

Translation from the original in Russian

**“Belarusian Bank
for Development and Reconstruction “Belinvestbank”
Joint-Stock Company**

Interim Condensed Consolidated Financial Statements

For the 6 Months Ended 30 June 2012

BELINVESTBANK JSC


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BELINVESTBANK JSC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR SIX MONTHS ENDED 30 JUNE 2012
(in millions of Belarusian roubles in terms of purchasing power of the Belarusian rouble as at 30 June 2012)

	Notes	30 June 2012	31 December 2011
ASSETS:			
Cash, balances with the National Bank and precious metals	4, 27	2,252,273	1,567,698
Due from banks	5, 27	717,391	1,145,555
Derivative financial assets	12	699,019	846,966
Loans to customers	6, 27	10,021,242	10,005,422
Securities available for sale	7, 27	808,145	442,461
Securities held to maturity	8	242,351	163,911
Investment in associate	9	121,515	114,853
Property and equipment	10	1,099,329	1,059,222
Intangible assets	10	52,788	47,544
Non-current assets held for sale	11	8,008	2,785
Current income tax assets	24, 27	15,838	-
Assets constructed for sale	11	22,376	14,554
Deferred income tax assets	24	7,650	8,448
Government grants receivable	31	249,447	328,153
Other assets	13, 27	233,391	144,532
TOTAL ASSETS		16,550,763	15,892,104
LIABILITIES AND EQUITY:			
LIABILITIES:			
Due to banks	14, 27	1,796,654	2,359,415
Due to customers	15, 27	10,852,331	9,990,488
Loans from banks collateralized by securities	7	384,685	99,678
Debt securities issued	16	1,460,230	1,409,290
Current income tax liabilities	24, 27	23,374	50,569
Deferred income tax liabilities	24	9,494	10,251
Other liabilities	17	107,816	148,457
Total liabilities		14,634,584	14,068,148
EQUITY:			
Share capital	25	1,739,089	1,616,996
Share premium		78,716	78,716
Financial assets available for sale revaluation reserve		(10,547)	(24,066)
Revaluation reserve for premises		285,059	287,190
(Accumulated deficit)/retained earnings		(176,680)	(134,900)
Total equity attributable to shareholders of the Bank		1,915,637	1,823,936
Non-controlling interest		542	20
Total equity		1,916,179	1,823,956
TOTAL LIABILITIES AND EQUITY		16,550,763	15,892,104


 Acting Chairman of the Board
 S.P. Kovalevsky
 10 September 2012
 Minsk


 Acting Chief Accountant
 S.A. Yunevich
 10 September 2012
 Minsk

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BELINVESTBANK JSC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR SIX MONTHS ENDED 30 JUNE 2012
(in millions of Belarusian roubles in terms of purchasing power of the Belarusian rouble as at 30 June 2012)

	Notes	6 months ended 30 June 2012	6 months ended 30 June 2011
Interest income	18, 27	1,462,679	1,029,543
Interest expense	18, 27	(1,216,288)	(593,700)
NET INTEREST INCOME		246,391	435,843
Income on early derecognition of loans to customers issued at below market rates		-	13,633
Expense on early derecognition of loans from banks issued at below market rates			(7,521)
Initial recognition adjustment on interest bearing assets and liabilities, net		(2,119)	(73,971)
Provision for impairment losses on loans to customers	19, 27	(50,509)	(175,236)
Provision for impairment losses on securities available for sale	19, 27	11,863	(11,356)
NET INTEREST INCOME AFTER PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		205,626	181,392
Net loss on operations with securities available for sale	27	33	5
Net gain on foreign exchange operations	20	10,268	66,254
Fee and commission income	21, 27	234,468	248,111
Fee and commission expense	21, 27	(43,043)	(81,829)
Share in net profit of associate	9	17,505	55,483
Other income	22	69,625	59,070
(Provision)/recovery of provision for impairment losses on other assets	19, 27	3,193	1,044
Provision for impairment losses on off-balance liabilities	19, 27	9,080	(16,043)
NET NON-INTEREST INCOME		301,129	332,095
OPERATING INCOME		506,755	513,487
OPERATING EXPENSES	23, 27	(414,845)	(429,398)
PROFIT BEFORE INCOME TAXES		91,910	84,089

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BELINVESTBANK JSC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2012 (CONTINUED)
(in millions of Belarusian roubles in terms of purchasing power of the Belarusian rouble as at 30 June 2012)

	Notes	6 months ended 30 June 2012	6 months ended 30 June 2011
Income taxes recovery/ (expenses)	24	(24,516)	(21,873)
NET PROFIT BEFORE LOSS ON NET MONETARY POSITION		67,394	62,216
LOSS ON NET MONETARY POSITION		(60,562)	(368,117)
NET (LOSS)/PROFIT		6,832	(305,901)
NET (LOSS)/PROFIT, ATTRIBUTABLE TO :			
Shareholders of the Bank		6,310	(298,851)
Non-controlling interest		522	(7,050)
		6,832	(305,901)
OTHER COMPREHENSIVE INCOME COMPONENTS			
Gains from remeasurement of premises		-	-
Income tax relating to remeasurement of premises		-	-
(Losses)/gains from revaluation of securities available for sale		13,763	(10,835)
Realised gains on investment securities available for sale		(33)	(5)
Income tax relating to securities available for sale		(211)	(717)
OTHER COMPREHENSIVE INCOME COMPONENTS LESS TAX		13,519	(11,557)
COMPREHENSIVE INCOME		20,351	(317,458)
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO:			
Shareholders of the Bank		19,829	(310,408)
Non-controlling interest		522	(7,050)
		20,351	(317,458)

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BELINVESTBANK JSC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2012
(in millions of Belarusian roubles in terms of purchasing power of the Belarusian rouble as at 30 June 2012)

	Notes	Share capital	Share premium	Revaluation reserve for premises	Financial assets available for sale revaluation reserve	(Accumulated deficit)/ retained earnings	Total equity attributable to shareholders of the parent Bank	Non-controlling interest	Total equity
31 December 2010		1,593,643	78,716	-	1,237	173,939	1,847,535	7,059	1,854,594
Comprehensive income for the period		-	-	-	(11,557)	(298,851)	(310,408)	(7,050)	(317,458)
Consolidation of subsidiary		-	-	-	-	-	-	54	54
Capitalization of reserves	25	23,353	-	-	-	(23,353)	-	-	-
Dividends declared and paid	25	-	-	-	-	(34,108)	(34,108)	-	(34,108)
30 June 2011		1,616,996	78,716	-	(10,320)	(182,373)	1,503,019	63	1,503,082
31 December 2011		1,616,996	78,716	287,190	(24,066)	(134,900)	1,823,936	20	1,823,956
Comprehensive income for the period		-	-	-	13,519	6,310	19,829	522	20,351
Capitalization of reserves	25	29,111	-	-	-	(29,111)	-	-	-
Amortisation of revaluation reserve for premises, net of tax		-	-	(2,131)	-	2,131	-	-	-
Share capital increase by share issue	25	92,982	-	-	-	-	92,982	-	92,982
Dividends declared and paid	25	-	-	-	-	(21,110)	(21,110)	-	(21,110)
30 June 2012		1,739,089	78,716	285,059	(10,547)	(176,680)	1,915,637	542	1,916,179

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BELINVESTBANK JSC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2012
(in millions of Belarusian roubles in terms of purchasing power of the Belarusian rouble as at 30 June 2012)

	<u>6 months ended</u> <u>30 June 2012</u>	<u>6 months ended</u> <u>30 June 2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received	1,559,153	1,184,951
Interest paid	(1,171,826)	(708,742)
Fees and commissions received	219,321	242,282
Fees and commissions paid	(43,043)	(81,829)
Realised gains less losses from securities available for sale	33	5
Realised gains less losses from dealing in foreign currencies	175,924	56,617
Other income received	58,788	52,718
Other operating expenses paid	(368,382)	(399,854)
Cash flows from operating activities before changes in operating assets and liabilities	<u>429,968</u>	<u>346,148</u>
Change in operating assets and liabilities		
(Increase)/decrease in operating assets:		
Minimum reserve deposits with the National Bank of the Republic of Belarus	(24,456)	(31,254)
Precious metals	1,442	(1,614)
Amounts due from banks	55,929	(31,060)
Loans to customers	(1,233,435)	(5,071,535)
Other assets	(67,811)	(70,114)
Increase/(decrease) in operating liabilities:		
Due to banks	(448,868)	1,411,810
Customer accounts	1,943,432	3,499,106
Loans from banks collateralized by securities	295,894	(69,852)
Other liabilities	(55,968)	(8,236)
Cash inflow from operating activities before taxation	<u>896,127</u>	<u>(26,601)</u>
Income tax paid	(55,349)	(17,967)
Cash inflow from operating activities	<u>840,778</u>	<u>(44,568)</u>

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BELINVESTBANK JSC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2012 (CONTINUED)
(in millions of Belarusian roubles in terms of purchasing power of the Belarusian rouble as at 30 June 2012)

	Notes	6 months ended 30 June 2012	6 months ended 30 June 2011
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets		(100,805)	(33,519)
Proceeds on sale of property, equipment and intangible assets		12,420	58,041
Proceeds on sale of non-current assets held for sale		(5,223)	3,578
Purchase of securities held to maturity		(82,990)	-
Purchase of securities available for sale		(2,595,820)	(1,880,508)
Proceeds on sale of securities available for sale		2,199,914	1,650,890
Net cash outflow from investing activities		<u>(572,504)</u>	<u>(201,518)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Share capital issue		92,982	-
Dividends paid		(20,410)	(28,649)
Proceeds from debt securities issued		444,545	453,903
Redemption of debt securities issued		(253,227)	(138,990)
Net cash inflow from finance activities		<u>263,890</u>	<u>286,264</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		532,164	40,178
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		8,948	161,455
INFLATION EFFECT ON MONETARY ASSETS AND LIABILITIES		(239,830)	(708,473)
CASH AND CASH EQUIVALENTS, beginning of the period	4	<u>2,237,743</u>	<u>1,840,743</u>
CASH AND CASH EQUIVALENTS, end of the period	4	<u>2,539,025</u>	<u>1,333,903</u>