

Translation from the original in Russian

**“Belarusian Bank
for Development and Reconstruction
“Belinvestbank” Joint-Stock Company
Interim Condensed Consolidated Financial
Statements**

For Three Months Ended 31 March 2011

BELINVESTBANK JSC

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BELINVESTBANK JSC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2011
(in millions of Belarusian roubles)

	Notes	31 March 2011	31 December 2010
ASSETS:			
Cash, balances with the National Bank and precious metals	4, 26	614,410	787,193
Due from banks	5, 26	236,492	274,693
Derivative assets	11	33,123	11,490
Loans to customers	6, 26	5,869,239	4,900,315
Securities available for sale	7, 26	575,451	589,501
Investment in associate	8	-	87
Property and equipment	9	225,706	210,963
Intangible assets	9	13,787	15,054
Non-current assets held for sale	10	4,238	5,554
Current income taxes assets	23, 26	1,648	1,457
Deferred income taxes assets	23	-	3,086
Government grants receivable	31	67,873	56,621
Other assets	12, 26	62,920	63,046
TOTAL ASSETS		<u>7,704,887</u>	<u>6,919,060</u>
LIABILITIES AND EQUITY:			
LIABILITIES:			
Due to banks	13, 26	1,496,453	969,096
Derivative liabilities	11	1,199	2,807
Due to customers	14, 26	4,744,333	4,379,360
Loans from banks collateralized by securities	7	10,032	94,785
Debt securities issued	15	629,556	681,455
Current income taxes liabilities	23, 26	725	282
Deferred income taxes liabilities	23	415	374
Other liabilities	16	79,354	52,854
Total liabilities		<u>6,962,067</u>	<u>6,181,013</u>
EQUITY			
Share capital	24	507,182	507,182
Share premium	24	20,898	20,898
Financial assets available for sale revaluation reserve		1,315	731
Retained earnings		210,283	206,317
Total equity attributable to shareholders of the Bank		<u>739,678</u>	<u>735,128</u>
Non-controlling interest		<u>3,142</u>	<u>2,919</u>
Total equity		<u>742,820</u>	<u>738,047</u>
TOTAL LIABILITIES AND EQUITY		<u>7,704,887</u>	<u>6,919,060</u>



Chairman of the Board
A.E. Rutkovsky
1 June 2011
Minsk



Chief Accountant
A.N. Syrokvash
1 June 2011
Minsk

The notes on pages 9 to 72 form an integral part of these interim condensed consolidated financial statements.

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BELINVESTBANK JSC
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2011
(in millions of Belarusian roubles)

	Notes	Three months ended 31 March 2011	Three months ended 31 March 2010
Interest income	17, 26	200,363	177,406
Interest expense	17, 26	(130,540)	(111,489)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		69,823	65,917
Initial recognition adjustment on interest bearing assets and liabilities, net		(13,693)	1,049
Recovery of provision (provision)/ for impairment losses on loans to banks	18, 26	-	1,052
Provision for impairment losses on loans to customers	18, 26	(16,143)	(22,306)
Provision for impairment losses on securities available for sale	18, 26	(3,216)	(588)
NET INTEREST INCOME		36,771	45,124
Net loss on operations with securities available for sale	26	(57)	(80)
Net gain on foreign exchange operations	19	22,748	15,316
Fee and commission income	20, 26	56,554	33,876
Fee and commission expense	20, 26	(24,394)	(6,000)
Share in net loss of associate	8	(87)	-
Other income	21	12,178	3,839
Recovery (provision)/for impairment losses on other assets (Provision)/recovery of provision for impairment losses on off- balance liabilities	18, 26 18, 26	338 2,426	(960) (8,816)
NET NON-INTEREST INCOME		69,706	37,175
OPERATING INCOME		106,477	82,299
OPERATING EXPENSES	22, 26	(78,570)	(56,397)
PROFIT BEFORE INCOME TAXES		27,907	25,902
Income taxes expense	23	(7,096)	(5,095)
NET PROFIT		20,811	20,807
NET PROFIT, ATTRIBUTABLE TO :			
Shareholders of the Bank		20,588	20,685
Non-controlling interest		223	122
		20,811	20,807

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BELINVESTBANK JSC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THREE MONTHS ENDED 31 MARCH 2011
(in millions of Belarusian roubles)

	Three months ended 31 March 2011	Three months ended 31 March 2010
NET PROFIT	20,811	20,807
OTHER COMPREHENSIVE INCOME COMPONENTS		
Gains from revaluation of securities available for sale	625	165
Income tax relating to components of other comprehensive income	<u>(41)</u>	<u>(16)</u>
OTHER COMPREHENSIVE INCOME COMPONENTS LESS TAX	<u>584</u>	<u>149</u>
COMPREHENSIVE INCOME	<u>21,395</u>	<u>20,956</u>
TOTAL COMPREHENSIVE INCOME, RELATING TO:		
Shareholders of the Bank	21,172	20,834
Non-controlling interest	<u>223</u>	<u>122</u>
	21,395	20,956

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BELINVESTBANK JSC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THREE MONTHS ENDED 31 MARCH 2011
(in millions of Belarusian roubles)

	Notes	Share capital	Share premium	Financial assets available for sale revaluation reserve	Retained earnings	Total equity attributable to shareholders of the parent Bank	Non-controlling interest	Total equity
31 December 2009		447,182	20,898	1,183	87,649	556,912	2,034	558,946
Comprehensive income for the period		-	-	149	20,685	20,834	122	20,956
Dividends declared and paid	25	-	-	-	(10,327)	(10,327)	-	(10,327)
31 March 2010		447,182	20,898	1,332	98,007	567,419	2,156	569,575
31 December 2010		507,182	20,898	731	206,317	735,128	2,919	738,047
Comprehensive income for the period		-	-	584	20,588	21,172	223	21,395
Dividends declared and paid	25	-	-	-	(16,622)	(16,622)	-	(16,622)
31 March 2011		507,182	20,898	1,315	210,283	739,678	3,142	742,820

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BELINVESTBANK JSC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THREE MONTHS ENDED 31 MARCH 2011
(in millions of Belarusian roubles)

	Notes	Three months ended 31 March 2011	Three months ended 31 March 2010
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received		197,576	152,609
Interest paid		(134,883)	(111,146)
Fees and commissions received		53,808	26,294
Fees and commissions paid		(24,394)	(6,000)
Realised gains less losses from securities available for sale		(57)	(80)
Realised gains less losses from dealing in foreign currencies		18,821	19,728
Other income received		11,015	187
		<u>(72,608)</u>	<u>(48,660)</u>
Cash flows from operating activities before changes in operating assets and liabilities		<u>49,278</u>	<u>32,932</u>
Change in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Minimum reserve deposits with the National Bank of the Republic of Belarus and precious metals		(7,365)	50,794
Amounts due from banks		65,137	246,980
Loans to customers		(940,387)	(184,506)
Other assets		(5,969)	(1,616)
Increase/(decrease) in operating liabilities:			
Due to banks		511,384	(123,360)
Customer accounts		280,808	(18,025)
Loans from banks collateralized by securities		(84,096)	47,178
Other liabilities		<u>29,244</u>	<u>9,143</u>
Cash inflow/(outflow) from operating activities before taxation		(101,966)	59,520
Income tax paid		<u>(3,758)</u>	<u>(4,820)</u>
Cash inflow/(outflow) from operating activities		<u>(105,724)</u>	<u>54,700</u>

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BELINVESTBANK JSC
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THREE MONTHS 31 MARCH 2011
(in millions of Belarusian roubles, unless otherwise specified)

	Notes	Three months ended 31 March 2011	Three months ended 31 March 2010
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets		(13,346)	(4,728)
Proceeds on sale of property, equipment and intangible assets		1,183	(126)
Proceeds on sale of non-current assets held for sale		1,316	(75)
Purchase of securities available for sale		(28,249)	(59,091)
Proceeds on sale of securities available for sale		<u>40,685</u>	<u>38,258</u>
Net cash (outflow)/inflow from investing activities		<u>1,589</u>	<u>(25,762)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid		(16,622)	(10,327)
Proceeds from debt securities issued		(44,333)	38,876
Redemption of debt securities issued		<u>(12,487)</u>	<u>(73,526)</u>
Net cash inflow from finance activities		<u>(73,442)</u>	<u>(44,977)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		(177,577)	(16,039)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		<u>15,815</u>	<u>2,380</u>
CASH AND CASH EQUIVALENTS, beginning of year	4	<u>798,788</u>	<u>517,195</u>
CASH AND CASH EQUIVALENTS, end of year	4	<u>637,026</u>	<u>503,536</u>

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