

Bank “BTB” OJSC

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

31 December 2015

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Independent AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Bank "BTB" OJSC:

We have audited the accompanying financial statements of Bank "BTB" OJSC (hereinafter referred to as "the Bank") which comprise the statement of financial position as of 31 December 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Baku, Republic of Azerbaijan
April 19, 2015

RSM Azerbaijan

BANK "BTB" OJSC

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

(in New Azerbaijani Manats)

	Note	31 December 2015	31 December 2014
ASSETS			
Cash and cash equivalents	6	56,653,854	3,025,405
Due from other banks	7	2,550	2,550
Loans and advances to customers	8	102,613,500	100,356,276
Intangible assets	9	204,647	190,256
Premises and equipment	9	48,718,483	37,071,280
Current income tax assets		538,948	-
Deferred income tax asset	22	335,940	-
Other financial assets	10	170,018	627,896
Other assets	11	1,025,491	127,814
TOTAL ASSETS		210,263,431	141,401,477
LIABILITIES			
Due to other banks	12	5,195,285	6,646,679
Customer accounts	13	96,692,493	67,921,853
Other borrowed funds	14	57,748,899	16,655,578
Deferred income tax liability	22	-	72,977
Income tax liability		-	10,824
Other financial liabilities	15	107,445	153,949
Other liabilities	16	14	1,924
TOTAL LIABILITIES		159,744,136	91,463,784
EQUITY			
Share capital	17	52,000,000	44,840,000
(Accumulated deficit)/Retained earnings		(1,480,705)	5,097,693
TOTAL EQUITY		50,519,295	49,937,693
TOTAL LIABILITIES AND EQUITY		210,263,431	141,401,477

On behalf of the Management Board:

Samir Gojayev
Chairman of the Management Board

April 19, 2015

Baku, Azerbaijan



Yuliya Pasternak
Deputy of Chief Accountant

April 19, 2015

Baku, Azerbaijan

The notes on pages 7-64 form an integral part of these financial statements.

BANK "BTB" OJSC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

(in New Azerbaijani Manats)

	Note	2015	2014
Interest income	18	18,809,552	19,708,198
Interest expense	18	(8,862,878)	(7,676,929)
Net interest income		9,946,674	12,031,269
Provision for loan impairment	8	(1,343,811)	(2,339,436)
Net interest income after provision for loan impairment		8,602,863	9,691,833
Fee and commission income	19	902,022	1,354,791
Fee and commission expense	19	(270,909)	(333,391)
Net (loss)/gain on foreign exchange operations	20	(1,429,231)	262,395
Administrative and other operating expenses	21	(9,858,719)	(8,506,356)
Other income		9,405	4,860
(Loss)/Profit before tax		(2,044,569)	2,474,132
Income tax benefit/(expense)	22	408,914	(661,717)
(LOSS)/PROFIT FOR THE YEAR		(1,635,655)	1,812,415
Other comprehensive (loss)/income for the year		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(1,635,655)	1,812,415
(Loss)/earnings per share for (loss)/profit during the year – basic and diluted (expressed in AZN per share):		(1,635,655)	1,812,415
Ordinary Shares	23	(33.91)	40.42

On behalf of the Management Board:

Samir Gojayed

Chairman of the Management Board

April 19, 2015

Baku, Azerbaijan

Yuliya Pasternak

Deputy of Chief Accountant

April 19, 2015

Baku, Azerbaijan

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BANK "BTB" OJSC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

(in New Azerbaijani Manats)

	Note	Share capital	Retained earnings/ (accumulated deficit)	Total equity
Balance at 1 January 2013		44,840,000	3,285,278	48,125,278
Increase of share capital		-	-	-
Total comprehensive income for 2014		-	1,812,415	1,812,415
Balance at 1 January 2015		44,840,000	5,097,693	49,937,693
Increase of share capital	17	7,160,000	(4,942,743)	2,217,257
Total comprehensive loss for 2015		-	(1,635,655)	(1,635,655)
Balance at 31 December 2015		52,000,000	(1,480,705)	50,519,295


On behalf of the Management Board:


Samir Gojayev
Chairman of the Management Board

April 19, 2015

Baku, Azerbaijan




Yuliya Pasternak
Deputy of Chief Accountant

April 19, 2015

Baku, Azerbaijan

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BANK "BTB" OJSC

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2015

(in New Azerbaijani Manats)

	Notes	Year ended 31 December 2015	Year ended 31 December 2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		(2,044,569)	2,474,132
Adjustments for:			
Provision for impairment losses on interest bearing assets	8	1,343,811	2,339,436
Loss on sale of property and equipment	21	16,415	14,703
Depreciation and amortization expense	9	1,184,776	983,763
Translation (gain)/loss on foreign exchange operations		1,429,231	(262,395)
Net changes in interest accruals		758,022	(942,620)
Cash flows from operating activities before changes in operating assets and liabilities		2,687,686	4,607,019
Changes in operating assets and liabilities (Increase)/decrease in operating assets:			
Minimum reserve deposit with NBAR	6	696,998	183,469
Due from other banks	7	-	-
Loans to customers	8	(3,763,752)	(4,522,828)
Other financial assets	10	457,503	(581,723)
Other assets	11	(1,436,625)	(100,864)
Increase/(decrease) in operating liabilities:			
Customer accounts	13	27,496,749	11,272,289
Due to other banks	12	(1,540,949)	(1,591,292)
Borrowings	14	40,785,634	(4,799,087)
Other financial liabilities	15	(46,696)	74,017
Other liabilities	16	(1,910)	(3,106)
Cash inflow from operating activities before taxation		65,334,638	4,537,894
Income tax paid		(10,824)	(580,044)
Net cash inflow from operating activities		65,323,814	3,957,850
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of premises and equipment		(12,919,611)	(5,640,789)
The sale of premises and equipment		98,816	19,026
Purchases of intangible assets		(41,990)	(47,700)
Net cash inflow/(outflow) from investing activities		(12,862,785)	(5,669,463)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issue of ordinary share capital	17	2,217,257	-
Net cash inflow from financing activities		2,217,257	-
Effect of changes in foreign exchange rate on cash and cash eq.		(352,840)	4,568
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		54,325,446	(1,707,045)
CASH AND CASH EQUIVALENTS, beginning of year		2,008,578	3,715,623
CASH AND CASH EQUIVALENTS, end of year	6	56,334,024	2,008,578

On behalf of the Management Board:

Samir Gojayev

Chairman of the Management Board

April 19, 2015

Baku, Azerbaijan

The notes on pages 7-64 form an integral part of these financial statements.



Yuliya Pasternak

Deputy of Chief Accountant

April 19, 2015

Baku, Azerbaijan