

Belinvestbank Group`s IFRS results for six months ended 30 June 2013

The operating income of the Group for six months ended 30 June 2013 reached BYR 562,616 million and decreased by 5.86% in comparison with six months ended 30 June 2012.

The operating expenses of the Group for six months ended 30 June 2013 reached BYR 471,820 million and decreased by 3.56% in comparison with six months ended 30 June 2012.

Net profit before loss on net monetary position reached BYR 71,389 million and decreased by 10.18% (six months ended 30 June 2012: BYR 79,482 million).

The reduction of net profit before loss on net monetary position was driven by the decrease of both net interest income after allowance for impairment losses on interest bearing assets and net non-interest income.

With the effect from 1 January 2011, the Belarusian economy is considered to be hyperinflationary in accordance with the criteria in IAS 29 “Financial Reporting in Hyperinflationary Economies”. The application of IAS 29 resulted in an adjustment for the loss of purchasing power of the Belarusian Rouble. In a period of inflation the Group holding an excess of monetary assets over monetary liabilities loses purchasing power, which results in a loss on the net monetary position (BYR 54,524 and 72,101 million on 30.06.2013 and 30.06.2012 respectively). This loss is derived from the restatement of non-monetary assets and liabilities, equity and items in the consolidated statement of comprehensive income.

Net profit after loss on net monetary position reached BYR 16,865 million (2012: 7,381 million). The total comprehensive income reported in consolidated statement of comprehensive income totaled BYR 26,269 million and increased by 12.6% versus net comprehensive income for six months ended 30 June 2012, that totaled BYR 23,324 million.

Highlights for six months ended 30 June 2013

	Six months ended 30 June 2013 BYR million (%)	Six months ended 30 June 2012/ Year ended 31 December 2012 BYR million (%)	Change
Operating income	562,616	597,636	-5.86%
Net interest income before provision for impairment losses on interest bearing assets	342,390	290,578	17.83%
Net non-interest income	337,054	369,124	-8.69%
Operating expenses	-471,820	-489,241	-3.56%
Net profit before loss on net monetary position	71,389	79,482	-10.18%
Loss on net monetary position	-54,524	-72,101	-24.38%
Loans, gross	13,126,477	12,085,486	8.61%
Allowances for impairment losses on loans to customers	-460,864	-431,321	6.85%
Total comprehensive income	26,269	23,324	0.13
Total assets	20,696,943	19,604,809	5.57%
Risk weighted assets	16,285,948	14,275,863	14.08%
Net loans	12,665,613	11,654,165	8.68%
Due to customers	14,221,500	13,925,187	2.13%
Total equity	2,288,792	2,274,539	0.63%
Capital adequacy ratio, Basel 1	14.1%	15.9%	-1.88 p.p.
ROE (%)	1.15%	1.05%	0.1 p.p.
ROA (%)	0.13%	0.12%	0.01 p.p.
Cost to income ratio	0.84	0.82	0.02
NPL/Loans gross, (%)	1.32%	0.75%	0.57 p.p.
Loan Impairment Charge/Gross Loans	3.51%	3.57%	-0.06 p.p.
Assets / Equity	9.04	8.62	0.42
Allowance for impairment on loans to customers/NPL	2.66	4.76	-2.10