

Belinvestbank Group`s IFRS results for three months ended 31 March 2014

The operating income of the Group for three months ended 31 March 2014 reached BYR 410,597 million and increased by 20.22% in comparison with three months ended 31 March 2013.

The operating expenses of the Group for three months ended 31 March 2014 reached BYR 305,242 million and increased by 21.94% in comparison with three months ended 31 March 2013.

Net profit before loss on net monetary position reached BYR 101,024 million and increased by 25.24% (three months ended 31 March 2013: BYR 80,663 million).

The increase of net profit before loss on net monetary position was driven by the increase of net interest income after allowance for impairment losses on interest bearing assets.

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. 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 31,899 million (2013: 33,368 million). The total comprehensive income reported in consolidated statement of comprehensive income totaled BYR 27,461 million and decreased by 19.1% versus net comprehensive income for three months ended 31 March 2013, that totaled BYR 33,946 million.

Highlights for three months ended 31 March 2014

	Three months ended 31 March 2014 BYR million (%)	Three months ended 31 March 2013/ Year ended 31 December 2013 BYR million (%)	Change
Operating income	410,597	341,552	20.22%
Net interest income before provision for impairment losses on interest bearing assets	247,005	157,499	56.83%
Net non-interest income	218,183	237,565	-8.16%
Operating expenses	-305,242	-250,321	21.94%
Net profit before loss on net monetary position	101,024	80,663	25.24%
Loss on net monetary position	-69,125	-47,295	46.16%
Loans, gross	16,239,214	15,719,522	3.31%
Allowances for impairment losses on loans to customers	-559,090	-527,287	6.03%
Total comprehensive income	27,461	33,946	-19.10%
Total assets	25,697,008	26,163,593	-1.78%
Risk weighted assets	20,435,290	20,151,725	1.41%
Net loans	15,680,124	15,192,235	3.21%
Due to customers	17,495,205	17,528,810	-0.19%
Total equity	3,175,535	3,225,864	-1.56%
Capital adequacy ratio, Basel 1	15.54%	16.01%	-0.47 p.p.
ROE (%)	0.86%	2.10%	-1.25 p.p.
ROA (%)	0.11%	0.26%	-0.15 p.p.
Cost to income ratio	0.74	0.73	0.01
NPL/Loans gross, (%)	2.47%	1.99%	0.48 p.p.
Loan Impairment Charge/Gross Loans	3.44%	3.35%	0.09 p.p.
Assets / Equity	8.09	8.11	-0.02
Allowance for impairment on loans to customers/NPL	1.39	1.68	-0.29