

BPS-Sberbank
Interim Condensed
Consolidated Financial Statements

For the 3 Months Ended 31 March 2012

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Translation from original in Russian

Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders, the Supervisory Board and the Management Board of JSC "BPS-Sberbank"

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of JSC "BPS-Sberbank" and its subsidiaries (together the "Group") as of 31 March 2012, comprising of the interim condensed consolidated statement of financial position as of 31 March 2012 and the related interim condensed consolidated income statements and statements of comprehensive income for the three months then ended, interim condensed consolidated statements of changes in equity and of cash flows for the three months then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young LLC

11 June 2012

BPS-SBERBANK

Interim condensed consolidated statement of financial position**As of 31 March 2012***(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)*

	Notes	31 March 2012 (unaudited)	31 December 2011
Assets			
Cash and cash equivalents	3, 26	3,772,774	4,701,334
Mandatory cash balances with the National Bank of the Republic of Belarus		86,594	77,857
Due from banks	4	121,512	142,494
Derivative financial assets	5	5,146,471	5,469,552
Loans to customers	6, 26	13,874,280	13,685,318
Non-current assets held for sale	7	17,280	17,280
Investments available for sale	8	1,078,026	608,724
Investments held to maturity	9	36,734	37,909
Investments in associates	26	19,107	18,903
Premises and equipment	10	911,120	897,981
Intangible assets	10	46,111	42,429
Current income tax assets		43,725	14,906
Other assets	11	170,302	180,131
Total assets		25,324,036	25,894,818
Liabilities and equity			
Liabilities			
Loans from the National Bank of the Republic of Belarus	12	285,830	317,304
Due to banks	13, 26	7,109,484	9,033,346
Derivative financial liabilities	5	82	-
Due to individuals	14, 26	5,976,681	5,730,553
Due to corporate customers	14, 26	7,712,639	6,630,358
Debt securities issued	15	1,310,199	1,226,382
Current income tax liabilities		38,301	81,923
Deferred income tax liabilities		108,968	126,937
Provisions for guarantees and other commitments	19	7,941	5,512
Other liabilities	16	135,558	123,908
Subordinated debt	26	428,570	453,694
Total liabilities		23,114,253	23,729,917
Equity			
Share capital	17	1,870,405	1,870,405
Revaluation reserve for premises		304,633	315,324
Investments available for sale fair value (deficit)/reserve		(38,812)	(70,774)
Retained earnings		73,337	49,770
Total equity attributable to shareholders of the Bank		2,209,563	2,164,725
Non-controlling interest		220	176
Total equity		2,209,783	2,164,901
Total liabilities and equity		25,324,036	25,894,818

Signed and authorized for release on behalf of the Management Board

Vasili S. Matyushevski

Chairman of the Board

Anatoly V. Boreiko

Chief Accountant

11 June 2012

The accompanying notes on pages 6 to 42 are an integral part of these interim condensed consolidated statements.

BPS-SBERBANK

Interim condensed consolidated income statement**For the period ended 31 March 2012***(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 31 March 2012)*

	<i>Notes</i>	3 months ended 31 March 2012 (unaudited)	3 months ended 31 March 2011 (unaudited)
Interest income	18, 26	983,160	505,130
Interest expense	18, 26	(584,461)	(237,815)
Net interest income before provision for impairment losses on interest bearing assets		398,699	267,315
Provision for impairment losses on interest bearing assets	19	(28,788)	(29,162)
Net interest income		369,911	238,153
Fee and commission income	20, 26	156,326	157,254
Fee and commission expense	20, 26	(37,399)	(45,196)
Net gains/(losses) arising from investment securities available for sale		(1,132)	237
Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains	21	22,327	(163,154)
Net gains arising from operations with precious metals, precious metals derivatives and precious metals translations gains	21	(107,628)	(21,038)
Net gains from disposal of subsidiary	22	-	25,217
Other provisions	19	(2,690)	5,601
Other income	23	10,192	5,585
Net non-interest income/(expense)		39,996	(35,494)
Operating income		409,907	202,659
Operating expenses	24	(282,228)	(203,942)
Share of results of an associate		922	2,134
Profit before loss on net monetary position		128,601	851
Loss on net monetary position due to inflation effect		(78,460)	(58,253)
Profit/(loss) before income taxes		50,141	(57,402)
Income tax expense/(savings)		(18,288)	26,030
Net profit /(loss)		31,853	(31,372)
Attributable to:			
-Shareholders of the parent Bank		31,809	(31,372)
-Non-controlling interest		44	-
		31,853	(31,372)

Signed and authorized for release on behalf of the Management Board

Vasili S. Matyushevski

Chairman of the Board

Anatoly V. Boreiko

Chief Accountant

11 June 2012

BPS-SBERBANK

Interim condensed consolidated statement of comprehensive income**For the period ended 31 March 2012***(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 31 March 2012)*

	31 March 2012 <i>(unaudited)</i>	31 March 2011 <i>(unaudited)</i>
Net profit /(loss)	31,853	(31,372)
Other comprehensive income		
Net change in income tax relating to office premises remeasurement	(9,008)	2,075
Net change in fair value of investments available for sale	30,830	(27,046)
Reclassification adjustments for gains/(losses) included in profit or loss from comprehensive income on disposal of investments available for sale	1,132	(237)
Other comprehensive income/(loss)	22,954	(25,208)
Total comprehensive income/(loss)	54,807	(56,580)
Attributable to:		
- Shareholders of the parent	54,763	(56,580)
- Non-controlling interest	44	-
Total comprehensive income/(loss)	54,807	(56,580)

The accompanying notes on pages 6 to 42 are an integral part of these interim condensed consolidated statements.

BPS-SBERBANK

Interim condensed consolidated statement of changes in equity**For the period ended 31 March 2012***(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 31 March 2012)*

	Notes	Share capital	Revaluation reserve for office premises	Investments available for sale fair value reserve	Retained earnings	Total equity attributable to shareholders of the parent	Non-controlling interest	Total equity
31 December 2010		1,870,405	346,095	2,746	140,602	2,359,848	188	2,360,036
Total comprehensive income/(loss) for the 3 months ended 31 March 2011		-	2,075	(27,283)	(31,372)	(56,580)	-	(56,580)
Amortisation of revaluation reserve for premises, net of tax		-	(3,189)	-	3,189	-	-	-
Dividends paid	17	-	-	-	(13,629)	(13,629)	-	(13,629)
31 March 2011 (unaudited)		1,870,405	344,981	(24,537)	98,790	2,289,639	188	2,289,827
31 December 2011		1,870,405	315,324	(70,774)	49,770	2,164,725	176	2,164,901
Total comprehensive income/(loss) for the 3 months ended 31 March 2012		-	(9,008)	31,962	31,809	54,763	44	54,807
Amortisation of revaluation reserve for premises, net of tax		-	(1,683)	-	1,683	-	-	-
Dividends declared	17	-	-	-	(9,925)	(9,925)	-	(9,925)
31 March 2012 (unaudited)		1,870,405	304,633	(38,812)	73,337	2,209,563	220	2,209,783

The accompanying notes on pages 6 to 42 are an integral part of these interim condensed consolidated statements.

BPS-SBERBANK

Interim condensed consolidated statement of cash flows**For the period ended 31 March 2012***(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 31 March 2012)*

	Notes	31 March 2012 (unaudited)	31 March 2011 (unaudited)
Cash flows from operating activities			
Interest income received		966,628	545,165
Interest expense paid		(584,251)	(238,164)
Fee and commission income received		156,326	157,254
Fee and commission expense paid		(37,399)	(45,196)
Net gain on foreign exchange operations		32,778	42,359
Net gain on derivative financial instruments		14,532	(4,688)
Net gain on disposal of investments available for sale		(1,132)	237
Net gain on precious metals		8,549	4,653
Other income received		9,518	5,582
Operating expenses paid		(261,338)	(175,171)
Income taxes paid		(99,497)	(43,805)
Cash flows from operating activities before changes in operating assets and liabilities		204,714	248,226
Changes in operating assets and liabilities			
<i>(Increase)/decrease in operating assets</i>			
Minimum reserve deposit with the National Bank of the Republic of Belarus		(12,430)	(22,960)
Due from banks		18,616	151,839
Loans to customers		(950,907)	(1,984,828)
Other assets		(2,745)	(9,575)
<i>Increase/(decrease) in operating liabilities</i>			
Loans from the National Bank of the Republic of Belarus		(9,441)	444
Due to banks		(1,570,723)	1,165,253
Due to individuals		624,849	405,328
Due to corporate customers		1,365,746	(170,773)
Debt securities issued		151,021	43,466
Other liabilities		11,322	11,175
Net cash outflow from operating activities		(169,978)	(162,405)
Cash flows from investing activities			
Purchase of premises, equipment and intangible assets		(26,680)	(10,446)
Proceeds on sale of premises and equipment		705	2,376
Purchase of investments available for sale		(505,367)	(145,041)
Proceeds on repayment of investments available for sale		-	21,447
Purchase of investments held to maturity		-	(6,870)
Proceeds on repayment of investments held to maturity		-	21,447
Proceeds on disposal of subsidiary		-	6,230
Dividends received		-	2
Net cash outflow from investing activities		(531,342)	(110,855)
Effect of changes in foreign exchange rates on cash and cash equivalents		2,848	17,215
Inflation effect on monetary assets and liabilities		(230,088)	(263,434)
Net decrease in cash and cash equivalents		(701,320)	(273,260)
Cash and cash equivalents, beginning	3	4,701,334	2,752,136
Cash and cash equivalents, ending	3	3,772,774	2,232,657

The accompanying notes on pages 6 to 42 are an integral part of these interim condensed consolidated statements.

BPS-SBERBANK
2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***1. Organization**

Open Joint-Stock Company "BPS-Sberbank" (previous name – "BPS-Bank"), or BPS-Sberbank (the "Bank"), was established from the Belarusian branch of Promstroibank USSR and registered with the National Bank of the Republic of Belarus (the "National Bank") as a closed joint-stock company on 28 December 1991. On 17 February 1993 the Bank was reorganized into an open joint stock company and accordingly registered by the National Bank. The Bank conducts its business under Common License for performing banking operations # 4 issued on 8 June 2011. The Bank accepts deposits from the public, issues loans and transfers payments in the Republic of Belarus and abroad, exchanges currencies and provides other banking services to its commercial and retail customers, including cash collection and operations with precious metals.

The registered office of the Bank is located at 6 Mulyavin Boulevard, 220005, Minsk, Republic of Belarus. As at 31 March 2012 the Bank had 6 regional establishments and 36 outlets, as well as representative office in the Republic of Poland, Warsaw.

The average number of employees of the Bank during 3 months, ended 31 March 2012, and 3 months, ended 31 March 2011, was 4,488 and 4,365 persons, respectively.

The Bank is a parent company of a banking group (the "Group") which consists of the following enterprises:

Name	Country of operation	Proportion of ownership interest/ voting rights, %		Type of operation
		31 March 2012	31 December 2011	
Closed Joint Stock Company "BPS - Leasing"	Republic of Belarus	50.0	50.0	Finance lease activities
Limited Liability Company "Narochanskaya Niva 2004"	Republic of Belarus	98.7	98.7	Agriculture
Closed Joint Stock Insurance Company "TASK"	Republic of Belarus	25.6	25.6	Insurance services
Closed Joint Stock Company "SB- Global"	Republic of Belarus	99.9	99.9	Advisory activity

At 31 March 2012 and 31 December 2011 the following shareholders owned the issued shares of the Bank:

Shareholder	31 March 2012, %	31 December 2011, %
Sberbank	97.91	97.91
Other	2.09	2.09
Total	100.00	100.00

On 14 December 2009 Savings Bank of the Russian Federation (Sberbank) acquired 834,795,559 ordinary shares and 708,404 preference shares. The ultimate controlling party of Sberbank is the Central Bank of Russia.

These interim condensed consolidated financial statements were authorized for issue by the Management Board on 11 June 2012.

BPS-SBERBANK
2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***2. Basis of preparation****General**

These interim condensed consolidated statements of JSC "BPS-Sberbank" (the "Bank") and its subsidiaries ("the Group") as at 31 March 2012 were prepared in accordance with the requirements of International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2011.

These interim condensed consolidated financial statements are presented in millions of Belarusian roubles ("BYR"), unless otherwise indicated. The exchange rates at the end of the reporting period used by the Group in the preparation of the interim condensed consolidated financial statements are as follows:

	31 March 2012	31 December 2011
BYR/USD	8,020.00	8,350.00
BYR/EUR	10,710.00	10,800.00
BYR/RUR	273.50	261.00

The preparation of financial statements under IFRS requires Management to make estimates and assumptions for certain categories of assets and liabilities. Areas where this is required include the fair value of certain financial assets and liabilities, the allowance for loan losses, the impairment of assets other than loans, the recognition and measurement of deferred tax assets, provisions for uncertain income tax positions, legal and regulatory contingencies, the reserves for pensions and similar obligations. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from Management's estimates and the results reported should not be regarded as necessarily indicative of results that may be expected for the entire year.

Accounting for the effects of hyperinflation

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" ("IAS 29"). Accordingly, adjustments and reclassifications for the purposes of presentation of IFRS financial statements include restatement, in accordance with IAS 29, for changes in the general purchasing power of the Belarusian Rouble. The standard requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date.

In applying IAS 29, the Group has used conversion factors derived from the Belarusian consumer price index ("CPI"), published by the State Committee on Statistics of the Republic of Belarus. The CPIs for the six year period and respective conversion factors after Belarus previously ceased to be considered hyperinflationary on 1 January 2006 were as follows:

Year	Index, %	Conversion factors
2006	106.6	336.8
2007	112.1	300.4
2008	113.3	265.2
2009	110.1	240.8
2010	109.9	219.1
3 months 2011	106.1	206.4
2011	208.7	105.0
3 months 2012	105.0	100.0

Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current as of 31 March 2012. Non-monetary assets and liabilities (items which are not already expressed in terms of the monetary unit current as of 31 March 2012) are restated by applying the relevant index. The effect of inflation on the Group's net monetary position is included in the interim condensed consolidated income statement as loss on net monetary position.

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 31 March 2012)

2. Basis of presentation (continued)

Accounting for the effects of hyperinflation (continued)

The application of IAS 29 results in an adjustment for the loss of purchasing power of the Belarusian Rouble recorded in profit or loss. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power, which results in a loss on the net monetary position. This loss/gain is derived as the difference resulting from the restatement of non-monetary assets and liabilities, equity and items in the interim condensed consolidated statement of comprehensive income. Corresponding figures for the 3 months ended 31 March 2011 have also been restated so that they are presented in terms of the purchasing power of the Belarusian Rouble as of 1 March 2012. Income and expense items of the interim condensed consolidated income statement for the 3 months, ended 31 March 2012, and 3 months, ended 31 March 2011, were restated on a quarterly basis with the use of average indexes for each quarter.

Functional and presentation currency

The functional and presentation currency of these interim condensed consolidated financial statements is the currency of the Republic of Belarus – Belarusian Rouble, the currency of the primary economic environment in which the Group operates.

Changes in accounting policies

The Group has adopted the following amended IFRS and new IFRIC Interpretations during 1 quarter 2012. The principal effects of these changes are as follows:

IFRS 7 - Disclosures - Transfers of financial assets (Amendment)

The IASB issued an amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. Effective implementation date is for annual periods beginning on or after 1 July 2011 with no comparative requirements.

IAS 12 - Deferred Tax: Recovery of Underlying Assets (Amendment)

This amendment to IAS 12 includes a rebuttable presumption that the carrying amount of investment property measured using the fair value model in IAS 40 will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale. Specifically, IAS 12 will require that deferred tax arising from a non-depreciable asset measured using the revaluation model in IAS 16 should always reflect the tax consequences of recovering the carrying amount of the underlying asset through sale. Effective implementation date is for annual periods beginning on or after 1 January 2012.

IFRS 1 - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment)

When an entity's date of transition to IFRS is on or after the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date, at fair value on the date of transition to IFRS. This fair value may be used as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. However, this exemption may only be applied to assets and liabilities that were subject to severe hyperinflation. Effective implementation date is for annual periods beginning on or after 1 July 2011 with early adoption permitted.

BPS-SBERBANK
2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***3. Cash and cash equivalents**

	31 March 2012 (unaudited)	31 December 2011
Cash	1,129,613	984,191
Current accounts with the National Bank	200,916	2,323,477
Correspondent accounts and placements with other banks with original maturities up to 30 days:		
- Belarus	1,206,026	499,899
- Other countries	1,035,453	751,643
Reverse-repo agreements with original maturities up to 30 days	200,766	142,124
Total cash and cash equivalents	3,772,774	4,701,334

Correspondent accounts and placements with other banks and reverse-repo agreements with original maturities up to 30 days mostly represent balances with the largest and well-known foreign banks, top rated Belarus banks and financial companies. Analysis by credit quality of the balances with counterparty banks and financial companies at 31 March 2012 made on the basis of ratings of international rating agencies is as follows:

	Investment rating	Speculative rating	Not rated	Total
Correspondent accounts and placements with other banks with original maturities up to 30 days:				
- Belarus	-	1,174,829	31,197	1,206,026
- Other countries	1,031,697	3,274	482	1,035,453
Reverse-repo agreements with original maturities up to 30 days	-	200,766	-	200,766
Total	1,031,697	1,378,869	31,679	2,442,245

Analysis by credit quality of the balances with counterparty banks and financial companies at 31 December 2011 made on the basis of ratings of international rating agencies is as follows:

	Investment rating	Speculative rating	Not rated	Total
Correspondent accounts and placements with other banks with original maturities up to 30 days:				
- Belarus	-	499,650	249	499,899
- Other countries	739,034	1,633	10,976	751,643
Reverse-repo agreements with original maturities up to 30 days	-	142,124	-	142,124
Total	739,034	643,407	11,225	1,393,666

Rating definitions in the tables above represent the rating scale developed by the international rating agencies.

As at 31 March 2012 and 31 December 2011 all cash and cash equivalents are neither past due nor impaired.

BPS-SBERBANK
2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***4. Due from banks**

Due from banks comprise:

	31 March 2012 <i>(unaudited)</i>	31 December 2011
Time deposits and loans to banks:		
- Belarus	121,512	142,494
Total due from banks	121,512	142,494

Time deposits and loans to banks mostly represent balances with the largest and well-known foreign banks, top rated Belarus banks.

Analysis by credit quality of the balances with counterparty banks and financial companies at 31 March 2012 made on the basis of ratings of international rating agencies is as follows:

	Speculative rating	Not rated	Total
Time deposits and loans to banks:			
- Belarus	97,295	24,217	121,512
Total	97,295	24,217	121,512

Analysis by credit quality of the balances with counterparty banks and financial companies at 31 December 2011 made on the basis of ratings of international rating agencies is as follows:

	Speculative rating	Not rated	Total
Time deposits and loans to banks:			
- Belarus	116,020	26,474	142,494
Total	116,020	26,474	142,494

As at 31 March 2012 and 31 December 2011 the Group had no amounts above 10% of the Group's entity concentrated in one bank.

At 31 March 2012 and 31 December 2011 included in due from banks were fixed amounts of BYR 882 million and BYR 963 million, respectively, placed as guarantee deposits on letters of credit, operations with plastic cards and travel checks, and settlements with international payment systems.

At 31 March 2012 and 31 December 2011 included in due from banks are long-term loans issued to JSC "Belarusbank" and JSC "Belagroprombank" under the Government's program on financing for acquisition of agricultural equipment for the total amount of BYR 80,510 million and BYR 87,429 million, respectively, with maturities of up to 10 years and interest rate amounting to the refinancing rate of the National Bank.

BPS-SBERBANK
2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***5. Derivative financial instruments**

At 31 March 2012 and 31 December 2011 derivative financial instruments comprise:

<i>Derivative type</i>	<i>Nominal amount (in units of currency/ grams of gold to be purchased)</i>		<i>Fair Value at 31 March 2012 (unaudited)</i>	
			<i>Asset</i>	<i>Liability</i>
EUR/BYR foreign currency swap	EUR	340,709,341	2,308,869	-
XAU/BYR precious metals swap	XAU	7,515,014	2,251,210	-
USD/BYR foreign currency swap	USD	122,862,517	586,153	-
RUR/EUR foreign currency swap	RUR	236,335,037	239	82
Total derivative financial instruments			5,146,471	82

<i>Derivative type</i>	<i>Nominal amount (in units of currency/ grams of gold to be purchased)</i>		<i>Fair Value at 31 December 2011</i>	
			<i>Asset</i>	<i>Liability</i>
EUR/BYR foreign currency swap	EUR	340,709,341	2,469,643	-
XAU/BYR precious metals swap	XAU	7,515,014	2,337,511	-
USD/BYR foreign currency swap	USD	122,862,517	662,398	-
Total derivative financial instruments			5,469,552	-

At 31 March 2012 and 31 December 2011 derivative financial instruments mainly comprised swap contracts with the National Bank to purchase Belarusian Roubles for foreign currency and precious metals.

6. Loans to customers

The tables below show credit quality of the Group's loan portfolio by loan classes as at 31 March 2012 and 31 December 2011.

For the purposes of these condensed interim consolidated financial statements a loan is considered past due when the borrower fails to make any payment due under the loan agreement at the reporting date. In this case a past due amount is recognised as the aggregate amount of all amounts due from borrower under the loan agreement including accrued interest and commissions.

<i>31 March 2012 (unaudited)</i>	<i>Not past due loans</i>	<i>Past due loans</i>	<i>Total</i>
Commercial loans to legal entities	7,507,369	165,084	7,672,453
Specialized loans to legal entities	5,473,957	496,015	5,969,972
Consumer and other loans to individuals	395,271	9,147	404,418
Mortgage loans to individuals	418,981	8,414	427,395
Car loans to individuals	15,750	875	16,625
Total loans to customers before allowance for loan impairment	13,811,328	679,535	14,490,863
Less: Allowance for loan impairment	(568,406)	(48,177)	(616,583)
Total loans to customers net of allowance for loan impairment	13,242,922	631,358	13,874,280

<i>31 December 2011</i>	<i>Not past due loans</i>	<i>Past due loans</i>	<i>Total</i>
Commercial loans to legal entities	7,128,052	171,518	7,299,570
Specialized loans to legal entities	5,262,127	613,327	5,875,454
Consumer and other loans to individuals	613,187	10,922	624,109
Mortgage loans to individuals	471,647	11,399	483,046
Car loans to individuals	20,540	935	21,475
Total loans to customers before allowance for loan impairment	13,495,553	808,101	14,303,654
Less: Allowance for loan impairment	(493,944)	(124,392)	(618,336)
Total loans to customers net of allowance for loan impairment	13,001,609	683,709	13,685,318

BPS-SBERBANK
2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***6. Loans to customers (continued)**

Commercial lending to legal entities comprises corporate loans, loans to individual entrepreneurs and municipal authorities of the Republic of Belarus. Loans are granted for current needs (working capital financing, acquisition of movable and immovable property, portfolio investments, expansion and consolidation of business, etc.). Commercial lending also includes overdraft lending and lending for export-import transactions. The repayment source is cash flow from current production and financial activities of the borrower.

Specialised lending to legal entities includes investment and construction project financing and also developers' financing. As a rule, loan terms are linked to payback periods of investment and construction projects, contract execution periods and exceed the terms of commercial loans to legal entities. The principal and interest may be repaid from cash flows generated by the investment project at the stage of its commercial operation.

Consumer and other individual loans comprise loans to individuals other than housing acquisition, construction and repair of real estate as well as car loans. These loans include loans for current needs and overdrafts.

Mortgage loans to individuals include loans for acquisition, construction and reconstruction of real estate. These loans are mostly long-term and are collateralized by guarantees of individuals.

Car loans to individuals include loans for purchasing a car or other vehicle.

The table below shows the analysis of loans and provisions for loan impairment as at 31 March 2012:

	Gross loans	Allowance for loan impairment	Net loans	Allowance for loan impairment to gross loans
Commercial loans to legal entities				
<i>Collectively assessed</i>				
Not past due	6,954,004	(198,029)	6,755,975	2.8%
Loans up to 30 days overdue	484	(13)	471	2.7%
Loans 31 to 60 days overdue	18,982	(658)	18,324	3.5%
Loans 61 to 90 days overdue	25,218	(854)	24,364	3.4%
Loans 91 up to 180 days overdue	36,708	(1,264)	35,444	3.4%
Loans over 180 days overdue	23,903	(2,147)	21,756	9.0%
Total collectively assessed loans	7,059,299	(202,965)	6,856,334	2.9%
<i>Individually impaired</i>				
Not past due	553,365	(33,220)	520,145	6.0%
Loans up to 30 days overdue	-	-	-	-
Loans 31 to 60 days overdue	24,083	(5,729)	18,354	23.8%
Loans 61 to 90 days overdue	1,431	(157)	1,274	11.0%
Loans 91 up to 180 days overdue	805	(81)	724	10.1%
Loans over 180 days overdue	33,470	(13,954)	19,516	41.7%
Total individually impaired loans	613,154	(53,141)	560,013	8.7%
Total commercial loans to legal entities	7,672,453	(256,106)	7,416,347	3.3%
Specialized loans to legal entities				
<i>Collectively assessed</i>				
Not past due	3,797,688	(111,403)	3,686,285	2.9%
Loans up to 30 days overdue	17,254	(601)	16,653	3.5%
Loans 31 to 60 days overdue	77,784	(2,725)	75,059	3.5%
Loans 61 to 90 days overdue	37,209	(1,302)	35,907	3.5%
Loans 91 up to 180 days overdue	2,560	(86)	2,474	3.4%
Loans over 180 days overdue	13,384	(1,157)	12,227	8.6%
Total collectively assessed loans	3,945,879	(117,274)	3,828,605	3.0%
<i>Individually impaired</i>				
Not past due	1,676,269	(189,295)	1,486,974	11.3%
Loans up to 30 days overdue	18	(3)	15	16.7%
Loans 31 to 60 days overdue	260,755	(8,980)	251,775	3.4%
Loans 61 to 90 days overdue	4,023	(124)	3,899	3.1%
Loans 91 up to 180 days overdue	66,089	(505)	65,584	0.8%
Loans over 180 days overdue	16,939	(4,495)	12,444	26.5%
Total individually impaired loans	2,024,093	(203,402)	1,820,691	10.0%
Total specialized loans to legal entities	5,969,972	(320,676)	5,649,296	5.4%

BPS-SBERBANK
2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)*

entities	<u>13,642,425</u>	<u>(576,782)</u>	<u>13,065,643</u>	<u>4.2%</u>
6. Total loans to legal entities				
Loans to customers (continued)				
	<i>Gross loans</i>	<i>Allowance for loan impairment</i>	<i>Net loans</i>	<i>Allowance for loan impairment to gross loans</i>
Consumer and other loans to individuals				
<i>Collectively assessed</i>				
Not past due	395,271	(18,053)	377,218	4.6%
Loans up to 30 days overdue	4,715	(322)	4,393	6.8%
Loans 31 to 60 days overdue	1,615	(209)	1,406	12.9%
Loans 61 to 90 days overdue	834	(170)	664	20.4%
Loans 91 up to 180 days overdue	1,304	(562)	742	43.1%
Loans over 180 days overdue	679	(679)	-	100.0%
Total consumer and other loans to individuals	404,418	(19,995)	384,423	4.9%
Mortgage loans to individuals				
<i>Collectively assessed</i>				
Not past due	418,981	(17,416)	401,565	4.2%
Loans up to 30 days overdue	5,767	(264)	5,503	4.6%
Loans 31 to 60 days overdue	790	(48)	742	6.1%
Loans 61 to 90 days overdue	433	(32)	401	7.4%
Loans 91 up to 180 days overdue	814	(233)	581	28.6%
Loans over 180 days overdue	610	(610)	-	100.0%
Total mortgage loans to individuals	427,395	(18,603)	408,792	4.4%
Car loans to individuals				
<i>Collectively assessed</i>				
Not past due	15,750	(990)	14,760	6.3%
Loans up to 30 days overdue	305	(29)	276	9.5%
Loans 31 to 60 days overdue	184	(32)	152	17.4%
Loans 61 to 90 days overdue	188	(32)	156	17.0%
Loans 91 up to 180 days overdue	133	(55)	78	41.4%
Loans over 180 days overdue	65	(65)	-	100.0%
Total car loans to individuals	16,625	(1,203)	15,422	7.2%
Total loans to individuals	848,438	(39,801)	808,637	4.7%
Total loans and advances to customers as at 31 March 2012 (unaudited)	14,490,863	(616,583)	13,874,280	4.3%

BPS-SBERBANK
2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***6. Loans to customers (continued)**

The table below shows the analysis of loans and provisions for loan impairment as at 31 December 2011:

	<i>Gross loans</i>	<i>Allowance for loan impairment</i>	<i>Net loans</i>	<i>Allowance for loan impairment to gross loans</i>
Commercial loans to legal entities				
<i>Collectively assessed</i>				
Not past due	5,703,928	(122,125)	5,581,803	2.1%
Loans up to 30 days overdue	14,064	(24)	14,040	0.2%
Loans 31 to 60 days overdue	10,280	(63)	10,217	0.6%
Loans 61 to 90 days overdue	4,291	(46)	4,245	1.1%
Loans 91 up to 180 days overdue	28,603	(379)	28,224	1.3%
Loans over 180 days overdue	5,059	(1,051)	4,008	20.8%
Total collectively assessed loans	5,766,225	(123,688)	5,642,537	2.1%
<i>Individually impaired</i>				
Not past due	1,424,124	(83,170)	1,340,954	5.8%
Loans up to 30 days overdue	20,440	(5,663)	14,777	27.7%
Loans 31 to 60 days overdue	-	-	-	0.0%
Loans 61 to 90 days overdue	-	-	-	0.0%
Loans 91 up to 180 days overdue	-	-	-	0.0%
Loans over 180 days overdue	88,781	(26,608)	62,173	30.0%
Total individually impaired loans	1,533,345	(115,441)	1,417,904	7.5%
Total commercial loans to legal entities	7,299,570	(239,129)	7,060,441	3.3%
Specialized loans to legal entities				
<i>Collectively assessed</i>				
Not past due	3,708,407	(86,233)	3,622,174	2.3%
Loans up to 30 days overdue	2,316	(2)	2,314	0.1%
Loans 31 to 60 days overdue	11,184	(12)	11,172	0.1%
Loans 61 to 90 days overdue	3,347	(3)	3,344	0.1%
Loans 91 up to 180 days overdue	8,393	(382)	8,011	4.6%
Loans over 180 days overdue	7,858	(899)	6,959	11.4%
Total collectively assessed loans	3,741,505	(87,531)	3,653,974	2.3%
<i>Individually impaired</i>				
Not past due	1,553,720	(162,952)	1,390,768	10.5%
Loans up to 30 days overdue	381,989	(54,444)	327,545	14.3%
Loans 31 to 60 days overdue	125,427	(19,737)	105,690	15.7%
Loans 61 to 90 days overdue	-	-	-	0.0%
Loans 91 up to 180 days overdue	-	-	-	0.0%
Loans over 180 days overdue	72,813	(10,848)	61,965	14.9%
Total individually impaired loans	2,133,949	(247,981)	1,885,968	11.6%
Total specialized loans to legal entities	5,875,454	(335,512)	5,539,942	5.7%
Total loans to legal entities	13,175,024	(574,641)	12,600,383	4.4%

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***6. Loans to customers (continued)**

	Gross loans	Allowance for loan impairment	Net loans	Allowance for loan impairment to gross loans
Consumer and other loans to individuals				
<i>Collectively assessed</i>				
Not past due	613,187	(18,948)	594,239	3.1%
Loans up to 30 days overdue	3,722	(191)	3,531	5.1%
Loans 31 to 60 days overdue	2,181	(203)	1,978	9.3%
Loans 61 to 90 days overdue	1,695	(186)	1,509	11.0%
Loans 91 up to 180 days overdue	2,357	(654)	1,703	27.8%
Loans over 180 days overdue	967	(967)	-	100.0%
Total consumer and other loans to individuals	624,109	(21,149)	602,960	3.4%
Mortgage loans to individuals				
<i>Collectively assessed</i>				
Not past due	471,647	(19,820)	451,827	4.2%
Loans up to 30 days overdue	4,187	(214)	3,973	5.1%
Loans 31 to 60 days overdue	2,830	(169)	2,661	6.0%
Loans 61 to 90 days overdue	1,308	(101)	1,207	7.7%
Loans 91 up to 180 days overdue	2,025	(287)	1,738	14.2%
Loans over 180 days overdue	1,049	(1,049)	-	100.0%
Total mortgage loans to individuals	483,046	(21,640)	461,406	4.5%
Car loans to individuals				
<i>Collectively assessed</i>				
Not past due	20,540	(696)	19,844	3.4%
Loans up to 30 days overdue	465	(26)	439	5.6%
Loans 31 to 60 days overdue	42	(7)	35	16.7%
Loans 61 to 90 days overdue	130	(10)	120	7.7%
Loans 91 up to 180 days overdue	199	(68)	131	34.3%
Loans over 180 days overdue	99	(99)	-	100.0%
Total car loans to individuals	21,475	(906)	20,569	4.2%
Total loans to individuals	1,128,630	(43,695)	1,084,935	3.9%
Total loans and advances to customers as at 31 December 2011	14,303,654	(618,336)	13,685,318	4.3%

As defined by the Group for the purposes of internal credit risk assessment, loans fall into the "non-performing" category when a principal and/or interest payment becomes more than 90 days overdue.

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***6. Loans to customers (continued)**

As at 31 March 2012 the outstanding non-performing loans were as follows:

	Gross loans	Allowance for loan impairment	Net loans	Allowance for loan impairment to gross loans
Commercial loans to legal entities	94,886	(17,446)	77,440	18.4%
Specialised loans to legal entities	98,972	(6,243)	92,729	6.3%
Consumer and other loans to individuals	1,983	(1,241)	742	62.6%
Mortgage loans to individuals	1,424	(843)	581	59.2%
Car loans to individuals	198	(120)	78	60.6%
Total non-performing loans to customers as at 31 March 2012 (unaudited)	197,463	(25,893)	171,570	13.1%

As at 31 December 2011 the outstanding non-performing loans were as follows:

	Gross loans	Allowance for loan impairment	Net loans	Allowance for loan impairment to gross loans
Commercial loans to legal entities	122,443	(28,038)	94,405	22.9%
Specialised loans to legal entities	89,064	(12,129)	76,935	13.6%
Consumer and other loans to individuals	3,324	(1,621)	1,703	48.8%
Mortgage loans to individuals	3,074	(1,336)	1,738	43.5%
Car loans to individuals	298	(167)	131	56.0%
Total non-performing loans to customers as at 31 December 2011	218,203	(43,291)	174,912	19.8%

Movements in allowances for impairment losses for three months ended 31 March 2012 and 31 March 2011 are disclosed in Note 19.

Information on loans which terms have been renegotiated, as at 31 March 2012 and at 31 December 2011 is presented in the tables below. It shows the carrying amount for renegotiated loans by class.

	Commercial loans to legal entities	Specialised loans to legal entities	Total
Not past due collectively assessed loans	237	2,924	3,161
Other renegotiated loans	2,600	-	2,600
Total renegotiated loans before allowance for loan impairment as at 31 March 2012 (unaudited)	2,837	2,924	5,761
	Commercial loans to legal entities	Specialised loans to legal entities	Total
Not past due collectively assessed loans	2,520	3,965	6,485
Other renegotiated loans	-	514	514
Total renegotiated loans before allowance for loan impairment as at 31 December 2011	2,520	4,479	6,999

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***6. Loans to customers (continued)**

Included in commercial loans to legal entities are net investments in finance lease. The analysis of net investments in finance lease as at 31 March 2012 and 31 December 2011 is as follows:

	31 March 2012 (unaudited)	31 December 2011
Gross investment in finance lease	170,077	209,787
Unearned future finance income on finance lease	(44,776)	(62,835)
Net investment in finance lease before provision for impairment	125,301	146,952
Less provision for impairment	(16,522)	(16,175)
Net investment in finance lease after provision for impairment	108,779	130,777

The contractual maturity analysis of net investments in finance lease as at 31 March 2012 is as follows:

	Net investment in finance lease before allowance for impairment	Allowance for loan impairment	Net investment in finance lease after allowance for impairment
Not later than 1 year	55,130	(7,269)	47,861
Later than 1 year but not later than 5 years	67,663	(8,922)	58,741
Later than 5 years	2,508	(331)	2,177
Total as at 31 March 2012 (unaudited)	125,301	(16,522)	108,779

The contractual maturity analysis of net investments in finance lease as at 31 December 2011 is as follows:

	Net investment in finance lease before allowance for impairment	Allowance for loan impairment	Net investment in finance lease after allowance for impairment
Not later than 1 year	64,057	(7,050)	57,007
Later than 1 year but not later than 5 years	79,530	(8,754)	70,776
Later than 5 years	3,365	(371)	2,994
Total as at 31 December 2011	146,952	(16,175)	130,777

The analysis of minimal finance lease receivables as at 31 March 2012 and 31 December 2011 per contractual maturity is as follows:

	31 March 2012 (unaudited)	31 December 2011
Not later than 1 year	77,882	91,642
Later than 1 year but not later than 5 years	89,566	111,450
Later than 5 years	2,629	6,694
Total	170,077	209,786

BPS-SBERBANK
2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***6. Loans to customers (continued)**

Economic sector risk concentrations within the customer loan portfolio as at 31 March 2012 and at 31 December 2011 are as follows:

	31 March 2012 (unaudited)		31 December 2011	
	Amount	%	Amount	%
Machinery and equipment	3,124,390	21.6	2,925,290	20.5
Chemical and oil refinery industry	1,726,949	11.9	1,801,493	12.6
Energy and fuel	1,308,053	9.0	1,194,885	8.4
Trade and catering	1,124,308	7.8	932,930	6.5
Construction	1,118,199	7.7	1,001,425	7.0
Timber and woodworking industry	1,032,268	7.1	834,948	5.8
Building materials	892,926	6.2	1,128,629	7.9
Individuals	848,438	5.9	973,205	6.8
Food	597,993	4.1	356,857	2.5
Financial services	576,797	4.0	370,702	2.6
Transport and communication	528,112	3.6	657,234	4.6
Mining	480,250	3.3	798,326	5.6
Light industry	417,955	2.9	405,021	2.8
Metallurgy	352,345	2.4	601,638	4.2
Agriculture	113,203	0.8	87,443	0.6
Other	248,677	1.7	233,628	1.6
Total loans to customers before allowance for loan impairment	14,490,863	100.0	14,303,654	100.0

The table below summarizes the amount of loans secured by collateral, rather than the fair value of the collateral itself:

	31 March 2012 (unaudited)	31 December 2011
Loans collateralized by lien over receivables	2,874,587	3,353,655
Loans collateralized by equipment and rights thereon	2,288,788	2,734,206
Loans collateralized by guarantees of the Government and local authorities	2,187,041	2,025,979
Loans collateralized by real estate or rights thereon	2,113,387	1,889,548
Loans collateralized by guarantees of enterprises	1,990,795	1,735,666
Loans collateralized by inventories	1,738,702	1,024,237
Loans collateralized by guarantees of individuals	727,360	976,831
Loans collateralized by other types of collateral	339,486	269,425
Loans collateralized by cash or guarantee deposits	230,717	294,107
	14,490,863	14,303,654
Less allowance for loan impairment	(616,583)	(618,336)
Total loans to customers	13,874,280	13,685,318

As at 31 March 2012 the aggregated loan amount of 20 largest borrowers was BYR 6,209,958 million or 42.9% of the total gross loan portfolio of the Group (31 December 2011: BYR 6,132,393 million or 42.9%).

All loans are granted to companies operating in the Republic of Belarus, which represents significant geographical concentration in one region.

At 31 March 2012 loans to customers included specialized loans in USD in the amount of BYR 286,859 million provided to two borrowers (31 December 2011: BYR 316,982 million in USD provided to two borrowers) at 0.2% -1.5% interest margin. The Group attracted long-term loans from the National Bank of the Republic of Belarus to provide these loans (Note 12).

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***7. Non-current assets held for sale**

As at 31 March 2012 and 31 December 2011 premises previously used by the Group were classified as non-current assets held for sale and were accounted for in the interim condensed consolidated statement of financial position at fair value less costs to sell. The Management has elaborated a plan to dispose premises. The sale transactions for these assets are expected to be completed in 2012.

As at 31 March 2012 and 31 December 2011 assets repossessed from the borrowers include machinery equipment of a bankrupted borrower. The equipment was held by the borrower on conditions of a financial lease.

8. Investments available for sale

Investments available for sale comprise:

	<i>Interest to nominal, %</i>	<i>31 March 2012 (unaudited)</i>	<i>Interest to nominal, %</i>	<i>31 December 2011</i>
Republic of Belarus Eurobonds	8.70-8.75	350,119	8.70-8.75	350,160
Short-term government bonds	30.00	460,090		-
Long-term government bonds	10.00	152,050	10.00	150,268
Bonds of Belarusian companies	8.24-43.00	92,260	7.00-46.50	84,687
Shares		12,980		12,827
Bonds issued by municipalities	38.00-42.00	10,527	45.00-39.00	10,782
Total investments available for sale		1,078,026		608,724

9. Investments held to maturity

Investments held to maturity comprise:

	<i>Currency</i>	<i>Maturity date</i>	<i>Interest to nominal, %</i>	<i>31 March 2012 (unaudited)</i>
Coupon long-term government bonds	BYR	September 2014	2	24,586
Bonds issued by municipalities	BYR	July 2020	38-42	12,148
Total investments held to maturity				36,734

	<i>Currency</i>	<i>Maturity date</i>	<i>Interest to nominal, %</i>	<i>31 December 2011</i>
Coupon long-term government bonds	BYR	September 2014	2	25,148
Bonds issued by municipalities	BYR	July 2020	45-49	12,761
Total investments held to maturity				37,909

10. Premises, equipment and intangible assets

For the 3 months ended 31 March 2012 the Group's premises, equipment, and intangible assets additions amounted to BYR 37,742 mln (in 2011 - BYR 10,891 mln), disposals of premises, equipment, and intangible assets amounted to BYR 242 mln (in 2011 - BYR 1,782 mln).

At 31 March 2012 included in computer equipment are fully depreciated items in the amount of BYR 68,105 million (At 31 December 2011: BYR 64,616 million), in vehicles in the amount of BYR 19,991 million (At 31 December 2011: BYR 19,751 million) and in furniture and other assets in the amount of BYR 104,072 million (At 31 December 2011: BYR 99,087 million).

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***11. Other assets**

Other assets comprise:

	31 March 2012 (unaudited)	31 December 2011
Other financial assets:		
Settlement accounts on other banking services	69,640	73,926
Accrued income	3,470	3,104
Compensation payments from participation in government program on supporting national producers of consumer goods	3,323	3,606
Other	1	5
	76,434	80,641
Other non-financial assets:		
Precious metals	26,377	26,604
Prepaid expenses	18,801	15,618
Taxes recoverable and prepaid, other than income taxes	11,881	13,597
Prepayments for premises, equipment and intangible assets	10,049	21,156
Inventory	8,716	7,672
Prepayments for assets to be transferred into finance lease	6,323	4,488
Other advances and prepayments	11,721	10,355
	93,868	99,490
Total other assets	170,302	180,131

12. Loans from the National Bank of the Republic of Belarus

At 31 March 2012 and 31 December 2011 the amounts due to the National Bank of the Republic of Belarus included long-term loans from the National Bank of the Republic of Belarus totaling BYR 285,830 million and BYR 317,304 million, respectively, granted in USD for further financing of two borrowers (Note 6). Contractually the Bank bears all credit risk and earns 0.2% - 1.5% interest margin on these agreements.

13. Due to banks

Due to banks comprise:

	31 March 2012 (unaudited)	31 December 2011
Loans from banks and financial institutions	3,796,861	5,632,475
Loan in precious metals	3,212,916	3,250,915
Correspondent accounts of banks	99,707	149,956
Total due to banks	7,109,484	9,033,346

At 31 March 2012 a balance of due to banks amounting to BYR 5,543,243 million was due to two counterparties, including BYR 5,155,108 million due to Sberbank of Russia, which individually exceeded 10% of the Group's equity.

At 31 December 2011 a balance of due to banks amounting to BYR 7,834,599 million was due to four counterparties, including BYR 6,822,115 million due to Sberbank of Russia, which individually exceeded 10% of the Group's equity.

BPS-SBERBANK
2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***14. Due to individuals and due to corporate customers**

Due to individuals and corporate customers comprise:

	31 March 2012 (unaudited)	31 December 2011
Individuals:		
- Current/demand accounts	1,128,713	1,068,933
- Term deposits	4,847,968	4,661,620
Total due to individuals	5,976,681	5,730,553
State and public organisations:		
- Current/settlement accounts	76,007	64,992
- Term deposits	309,935	251,385
Total due to state and public organisations	385,942	316,377
Other corporate customers:		
- Current/settlement accounts	2,575,252	2,577,401
- Term deposits	4,751,445	3,736,580
Total due to other corporate customers	7,326,697	6,313,981
Total due to corporate customers	7,712,639	6,630,358
Total due to individuals and corporate customers	13,689,320	12,360,911

As at 31 March 2012 included in due to corporate customers are deposits of BYR 631,825 million (as at 31 December 2011: BYR 551,544 million) held as collateral for irrevocable commitments under import letters of credit.

As at 31 March 2012 the aggregated balances of 20 largest customers was BYR 3,702,155 million or 27.0% of total due to individuals and corporate customers (as at 31 December 2011: BYR 2,979,164 million or 24.1%).

Industry sector concentrations within customer accounts are as follows:

	31 March 2012 (unaudited)		31 December 2011	
	Amount	%	Amount	%
Individuals	5,976,681	43.6	5,730,553	46.4
Trade	1,972,536	14.4	741,519	6.0
Machinery and equipment	1,165,583	8.5	1,439,210	11.6
Insurance and other financial services	811,715	5.9	563,306	4.6
Transport and communications	736,165	5.4	541,640	4.4
Oil refinery and chemical industry	518,160	3.8	539,838	4.4
Construction	417,641	3.1	490,959	4.0
Energy	396,621	2.9	621,256	5.0
Light industry	264,679	1.9	220,833	1.8
Education	187,548	1.4	183,841	1.5
Woodworking and timber industry	169,117	1.2	69,099	0.6
Mining	142,289	1.0	404,892	3.3
Food	107,356	0.8	73,723	0.6
State and government bodies	105,175	0.8	72,895	0.6
Metallurgy	96,893	0.7	65,830	0.5
Agriculture	83,216	0.6	15,347	0.1
Building materials industry	79,089	0.6	107,964	0.9
Other	458,856	3.4	478,206	3.9
Total due to individuals and corporate customers	13,689,320	100.0	12,360,911	100.0

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***15. Debt securities issued**

Debt securities issued comprise:

	Nominal interest rate, %	31 March 2012 (unaudited)	Nominal interest rate, %	31 December 2011
Bonds issued to legal entities	5.5-42.5	1,204,931	5.5-49.5	1,138,416
Bonds issued to individuals	7.0-42.0	98,229	7.0-51.0	86,767
Certificates of deposit	29.0-58.0	7,037	48.0-59.0	1,197
Saving certificates	15.5-18.0	2	15.5-18.0	2
Total debt securities issued		1,310,199		1,226,382

Bonds issued to legal entities are interest-bearing securities issued by the Group. They are denominated in BYR, RUB, USD and Euro and have maturity dates from "on demand" to February 2013 (31 December 2011: from "on demand" to March 2013). Interest rates on such bonds vary from 5.5% (for bonds in USD and EUR) to 42.5% (for bonds in BYR) p.a. (31 December 2011: from 5.5% to 49.5% p.a.). Bonds are freely tradable on the Belarusian financial market.

Bonds issued to individuals are interest-bearing securities issued by the Group. They are denominated in BYR, USD and Euro and have maturity dates from "on demand" to October 2013 (31 December 2011: from "on demand" to March 2013). Interest rates on such bonds vary from 7.0% (for bonds in USD and EUR) to 42.0% (for bonds in BYR) p.a. (31 December 2011: from 7.0% to 51.0% p.a.).

Certificates of deposit and saving certificates are interest-bearing securities issued by the Group. They are denominated in BYR and have maturity dates from "on demand" to July 2012 (31 December 2011: from "on demand" to January 2012). Interest rates on such securities vary from 15.5% to 58.0% for certificates in BYR p.a. (31 December 2011: from 15.5% to 59.0% p.a.).

16. Other liabilities

Other liabilities comprise:

	31 March 2012 (unaudited)	31 December 2011
Other financial liabilities:		
Settlement accounts on other banking services	25,135	21,608
Accrued fee payable under documentary transactions and transactions with plastic cards	11,914	11,893
Payments due to other contractors	5,654	15,544
Payables for assets to be transferred into finance lease	4,718	6,318
Payables for premises and equipment	-	45
	47,421	55,408
Other non-financial liabilities:		
Unused leave and bonus accrual	45,179	13,030
Accrued contributions to deposits protection fund	17,353	16,629
Taxes payable, other than income taxes	15,250	38,444
Other	10,355	397
	88,137	68,500
Total other liabilities	135,558	123,908

Movements in allowance for losses on guarantees and other commitments for the 3 months ended 31 March 2012 and for the 3 months ended 31 March 2011 are disclosed in Note 19.

BPS-SBERBANK
2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***17. Share capital**

Movements in shares outstanding, issued and fully paid were as follows:

	Number of shares		Nominal amount, BYR		Inflation adjustment	Total, mln. BYR
	Preferred	Ordinary	Preferred	Ordinary		
31 December 2011	871,112	1,102,828,888	465	465	1,357,184	1,870,405
31 March 2012	871,112	1,102,828,888	465	465	1,357,184	1,870,405

All ordinary shares are ranked equally and carry one vote. Preference shares are non-voting. Preference shares are entitled to annual dividend, the amount of which is determinable by annual shareholders meeting.

During the 3 months, ended 31 March 2012 the Bank declared BYR 9,907 million and BYR 18 million dividends on ordinary and preference shares for the year 2011, respectively. The dividends were BYR 9 per ordinary share and BYR 20 per preference share.

During the 3 months, ended 31 March 2011 the Bank declared BYR 13,554 million and BYR 75 million dividends on ordinary and preference shares for the year 2010, respectively. The dividends were BYR 12 per ordinary share and BYR 86 per preference share.

In accordance with Belarussian legislation, dividends may only be declared to the shareholders of the Bank from accumulated undistributed and unreserved earnings as shown in the Bank's financial statements prepared in accordance with Belarusian GAAP. The Bank had approximately BYR 809,046 million of undistributed and unreserved earnings as at 31 December 2011 (2010: BYR 281,059 million).

18. Net interest income before loan impairment

The net interest income before allowance for loan impairment comprises:

	31 March 2012 (unaudited)	31 March 2011 (unaudited)
Interest income		
Interest on loans to customers	857,944	469,701
Interest on due from banks	85,689	12,884
Interest on investments available for sale	35,788	20,008
Interest on investments held to maturity	1,982	2,201
Compensation payments on participation in government program	1,757	336
Total interest income	983,160	505,130
Interest expense		
Interest on due to corporate customers	218,380	61,284
Interest on due to individuals	185,995	104,135
Interest on deposits from banks	95,678	40,425
Interest on debt securities issued	77,853	23,022
Interest on deposits from National Bank	6,555	8,949
Total interest expense	584,461	237,815
Net interest income before allowance for loan impairment	398,699	267,315

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***19. Allowance for loan impairment, other provisions**

The movements in allowance for loan impairment were as follows:

	<i>Loans to individuals</i>					<i>Total</i>
	<i>Commercial loans</i>	<i>Specialized loans</i>	<i>Consumer and other loans</i>	<i>Mortgage loans</i>	<i>Car loans</i>	
31 December 2010	203,697	239,216	30,234	34,509	2,289	509,945
Allowance charge/ (reversal of allowance) for the period	60,623	(39,917)	5,209	2,724	523	29,162
Inflation effect	(11,747)	(13,796)	(1,744)	(1,990)	(132)	(29,409)
31 March 2011 (unaudited)	252,573	185,503	33,699	35,243	2,680	509,698
31 December 2011	239,129	335,512	21,149	21,640	906	618,336
Allowance charge/ (reversal of allowance) for the period	28,285	2,324	(151)	(2,010)	340	28,788
Amounts written off		(1,209)	-	-	-	(1,209)
Inflation effect	(11,308)	(15,951)	(1,003)	(1,027)	(43)	(29,332)
31 March 2012 (unaudited)	256,106	320,676	19,995	18,603	1,203	616,583

The movements in provision on other transactions were as follows:

	<i>Guarantees and other commitments</i>
31 December 2010	25,428
Reversal of provision for the period	(5,601)
Inflation effect	(1,020)
31 March 2011 (unaudited)	18,807
31 December 2011	5,512
Provision	2,690
Inflation effect	(261)
31 March 2012 (unaudited)	7,941

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***20. Fee and commission income and expense**

Fee and commission income and expense comprise:

	31 March 2012 (unaudited)	31 March 2011 (unaudited)
Fee and commission income		
Salary transfer on card accounts and related cash withdrawals	44,122	50,473
Other operations with plastic cards	30,893	28,346
Settlement and cash operations with clients	30,475	34,191
Documentary operations	23,227	18,070
Foreign exchange operations	16,836	17,591
Cash delivery and collection	7,520	5,673
Settlements with banks	2,024	1,703
Securities operations	574	469
Other	655	738
Total fee and commission income	156,326	157,254
Fee and commission expense		
Plastic cards operations	15,784	15,855
Documentary operations	14,387	10,283
Cash delivery and collection	2,373	1,802
Correspondent bank services	1,882	1,969
Foreign exchange and cash operations	1,483	13,229
Other	1,490	2,058
Total fee and commission expense	37,399	45,196

21. Net gain on foreign exchange and precious metals operations

Net (loss)/gain on foreign exchange operations comprise:

	31 March 2012 (unaudited)	31 March 2011 (unaudited)
Net gains arising from trading in foreign currencies	32,778	42,359
Net foreign exchange translation losses	57,589	(273,451)
Net (losses)/gains from operations with foreign currency derivatives	(68,040)	67,938
Total net (loss)/gain on foreign exchange operations	22,327	(163,154)

Net (loss)/gain from operations with precious metals and precious metals derivatives:

	31 March 2012 (unaudited)	31 March 2011 (unaudited)
Net gains from operations with physical precious metals	8,549	4,653
Net precious metals translations losses	(140,762)	(32,155)
Net gains from operations with precious metals derivatives	24,585	6,464
Total net loss from operations with precious metals	(107,628)	(21,038)

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***22. Net gains from disposal of subsidiary**

On the February, 14th 2011, aiming at considerable expansion of CJSC "BPS-Leasing" operations JSC "BPS-Sberbank" has sold 1,500 of common shares of its leasing subsidiary to CJSC "Sberbank Leasing" of BYR 119,146 nominal value each for the total amount of BYR 178.7 million. JSC "BPS-Sberbank" has retained 50% of its shares in the entity. The Group treats its 50% share in CJSC "BPS-Leasing" as an investment in an associate.

	31 March 2012 <i>(unaudited)</i>	31 March 2011 <i>(unaudited)</i>
Net assets	4,671	(6,298)
Inflation effect	-	(6,704)
Proceeds from disposal of subsidiary	-	(202)
Net gain from disposal of subsidiary	-	25,217
The Group's 50% share in net assets of the associate CJSC "BPS-Leasing"	2,336	(6,501)

23. Other income

Other income comprises:

	31 March 2012 <i>(unaudited)</i>	31 March 2011 <i>(unaudited)</i>
Repayment of loans previously written off	5,473	3,598
Proceeds from non-banking activities of subsidiaries	1,606	954
Income from operating leases	75	87
Other	3,038	946
Total other income	10,192	5,585

24. Operating expenses

Operating expenses comprise:

	31 March 2012 <i>(unaudited)</i>	31 March 2011 <i>(unaudited)</i>
Staff costs	136,619	83,094
Social security contribution	38,355	23,968
Depreciation and amortization	20,679	26,990
Contributions to deposits protection fund	18,018	14,151
Expenses on maintenance of banking software	8,001	6,753
Advertising costs	6,839	2,314
Public utilities payments	5,991	4,350
Premises and equipment maintenance	5,366	4,220
Taxes, other than income taxes	5,066	9,930
Security expenses	4,931	5,712
Legal and consulting services	3,890	1,036
Operating leases	3,792	2,632
Other staff expenses	1,941	791
Vehicles maintenance and fuel expenses	1,673	1,325
Stationery	1,139	1,133
Communications	804	981
Charity and sponsorship expenses	533	867
Net loss from sale of premises, equipment and other assets	211	1,782
Other expenses	18,380	11,913
Total operating expenses	282,228	203,942

BPS-SBERBANK
2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***25. Commitments and contingencies**

In the normal course of business the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the consolidated statement of financial position.

The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations.

Provision for losses on contingent liabilities amounted to BYR 7,941 million and BYR 5,512 million at 31 March 2012 and 31 December 2011, respectively (Note 19).

At 31 March 2012 and 31 December 2011 the nominal or contract amounts of contingent liabilities were:

	31 March 2012 (unaudited)	31 December 2011
Contingent liabilities and credit commitments		
Uncovered letters of credit	1,355,682	1,474,132
Commitments on loans and unused credit lines	865,815	624,622
Letters of credit secured by cash	631,825	551,544
Guarantees issued and similar commitments	552,166	546,472
Total contingent liabilities and credit commitments	3,405,488	3,196,770

Operating lease commitments – Where the Group is the lessee, the future minimum lease payments under non cancelable operating leases at 31 March 2012 and 31 December 2011 are as follows:

	31 March 2012 (unaudited)	31 December 2011
Not later than 1 year	20,463	31,883
Later than 1 year and not later than 5 years	31,202	61,534
Later than 5 years	265	713
Total operating lease commitments	51,930	94,130

Legal proceedings – From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these consolidated financial statements.

Pensions and retirement plans – Employees receive pension benefits in accordance with the laws and regulations of the Republic of Belarus. At 31 March 2012 and 31 December 2011 the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Legislation – Certain provisions of Belarusian commercial legislation and tax legislation in particular may give rise to varying interpretations and inconsistent application. In addition, as Management's interpretation of legislation may differ from that of the authorities, statutory compliance may be challenged by the authorities, and as result the Group may face additional taxes and charges and other preventive measures. The Management of the Group believes that it has already made all tax and other payments or accruals, and therefore no additional allowance has been made in the financial statements. Past fiscal years remain open to review by the authorities.

Operating environment – In 2012 there were certain indicators of stabilization of the macroeconomic environment in Belarus. The slowdown in inflation which comprised 5% for the 1st quarter of 2012 had positive impact on the economy. The National Bank gradually decreased the refinance rate from 45% as of 31/12/2011 to 38% as of 31/03/2012 which led to the decrease in bank loan rates for legal entities and individuals. The exchange rates towards major foreign currencies remained stable during the first quarter of 2012 and showed weak tendency towards decrease. In April 2012 Standard & Poor's rating agency upgraded the outlook of sovereign credit ratings of Belarus. Whereas previously the country's rating was a B-/ C "negative," now the rating agency gives a "stable" outlook, indicating stabilization of the economic situation in the country.

BPS-SBERBANK
2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***26. Transactions with related parties**

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The Group had the following transactions outstanding at 31 March 2012 and 31 December 2011 with related parties:

	31 March 2012 (unaudited)		31 December 2011	
	Related party balances	Total category as per the financial statements caption	Related party balances	Total category as per the financial statements caption
Cash and cash equivalents	175,955	3,772,774	88,305	4,701,334
- parent bank	175,955		88,305	
Loans to customers, gross	98,671	13,874,280	112,999	13,685,318
- associates	88,255		104,531	
- key management personnel	10,416		8,468	
Allowance for impairment losses	10,956	616,583	10,594	618,336
- associates	10,469		10,266	
- key management personnel	487		328	
Investments in an associate	19,107	19,107	18,903	18,903
Due to banks	5,155,108	7,109,484	6,822,115	9,033,346
- parent bank	5,155,108		6,822,115	
Subordinated debt	428,570	428,570	453,694	453,694
- parent bank	428,570		453,694	
Due to individuals	12,542	5,976,681	3,662	5,730,553
- key management personnel	12,542		3,662	
Due to corporate customers	57,223	7,712,639	66,131	6,630,358
- associates	57,223		66,131	
Commitments and contingencies	5,746	3,405,488	5,929	3,196,770
- associates	5,355		5,669	
- key management personnel	391		260	

On 29 December 2011 the Group received a subordinated loan from its parent Sberbank of Russia in the amount of EUR 40 million at an interest rate of 7.94%, repayable on 31 December 2018.

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***26. Transactions with related parties (continued)**

Included in the interim condensed consolidated income statement for the 3 months, ended 31 March 2012, and for the 3 months, ended 31 March 2011, are the following amounts which arose due to transactions with related parties:

	31 March 2012 <i>(unaudited)</i>		31 March 2011 <i>(unaudited)</i>	
	<i>Related party transactions</i>	<i>Total category as per the financial statements caption</i>	<i>Related party transactions</i>	<i>Total category as per the financial statements caption</i>
Interest income	4,632	983,160	7,441	505,130
- parent bank	801		234	
- associates	3,463		7,033	
- key management personnel	368		174	
Fee and commission income	29	156,326	683	157,254
- parent bank	1		36	
- associates	28		647	
Interest expenses	(77,168)	(584,461)	(27,167)	(237,815)
- parent bank	(76,049)		(26,448)	
- associates	(616)		(572)	
- key management personnel	(503)		(147)	
Allowance / (reversal of allowance) for loan impairment	(363)	(28,788)	(32,189)	(29,162)
- associates	(203)		(32,231)	
- key management personnel	(160)		42	
Fee and commission expense	(7,269)	(37,399)	(4,266)	(45,196)
- parent bank	(7,269)		(4,266)	
Staff costs	(10,907)	(136,619)	(6,622)	(83,094)
- key management personnel	(10,907)		(6,622)	

During the the 3 months, ended 31 March 2012, and 3 months, ended 31 March 2011, remuneration of key management personnel was comprised by short-term employee benefits.

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)*

27. Capital management

The Group manages its capital to ensure compliance with prudential requirements and ability to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group is comprised of share capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

The Group's Management reviews the capital structure on a monthly basis. As a part of this review, the capital adequacy ratio is determined by comparing the Bank's own regulatory funds with quantified assessment of the risks it undertakes (risk-weighted assets). The Bank's Management considers weighted average cost of capital and risks associated with each class of capital, and balances its overall capital structure through dividend policy and issues of new shares.

The adequacy of the Group's capital is monitored using, among other measures, the ratios established by the National Bank of the Republic of Belarus and the Basel Capital Accord. The Basel Capital Accord determined minimum amounts and ratios of total (8%) and tier 1 capital (4%) to risk weighted assets.

According to the norms established by the National bank of the Republic of Belarus the capital adequacy ratio should be above 8% of risk-weighted assets, measured in accordance with national standards. As at 31 March 2012 and 31 December 2011 the Capital Adequacy Ratio under byelorussian legislation was as follows:

	31 March 2012 (unaudited)	31 December 2011
Core capital	1,108,771	858,670
Supplementary capital	897,463	816,039
Total capital	2,006,234	1,674,709
Risk-weighted assets	14,973,261	13,331,025
Risk-weighted off-balance contractual and contingent	1,641,726	648,062
Capital adequacy ratio	12.1%	12.0%

At 31 March 2012 according to the norms of the Basel Capital Accord the Group's total capital amount for Capital adequacy purposes was BYR 2,638,353 million and tier 1 capital amount was BYR 1,943,962 million with ratios of 12.8% and 9.4%, respectively.

At 31 December 2011 according to the norms of the Basel Capital Accord the Group's total capital amount for Capital adequacy purposes was BYR 2,618,414 million and tier 1 capital amount was BYR 1,873,733 million with ratios of 13.1% and 9.6%, respectively.

28. Risk management policies

Risk management is fundamental to the business of the Group's operations. The Group organizes risk management to ensure stable development through stabilization of financial indicators, increase of net assets value, improvement of business reputation and competitiveness.

The Group exercises system approach to risk management, having established the unified standards for identification, evaluation and mitigation of risks based on recommendations of the National Bank and Basle Committee on Banking Supervision.

In accordance with the above mentioned standards the Group has elaborated and duly implemented risk management procedures for main types of risks inherent to the Group's operations, including credit, liquidity, foreign exchange and interest rates and operational risks. A description of the Group's risk management policies in relation to those risks follows.

Credit risk

The Group is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge contractual or legal obligation and cause the other party to incur a financial loss. Credit risk management is performed on the level of counterparties and on loans portfolio level.

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***28. Risk management policies (continued)****Credit risk (continued)**

The following table details the financial assets held by the Group per the credit ratings of the counterparties (for state authorities – per the country's rating):

31 March 2012 (unaudited)	AA	A	BBB	BB	B	Not rated	Total
Cash equivalents	815,557	39,462	176,680	120,444	1,459,339	31,679	2,643,161
Mandatory cash balances with the National Bank	-	-	-	-	86,594	-	86,594
Due from banks	-	-	-	-	97,295	24,217	121,512
Derivative financial assets	-	-	-	-	5,146,471	-	5,146,471
Loans to customers	-	-	-	-	-	13,874,280	13,874,280
Investments available for sale	-	2,602	-	-	961,887	113,537	1,078,026
Investments held to maturity	-	-	-	-	24,735	11,999	36,734
Other financial assets	-	-	-	-	-	76,434	76,434
31 December 2011	AA	A	BBB	BB	B	Not rated	Total
Cash equivalents	503,855	98,037	137,143	142,124	2,824,758	11,226	3,717,143
Mandatory cash balances with the National Bank	-	-	-	-	77,857	-	77,857
Due from banks	-	-	-	-	116,020	26,474	142,494
Derivative financial assets	-	-	-	-	5,469,552	-	5,469,552
Loans to customers	-	-	-	-	-	13,685,318	13,685,318
Investments available for sale	-	2,446	-	-	500,428	105,850	608,724
Investments held to maturity	-	-	-	-	24,804	13,105	37,909
Other financial assets	-	-	-	-	-	80,642	80,642

At 31 March 2012 and 31 December 2011 other financial assets comprised past due but not impaired assets in the amount of BYR 3,326 million and BYR 661 million, respectively. Carrying value of past due and impaired loans to customers is disclosed in Note 6. Except for the above mentioned at 31 March 2012 and 31 December 2011 the Group had neither past due nor impaired financial assets.

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***28. Risk management policies (continued)****Geographical concentration**

The Group assesses influence of geographical risk on its activity. Adverse consequences of this risk include possible difficulties when planning steady business activities of the Group in a case of deterioration of political, social and legal climate in a country of counterparty's origin. Credit risk of the Group lies within the borders of the Republic of Belarus, except for operations with correspondent banks:

31 March 2012 (unaudited)	Belarus	CIS Countries	OECD Countries	Non-ECD countries	Total
Financial assets					
Cash and cash equivalents	2,616,875	300,880	854,766	253	3,772,774
Mandatory cash balances with the National Bank	86,594	-	-	-	86,594
Due from banks	121,512	-	-	-	121,512
Derivative financial assets	5,146,471	-	-	-	5,146,471
Loans to customers	13,874,280	-	-	-	13,874,280
Investments available for sale	1,075,424	-	2,602	-	1,078,026
Investments held to maturity	36,734	-	-	-	36,734
Other financial assets	76,434	-	-	-	76,434
Total financial assets	23,034,324	300,880	857,368	253	24,192,825
Financial liabilities					
Loans from the National Bank	285,830	-	-	-	285,830
Due to banks	76,114	5,297,138	1,716,136	20,096	7,109,484
Derivative financial liabilities	82	-	-	-	82
Due to individuals	5,976,681	-	-	-	5,976,681
Due to corporate customers	7,690,950	5,421	1,526	14,742	7,712,639
Debt securities issued	1,310,199	-	-	-	1,310,199
Provisions for guarantees and other commitments	7,941	-	-	-	7,941
Other financial liabilities	47,421	-	-	-	47,421
Subordinated debt	-	428,570	-	-	428,570
Total financial liabilities	15,395,218	5,731,129	1,717,662	34,838	22,878,847
Net position	7,639,106	(5,430,249)	(860,294)	(34,585)	

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***28. Risk management policies (continued)****Geographical concentration (continued)**

31 December 2011	Belarus	CIS Countries	OECD Countries	Non-ECD countries	Total
Financial assets					
Cash and cash equivalents	3,807,566	291,876	601,623	269	4,701,334
Mandatory cash balances with the National Bank	77,857	-	-	-	77,857
Due from banks	142,494	-	-	-	142,494
Derivative financial assets	5,469,552	-	-	-	5,469,552
Loans to customers	13,685,318	-	-	-	13,685,318
Investments available for sale	606,278	-	2,446	-	608,724
Investments held to maturity	37,909	-	-	-	37,909
Other financial assets	80,642	-	-	-	80,642
Total financial assets	23,907,616	291,876	604,069	269	24,803,830
Financial liabilities					
Loans from the National Bank	317,304	-	-	-	317,304
Due to banks	135,441	6,953,848	1,919,196	24,861	9,033,346
Derivative financial liabilities	-	-	-	-	-
Due to individuals	5,730,553	-	-	-	5,730,553
Due to corporate customers	6,593,652	1,552	1,579	33,575	6,630,358
Debt securities issued	1,226,382	-	-	-	1,226,382
Provisions for guarantees and other commitments	5,512	-	-	-	5,512
Other financial liabilities	55,408	-	-	-	55,408
Subordinated debt	-	453,694	-	-	453,694
Total financial liabilities	14,064,252	7,409,094	1,920,775	58,436	23,452,557
Net position	9,843,364	(7,117,218)	(1,316,706)	(58,167)	

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***28. Risk management policies (continued)****Liquidity risk**

Liquidity risk refers to the availability of sufficient funds in appropriate currencies to finance its assets and meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The following table presents an analysis of the liquidity risk based on contractual carrying values of assets and liabilities according to when they are expected to be recovered or settled.

31 March 2012 (unaudited)	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	More than 5 years	Overdue	No stated maturity	Total
Assets									
Cash and cash equivalents	3,772,774	-	-	-	-	-	-	-	3,772,774
Mandatory cash balances with the National Bank	-	-	-	-	-	-	-	86,594	86,594
Due from banks	77	26,641	11,628	31,207	887	51,072	-	-	121,512
Derivative financial assets	2	15,019	1,579,702	2,659,431	892,317	-	-	-	5,146,471
Loans to customers	743,656	3,782,390	2,699,024	4,051,956	139,754	2,326,628	130,872	-	13,874,280
Non-current asset held for sale	-	17,280	-	-	-	-	-	-	17,280
Investments available for sale	40,805	423,783	161,229	242,941	185,761	10,527	-	12,980	1,078,026
Investments held to maturity	-	60	-	26,060	-	10,614	-	-	36,734
Investments in an associate	-	-	-	-	-	-	-	19,107	19,107
Premises and equipment	-	-	-	-	-	-	-	911,120	911,120
Intangible assets	-	-	-	-	-	-	-	46,111	46,111
Current income tax assets	-	-	-	-	-	-	-	43,725	43,725
Other assets	125,798	10,615	371	1,381	139	9,011	3,326	19,661	170,302
Total assets	4,683,112	4,275,788	4,451,954	7,012,976	1,218,858	2,407,852	134,198	1,139,298	25,324,036
Liabilities									
Loans from the National Bank	646	7,193	11,099	266,892	-	-	-	-	285,830
Due to banks	272,902	817,048	3,883,998	1,877,764	19,289	238,483	-	-	7,109,484
Derivative financial liabilities	-	-	-	82	-	-	-	-	82
Due to individuals	797,662	1,563,397	1,734,055	1,878,642	2,505	420	-	-	5,976,681
Due to corporate customers	3,839,578	1,366,284	2,225,019	69,619	-	212,139	-	-	7,712,639
Debt securities issued	25,004	474,962	810,206	27	-	-	-	-	1,310,199
Current income tax liabilities	-	-	-	-	-	-	-	38,301	38,301
Deferred income tax liabilities	-	-	-	-	-	-	-	108,968	108,968
Provisions for guarantees and other commitments	-	-	-	-	-	-	-	7,941	7,941
Other liabilities	94,059	30,844	5,239	503	50	4,478	-	385	135,558
Subordinated debt	-	-	-	-	-	428,570	-	-	428,570
Total liabilities	5,029,851	4,259,728	8,669,616	4,093,529	21,844	884,090	-	155,595	23,114,253
Net liquidity surplus/(gap)	(346,739)	16,060	(4,217,662)	2,919,447	1,197,014	1,523,762	134,198	983,703	2,209,783
Cumulative liquidity surplus/(gap)	(346,739)	(330,679)	(4,548,341)	(1,628,894)	(431,880)	1,091,882	1,226,080	2,209,783	

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***28. Risk management policies (continued)****Liquidity risk (continued)**

31 December 2011	<i>Demand and less than 1 month</i>	<i>From 1 to 6 months</i>	<i>From 6 to 12 months</i>	<i>From 1 to 3 years</i>	<i>From 3 to 5 years</i>	<i>More than 5 years</i>	<i>Overdue</i>	<i>No stated maturity</i>	<i>Total</i>
Assets									
Cash and cash equivalents	4,701,334	-	-	-	-	-	-	-	4,701,334
Mandatory cash balances with the National Bank	-	-	-	-	-	-	-	77,857	77,857
Due from banks	-	10,970	26,474	17,620	-	87,430	-	-	142,494
Derivative financial assets	-	33,839	1,643,111	2,836,370	956,232	-	-	-	5,469,552
Loans to customers	789,409	2,843,498	2,907,807	4,394,960	100,399	2,563,684	85,561	-	13,685,318
Non-current asset held for sale	-	17,280	-	-	-	-	-	-	17,280
Investments available for sale	68	9,749	153,219	233,322	188,759	10,782	-	12,825	608,724
Investments held to maturity	68	3	-	26,695	-	11,143	-	-	37,909
Investments in an associate	-	-	-	-	-	-	-	18,903	18,903
Premises and equipment	-	-	-	-	-	-	-	897,981	897,981
Intangible assets	-	-	-	-	-	-	-	42,429	42,429
Current income tax assets	-	-	-	-	-	-	-	14,906	14,906
Other assets	137,376	12,274	2,168	3,981	153	7,889	661	15,629	180,131
Total assets	5,628,255	2,927,613	4,732,779	7,512,948	1,245,543	2,680,928	86,222	1,080,530	25,894,818
Liabilities									
Loans from the National Bank	701	7,889	9,989	298,725	-	-	-	-	317,304
Due to banks	1,178,960	1,586,223	2,662,552	3,258,150	42,509	304,952	-	-	9,033,346
Derivative financial liabilities	-	-	-	-	-	-	-	-	-
Due to individuals	814,984	748,300	1,993,426	2,071,921	98,948	2,974	-	-	5,730,553
Due to corporate customers	4,302,914	1,235,351	761,987	126,196	3,175	200,735	-	-	6,630,358
Debt securities issued	15,639	542,157	294,221	374,365	-	-	-	-	1,226,382
Current income tax liabilities	-	-	-	-	-	-	-	81,923	81,923
Deferred income tax liabilities	-	-	-	-	-	-	-	126,937	126,937
Provisions for guarantees and other commitments	-	-	-	-	-	-	-	5,512	5,512
Other liabilities	71,012	37,756	2,492	1,232	57	4,851	-	6,508	123,908
Subordinated debt	-	-	-	-	-	453,694	-	-	453,694
Total Liabilities	6,384,210	4,157,676	5,724,667	6,130,589	144,689	967,206	-	220,880	23,729,917
Net liquidity surplus/(gap)	(755,955)	(1,230,063)	(991,888)	1,382,359	1,100,854	1,713,722	86,222	859,650	2,164,901
Cumulative liquidity surplus/(gap)	(755,955)	(1,986,018)	(2,977,906)	(1,595,547)	(494,693)	1,219,029	1,305,251	2,164,901	

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as of 31 March 2012)***28. Risk management policies (continued)****Liquidity risk (continued)**

The Group's liquidity risk management includes estimation of core deposits, i.e. funds associated with stable customer deposits relationships, with statistical methods applied to historic information on fluctuations of customer accounts balances. Core deposits at 31 March 2012 and 31 December 2011 are estimated in the amount of BYR 1,567,338 million and BYR 1,619,675 million, respectively. As at 31 March 2012 and 31 December 2011 included in due to banks were funds attracted from parent bank in the amount of BYR 5,155,109 million and BYR 6,882,116 million, respectively, comprising of short-term loans, which, as a rule, are being reinvested on maturity dates. Based on going concern assumptions the effective maturities of core deposits of funds from parent bank are considered to be undefined. Information as to the expected periods of repayment of customer accounts, funds from parent bank and effective liquidity gaps at 31 March 2012 and 31 December 2011 is as follows:

31 March 2012 (unaudited)	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	More than 5 years	Overdue	No stated maturity	Total
Accounts of individuals analyzed based on expected withdrawal dates	488,489	1,563,397	1,734,055	1,878,642	2,505	420	-	309,173	5,976,681
Corporate accounts analyzed based on expected withdrawal dates	2,581,413	1,366,284	2,225,019	69,619	-	212,139	-	1,258,165	7,712,639
Funds attracted from parent bank analyzed	200,504	327,267	502,231	666,601	19,289	238,483	-	5,155,109	7,109,484
Liquidity gap (based on expected withdrawal dates for customers accounts)	1,292,997	505,841	(835,895)	4,130,610	1,197,014	1,523,762	134,198	(5,738,744)	

31 December 2011	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 1 to 3 years	From 3 to 5 years	More than 5 years	Overdue	No stated maturity	Total
Accounts of individuals analyzed based on expected withdrawal dates	504,289	748,300	1,993,426	2,071,921	98,948	2,974	-	310,695	5,730,553
Corporate accounts analyzed based on expected withdrawal dates	2,993,934	1,235,351	761,987	126,196	3,175	200,735	-	1,308,980	6,630,358
Funds attracted from parent bank analyzed	275,155	500,459	276,156	812,000	42,509	304,952	-	6,822,116	9,033,347
Liquidity gap (based on expected withdrawal dates for customers accounts)	1,767,525	(144,299)	1,394,508	3,828,509	1,100,854	1,713,722	86,222	(7,582,141)	

Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group is exposed to market risks of its products which are subject to general and specific market fluctuations. The Group manages market risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing and maintaining appropriate stop-loss limits and margin and collateral requirements.

Market risk covers interest rate risk, currency risk and other pricing risks to which the Group is exposed.

The Group is exposed to interest rate risks as the Bank and entities in the Group borrow funds at both fixed and floating rates. The risk is managed by the Group maintaining an appropriate mix between fixed and floating rate borrowings.

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as of 31 March 2012)***28. Risk management policies (continued)****Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect the interest rate margin and the value of the financial instruments. The Group's interest rate policy is primarily directed to provide adequate interest rate margin and stable level of net interest income. The Group manages interest rate risk through periodic estimation of cumulative disbalance between interest sensitive assets and liabilities as a percentage of total interest bearing assets.

The Risk Department exercises regular procedures on monitoring, identifying and controlling the interest rate risk. The Bank's Financial Committee takes decisions on interest rate risk limitation.

The following table presents a sensitivity analysis of interest rate risk, which has been determined based on "reasonably possible changes" of interest rates. The level of these changes is determined by Management. The sensitivity analysis represents the annual effect of 30% increase/reduction in interest rates in respect of floating rate financial instruments nominated in BYR, and the annual effect of 5% increase/reduction in interest rates in respect of floating rate financial instruments nominated in foreign currencies existing at 31 March 2012 and 31 December 2011, respectively, on the net profit of the Group, provided all other variables were held constant. Additionally the calculation includes the effect of reinvestment of fixed-rate instruments at new market rates as they mature.

Impact on profit before taxes:

	At 31 March 2012		At 31 December 2011	
	Interest rate	Interest rate	Interest rate	Interest rate
BYR	+30%	-30%	+30%	-30%
Impact on profit before taxes:				
Assets:				
Due from banks	29,189	(29,189)	34,806	(34,806)
Loans to customers	1,509,239	(1,509,239)	1,609,795	(1,609,795)
Investments available for sale	101,173	(101,173)	(16,212)	16,212
Investments held to maturity	3,639	(3,639)	3,808	(3,808)
Liabilities:				
Due to banks	(88,408)	88,408	(4,302)	4,302
Customer accounts	(991,711)	991,711	(1,047,361)	1,047,361
Debt securities issued	(100,490)	100,490	(125,605)	125,605
Net impact on profit before taxes	462,631	(462,631)	454,929	(454,929)
Impact on comprehensive income (excluding profit for the year):				
Investments available for sale	(17,716)	17,716	(31,202)	31,202
Net impact on comprehensive income	444,915	(444,915)	423,727	(423,727)
	At 31 March 2012		At 31 December 2011	
	Interest rate	Interest rate	Interest rate	Interest rate
USD	+5%	-5%	+5%	-5%
Impact on profit before taxes:				
Assets:				
Due from banks	1,211	(1,211)	1,324	(1,324)
Loans to customers	127,439	(127,439)	102,488	(102,488)
Investments available for sale	2,076	(2,076)	2,412	(2,412)
Investments held to maturity	-	-	3	(3)
Liabilities:				
Loans from the National Bank	(13,672)	13,672	(15,051)	15,051
Due to banks	(19,999)	19,999	(17,461)	17,461
Customer accounts	(114,746)	114,746	(82,584)	82,584
Debt securities issued	(7,838)	7,838	(6,634)	6,634
Net impact on profit before taxes	(25,529)	25,529	(15,503)	15,503
Impact on comprehensive income (excluding profit for the year):				
Investments available for sale	-	-	-	-
Net impact on comprehensive income	(25,529)	25,529	(15,503)	15,503

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<i>EUR</i>	<i>At 31 March 2012 (unaudited)</i>		<i>At 31 December 2011</i>	
	<i>Interest rate</i>	<i>Interest rate</i>	<i>Interest rate</i>	<i>Interest rate</i>
	<i>+5%</i>	<i>-5%</i>	<i>+5%</i>	<i>-5%</i>
Impact on profit before taxes:				
Assets:				
Loans to customers	161,974	(161,974)	160,738	(160,738)
Liabilities:				
Due to banks	(73,337)	73,337	(161,367)	161,367
Customer accounts	(67,894)	67,894	(56,876)	56,876
Debt securities issued	(9,661)	9,661	(4,156)	4,156
Net impact on profit before taxes	11,082	(11,082)	(61,661)	61,661
Impact on comprehensive income (excluding profit for the year):				
Investments available for sale	-	-	-	-
Net impact on comprehensive income	11,082	(11,082)	(61,661)	61,661

<i>RUR</i>	<i>At 31 March 2012 (unaudited)</i>		<i>At 31 December 2011</i>	
	<i>Interest rate</i>	<i>Interest rate</i>	<i>Interest rate</i>	<i>Interest rate</i>
	<i>+5%</i>	<i>-5%</i>	<i>+5%</i>	<i>-5%</i>
Impact on profit before taxes:				
Assets:				
Loans to customers	28,172	(28,172)	21,092	(21,092)
Investments available for sale	13	(13)	13	(13)
Liabilities:				
Due to banks	(7,951)	7,951	(7,628)	7,628
Customer accounts	(50,988)	50,988	(49,928)	49,928
Debt securities issued	(4,367)	4,367	(955)	955
Net impact on profit before taxes	(35,121)	35,121	(37,406)	37,406
Impact on comprehensive income (excluding profit for the year):				
Investments available for sale	-	-	-	-
Net impact on comprehensive income	(35,121)	35,121	(37,406)	37,406

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Group's risk policy aiming at loss minimization from exchange rates fluctuations includes daily assessment at 95% probability maximum exposure to losses from liquidating open currency position within one day (value-at-risk). The Group's local statutory act prescribes rigid limitation of open currency position by each type of currency for carrying positions over the next day depending on volatility of currency pairs and stop-loss limit. Considering increased volatility of world markets and for estimation of extraordinary, but still possible, events the Group uses stress-testing procedures. The Group performs daily monitoring of the Bank's open currency position with the aim to match the requirements of the National Bank.

The Group's exposure to foreign currency exchange rate risk is presented in the table below:

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***28. Risk management policies (continued)****Currency risk (continued)**

31 March 2012 (unaudited)	BYR	USD 1USD=BYR 8,020.00	EUR 1EUR=BYR 10,710.00	RUR 1RUR=BYR R 273.50	Precious metals	Other currencies	Total
Financial assets							
Cash and cash equivalents	1,831,692	1,124,007	487,190	312,541	8,343	9,001	3,772,774
Mandatory cash balances with the National Bank of the Republic of Belarus	86,594						86,594
Due from banks	97,297	24,215	-	-	-	-	121,512
Derivative financial assets	5,146,471	-	-	-	-	-	5,146,471
Loans to customers	5,259,826	3,251,933	3,851,504	1,511,017	-	-	13,874,280
Investments available for sale	688,355	228,089	-	161,582	-	-	1,078,026
Investments held to maturity	36,734	-	-	-	-	-	36,734
Other financial assets	68,459	4,468	1,546	1,961	-	-	76,434
Total financial assets	13,215,428	4,632,712	4,340,240	1,987,101	8,343	9,001	24,192,825
Financial liabilities							
Loans from the National Bank	-	285,830	-	-	-	-	285,830
Due to banks	299,416	666,254	2,606,323	325,753	3,211,673	65	7,109,484
Derivative financial liabilities	82	-	-	-	-	-	82
Due to individuals	1,044,453	3,278,342	1,162,306	283,273	208,300	7	5,976,681
Due to corporate customers	2,534,775	1,949,023	1,898,108	1,211,043	115,137	4,553	7,712,639
Debt securities issued	341,810	376,792	444,712	146,885	-	-	1,310,199
Provisions for guarantees and other commitments	-	1,382	6,559	-	-	-	7,941
Other financial liabilities	17,271	18,151	8,074	3,902	-	23	47,421
Subordinated debt	-	-	428,570	-	-	-	428,570
Total financial liabilities	4,237,807	6,575,774	6,554,652	1,970,856	3,535,110	4,648	22,878,847
Currency position	8,977,621	(1,943,062)	(2,214,412)	16,245	(3,526,767)	4,353	

Derivative financial instruments

Fair value of derivative financial instruments is included in the currency analysis presented above and the following table presents further analysis of currency risk on derivative financial instruments:

31 March 2012 (unaudited)	BYR	USD 1USD=BYR 8,020.00	EUR 1EUR=BYR 10,710.00	RUR 1RUR=BYR 273.50	Precious metals	Other currencies	Total
Claims on derivative financial instruments	-	2,211,478	3,958,516	64,638	3,492,478	-	9,727,110
Obligations on derivative financial instruments	(2,926,844)	(260,438)	(1,613,889)	(71,947)	-	-	(4,873,118)
Net derivative financial instruments	(2,926,844)	1,951,040	2,344,627	(7,309)	3,492,478	-	4,853,992
Total currency position	6,050,777	7,978	130,215	8,936	(34,289)	4,353	

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as of 31 March 2012)***28. Risk management policies (continued)****Currency risk (continued)**

31 December 2011	BYR	USD 1USD=BYR 8,350.00	EUR 1EUR=BYR 10,800.00	RUR 1RUR=BY R 261.00	Precious metals	Other currencies	Total
Financial assets							
Cash and cash equivalents	1,981,545	915,565	1,493,736	267,735	24,446	18,307	4,701,334
Mandatory cash balances with the National Bank of the Republic of Belarus	77,857	-	-	-	-	-	77,857
Due from banks	116,020	26,474	-	-	-	-	142,494
Derivative financial assets	5,469,552	-	-	-	-	-	5,469,552
Loans to customers	5,690,876	3,049,154	3,838,928	1,106,360	-	-	13,685,318
Investments available for sale	215,851	239,300	-	153,573	-	-	608,724
Investments held to maturity	37,841	68	-	-	-	-	37,909
Other financial assets	73,206	4,146	1,139	2,151	-	-	80,642
Total financial assets	13,662,748	4,234,707	5,333,803	1,529,819	24,446	18,307	24,803,830
Financial liabilities							
Loans from the National Bank	-	317,304	-	-	-	-	317,304
Due to banks	15,421	626,327	4,772,321	369,385	3,249,827	65	9,033,346
Derivative financial liabilities	-	-	-	-	-	-	-
Due to individuals	976,015	3,080,021	1,183,406	282,964	208,146	1	5,730,553
Due to corporate customers	2,867,398	1,092,490	1,224,192	1,265,548	167,445	13,285	6,630,358
Debt securities issued	423,305	386,092	380,462	36,523	-	-	1,226,382
Provisions for guarantees and other commitments	1	1,659	3,852	-	-	-	5,512
Other financial liabilities	26,228	19,069	6,741	3,370	-	-	55,408
Subordinated debt	-	-	453,694	-	-	-	453,694
Total financial liabilities	4,308,368	5,522,962	8,024,668	1,957,790	3,625,418	13,351	23,452,557
Currency position	9,354,380	(1,288,255)	(2,690,865)	(427,971)	(3,600,972)	4,956	

Derivative financial instruments

Fair value of derivative financial instruments is included in the currency analysis presented above and the following table presents further analysis of currency risk on derivative financial instruments:

31 December 2011	BYR	USD 1USD=BYR 8,350.00	EUR 1EUR=BYR 10,800.00	RUR 1RUR=BY R 261.00	Precious metals	Other currencies	Total
Claims on derivative financial instruments	-	1,326,148	3,862,908	427,789	3,612,137	-	9,228,982
Obligations on derivative financial instruments	(3,083,193)	-	(1,057,253)	-	-	-	(4,140,446)
Net derivative financial instruments	(3,083,193)	1,326,148	2,805,655	427,789	3,612,137	-	5,088,536
Total currency position	6,271,187	37,893	114,790	(182)	11,165	4,956	

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2012*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)***28. Risk management policies (continued)****Currency risk sensitivity**

The following tables detail the Group's sensitivity to an increase and decrease in the USD, EUR and RUR against the BYR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents Management's assessment of the possible change in foreign currency exchange rates. At 31 March 2012 and 31 December 2011 in connection with volatility in financial markets the Management of the Group analyzed sensitivity to 30% increase in foreign currencies' rates against BYR. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for an anticipated value change in foreign currency rates.

	At 31 March 2012		At 31 December 2011	
	(unaudited)			
	BYR/USD	BYR/USD	BYR/USD	BYR/USD
	+30%	-10%	+30%	-10%
Impact on profit or loss	2,393	(798)	11,368	(3,789)
Impact on comprehensive income	2,393	(798)	11,368	(3,789)

	At 31 March 2012		At 31 December 2011	
	(unaudited)			
	BYR/EUR	BYR/EUR	BYR/EUR	BYR/EUR
	+30%	-10%	+30%	-10%
Impact on profit or loss	39,065	(13,022)	34,437	(11,479)
Impact on comprehensive income	39,065	(13,022)	34,437	(11,479)

	At 31 March 2012		At 31 December 2011	
	(unaudited)			
	BYR/RUR	BYR/RUR	BYR/RUR	BYR/RUR
	+30%	-10%	+30%	-10%
Impact on profit or loss	2,681	(894)	(55)	18
Impact on comprehensive income	2,681	(894)	(55)	18

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs. For example, the Group's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, Management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the statement of financial position. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in shareholders' equity.

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Controls should include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

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*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 31 March 2012)*

29. Subsequent events

The National Bank has decreased the prime refinancing rate in BYR to 34% since 16 May 2012.