

Belinvestbank Group`s IFRS results for six months ended 30 June 2012

The operating income of the Group for six months ended 30 June 2012 reached BYR 506,755 million and decreased by 1.31% in comparison with six months ended 30 June 2011.

The operating expenses of the Group for six months ended 30 June 2012 reached BYR 414,845 million and decreased by 3,39% vis-a-vis six months ended 30 June 2011.

Net profit before loss on net monetary position reached BYR 67,394 million and has increased by 8.3% (six months ended 30 June 2011: BYR 62,216 million).

The net profit before loss on net monetary position increase driven by the reducing of expenses due to initial recognition adjustment on interest bearing assets, operating expenses; and increase in net fee and commission income, increase in repayment of loans previously written off, income from agricultural activity, net gain from sale of property and equipment, income from revaluation of biological assets at fair value. Reducing in net interest income, net gain on foreign exchange operations and share in net profit of associate led to decrease in the net profit before loss on net monetary position.

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 as the difference resulting from the restatement of non-monetary assets and liabilities, equity and items in the consolidated statement of comprehensive income.

The decline in group profit due to loss on net monetary position has been partly compensated by gains from remeasurement of securities at fair value. As a result the total comprehensive income reported in consolidated statement of comprehensive income totaled BYR 20,35 billion versus net comprehensive loss totaled 317,46 billion for six months ended 2011.

Highlights for six months ended 30 June 2012

	6 Months ended 30 June 2012 BYR million (%)	6 Months ended 30 June 2011 BYR million (%)	Change
Operating income	506,755	513,487	-1.31%
Net interest income before provision for impairment losses on interest bearing assets	246,391	435,843	-43.47%
Net non-interest income	301,129	332,095	-9.32%
Operating expenses	-414,845	-429,398	-3.39%
Net profit before loss on net monetary position	67,394	62,216	8.32%
Loss on net monetary position	-60,562	-368,117	-83.55%
Loans, gross	10,419,755	10,404,250	0.15%
Allowances for impairment losses on loans to customers	398,513	398,828	-0.08%
Total comprehensive income	20,351	-317,458	
Total assets	16,550,763	15,892,104	4.14%
Risk weighted assets	11,438,205	10,667,500	7.22%
Net loans	10,021,242	10,005,422	0.16%
Due to customers	10,852,331	9,990,488	8.63%
Total equity	1,916,179	1,823,956	5.06%
Capital adequacy ratio, Basel 1	11,438,205	11,220,835	1.94%
ROE (%)	1.09%	-19.82%	20.91 p. p.
ROA (%)	0.13%	-1.93%	2.05 p. p.
Cost to income ratio (%)	0.82	0.84	-0.02
NPL/Loans gross, (%)	0.94%	0.55%	0.39 p. p.
Loan Impairment Charge/Gross Loans	3.82%	3.83%	-0.01 p. p.
Assets / Equity	8.64	8.71	-0.08
Allowance for impairment on loans to customers/NPL	4.07	6.96	-2.89