

Belinvestbank Group`s IFRS results for nine months ended 30 September 2012

The operating income of the Group for nine months ended 30 September 2012 reached BYR 818,256 million and decreased by 18.63% in comparison with nine months ended 30 September 2011.

The operating expenses of the Group for nine months ended 30 September 2012 reached BYR 721,029 million and increased by 16.84% vis-a-vis nine months ended 30 September 2011.

Net profit before loss on net monetary position reached BYR 65,735 million and has decreased by 81.76% (nine months ended 30 September 2011: BYR 360,328 million).

The net profit before loss on net monetary position decrease driven by the reducing of net interest income before provision for impairment losses, net gain on foreign exchange operations, share in net profit of associate and increase in operating expenses. Reducing of expenses due to initial recognition adjustment on interest bearing assets and liabilities, decrease in provision for impairment losses on loans to customers, increase in net fee and commission income led to increase 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 20,212 million versus net comprehensive loss totaled 36,326 million for nine months ended 2011.

Highlights for nine months ended 30 September 2012

	9 Months ended 30 September 2012 BYR million (%)	9 Months ended 30 September 2011/ Year ended 31 December 2011 BYR million (%)	Change
Operating income	818,256	1,005,657	- 18.63%
Net interest income before provision for impairment losses on interest bearing assets	399,088	593,641	- 32.77%
Net non-interest income	517,224	689,529	- 24.99%
Operating expenses	(721,029)	(617,117)	+ 16.84%
Net profit before loss on net monetary position	65,735	360,328	- 81.76%
Loss on net monetary position	(51,564)	(594,034)	- 91.32%
Loans, gross	11,187,130	10,922,078	+ 2.43%
Allowances for impairment losses on loans to customers	432,376	418,678	+ 3.27%
Total comprehensive income	20,212	(36,326)	
Total assets	17,041,111	16,683,064	+ 2.15%
Risk weighted assets	12,958,470	11,775,720	+ 10.04%
Net loans	10,754,754	10,503,400	+ 2.39%
Due to customers	11,675,330	10,487,723	+ 11.32%
Total equity	2,010,393	1,914,732	+ 5.00%
Capital adequacy ratio, Basel 1	15.51%	16.26%	- 0.74 p.p.
ROE (%)	1.03%	-1.98%	+ 3.01 p.p.
ROA (%)	0.12%	-0.22%	+ 0.34 p.p.
Cost to income ratio	0.88	0.61	+ 0.27
NPL/Loans gross, (%)	1.14%	0.55%	+ 0.59 p.p.
Loan Impairment Charge/Gross Loans	3.86%	3.83%	+ 0.03 p.p.
Assets / Equity	8.48	8.71	- 0.24
Allowance for impairment on loans to customers/NPL	3.39	6.96	- 2.05 times