

*Translation from the original in Russian*

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

*For Six Months Ended 30 June 2011*

**BELINVESTBANK JSC**

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**BELINVESTBANK JSC**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF 30 JUNE 2011**  
*(in millions of Belarusian roubles)*

	Notes	30 June 2011	31 December 2010
<b>ASSETS:</b>			
Cash, balances with the National Bank and precious metals	5, 27	740,900	787,193
Due from banks	6, 27	326,498	274,693
Derivative assets	12	413,174	11,490
Loans to customers	7, 27	7,380,132	4,900,315
Securities available for sale	8, 27	575,893	589,501
Investment in associate	9	-	87
Property and equipment	10	237,695	210,963
Intangible assets	10	15,224	15,054
Non-current assets held for sale	11	4,479	5,554
Current income taxes assets	24, 27	949	1,457
Deferred income taxes assets	24	-	3,086
Government grants receivable	32	90,774	56,621
Other assets	13, 27	86,942	63,046
<b>TOTAL ASSETS</b>		<b>9,872,660</b>	<b>6,919,060</b>
<b>LIABILITIES AND EQUITY:</b>			
<b>LIABILITIES:</b>			
Due to banks	14, 27	2,092,213	969,096
Derivative liabilities	12	-	2,807
Due to customers	15, 27	6,332,371	4,379,360
Loans from banks collateralized by securities	8	23,312	94,785
Debt securities issued	16	620,372	681,455
Current income taxes liabilities	24, 27	203	282
Deferred income taxes liabilities	24	798	374
Other liabilities	17	75,089	52,854
<b>Total liabilities</b>		<b>9,144,358</b>	<b>6,181,013</b>
<b>EQUITY</b>			
Share capital	25	519,130	507,182
Share premium	25	20,898	20,898
Financial assets available for sale revaluation reserve		(6,101)	731
Retained earnings		194,338	206,317
Total equity attributable to shareholders of the Bank		728,265	735,128
Non-controlling interest		37	2,919
<b>Total equity</b>		<b>728,302</b>	<b>738,047</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,872,660</b>	<b>6,919,060</b>



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Acting Chairman of the Board  
N.F. Prima  
5 September 2011  
Minsk



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Chief Accountant  
A.N. Syrovkash  
5 September 2011  
Minsk

The notes on pages 8 to 78 form an integral part of these interim condensed consolidated financial statements.

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**BELINVESTBANK JSC**  
**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2011**  
*(in millions of Belarusian roubles)*

	Notes	Six months ended 30 June 2011	Six months ended 30 June 2010
Interest income	18, 27	489,017	347,572
Interest expense	18, 27	<u>(279,290)</u>	<u>(228,508)</u>
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		209,727	119,064
Income on early repayment of loans issued at below market rates		6,975	-
Expense on early repayment of loans received at below market rates		(3,848)	-
Initial recognition adjustment on interest bearing assets and liabilities, net		(43,728)	1,454
Recovery of provision (provision)/ for impairment losses on loans to banks	19, 27	-	1,188
Provision for impairment losses on loans to customers	19, 27	(103,591)	(31,616)
Provision for impairment losses on securities available for sale	19, 27	<u>(6,713)</u>	<u>(971)</u>
NET INTEREST INCOME		<u>58,822</u>	<u>89,119</u>
Net loss on operations with securities available for sale	27	13	(20)
Net gain on foreign exchange operations	20	36,694	39,429
Fee and commission income	21, 27	119,063	75,158
Fee and commission expense	21, 27	(39,931)	(14,471)
Share in net loss of associate	9	(87)	-
Other income	22	28,466	8,691
Recovery (provision)/for impairment losses on other assets	19, 27	617	(186)
(Provision)/recovery of provision for impairment losses on off-balance liabilities	19, 27	<u>(9,484)</u>	<u>(9,680)</u>
NET NON-INTEREST INCOME		<u>135,351</u>	<u>98,921</u>
OPERATING INCOME		194,173	188,040
OPERATING EXPENSES	23, 27	<u>(169,502)</u>	<u>(119,377)</u>
PROFIT BEFORE INCOME TAXES		<u>24,671</u>	<u>68,663</u>
Income taxes expense	24	<u>(11,086)</u>	<u>(10,119)</u>
<b>NET PROFIT</b>		<u><b>13,585</b></u>	<u><b>58,544</b></u>
<b>NET PROFIT, ATTRIBUTABLE TO :</b>			
Shareholders of the Bank		16,499	58,051
Non-controlling interest		<u>(2,914)</u>	<u>493</u>
		<u><b>13,585</b></u>	<u><b>58,544</b></u>

The notes on pages 8 to 78 form an integral part of these interim condensed consolidated financial statements

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**BELINVESTBANK JSC**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR SIX MONTHS ENDED 30 JUNE 2011**  
*(in millions of Belarusian roubles)*

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	Six months ended 30 June 2011	Six months ended 30 June 2010
<b>NET PROFIT</b>	13,585	58,544
<b>OTHER COMPREHENSIVE INCOME COMPONENTS</b>		
Gains from revaluation of securities available for sale	(6,408)	(475)
Income tax relating to components of other comprehensive income	424	77
<b>OTHER COMPREHENSIVE INCOME COMPONENTS LESS TAX</b>	<u>(6,832)</u>	<u>(398)</u>
<b>COMPREHENSIVE INCOME</b>	<u><b>6,753</b></u>	<u><b>58,146</b></u>
<b>TOTAL COMPREHENSIVE INCOME, RELATING TO:</b>		
Shareholders of the Bank	9,667	57,653
Non-controlling interest	<u>(2,914)</u>	<u>493</u>
	<u><b>6,753</b></u>	<u><b>58,146</b></u>

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**BELINVESTBANK JSC**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR SIX MONTHS ENDED 30 JUNE 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
<b>31 December 2009</b>		<b>447,182</b>	<b>20,898</b>	<b>1,183</b>	<b>87,649</b>	<b>556,912</b>	<b>2,034</b>	<b>558,946</b>
Comprehensive income for the period		-	-	(398)	58,051	57,653	493	58,146
Dividends declared and paid	25	-	-	-	(10,327)	(10,327)	-	(10,327)
<b>30 June 2010</b>		<b>447,182</b>	<b>20,898</b>	<b>785</b>	<b>135,373</b>	<b>604,238</b>	<b>2,527</b>	<b>606,765</b>
<b>31 December 2010</b>		<b>507,182</b>	<b>20,898</b>	<b>731</b>	<b>206,317</b>	<b>735,128</b>	<b>2,919</b>	<b>738,047</b>
Consolidation of the subsidiary		-	-	-	-	-	32	32
Capitalization of reserves		11,948	-	-	(11,948)	-	-	-
Comprehensive income for the period		-	-	(6,832)	16,499	9,667	12	9,679
Dividends declared and paid	25	-	-	-	(16,530)	(16,530)	-	(16,530)
Decrease of non-controlling interest		-	-	-	-	-	(2,926)	(2,926)
<b>30 June 2011</b>		<b>519,130</b>	<b>20,898</b>	<b>(6,101)</b>	<b>194,338</b>	<b>728,265</b>	<b>37</b>	<b>728,302</b>

The notes on pages 8 to 78 form an integral part of these interim condensed consolidated financial statements.

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**BELINVESTBANK JSC**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR SIX MONTHS ENDED 30 JUNE 2011**  
*(in millions of Belarusian roubles)*

	Notes	Six months ended 30 June 2011	Six months ended 30 June 2010
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received		560,696	330,644
Interest paid		(347,297)	(223,070)
Fees and commissions received		115,617	76,709
Fees and commissions paid		(39,931)	(14,471)
Realised gains less losses from securities available for sale		13	(20)
Realised gains less losses from dealing in foreign currencies		(134,139)	46,571
Other income received		25,787	6,990
Other operating expenses paid		(157,563)	(111,617)
Cash flows from operating activities before changes in operating assets and liabilities		<u>23,183</u>	<u>111,736</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		(10,836)	47,685
Amounts due from banks		54,685	(256,643)
Loans to customers		(1,440,209)	(445,526)
Other assets		(13,322)	(12,092)
Increase/(decrease) in operating liabilities:			
Due to banks		538,539	33,006
Customer accounts		710,813	295,431
Loans from banks collateralized by securities		(70,926)	(17,582)
Other liabilities		(21,254)	(4,569)
Cash inflow/(outflow) from operating activities before taxation		(229,327)	(248,554)
Income tax paid		(7,571)	(8,247)
Cash inflow/(outflow) from operating activities		<u>(236,898)</u>	<u>(256,801)</u>

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**BELINVESTBANK JSC**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR SIX MONTHS ENDED 30 JUNE 2011**  
*(in millions of Belarusian roubles)*

	Notes	Six months ended 30 June 2011	Six months ended 30 June 2010
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, equipment and intangible assets		(41,035)	(29,265)
Proceeds on sale of property, equipment and intangible assets		3,541	7,979
Proceeds on sale of non-current assets held for sale		1,075	(432)
Proceeds on sale of securities held to maturity		-	15,000
Purchase of securities available for sale		(924,646)	(1,011,883)
Proceeds on sale of securities available for sale		<u>975,924</u>	<u>935,415</u>
Net cash (outflow)/inflow from investing activities		<u>14,859</u>	<u>(83,186)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Dividends paid		(16,530)	(10,327)
Proceeds from debt securities issued		54,364	912,308
Redemption of debt securities issued		<u>(82,164)</u>	<u>(560,418)</u>
Net cash inflow from finance activities		<u>(44,330)</u>	<u>341,563</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		(266,369)	1,576
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		<u>256,117</u>	<u>(1,538)</u>
CASH AND CASH EQUIVALENTS, beginning of year	5	<u>798,788</u>	<u>517,195</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>5</b>	<b><u>788,536</u></b>	<b><u>517,233</u></b>

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