated in our liquidity risk management framework and performed daily. For this purpose cash flow projection sets showing potential cash flow mismatch positions under various scenarios up to a period of six months are shown. Based on the stress test results the required minimum liquidity is determined. To this end, the minimum required liquidity equals essentially the worst assumed case, lasting 3 months, which ATB has to maintain in order to be considered rather safe in the short term. The liquidity stress testing provides the basis for ATB's contingency funding plan.

D.6.2 Liquidity Requirements under CRR

ATB monitors the regulatory risk indicators of Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), and has already integrated them to daily and bi-weekly reporting respectively. Both LCR and NSFR are measured based on regulatory run off and recovery factors. ATB monitors and manages its compliance with these ratios based on the minimum regulatory and internally set risk tolerance levels.

At 31 December 2015

in (€)	Note	On demand	Within 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	No cash flow	Total
Assets									
Cash and cash equivalents and balances withdrawable with central banks	1	853,079,740	-	-	-	-	-	-	853,079,740
Due from banks	2	12,368,526	46,218,641	32,866,019	6,461,993	42,396,100	-	-	140,311,279
Trading financial assets	3	-	-	-	-	-	-	-	-
Loans and advances to customers	4	125,718,964	59,428,910	112,923,450	93,142,183	105,644,197	15,201,060	-	512,058,763
Interest-bearing securities	5	-	-	-	-	322,047,461	104,895,612	-	426,943,073
Shares and other non interest-bearing securities	6	-	-	-	-	-	-	843,529	843,529
Intangible assets	7	-	-	-	-	-	-	8,783,828	8,783,828
Property and equipment	8	-	-	-	-	-	-	1,427,108	1,427,108
Prepayments and accrued income	9	-	17,268,594	3,586,691	18,874,077	700,886	-	-	40,430,248
Other assets	10	-	64,986	205,923	1,126,789	18,170,739	-	-	19,568,437
Total assets		**991,167,230**	**122,981,131**	**149,582,082**	**119,605,042**	**488,959,384**	**120,096,672**	**11,054,465**	**2,003,446,005**
Liabilities and equity									
Due to banks	11	14,505,995	21,319,360	-	-	-	-	-	35,825,355
Funds entrusted	12	121,635,716	383,769,467	104,304,320	563,573,632	436,218,827	150,396,077	-	1,759,898,039
Accruals and deferred income	13	-	10,476,248	1,499,012	6,271,215	122,684	-	-	18,369,158
Other liabilities	14	-	58,633	4,394	752,826	17,876,458	-	-	18,692,311
Fund for general banking risks	15	-	-	-	-	-	-	-	-
Subordinated liabilities	16	-	-	-	-	87,136,627	-	-	87,136,627
Total liabilities		**136,141,710**	**415,623,708**	**105,807,726**	**570,597,673**	**541,354,595**	**150,396,077**	**-**	**1,919,921,490**
Equity	17							83,524,515	83,524,515
Total equity		-	-	-	-	-	-	83,524,515	83,524,515
Total liabilities and equity		**136,141,710**	**415,623,708**	**105,807,726**	**570,597,673**	**541,354,595**	**150,396,077**	**83,524,515**	**2,003,446,005**
Liquidity GAP		**855,025,519**	**-292,642,577**	**43,774,356**	**-450,992,631**	**-52,395,212**	**-30,299,405**	**-72,470,050**	**-**

At 31 December 2014

in (€)	Note	On demand	Within 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	No cash flow	Total
Assets									
Cash and cash equivalents and balances withdrawable with central banks	1	144,957,256	-	-	-	-	-	-	144,957,256
Due from banks	2	131,495,691	1,671,737,377	10,197,302	117,943,545	62,966,044	-	-	1,994,339,959
Trading financial assets	3	1,773,458	-	-	-	-	-	-	1,773,458
Loans and advances to customers	4	65,814,963	170,754,664	260,591,809	313,623,199	272,091,578	30,331,137	-	1,113,207,350
Interest-bearing securities	5	-	-	753,342	24,648,243	212,623,819	135,133,568	-	373,158,972
Shares and other non interest-bearing securities	6	-	-	-	-	-	-	58,310	58,310
Intangible assets	7	-	-	-	-	-	-	12,924,985	12,924,985
Property and equipment	8	-	-	-	-	-	-	1,885,987	1,885,987
Prepayments and accrued income	9	-	12,403,613	4,110,555	28,426,735	197,018	-	-	45,137,921
Other assets	10	343,580	22,601,907	73,400,003	161,181,151	-	-	-	257,526,641
Total assets		**344,384,948**	**1,877,497,561**	**349,053,011**	**645,822,873**	**547,878,459**	**165,464,705**	**14,869,282**	**3,944,970,839**
Liabilities and equity									
Due to banks	11	315,998	259,709,571	-	-	-	-	-	260,025,569
Funds entrusted	12	465,914,479	1,603,013,471	132,968,781	356,276,075	315,378,152	148,655,971	-	3,022,206,929
Accruals and deferred income	13	-	12,338,234	2,149,357	7,372,251	1,893,295	-	-	23,753,137
Other liabilities	14	-	22,924,100	72,597,449	162,684,157	-	-	-	258,205,706
Fund for general banking risks	15	-	-	-	-	-	-	1,591,603	1,591,603
Subordinated liabilities	16	-	-	-	-	-	118,827,938	-	118,827,938
Total liabilities		**466,230,477**	**1,897,985,376**	**207,715,587**	**526,332,483**	**317,271,447**	**267,483,909**	**1,591,603**	**3,684,610,882**
Equity	17	-	-	-	-	-	-	260,359,957	260,359,957
Total equity		**-**	**-**	**-**	**-**	**-**	**-**	**260,359,957**	**260,359,957**
Total liabilities and equity		**466,230,477**	**1,897,985,376**	**207,715,587**	**526,332,483**	**317,271,447**	**267,483,909**	**261,951,560**	**3,944,970,839**
Liquidity GAP		**-121,845,529**	**-20,487,815**	**141,337,424**	**119,490,390**	**230,607,012**	**-102,019,205**	**-247,082,278**	**-**

D.7 Operational risk

ATB is exposed to certain potential losses caused by a failure in information, system processing, settlement of transactions and procedures. Key measures that have been introduced to control operational risk include: the four-eye principle, training, specific procedures and directives, segregation of duties and supervision.

D.8 Solvency risk

Capital information

Capital and solvency ratios are:

	31-12-2015	**31-12-2014**
BIS ratio	14.2%	18.8%
CET1 capital available (in € million)	77	245
Total capital available (in € million)	130	327
CET1 capital ratio	8.4%	14.1%

BIS and capital requirements are calculated using the Standardized Approach (SA) under Basel III.

For regulatory reporting ATB applies IFRS accounting principles and therefore amounts, equity and results differ from the accounting principles as used in these financial statements. The difference with the largest impact on result is the release of the FAR (€ 1.6 million) which is not recognized under IFRS. The difference with the largest impact on equity is the revaluation of the other portfolio of interest-bearing securities (€ 2.5 million) which under IFRS is classified as 'Available for sale' with revaluation in Equity. As a result the net loss 2015 under Dutch GAAP is lower than under IFRS accounting principles. Due to the substantial impairment losses on loan exposures by the end of 2015, the requirements on capital and solvency were below the required minimum level according to the Supervisory Review and Evaluation Process (SREP).

During 2016 the capital was strengthened due to the continued support of ATB's direct shareholders and evidenced by the higher capital ratios achieved by mid-2016. Subsequently, the total capital ratio at the end of June 2016 increased to 23.2% and the CET1 capital ratio increased to 17.7% which is compliant with the regulatory requirements.

Basel requirements

ATB has implemented the standardized approach for credit risk capital adequacy calculation and the Basic Indicator Approach for Operational Risk capital calculation. ATB has also developed its Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) frameworks to meet Basel requirements, under which internal capital is calculated for concentration risk, country risk, and interest rate risk in the banking book. Reports based upon ICAAP and ILAAP have to be submitted to Dutch Central Bank annually. The reports are subject to the SREP. In 2015, ATB submitted its annual ICAAP and ILAAP to Dutch Central Bank in compliance with Basel requirements.

Stress Test Framework

ATB operates under biweekly liquidity stress tests and implements its contingency funding plan based on the results of these stress tests. The solvency stress testing is performed on a regular basis, with application of severe but plausible scenarios. These have been built in compliance with the stress testing guidelines issued by the European Banking Authority (EBA). The stress tests program ranges from simple sensitivity analysis on single portfolios to complex macroeconomic scenario stress testing on a company-wide basis.

D.9 Earnings volatility risk

Earnings volatility risk has been recognized as a specific risk category due to the higher than usual volatility in earnings ATB is exposed to. The change in business model has led to a smaller overall portfolio and lower overall margins. The combination of these events lead to, during the build-up phase of the strategy, higher vulnerability to one-off costs and higher volatility due to swings in exposure levels. The risk is discussed in Executive Board meetings.

D.10 Legal procedures

ATB is involved in a limited number of court procedures. It is not possible to predict the outcome of these procedures, but it is not likely that these will have a material negative effect on ATB's financial position.

Notes to the consolidated statement of financial position
(in €)

	31-12-2015	31-12-2014
1 Cash and cash equivalents and balances withdrawable with central banks	**853,079,740**	**144,957,256**

Reconciliation to consolidated statement of cash flows:

Cash and cash equivalents	853,079,740	144,957,256
Due from banks, available on demand	12,368,526	131,495,691
Due to banks, repayable on demand	-14,505,995	-315,998
Total	**850,942,271**	**276,136,949**

The average minimum reserve to be held at Dutch Central Bank for the month of December 2015 amounts to € 17.8 million (December 2014: € 29.5 million).

The fair value of cash and cash equivalent and balance withdrawable with central banks does not differ materially from the face value.

	31-12-2015	31-12-2014
2 Due from banks	**140,311,279**	**1,994,339,959**

Due from banks include balances on current accounts with banks, time deposits and loans to banks and can be classified as follows:

By geographical concentration:	31-12-2015	%	31-12-2014	%
Russia	10,427,347	7.4	61,318,135	3.1
Other CIS countries	78,365,093	55.9	158,328,328	7.9
EMU countries	44,943,212	32.0	1,091,168,262	54.7
Other European countries	5,851,002	4.2	260,492,577	13.1
Other countries	724,625	0.5	423,032,657	21.2
Total	**140,311,279**	**100.0**	**1,994,339,959**	**100.0**

By counterparty:	31-12-2015	31-12-2014
Parent bank and related banks	76,991,210	179,100,793
Other banks	63,320,069	1,815,239,166
Total	**140,311,279**	**1,994,339,959**

Of which secured by pledged deposits:	31-12-2015	31-12-2014
Parent bank and related banks	33,191,177	123,732,937
Other banks	-	1,153,117,536
Total	**33,191,177**	**1,276,850,473**

Due from banks include subordinated loans amounting to € 32,136,627

(2014: € 28,827,938).
On demand balances with other banks comprise € 19,607,915 (2014: € 52,293,277) pledges for L/C's, guarantees and off-balance transactions. These assets are not freely available.
Reported under this heading is a net amount of € 4,954,555 (2014: € 4,092,555) paid to Dutch Central Bank relating to ATB's share in the bankruptcy of the Dutch DSB Bank NV under the Dutch Deposit Guarantee Scheme. Impairment loss is estimated at nil (2014: € 862,000).

	31-12-2015	**31-12-2014**
3 Trading financial assets	**-**	**1,773,458**

	31-12-2015	**31-12-2014**
4 Loans and advances to customers	**512,058,763**	**1,113,207,350**

Loans and advances to customers can be classified as follows:

By geographical concentration:	**31-12-2015**	**%**	**31-12-2014**	**%**
Russia	85,236,865	16.6	274,746,189	24.7
Other CIS countries	211,229,978	41.3	482,482,178	43.4
EMU countries	68,534,826	13.4	104,893,450	9.4
Other European countries	95,273,786	18.6	145,105,361	13.0
Other countries	51,783,308	10.1	105,980,172	9.5
Total	**512,058,763**	**100.0**	**1,113,207,350**	**100.0**

By sector and industry:	**31-12-2015**	**%**	**31-12-2014**	**%**
Finance	48,373,737	9.4	28,151,641	2.5
Industry and construction	114,477,381	22.4	282,356,662	25.4
Trading companies	36,951,333	7.2	71,785,088	6.4
Transport	12,039,360	2.4	23,552,997	2.1
Energy	139,140,485	27.1	330,403,462	29.6
Agriculture	82,392,122	16.1	93,181,930	8.4
Consumer items	50,469,714	9.9	117,635,640	10.6
ICT	-	0.0	86,382,042	7.8
Others	28,214,631	5.5	79,757,888	7.2
Total	**512,058,763**	**100.0**	**1,113,207,350**	**100.0**

By collateral:	**31-12-2015**	**%**	**31-12-2014**	**%**
Secured by moveable goods	103,077,104	20.1	257,005,852	23.1
Secured by equipment	-	0.0	34,733,015	3.1
Secured by deposits	13,394,137	2.6	13,963,853	1.3
Secured by mortgages	24,477,630	4.8	73,033,507	6.6
Secured by unlisted shares	-	0.0	4,126,029	0.4
Secured by letters of comfort issued by Alfa Bank companies	24,615,690	4.8	31,541,673	2.8
Secured by guarantees	101,336,390	19.8	388,981,400	34.9
Other secured	9,294,856	1.8	68,210,042	6.1
Other unsecured	235,862,956	46.1	241,611,979	21.7
Total	**512,058,763**	**100.0**	**1,113,207,350**	**100.0**

Loans and advances to customers include finance lease receivables amounting to € 43,618,886 (2014: € 68,028,817). These leases have a maturity up to 9 years. Lessees are Russian railway corporations, and the collateral for these leases are Russian railway wagons (moveable goods).

Maturity of gross and net investments in financial lease 2015:

	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Gross finance lease receivable	12,884,644	45,780,657	23,992,504	82,657,805
Less future finance income	7,784,762	22,460,880	8,793,277	39,038,919
Net investment in finance lease	5,099,882	23,319,777	15,199,227	43,618,886

Income from finance lease receivables in 2015 amounts to € 9,967,867 (2014: € 11,048,802).

No loans and advances are outstanding to members of the Executive Board and Supervisory Board (2014: nil).

The table above is a breakdown of loans and advances to customers secured by type of collateral. The value of the collateral is based on valuation reports received from external valuators or other sources (including warehouses and as provided by customers). It is ATB’s policy to require for periodic updates on these valuation reports. Due to volatile market conditions the value of the collateral can differ significantly from the value as stated in the latest available reports.
In addition to other collateral, both personal and corporate guarantees are arranged for repayment of the underlying principal and interest amounts.

Collateral by geographical concentration:	**31-12-2015**	**%**	**31-12-2014**	**%**
Russia	64,105,129	12.5	185,867,053	16.7
Other CIS countries	56,323,156	11.0	265,433,638	23.8
EMU countries	74,594,927	14.6	197,759,304	17.8
Other European countries	32,238,879	6.3	113,246,675	10.2
Other countries	48,933,716	9.6	109,288,701	9.8
Unsecured	235,862,956	46.0	241,611,979	21.7
Total	**512,058,763**	**100.0**	**1,113,207,350**	**100.0**

	2015	**2014**
Impairments	**294,614,807**	**156,694,000**
Balance at 1 January	156,694,000	63,395,000
Releases	-3,533,000	-
Additions	247,305,704	93,299,000
FX impact on additions	-3,082,349	-
Write offs	-102,769,548	-
Balance at 31 December	**294,614,807**	**156,694,000**

At 31 December 2015 for 34 clients (2014: 18) the loans have been impaired and provided for. The main additions relate to 23 (2014: 6) exposures representing 64% (2014: 63%) of the impaired loans.
The loan loss provision includes a provision for incurred but not reported (IBNR) credit losses of € 6.3 million (2014: € 9.9 million).

Fair value of loans and advances to customers

The following table summarizes the carrying amount and fair value of loans and advances to customers.

	31-12-2015	**31-12-2014**
Face value	512,058,763	1,113,207,350
Fair value	522,791,953	1,000,482,609

	31-12-2015	**31-12-2014**
5 Interest-bearing securities	**426,943,073**	**373,158,972**

Interest-bearing securities represent listed debt instruments, issued by:

	31-12-2015	**31-12-2014**
Governments	391,795,343	269,130,443
Financial institutions	9,984,189	60,310,893
Corporates	25,163,541	43,717,636
Total	**426,943,073**	**373,158,972**

By geographical concentration:	**31-12-2015**	**%**	**31-12-2014**	**%**
Russia	-	-	15,081,401	4.0
Other CIS countries	-	-	2,577,048	0.7
EMU countries	396,123,841	92.8	292,671,959	78.5
Other European countries	14,240,071	3.3	29,980,374	8.0
Other countries	16,579,161	3.9	32,848,190	8.8
Total	**426,943,073**	**100.0**	**373,158,972**	**100.0**

The Russian and Other CIS countries securities are securities issued by financial institutions and corporates. Included in EMU countries are government securities to an amount of € 371,510,527 (2014: € 259,843,878).

The fair value of interest-bearing securities is € 432,859,752 (2014: € 375,571,624).

Movements in the interest-bearing securities were as follows:

	2015	**2014**
Balance at 1 January	373,158,972	150,303,601
Purchases	254,037,338	434,661,596
Redemptions	-94,446,407	-173,125,298
Sales	-102,201,491	-34,983,102
Amortisation premium and discount	-5,507,630	-3,128,155
Addition of impairments	-1,054,000	-2,956,291
Release of impairments	2,956,291	-
Currency revaluation	-	2,386,621
Balance at 31 December	**426,943,073**	**373,158,972**

6 Shares and other non interest-bearing securities	**843,529**	**58,310**

The movements in Shares and other non-interest-bearing securities were as follows:

	2015	**2014**
Balance at 1 January	58,310	56,100
Investment	894,094	-
Revaluation	-	2,210
Impairment	-108,875	-
Balance at 31 December	**843,529**	**58,310**

Shares and other non-interest-bearing securities consist of non-listed shares.

This balance consists of:
- 17 (2014: 17) shares of Swift (Society for Worldwide Interbank Financial Telecommunication);
- As a result of a financial restructuring ATB converted part of a loan into 10.918 shares (representing 1.1% of voting power) of Stemcor Global Holdings Ltd.

	31-12-2015	31-12-2014
7 Intangible assets	**8,783,828**	**12,924,985**

Movements in intangible assets were as follows:

	2015	2014
Balance at 1 January	12,924,985	12,560,617
- Investment	2,823,698	3,571,175
- Depreciation	-3,845,897	-3,206,807
- Impairment charge	-3,118,958	-
Balance at 31 December	**8,783,828**	**12,924,985**
Acquisition costs	16,535,603	19,601,617
Accumulated depreciation	-7,751,776	-6,676,632
Balance at 31 December	**8,783,828**	**12,924,985**

Intangible assets refer to capitalized software expenses. Investment mainly consists of the cost of banking software. The impairment charge mainly relates to Treasury and reporting software.

	31-12-2015	31-12-2014
8 Property and equipment	**1,427,108**	**1,885,987**

Movements in property and equipment were as follows:

	Leasehold improvement	Computer equipment	Other	Total 2015	Total 2014
Balance at 1 January	289,641	1,217,464	378,883	1,885,988	2,146,927
- Investment	53,767	100,952	188,882	343,601	514,312
- Disposals (net)	-	-	-43,685	-43,685	-99,430
- Depreciation	-152,391	-488,249	-118,156	-758,796	-675,822
Balance at 31 December	**191,017**	**830,167**	**405,924**	**1,427,108**	**1,885,987**
Acquisition costs	905,089	2,688,133	1,001,719	4,594,941	5,087,829
Accumulated depreciation	-714,072	-1,857,966	-595,795	-3,167,833	-3,201,842
Balance at 31 December	**191,017**	**830,167**	**405,924**	**1,427,108**	**1,885,987**

Notes to the consolidated statement of financial position
(in €)

	31-12-2015	31-12-2014
9 Prepayments and accrued income	**40,430,248**	**45,137,921**

Prepayments and accrued income can be specified as follows:

	31-12-2015	31-12-2014
Interest receivable		
- Parent bank and related banks	2,388,646	2,408,638
- Related group companies	1,558,334	3,720,864
- Banks	427,664	3,351,561
- Loans and advances to customers	12,788,773	7,052,212
- Investments	3,693,283	2,833,988
Prepayments	7,266,999	3,793,111
Current corporate tax	9,734,470	17,769,056
Deferred corporate tax	2,075,352	2,118,581
Value Added Tax	496,727	2,089,910
Total	**40,430,248**	**45,137,921**

Movements in current corporate tax were as follows:

Balance at 1 January	17,769,056
Non recognised future tax asset from 2014	-5,134,724
Payments received regarding 2014	-2,590,000
Tax in other jurisdictions	-309,862
Balance at 31 December	**9,734,470**

Deferred corporate tax mainly consists of reclaimable corporate tax that can be compensated for an indefinite period of time.

	31-12-2015	31-12-2014
10 Other assets	**19,568,437**	**257,526,641**

Other assets consist of € 17.9 million of Cross Currency swaps and €1.8 million of FX contracts for hedging purposes. The related liabilities of € 18.7 million are classified as Other liabilities.
Due to the political unrest in Ukraine, Alfa-Bank decided during 2014 to increase FX trades with related parties which resulted in large volumes on both the assets side as well as on the liabilities side, on which the collateral is recorded.

	31-12-2015	31-12-2014
11 Due to banks	**35,825,355**	**260,025,569**

Due to banks represent non-subordinated amounts owed to banks and not embodied in debt securities.

Notes to the consolidated statement of financial position
(in €)

By counterparty:	**31-12-2015**	**31-12-2014**
Parent bank and related banks	21,044,152	259,768,358
Other banks	14,781,203	257,211
Total	**35,825,355**	**260,025,569**

By geographical concentration:	**31-12-2015**	**31-12-2014**
Russia	21,019,360	259,954,790
Other CIS countries	24,792	70,779
EMU countries	14,781,203	-
Total	**35,825,355**	**260,025,569**

	31-12-2015	**31-12-2014**
12 Funds entrusted	**1,759,898,039**	**3,022,206,929**

	31-12-2015	**%**	**31-12-2014**	**%**
Savings & savings deposits	924,195,056	52.6	845,921,725	28.0
Current accounts	114,967,690	6.5	443,808,207	14.7
Fixed deposit accounts	670,933,462	38.1	437,935,656	14.5
Deposit accounts pledged to ATB	49,801,831	2.8	1,294,541,341	42.8
Total	**1,759,898,039**	**100.0**	**3,022,206,929**	**100.0**

	31-12-2015	**31-12-2014**
Related parties	115,619,182	1,649,822,227
Other customers	1,644,278,857	1,372,384,702
Total	**1,759,898,039**	**3,022,206,929**

The fair value of funds entrusted does not differ materially from amortised cost.

	31-12-2015	**31-12-2014**
13 Accruals and deferred income	**18,369,158**	**23,753,137**

Accruals and deferred income can be specified as follows:

	31-12-2015	31-12-2014
Interest payable		
- Parent bank and related banks	3,964,544	4,872,739
- Related group companies	735,720	1,604,288
- Banks	132,466	5,388
- Customers	1,281,957	5,026,826
Social securities premiums to be paid	162,474	154,996
Corporate tax deferred	1,580,620	1,989,352
Deferred fee income	1,418,291	3,960,493
Other accruals	9,093,086	6,139,055
Total	**18,369,158**	**23,753,137**

Other accruals mainly comprise salary related expenses and other expenses payable.

	31-12-2015	31-12-2014
14 Other liabilities	**18,692,311**	**258,205,706**

Other liabilities consist of € 17.9 million of Cross Currency Swaps and € 0.8 million of FX contracts for hedging purposes. The related assets of € 200 million are classified as Other assets.

	31-12-2015	31-12-2014
15 Fund for general banking risks	**-**	**1,591,603**
Balance at 1 January	1,591,603	1,591,603
Release	-1,591,603	-
Balance at 31 December	**-**	**1,591,603**

During 2015 the FAR was released due to alignment with regulatory reporting requirements.

	31-12-2015	31-12-2014
16 Subordinated liabilities	**87,136,627**	**118,827,938**

The subordinated liabilities are held with associated companies and are subordinated in respect of other current and future liabilities of ATB.

CCY	CCY amount	EUR amount	Interest	Interest reset date	Final maturity
EUR	55,000,000	55,000,000	4.59071%	31-10-2016	30-10-2020
USD	35,000,000	32,136,627	4.96895%	25-01-2016	24-07-2020
		87,136,627			

The fair value of subordinated loans does not differ materially from amortised cost.

During 2015 a notional value of € 35,000,000 (being part of the EUR denominated Subordinated loan) was converted into Equity.

	31-12-2015	31-12-2014
17 Equity	**83,524,515**	**260,359,957**

Issued capital

At 31 December 2015 92.18% of all issued shares were held by OAO Alfa-Bank, Moscow (2014 100%) and 7.82% of all issued shares were held by ATB Holdings SA (2014: nil).

The authorized capital amounts to € 411,719,132 (2014: € 411,719,132) consisting of in 907,310 shares (nominal value € 453.78), of which 364.221 (2014: 258,591) shares have been issued and fully paid up. ATB has one type of shares which all have equal rights. During 2015 105,630 shares were issued.

During 2015 ATB Holdings acquired 28,500 newly issued shares for an amount of € 20,000,000. Next to this transaction an amount of € 35,000,000, being part of the subordinated loan from Alfa-Bank to ATB, was converted from subordinated loan in to 77,130 new issued shares.

Share premium

This reserve includes amounts paid to ATB by shareholders above the nominal value of purchased shares.

Retained earnings

This amount is freely available and also includes results from previous years kept in equity.
The General Meeting of Shareholders held on 31 July 2015, decided to deduct the 2014 negative result of € 36,089,723 from Retained Earnings.

Currency translation reserve

Exchange gains and losses arising from the translation of foreign operations from functional to reporting currency of the parent are accounted for in this statutory reserve. In the case of the sale of a participating interest, the associated accumulated exchange differences are taken to other reserves. The legal translation reserve related to the investment in ATB Leasing LLC.

Revaluation reserve:

This reserve includes movements in the fair value of shares and non-interest-bearing securities.

	31-12-2015	31-12-2014
18 Contingent liabilities	**65,514,902**	**100,666,880**

These are irrevocable contingent liabilities pursuant to guarantees.

By product:		
Guarantees issued	5,503,084	32,999,152
Letters of credit	60,011,818	67,667,728
Total	**65,514,902**	**100,666,880**

Notes to the consolidated statement of financial position
(in €)

By geographical concentration:	**31-12-2015**	**31-12-2014**
Russia	4,131,852	36,203,492
Other CIS countries	44,865,664	25,849,412
EMU countries	13,905,816	18,417
Other European countries	1,839,424	4,652,861
Other countries	772,146	33,942,698
Total	**65,514,902**	**100,666,880**

Other contingent liabilities:

In 2014 (continuing in 2015), stimulated by specific supervisory initiatives, ATB has increased its efforts to implement a strong compliance culture and organization, processes and tooling. As a result of this and also due to an increased specific monitoring of its client files and business transactions, ATB identified and reported past unusual transactions to the relevant authorities.

In this respect ATB is in contact with those authorities on the identification and notification of unusual transactions. It is uncertain which sanctions, if any, could be imposed as a result hereof. Based on Wft and Wwft conditions, administrative measures such as a penalty payment or an administrative fine or other measures may be imposed. As these are possible obligations subject to confirmation by uncertain future events they cannot be recognised as a liability in the balance sheet but are disclosed as a contingent liability.

	31-12-2015	**31-12-2014**
19 Irrevocable commitments	**34,264,946**	**46,804,650**

Irrevocable credit facilities comprise the total amount of commitments in respect to undrawn irrevocable credit facilities.

By geographical concentration:	**31-12-2015**	**31-12-2014**
Russia	-	-
Other CIS countries	-	16,886,344
EMU countries	32,389,381	13,445,198
Other European countries	1,875,565	16,473,108
Other countries	-	-
Total	**34,264,946**	**46,804,650**

Liabilities pledged to ATB

In connection to the risk profile, the following assets and liabilities are recorded in the financial statements and are subject to pledge agreements. These assets and liabilities are not freely available for ATB’s banking activities.

Notes to the consolidated statement of financial position
(in €)

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Parent bank and related banks	4,590,946	-	123,732,937	-
Related group companies	-	10,236,443	-	66,366,328
Other banks	28,600,230	-	1,153,117,536	-
Funds entrusted/Loans and advances to customers	11,985,599	34,940,332	15,484,530	1,225,968,675
Total	**45,176,775**	**45,176,775**	**1,292,335,003**	**1,292,335,003**

The related accrued interest forming part of the pledge agreements is not included in this table.

Related parties

The consolidated statement of financial position and consolidated statement of income include the subsidiaries ATB Leasing LLC (Moscow) and Amsterdam Trade Capital Administration Corporation (Amsterdam) which are fully owned.

Transactions are at arm's length basis and are based upon contractual arrangements and relate mainly to back-to-back loans, the funding of ATB and pledged deposit agreements.
Amounts receivable or payable to related parties and income and expenses regarding related parties are disclosed in the notes to the financial statements.

Rental commitments

ATB has entered into rental agreements for its office premises and office equipment amounting to € 4,978,000 (2014: € 6,206,000).
Of this amount € 1,207,000 is payable within 1 year (2014 € 1,149,000), € 3,771,000 is payable between 1 and 5 years (2014 € 4,163,000) and nihil is payable after five years (2014 € 894,000).

Notes to the consolidated statement of income
(in €)

	2015	2014
20 Interest income	**83,818,337**	**117,800,934**

Interest income comprise interest from:	2015	2014
Banks	11,999,102	29,598,813
Loans and advances to customers	67,108,315	84,342,023
Interest-bearing securities	4,641,286	3,658,567
Derivatives	69,634	201,531
Total	**83,818,337**	**117,800,934**

By geographical concentration:	2015	%	2014	%
Russia	11,448,112	13.7	12,911,654	11.0
Other CIS countries	27,703,113	33.0	42,366,996	35.9
EMU countries	21,355,430	25.5	30,149,514	25.6
Other European countries	7,625,378	9.1	12,130,956	10.3
Other countries	15,686,304	18.7	20,241,814	17.2
Total	**83,818,337**	**100.0**	**117,800,934**	**100.0**

	2015	2014
Interest income from parent and related banks	13,906,523	18,871,420
Interest income pledged deposits	6,708,134	23,080,088
Of which from related parties	5,223,040	10,629,412

	2015	2014
21 Interest expense	**31,149,335**	**48,915,190**

Interest expense comprise interest from:		
Banks	1,139,526	5,764,494
Funds entrusted	23,868,252	36,300,968
Subordinated liabilities	5,919,824	5,795,699
Derivatives	221,733	1,054,029
Total	**31,149,335**	**48,915,190**

Notes to the consolidated statement of income
(in €)

By geographical concentration:	**2015**	**%**	**2014**	**%**
Russia	7,577,376	24.3	15,835,665	32.4
Other CIS countries	3,030	0.0	1,064,052	2.2
EMU countries	17,818,016	57.2	26,947,326	55.0
Other European countries	239,815	0.8	470,876	1.0
Other countries	5,511,098	17.7	4,597,271	9.4
Total	**31,149,335**	**100.0**	**48,915,190**	**100.0**

	2015	**2014**
Interest expense from parent and related banks	9,674,685	9,257,518
Interest expense pledged deposits	5,431,636	18,660,355
Of which from related parties	1,709,999	1,591,381

	2015	**2014**
22 Net commission income	**9,230,521**	**13,758,395**

	2015	**%**	**2014**	**%**
Trade finance fees	7,639,937	78.3	11,033,828	75.1
Money transfer fees	666,553	6.8	1,023,100	7.0
Other fees	1,450,584	14.9	2,628,156	17.9
	9,757,074	**100.0**	**14,685,084**	**100.0**
Commission expense	**526,553**		**926,689**	
Total	**9,230,521**		**13,758,395**	

	2015	**2014**
23 Result on financial transactions	**3,506,097**	**3,967,416**

Result on financial transactions consist of:

Other foreign exchange results	513,305	-2,218,270
Sale of interest-bearing securities	-1,025,215	1,083,522
Sale of loans and advances	-1,621,719	-
Gain on trading financial assets	262,594	824,674
Foreign exchange results on client transactions	5,377,132	4,277,490
Total	**3,506,097**	**3,967,416**

Notes to the consolidated statement of income
(in €)

	2015	2014
24 Other income	**2,614,049**	**1,804,598**

Other income mainly consists of the recoverable VAT amount.
Next to this, result on sale of assets and other minor results are comprised in other income.

	2015	2014
25 Staff expense	**26,778,431**	**23,302,821**

Staff expenses comprise:

	2015	2014
Wages and salaries	17,597,440	15,842,390
Pension cost	1,716,847	1,745,563
Other social cost	1,555,594	1,684,350
Other staff cost	5,908,550	4,030,518
Total	**26,778,431**	**23,302,821**

At 31 December 2015, the total number of employees expressed in full-time equivalents was 170 (2014: 181).

Remuneration of Supervisory Board and Executive Board

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Supervisory Board

Total remuneration	2015	2014
W.J.M.O. Devriendt	147,222	97,222
H.C.M. van Damme	118,056	68,056
F.C.W. Kuijlaars	118,056	68,056
R.D. James	56,389	68,056
P. Smida	-	-
V.V. Tatarchuk	-	-
V. Lisovenko	-	-
Total	**439,723**	**301,390**

Notes to the consolidated statement of income
(in €)

Executive Board in 2015

	Salary	Pension cost	Variable pay	Severance payment	Other compensation	Total remuneration
H.P.M.G. Steeghs	371,666	24,047	-	-	26,729	422,442
I. Pakan	470,000	18,649	-	-	39,232	527,881
P.J. Ullmann	349,992	24,083	-	-	42,068	416,143
P.I. Gorbatsevich	360,000	16,055	-	247,500	64,188	687,743
H.W. te Beest	36,509	-	-	-	7,703	44,212
Total	**1,588,167**	**82,834**	**-**	**247,500**	**179,920**	**2,098,421**

Executive Board in 2014

	Salary	Pension cost	Variable pay	Severance payment	Other compensation	Total remuneration
P.I. Gorbatsevich	540,000	53,170	-	-	17,582	610,752
H.P.M.G. Steeghs	100,000	17,529	-	-	2,796	120,325
I. Pakan	138,864	12,276	56,666	-	4,783	212,589
P.J. Ullmann	179,507	35,253	-	-	14,921	229,681
H.W. te Beest	438,113	92,441	-	-	1,826	532,380
A.V. Drovossekov	385,500	27,576	-	130,000	20,083	563,159
J.H.F. Umbgrove	165,000	22,482	-	106,000	996	294,478
Total	**1,946,984**	**260,727**	**56,666**	**236,000**	**62,987**	**2,563,364**

	2015	**2014**
26 General and administrative expense	**16,770,420**	**9,595,064**

General and administrative expenses comprise:

	2015	2014
Housing	1,563,069	1,428,657
ICT / communication	3,936,133	3,628,452
Public relations	27,301	403,717
Professional services	8,760,868	2,646,356
Foreign taxes	30,377	78,171
Other cost	2,452,672	1,409,711
Total	**16,770,420**	**9,595,064**

The increase of Professional services mainly relates to consultancy cost regarding the further strengthening of the Compliance function (Customer Due Diligence, Client Monitoring, Client file review) and the consultancy costs for the new strategy.

Notes to the consolidated statement of income
(in €)

External auditor's cost:

2015	**KPMG Accountants NV**	**Other KPMG**	**Total KPMG**
Audit services	829,635	36,875	866,510
Audit-related services	93,170	-	93,170
Tax advice services	-	-	-
Other non-audit services	-	-	-
Total	**922,805**	**36,875**	**959,680**

2014	**KPMG Accountants NV**	**Other KPMG**	**Total KPMG**
Audit services	485,562	-	485,562
Audit-related services	54,450	-	54,450
Tax advice services	-	-	-
Other non-audit services	-	-	-
Total	**540,012**	**-**	**540,012**

	2015	**2014**
27 Depreciation	**4,604,693**	**3,882,629**

Depreciation comprise the depreciation cost of:

Intangible assets	3,845,897	3,206,807
Property and equipment	758,796	675,822
Total	**4,604,693**	**3,882,629**

	2015	**2014**
28 Impairments	**243,506,643**	**96,255,291**

The movements are as follows:

Release relating to loans	-3,533,000	-
Addition relating to loans	247,305,704	93,299,000
Release relating to bonds	-2,956,291	-
Addition relating to bonds	1,054,000	2,956,291
Addition relating to shares	108,875	-
Addition relating to intangible assets	3,118,958	-
Release FAR	-1,591,603	-
Total	**243,506,643**	**96,255,291**

The addition regarding loans in 2015 relates to 39 clients (2014: 18).
The impairment charge on intangible assets consists of an additional depreciation on banking software that is no longer in use or on implementation cost which exceed the recoverable amounts.

	2015	2014
29 Resolution charge	**845,794**	**2,895,123**

In 2015 the total amount consists of the levy implied by the Dutch National Resolution Fund (NRF). This fund aims to ensure the orderly resolution of failing banks without recourse to taxpayers' money.
In 2014 a one-off charge related to the nationalization of SNS Reaal amounting to € 2.9 million (not tax deductible) has been paid to the State of the Netherlands.

	2015	2014
30 Income tax	**5,781,046**	**-11,425,052**

The statutory applicable corporate tax rate for 2015 in the Netherlands is 25% (2014: 25%) and in Russia is 20% (2014: 20%).
Taxes are calculated on the result before taxation, based on the applicable profit tax rate.
During the financial year 2014 and 2015 ATB realised operational losses leading to tax losses. For tax accounting purposes tax losses are accrued only for the amount at which tax losses can be offset against past taxable profits. In ATB at year end 2015 an amount of € 7,284,950 is accrued as current tax receivable. This amount can be offset with the amount of tax paid in 2013 (carry back). In ATB Leasing an amount of € 2,449,520 remains as current tax receivable.

No deferred tax assets that depend on further probability of ATB are taken into account due to the uncertainty on sufficient taxable profits during the taxable period that these losses can be offset.

For 2015 this resulted in an overall effective tax rate of -2.6% (2014: 24.0%).

The differences between the statutory applicable corporate tax rate and effective tax rate can be explained as follows:

	2015	2014
Operating result before tax	**-224,486,312**	**-47,514,775**
Income tax		
Theoretical tax charge at the statutory rate of 25%	-56,121,578	-11,878,694
Non deductible items	4,650	724,260
Adjustments on previous years	212,213	-15,271
Profit taxable in lower tax jurisdictions	429,459	-255,347
Non recognised future tax assets	61,256,302	-
Total	**5,781,046**	**-11,425,052**

At year end 2015 an amount of € 245 million of future compensable losses has not been included in the measurement of deferred tax assets.

Company statement of income for 2015
(in €)

	31-12-2015	31-12-2014
Assets		
Cash and cash equivalents and balances withdrawable with central banks	853,079,740	144,957,256
Due from banks	134,562,737	1,993,866,947
Trading financial assets	-	1,773,458
Loans and advances to customers	506,399,881	1,090,617,785
Interest-bearing securities	426,943,073	373,158,972
Shares and non interest-bearing securities	843,529	58,310
Participating interests	15,925,539	26,735,412
Intangible assets	8,783,828	12,924,985
Property and equipment	1,423,082	1,884,063
Prepayments and accrued income	35,080,033	39,491,681
Other assets	19,568,437	257,526,641
Total assets	**2,002,609,879**	**3,942,995,510**
Liabilities and equity		
Due to banks	35,825,355	260,025,569
Funds entrusted	1,761,441,349	3,022,206,929
Accruals and deferred income	15,893,215	21,715,990
Other liabilities	18,788,818	258,267,524
Fund for general banking risks	-	1,591,603
Subordinated liabilities	87,136,627	118,827,938
Total liabilities	**1,919,085,364**	**3,682,635,553**
Equity:		
- Issued capital	165,276,205	117,343,424
- Share premium	11,385,022	4,317,803
- Retained earnings	155,793,269	191,882,992
- Currency translation reserve	-18,677,228	-17,109,144
- Revaluation reserve	14,605	14,605
- Net result	-230,267,358	-36,089,723
Total equity	**83,524,515**	**260,359,957**
Total liabilities and equity	**2,002,609,879**	**3,942,995,510**
Contingent liabilities	65,514,902	100,666,880
Irrevocable commitments	34,264,946	46,804,650

Company statement of income for 2015
(in €)

		2015		2014
Income from operating activities				
Interest income	78,000,121		111,683,234	
Interest expense	31,149,335		48,915,190	
Net interest income		46,850,786		62,768,044
Commission income	9,757,074		14,685,084	
Commission expense	480,417		857,812	
Net commission income		9,276,657		13,827,272
Result on financial transactions		3,310,729		3,926,547
Other income		2,611,058		1,804,598
Total income from operating activities		**62,049,230**		**82,326,461**
Expense				
Staff expense	26,275,029		22,591,520	
General and administrative expense	16,490,958		9,323,994	
Depreciation	4,603,787		3,881,766	
Impairments	229,732,713		96,255,291	
Resoluation charge	845,794		2,895,123	
Total expense		**277,948,281**		**134,947,694**
Operating result before tax		**-215,899,051**		**-52,621,233**
Income tax		5,134,724		-12,434,944
Result subsidiaries		-9,233,583		4,096,566
Net result		**-230,267,358**		**-36,089,723**

(in €)

General

The company financial statements of Amsterdam Trade Bank NV (ATB) have been prepared in conformity with section 14, “Provisions for banks”, of Book 2, Title 9 of the Netherlands Civil Code with the allowed application of the accounting policies (DGAAP) as also applied in the consolidated annual accounts. The principles of valuation and determination of results stated in connection with the consolidated statement of financial position and consolidated statement of income are also applied to the corporate statement of financial position and corporate statement of income.

Group companies

The following companies are recognised as group companies:
- ATB Leasing LLC, a 100% owned subsidiary for leasing activities in Moscow.
The paid-in capital of ATB Leasing amounts to € 28,807,976 (Russian Ruble 1,246,273,138). ATB holds all 111 (2014: 111) issued shares of ATB Leasing and has all voting rights. The result regarding 2015 and 2014 has been recorded as a movement (2015 deduction, 2014 addition) on the participating interest in ATB Leasing.
- ATCAC (Amsterdam Trade Capital Administration Corporation BV) a 100% owned subsidiary, whereby ATB has all voting rights.

Statement of changes in Participating interests

	2015	**2014**
Balance at 1 January	26,735,412	37,604,810
Result	-9,233,583	4,096,566
FX translation reserve	-1,576,290	-14,965,964
Balance at 31 December	**15,925,539**	**26,735,412**

Contingent liabilities:

In 2014 (continuing in 2015), stimulated by specific supervisory initiatives, ATB has increased its efforts to implement a strong compliance culture and organization, processes and tooling. As a result of this and also due to an increased specific monitoring of its client files and business transactions, ATB identified and reported past unusual transactions to the relevant authorities.

In this respect ATB is currently in contact with those authorities on the identification and notification of unusual transactions. It is uncertain which sanctions, if any, could be imposed as a result hereof. Based on Wft and Wwft conditions, administrative measures such as a penalty payment or an administrative fine or other measures may be imposed. As these are possible obligations subject to confirmation by uncertain future events they cannot be recognised as a liability in the statement of financial position but are disclosed as a contingent liability.

(in €)

Appropriation of result

Statutory regulation on Profit and distributions
Article 31 of the Articles of association describes the statutory regulation on Profit and distribution.

Article 31:
1. The profits shall be at free disposal of the general meeting of shareholders. The management board shall, subject to the approval of the supervisory board, make a proposal to distribute (a part of) such profits or, as the case may be, allocate (a part of) these profits to the reserves. The proposal to distribute dividend shall be discussed as a separate item on the agenda of the general meeting of shareholders.
2. The management board may, subject to the approval of the supervisory board and provided that the profits as evidenced by an interim balance sheet prepared in accordance with Section 2:105 paragraph 4 of the Dutch Civil Code permit this, resolve to make interim-distributions on the shares on one or more occasions during the financial year prior to the adoption of the annual accounts by the general meeting of shareholders.
3. The general meeting of shareholders may resolve to make cash of stock distributions on account of the reserves. The general meeting of shareholders shall refrain from doing this without consulting the management board and supervisory board, which may also make a proposal to that extent.
4. The management board shall determine the date on which (interim) distributions shall be payable, which date shall be no later than the fifth business day following the day of the resolution to make the distribution. A claim of a shareholder for payment

It is proposed to allocate the net loss of € 230,267,358 to Retained earnings.

Amsterdam, 24 October 2016

Executive Board:

C. Antoniou, CEO
H.P.M.G. Steeghs, CFO
P.J. Ullmann, CRO

Supervisory Board:

H.C.M. van Damme, Chairman
F.C.W. Kuijlaars
D. Vovk
A.B. Sokolov
A.J. Baxter

Subsequent events

As part of year-end 2015 annual report procedure, a subsequent event review has been performed by management considering all available information to date.

- On 9 March 2016, DNB issued new capital requirements to ATB. As a result, ATB converted a subordinated loan (Tier 2 capital) into Tier 1 capital for an amount of € 55 million by the end of April 2016. At the same time, a new subordinated loan of € 50 million was issued by ABH Holding.
- As of April 28, 2016 Alfa Bank's participation of ATB shares increased from 92.18% to 94.13% due to the conversion of the granted € 55 million subordinated loan into Tier 1 capital. Accordingly, the participation of ATB-Holdings SA in ATB shares decreased from 7.82% to 5.87%.
- By the end of June 2016, ATB further improved its capital position by converting a subordinated loan (Tier 2 capital) issued by Alfa Bank Russia of USD 35 million into Tier 1 capital while a subordinated loan issued to Alfa Bank Kazakhstan of USD 35 million was sold to Alfa Overseas Investments Ltd. As a result, Alfa Bank's participation of ATB shares further increased from 94.13% to 94.86% and the participation of ATB-Holdings SA in ATB shares decreased from 5.87% to 5.14%.
- As at 1 September 2016, ATB complies with the new capital requirements within the required due date of 31 August 2016 considering the sale of a number of loan exposures during August 2016.

INDEPENDENT AUDITOR'S REPORT

To: the General Meeting and the Supervisory Board of Amsterdam Trade Bank N.V.

Report on the audit of the annual financial statements 2015

Opinion

In our opinion the financial statements give a true and fair view of the financial position of Amsterdam Trade Bank N.V. (the Company) as at 31 December 2015, and of its result for 2015 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

What we have audited
We have audited the financial statements 2015 of Amsterdam Trade Bank N.V. based in Amsterdam.
The financial statements comprise:
1. the consolidated and company statement of financial position as at 31 December 2015;
2. the consolidated and company statement of income for 2015;
3. the consolidated statement of cash flows for 2015; and
4. the notes comprising a summary of the accounting policies and other explanatory information.

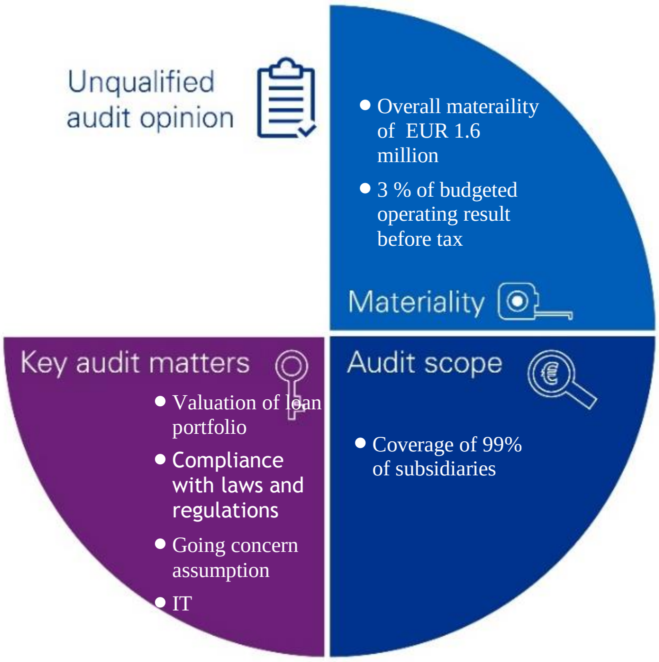
Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Amsterdam Trade Bank N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

Audit approach

Summary



Materiality
Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at € 1.6 million (2014: € 2.2 million). The materiality for 2015 is determined with reference to budgeted operating result before tax (3%). We consider operating result before tax as the most appropriate benchmark for the Company's financial performance.. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of € 80,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

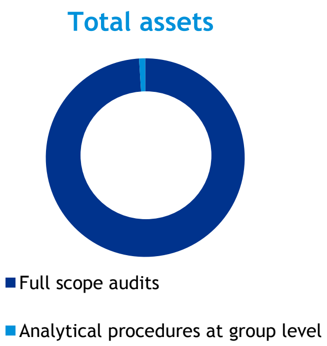
Scope of the group audit
Amsterdam Trade Bank N.V. is head of a group of entities comprising ATB Leasing LLC located in Russia and Amsterdam Trade Capital Administration Corporation in Amsterdam. The financial information of this group is included in the financial statements of Amsterdam Trade Bank N.V.

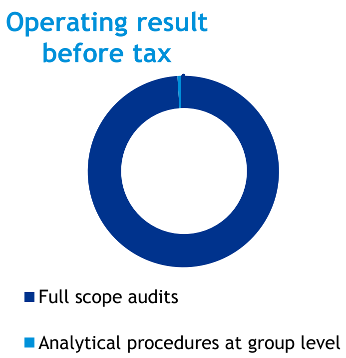
Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and the risk profile of the group entities. On this basis, we selected group entities for which an audit had to be carried out on the complete set of financial information.

We have:

- performed analytical procedures ourselves at the group entity Amsterdam Trade Capital Administration Corporation to confirm that there are no risk of material misstatements in this group entity;
- used the work of other auditors when auditing entity ATB Leasing LLC located in Russia. We have prepared instructions for the component auditor including significant risks and reporting requirements. Also we have held conference calls, performed a site visit to the component auditor and reviewed the audit files of the component auditor.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.





Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern assumption

Description

Management's assessment of the going concern assumption underlying the basis of preparation of the financial statements has been identified as a key audit matter, as the core tier 1 ratio (solvency) as at 31 December 2015 of Amsterdam Trade Bank N.V. amounted to 8.4% which is below the minimum requirements of DNB. This is the result of significant impairments for loan losses recognised in 2015.

Solvency on the basis of prudential standards as disclosed in the financial statements, is relevant for the assessment of the financial position of Amsterdam Trade Bank N.V. and is therefore important for our audit. In the note 1.2.1 on going concern, management explained that with the support of the shareholders, the capital of the Company was strengthened in 2016. As per 31 August 2016 the core tier 1 ratio was again above the minimum requirements of DNB.

The Executive Board's business plan scenario takes into account the intention of the shareholders to

Going concern assumption

continue providing support to the Company as well as the ability to move towards a trade finance bank. Also the Company has prepared another, more stressed, scenario in which no strategic shift and no capital support is relied upon.

Our response

For our audit of the going concern assumption as disclosed in note 1.2.1 to the consolidated financial statements we evaluated the assumptions, calculations and data used by the Company. This included examining of subsequent events, comparing actuals after 31 December 2015 with the budget and challenging forecasted assumptions on solvency, liquidity and expected results for both the business model scenario and the more stressed scenario. In this respect we inspected supporting documentation such as contracts, underlying calculations, the management evaluation of the going concern assessment and correspondence with the DNB and other relevant parties. We included in our team corporate finance specialists to assist us with these procedures. Furthermore, we evaluated the adequacy of the disclosure on the use of the going concern assumption as set forth in note 1.2.1.

Our observation

On the basis of our work done, we note that the Company has been able to increase its capital position in 2016 by several measures, including the conversion of subordinated loans into Tier 1 capital and the sale of a number of loan exposures. The Executive Board has made analyses of the possible developments over the next twelve months.

The increase in capital is dependent on the approval by the supervising authorities of such capital support and the actual payment of additional capital by the shareholder.

We noted that the main issues, analyses, elaborations and assumptions in respect of the going concern basis of accounting have been properly disclosed in note 1.2.1 of the financial statements.

The valuation of the loan portfolio

Description

Amsterdam Trade Bank N.V. has a corporate loan portfolio of € 512 million as at 31 December 2015. These loans are measured at amortised cost less impairments for loan losses (€ 295 million). For a full description of the accounting principles applied to the loan portfolio, we refer to the accounting principles included in the notes to the financial statements.

Certain aspects of the accounting for loan loss impairments require significant judgement, such as the identification of loans that are deteriorating, the assessment of objective evidence for impairment, the value of collateral and the assessment of the recoverable amount.

Given the significance of management judgement, the relative size of the loan portfolio of Amsterdam Trade Bank N.V. (26 % of total assets), the concentration of exposures in Russia/Ukraine and the uncertainty around the loan portfolio valuation given the developments in Russia/Ukraine as described in note Credit Risk, we identified the valuation of the loan portfolio as a key audit matter.

Our response

Our audit approach included both the testing of controls as well as substantive audit procedures.

We gained an understanding of and tested the controls with respect to the lending process and the process for determining impairments for loan losses. Critical processes and controls include, but are not limited to, periodic revision of loans including applying policies and guidance around ongoing credit risk monitoring of loans and subsequently the evaluation, recognition of impairment triggers and the assessment of the recoverable amounts of impaired loans.

We examined a selection of individual loan exposures in detail and challenged the Executive Board's assessment of the recoverable amount. We applied professional judgement in selecting the loan exposures for our detailed inspection with an emphasis on exposures in sectors that pose an increased uncertainty for recovery in the current market circumstances, for example exposures in Russia and Ukraine. Using our own credit risk management specialists, we challenged the appropriateness of the Executive Board's key assumptions in the impairment testing (including valuation reports of collateral, scenario analysis, loan restructuring measures and collateral valuation haircuts) and performed procedures with regards to the accuracy of the Executive Board's calculation of the recoverable amount of the individual loans.

Furthermore we considered the outcome of the asset quality review performed early 2016 at the request of De Nederlandsche Bank N.V. (DNB) by an external professional services firm. The results of

The valuation of the loan portfolio
the asset quality review confirmed management's view on the required level of impairments regarding the loan portfolio as per 31 December 2015.
Our observation In our report to the Executive Board and Supervisory Board we provided recommendations to improve the determination and timely recognition of impairments. We found that the corporate portfolio in the financial statements of Amsterdam Trade Bank N.V. as at 31 December 2015 has been recorded in accordance with the applicable accounting principles and consider the Executive Board's calculation of impairments to be neutral. We concur with the loan disclosures in the financial statements included in note 4 for them to be in compliance with Part 9 Book 2 Netherlands Civil Code.

Compliance with laws and regulations in relation to clients and transactions
Description We identified compliance with laws and regulations in relation to clients and transactions as a key audit matter, because of: — the changes in the compliance organisation to ensure compliance with laws and regulations as described on page 16 of 17 the Executive Board report, note 4.2 and the contingent liabilities as described in note 18; and, — the applied sanctions by the EU against individuals and businesses from Russia and Ukraine that pose additional risk of non-compliance which could affect the financial results of the Company.
Our response We involved specialists to assist us in our procedures with respect to compliance with laws and regulations in relation to clients and transactions. We have evaluated the transaction - and sanction monitoring process. We furthermore inspected a number of policies such as anti money laundering and transaction monitoring policies, evaluated and discussed the internal audit reports on compliance and inspected third party reports and correspondence with DNB.
Our observation In our report to the Executive Board and Supervisory Board we provided observations with respect to the processes such as client and supplier identification and transaction monitoring in relation to client payments. In order to mitigate the risks of non-compliance, during 2015 and 2016 the bank has worked on improving the risk and compliance functions and related policies and procedures and finalised their compliance remedial program in July 2016.

Information Technology
Description For its day-to-day operations Amsterdam Trade Bank N.V. depends on the reliability and continuous availability of its information technology environment (IT environment). Having a solid general IT control framework in place is critical to the operations of Amsterdam Trade Bank N.V. The Company has started implementing its new strategy and moving towards a trade finance bank and therefore the IT environment requires significant changes. It is important that safeguards exist regarding the reliability and continuity of the electronic data processing also in a changing IT environment. We have therefore identified this as a key audit matter
Our response We performed audit work regarding the IT environment for relevant applications and platforms for the purpose of the financial statements audit. This included applications and platforms supporting the business operations as well as those driving the financial accounting, including the enabling infrastructure and service providers. We engaged IT auditors to execute a dedicated IT audit plan focusing on IT controls implemented by the Company. These audit procedures included among others testing of user authentication measures, management of access rights, external penetration testing and change management procedures.

Information Technology

Our observation

Our test procedures on the design and operating effectiveness of IT control measures taken did not result in significant findings on the reliability and continuity of the electronic data processing for the purpose of the audit of the financial statements. In our report to the Executive Board and Supervisory Board we provided recommendations for further enhancements on performing, documenting and formalising certain IT controls.

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements and for the preparation of the Executive Board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of financial statements

Our objective is to plan and perform the audit to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud. For a further description of our responsibilities in respect of an audit of financial statements we refer to the website of the professional body for accountants in the Netherlands (NBA) www.nba.nl/standardtexts-auditorsreport

Report on other legal and regulatory requirements

Report on the Executive Board report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Executive Board report and other information):

- We have no deficiencies to report as a result of our examination whether the Executive Board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed.
- We report that the Executive Board report, to the extent we can assess, is consistent with the financial statements.

Engagement
We were appointed prior to 2004 for the first time as auditor of Amsterdam Trade Bank N.V. and operated as auditor since then. On 5 September 2015 we were re-appointed by the Supervisory Board for the year 2015. We will no longer act as audit firm of Amsterdam Trade Bank N.V. as from 2016.

Amstelveen, 24 October 2016

KPMG Accountants N.V.

W.G. Bakker RA

GLOSSARY

Amortised cost
The amount for which financial assets or liabilities are initially recognised minus redemptions, plus or minus the accumulated depreciation/amortization using the effective interest rate method for the difference between the original amount and the amount on maturity date, and minus impairments.

Basel II
The framework drawn up by the Basel Committee on Banking Supervision which sets minimum capital requirements for banks.

Basel III
The framework drawn up by the Basel Committee on Banking Supervision which provides a stricter definition of capital and introduces several new ratios and buffers to be complied with by banks. The period for gradual transition from Basel II to Basel III is five years and started in January 2014.

BIS total capital ratio
The percentage of a bank's capital adequacy calculated by dividing qualifying capital by the risk-weighted assets as defined by the Bank for International Settlements (BIS).

CEE (Central and Eastern Europe)
CEE is a generic term for countries in Central Europe, Southeast Europe and Eastern Europe, usually meaning former communist states in Europe. It is in use after the collapse of the Iron Curtain in 1989–90.

CIS (Commonwealth of Independent States)
An alliance made up of states that had been Soviet Socialist Republics in the Soviet Union prior to its dissolution in December 1991.

Contingent liabilities
All commitments arising from transactions for which ATB has given a guarantee to third parties.

Core Tier I capital
Also referred to as the core capital. ATB's core Tier I capital represents share capital, share premium and other reserves, adjusted for certain deductions set by the regulatory authorities, such as goodwill.

Core Tier I ratio
The Core Tier I capital of ATB as a percentage of risk weighted assets.

Credit derivatives (credit default swaps)
In this type of swaps, variable interest payments, linked to Euribor, are exchanged with credit guarantees vis-a-vis a third party. The counterparty is required to pay if the third party cannot meet its payment obligations. The specific events which are followed by payments are recorded in the contract.

Credit risk
The risk that funds lent are not, not fully or not timely repaid. This also includes the settlement risk, i.e. the risk that counterparties do not fulfil their obligations in connection with, for instance, securities transactions.

Derivative
A financial instrument whose value has been derived from the value of another financial instrument, an index or other variables. ATB holds both derivatives whose size (face value), conditions and price are determined between ATB and the counterparties (OTC derivatives), as well as standardized derivatives negotiable on organised markets.

Executive Board (EB)
CEO - Chief Executive Officer
CFO - Chief Financial Officer
CCO - Chief Commercial Officer
CRO - Chief Risk Officer

Fair value
The fair value of a financial instrument is the amount for which an asset could be exchanged or a liability can be settled between knowledgeable parties that are willing to trade and are independent from each other.

Gross Domestic Product (GDP)
The market value of all officially recognised final goods and services produced within a country in a year, or other given period.

Impairments
Amount charged to the statement of income for possible losses on doubtful debts or uncollectible loans and advances or because an impairment test has shown that the asset has to be valued lower, because the fair value is lower than the carrying amount or because the fair value of investments and associates is lower than cost.

Incurred But Not Reported (IBNR)
Impairments which have occurred at reporting date but of which ATB is not yet aware due to an information time lag.

Internal Capital Adequacy Assessment Process (ICAAP)
Strategies and procedures designed for ATB's continuous assessment whether the amount, composition and distribution of equity still reconcile with the size and nature of its current and potential future risks.

Irrevocable commitments
All obligations that could give rise to the granting of loans.

Leverage Ratio Basel III (LR)
The LR represents the ratio between total assets plus contingent items and the Basel III Tier I capital.

Liquidity Coverage Ratio (LCR)
The LCR represents the ratio between high quality liquid assets and the balance of cash outflows and cash inflows over the next 30 days.

Net Stable Funding Ratio (NSFR)
The NSFR represents the available stable funding sources related to the required amount of stable funding.

Qualifying capital
The sum of total Tier I capital and total Tier II capital.

Related party
In the normal course of business, ATB enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions.
Related parties of ATB include, amongst others, its subsidiaries, associated companies within Alfa Group, key management personnel and shareholders. Transactions between related parties mainly consist of forex transactions and financing activities. There are no significant provisions for doubtful debts or individually significant bad debt expenses recognised on outstanding balances with related parties.

Risk-weighted assets (RWA)
The assets of a financial institution after being adjusted by a weighting factor, as determined by the regulatory authorities, that reflects the relative risk attached to the relevant assets. Risk weighted assets are used to calculate the minimum amount of capital that has to be held.

Solvency
ATB's buffer capital expressed as a percentage of risk weighted assets.

Standardised Approach (SA)
A method used under Basel II to measure a bank's operational, market and credit risk. This method is based on a standardised approach, in which the risk weighting of an item is prescribed by the regulatory authorities.

Tier I ratio
The ratio between total Tier I capital and risk weighted assets.

Total Tier I capital
Total Tier I capital of ATB includes share capital, share premium, other reserves and equity instruments issued by subsidiaries, adjusted for certain deductions set by the regulatory authorities.

Total Tier II capital
Also referred to as supplementary or secondary capital. The total Tier II capital comprise the revaluation reserves and certain subordinated liabilities, adjusted for certain deductions set by the regulatory authorities, if applicable.

Value-at-Risk (VaR)
Statistical analysis of historical market developments and volatility in order to estimate the probability of a loss on a portfolio exceeding a certain amount.