BPS-Sberbank
Interim Condensed
Consolidated Financial Statements

For the 6 months ended 30 June 2013

CONTENTS

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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 30 June 2013, comprising of the interim condensed consolidated statement of financial position as of 30 June 2013 and the related interim condensed consolidated income statements and statements of comprehensive income for the three months and the six months then ended, interim condensed consolidated statements of changes in equity and of cash flows for the six months then ended and selected explanatory notes. Management of the Group 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 employees of the Group 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

20 August 2013

Interim condensed consolidated statement of financial position
As of 30 June 2013

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

	Notes	30 June 2013 (unaudited)	31 December 2012
Assets:			
Cash and cash equivalents	3, 25	2,913,735	4,264,092
Mandatory cash balances with the National Bank of the Republic of Belarus		171,673	200,585
Due from banks	4	118,871	192,108
Derivative financial assets	5	4,106,170	5,996,932
Loans to corporate customers	6, 25	21,285,843	19,378,154
Loans to individuals	6, 25	1,024,749	1,040,290
Non-current asset held for sale	7	25,222	16,727
Investments available for sale	8	690,288	793,091
Investments held to maturity	9	530,521	552,389
Investments in associates		56,459	40,359
Premises and equipment	10	1,142,356	1,097,359
Intangible assets	10	93,330	84,839
Current income tax assets		61,436	122,415
Other assets	11	378,650	273,925
Total assets		**32,599,303**	**34,053,265**
Liabilities and equity			
Liabilities:			
Loans from the National Bank of the Republic of Belarus	12	286,013	313,114
Due to banks	13, 25	10,256,954	10,512,767
Derivative financial liabilities	5	457,644	48,868
Due to individuals	14, 25	8,280,629	8,299,999
Due to corporate customers	14, 25	8,171,352	9,823,147
Debt securities issued	15	1,240,533	1,224,636
Current income tax liabilities		82,294	129,042
Deferred income tax liabilities		75,235	93,090
Provisions for guarantees and other commitments	19	7,742	11,570
Other liabilities	16	217,136	226,074
Subordinated debt	25	458,673	485,601
Total liabilities		**29,534,205**	**31,167,908**
Equity:			
Share capital	17	2,369,527	2,369,527
Revaluation reserve for office premises		282,840	294,980
Investments available for sale fair value deficit		(3,785)	(35,250)
Retained earnings		416,277	255,865
Total equity attributable to shareholders of the Bank		**3,064,859**	**2,885,122**
Non-controlling interest		239	235
Total equity		**3,065,098**	**2,885,357**
Total liabilities and equity		**32,599,303**	**34,053,265**

Signed and authorized for release on behalf of the Management Board

Chairman of the Board	Chief Accountant
Vasili S. Matyushevski	Anatoly V. Boreiko
20 August 2013	20 August 2013
Minsk	Minsk

The notes on pages 7-50 form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated income statement
For the 6 months ended 30 June 2013

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

	Notes	3 months ended 30 June 2013 (unaudited)	3 months ended 30 June 2012 (unaudited)	6 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2012 (unaudited)
Interest income	18, 26	903,637	997,328	1,921,242	2,216,492
Interest expense	18, 26	(540,873)	(595,088)	(1,134,636)	(1,319,847)
Net interest income before provision for impairment losses on interest bearing assets		**362,764**	**402,240**	**786,606**	**896,645**
(Provision)/reversal of provision for impairment losses on interest bearing assets	19, 26	(51,484)	30,378	(51,705)	(5,320)
Net interest income		**311,280**	**432,618**	**734,901**	**891,325**
Fee and commission income	20, 26	267,225	222,198	513,122	416,050
Fee and commission expense	20, 26	(72,186)	(53,656)	(130,823)	(100,033)
Net gains/(losses) arising from investment securities available for sale		153	(228)	(481)	(1,632)
Net losses arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation losses	21	(139,741)	(130,317)	(73,901)	(102,630)
Net losses arising from operations with precious metals, precious metals derivatives and precious metals translations gains/(losses)	21	(7,119)	(55,298)	(34,304)	(188,761)
Other provisions	19	3,152	(1,812)	3,074	(5,148)
Other income	22	5,508	8,330	10,622	20,969
Net non-interest income		**56,992**	**(10,783)**	**287,309**	**38,815**
Operating income		368,272	421,835	1,022,210	930,140
Operating expenses	23	(355,695)	(310,966)	(674,085)	(660,942)
Share of results of an associate		7,291	5,403	20,644	6,546
Profit before loss on net monetary position		**19,868**	**116,272**	**368,769**	**275,744**
Loss on net monetary position due to inflation effect		(26,408)	(83,855)	(126,436)	(181,150)
(Loss)/profit before income taxes		**(6,540)**	**32,417**	**242,333**	**94,594**
Income tax expense		(1,711)	(23,425)	(67,299)	(46,103)
Net (loss)/profit		**(8,251)**	**8,992**	**175,034**	**48,491**
Attributable to:					
Shareholders of the parent Bank		(8,251)	8,937	175,030	48,381
Non-controlling interest		-	55	4	110
		(8,251)	**8,992**	**175,034**	**48,491**

Signed and authorized for release on behalf of the Management Board

Chairman of the Board
Vasili S. Matyushevski
20 August 2013
Minsk

Chief Accountant
Anatoly V. Boreiko
20 August 2013
Minsk

Interim condensed consolidated statement of comprehensive income
For the 6 months ended 30 June 2013

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

	Notes	3 months ended 30 June 2013 (unaudited)	3 months ended 30 June 2012 (unaudited)	6 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2012 (unaudited)
Net (loss)/profit		**(8,251)**	**8,992**	**175,034**	**48,491**
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Net change in fair value of investments available for sale		(936)	21,684	30,984	59,915
Reclassification adjustments for gains/(losses) included in profit or loss from comprehensive income on disposal of investments available for sale		(153)	228	481	1,632
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods		**(1,089)**	**21,912**	**31,465**	**61,547**
Other comprehensive income not being reclassified to profit or loss in subsequent periods:					
Net change in income tax relating to office premises remeasurement		288	(4,983)	(5,505)	(16,153)
Other comprehensive (loss)/income		**(801)**	**16,929**	**25,960**	**45,394**
Total comprehensive (loss)/income		**(9,052)**	**25,921**	**200,994**	**93,885**
Attributable to:					
Shareholders of the parent		(9,052)	25,866	200,990	93,775
Minority interest		-	55	4	110
Total comprehensive (loss)/income		**(9,052)**	**25,921**	**200,994**	**93,885**

The notes on pages 7-50 form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in equity
For the 6 months ended 30 June 2013

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

	Notes	*Share capital*	*Revaluation reserve for office premises*	*Investments available for sale fair value deficit*	*Retained earnings*	*Total equity attributable to shareholders of the Bank*	*Minority interest*	*Total equity*
31 December 2011		**2,319,493**	**391,034**	**(87,768)**	**61,723**	**2,684,482**	**218**	**2,684,700**
Total comprehensive income for the period		-	(16,153)	61,547	48,381	93,775	110	**93,885**
Amortisation of revaluation reserve for premises, net of tax		-	(4,329)	-	4,329	-	-	**-**
Dividends paid	17	-	-	-	(12,308)	(12,308)	-	**(12,308)**
30 June 2012 (unaudited)		**2,319,493**	**370,552**	**(26,221)**	**102,125**	**2,765,949**	**328**	**2,766,277**
31 December 2012		**2,369,527**	**294,980**	**(35,250)**	**255,865**	**2,885,122**	**235**	**2,885,357**
Total comprehensive income for the period		-	(5,505)	31,465	175,030	200,990	4	**200,994**
Amortisation of revaluation reserve for premises, net of tax		-	(3,482)	-	3,482	-	-	**-**
Disposal of premises		-	(3,153)	-	3,153	-	-	**-**
Dividends paid	17	-	-	-	(21,253)	(21,253)	-	**(21,253)**
30 June 2013 (unaudited)		**2,369,527**	**282,840**	**(3,785)**	**416,277**	**3,064,859**	**239**	**3,065,098**

Interim condensed consolidated statement of cash flows
For the 6 months ended 30 June 2013

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

	Notes	6 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2012 (unaudited)
Cash flows from operating activities:			
Interest income		1,896,276	2,207,958
Interest expense		(1,076,402)	(1,336,797)
Fee and commission income		513,122	416,050
Fee and commission expense		(130,823)	(100,033)
Net gain on foreign exchange operations		155,203	127,930
Net gain on derivative financial instruments		649,379	318,916
Net loss on disposal of investments available for sale		(481)	(1,632)
Net (loss)/gain on precious metals		(60,646)	3,361
Other income		12,535	20,969
Operating expenses		(613,549)	(610,366)
Income taxes paid		(69,928)	(147,774)
Cash flows from operating activities before changes in operating assets and liabilities		**1,274,686**	**898,582**
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Minimum reserve deposit with the National Bank of the Republic of Belarus		15,842	(74,663)
Due from banks		88,942	41,620
Loans to corporate customers		(3,119,813)	(4,216,342)
Loans to individuals		(50,765)	355,276
Other assets		(74,975)	(17,733)
Increase/(decrease) in operating liabilities:			
Loans from the National Bank of the Republic of Belarus		(14,292)	(14,251)
Due to banks		1,374,632	(1,179,146)
Due to individuals		473,015	1,661,403
Due to corporate customers		(1,012,302)	1,640,312
Debt securities issued		96,093	182,112
Other liabilities		(5,609)	(9,364)
Net cash outflow from operating activities		**(954,546)**	**(732,194)**

Interim condensed consolidated statement of cash flows
For the 6 months ended 30 June 2013 (continued)

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

	Notes	6 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2012 (unaudited)
Cash flows from investing activities:			
Purchase of premises, equipment and intangible assets		(160,543)	(79,321)
Proceeds on sale of premises and equipment		10,083	489
Purchase of investments available for sale		(142,693)	(796,049)
Proceeds on repayment of investments available for sale		215,702	3,474
Dividends received		1,944	-
Net cash outflow from investing activities		**(75,507)**	**(871,407)**
Cash flows from financing activities:			
Dividends paid		(20,168)	(12,204)
Net cash outflow from financing activities		**(20,168)**	**(12,204)**
Effect of changes in foreign exchange rates on cash and cash equivalents		12,512	2,213
Inflation effect on monetary assets and liabilities		(312,648)	(712,910)
Net decrease in cash and cash equivalents		**(1,050,221)**	**(1,615,805)**
Cash and cash equivalents, beginning of the period	3	**4,264,092**	**5,830,134**
Cash and cash equivalents, end of the period	3	**2,913,735**	**3,503,632**

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

1. Organisation

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 10 October 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 30 June 2013 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 6 months, ended 30 June 2013, and 6 months, ended 30 June 2012, was 4,154 and 4,524 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, %*** *30 June 2013*	*31 December 2012*	*Type of operation*
Subsidiaries:				
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 Company “SB-Global”	Republic of Belarus	99.9	99.9	Advisory activity
CJSC “Service Desk”	Republic of Belarus	99.9	99.9	Information and communication services
Associates:				
Closed Joint Stock Insurance Company “TASK”	Republic of Belarus	25.6	25.6	Insurance services
LLC “Sberbank-Technologies”	Republic of Belarus	25.0	25.0	Software development and consulting

As at 30 June 2013 and 31 December 2012 the following shareholders owned the issued shares of the Bank:

Shareholder	***30 June 2013, %***	***31 December 2012, %***
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 Bank of Russia.

These interim condensed consolidated financial statements were authorized for issue by the Management Board on 20 August 2013.

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

2. Basis of presentation

General

These interim condensed consolidated financial statements of JSC “BPS-Sberbank” (the “Bank”) and its subsidiaries (“the Group”) for six months ended 30 June 2013 have been prepared in accordance with International Accounting 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 2012.

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:

	30 June 2013	*31 December 2012*
BYR/USD	8,790.00	8,570.00
BYR/EUR	11,460.00	11,340.00
BYR/RUR	268.50	282.00

The preparation of financial statements under IFRS requires Management to make estimates and assumptions for certain categories of assets and liabilities. 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. The Management performs backtesting of its judgments and appraisals on a regular basis. The Management’s appraisals and judgments are based on the all available historical data and other factors, which are reasonably solid in current circumstances. 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.

The accounting policies and methods of computation applied in the preparation of these interim condensed consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2012, except for the changes introduced due to implementation of new and/or revised standards and interpretations starting from 1 January 2013, noted below.

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 seven 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	106.46	417.06
2007	111.97	372.47
2008	113.45	328.31
2009	109.85	298.87
2010	110.03	271.63
2011	208.67	130.17
6 months 2012	110.43	117.89
2012	121.69	106.97
6 months 2013	106.97	100.00

Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current as at 30 June 2013. Non-monetary assets and liabilities (items which are not already expressed in terms of the monetary unit current as at 30 June 2013) 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 30 June 2013)

2. Basis of presentation (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 year ended 31 December 2012 have also been restated so that they are presented in terms of the purchasing power of the Belarusian Rouble as at 30 June 2013. Income and expense items of the interim condensed consolidated income statement for the 6 months ended 30 June 2012 and 30 June 2013 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 accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except for the adoption of new Standards and Interpretations as at 1 January 2013, noted below:

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Group.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.
IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements. The Group provides these disclosures in Note 27.

Amendments to IAS 19 Employee Benefits

The IASB has published amendments to IAS 19 Employee Benefits, effective for annual periods beginning on or after 1 January 2013, which involve major changes to the accounting for employee benefits, including the removal of the option for deferred recognition of changes in pension plan assets and liabilities (known as the "corridor approach"). In addition, these amendments will limit the changes in the net pension asset (liability) recognised in profit or loss to net interest income (expense) and service costs. These amendments had no impact on the Group's financial position.

Amendments to IAS 1 Changes to the Presentation of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, revaluation of buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance.

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

2. Basis of presentation (continued)

Amendments to IFRS 7 Disclosures – Offsetting Financial assets and Financial Liabilities

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreements, irrespective of whether they are set off in accordance with IAS 32. These amendments had no impact on the Group's financial position or performance.

Amendment to IAS 32 Financial Instruments, Presentation

This amendment clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed consolidated financial statements for the Group, as there is no tax consequences attached to cash or non-cash distribution.

Amendment to IAS 34 Interim Financial Reporting

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the chief operating decision maker. As a result of this amendment, the Group now also includes disclosure of total segment liabilities as these are reported to the chief operating decision maker. See Note 26.

3. Cash and cash equivalents

	30 June 2013 (unaudited)	***31 December 2012***
Cash	1,420,370	1,434,794
Current accounts with the National Bank	1,161,266	1,411,793
Correspondent accounts and placements with other banks with original maturities up to 30 days:		
- Belarus	31,225	427,921
- Other countries	193,727	778,944
Settlements with the Belarusian Currency and Stock Exchange	107,147	210,640
Total cash and cash equivalents	**2,913,735**	**4,264,092**

Correspondent accounts and placements with other banks with original maturities up to 30 days mostly represent balances with the largest foreign banks and top rated belarusian banks. Analysis by credit quality of the balances with counterparty banks as at 30 June 2013 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	-	29,533	1,692	**31,225**
- Other countries	188,622	99	5,006	**193,727**
Total	**188,622**	**29,632**	**6,698**	**224,952**

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

3. Cash and cash equivalents (continued)

Analysis by credit quality of the balances with counterparty banks as at 31 December 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	-	342,198	85,723	**427,921**
- Other countries	771,120	533	7,291	**778,944**
Total	**771,120**	**342,731**	**93,014**	**1,206,865**

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

As at 30 June 2013 and 31 December 2012 all cash and cash equivalents are neither past due nor impaired.

4. Due from banks

Due from banks comprise:

	30 June 2013 (unaudited)	*31 December 2012*
Time deposits and loans to banks:		
- Belarus	118,871	192,108
Total due from banks	**118,871**	**192,108**

Time deposits and loans to banks with original maturities over 30 days mostly represent balances with the largest foreign banks, top rated Belarus banks.

Analysis by credit quality of the balances with counterparty banks as at 30 June 2013 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	118,871	-	118,871
Total	**118,871**	**-**	**118,871**

Analysis by credit quality of the balances with counterparty banks as at 31 December 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	192,108	-	192,108
Total	**192,108**	**-**	**192,108**

As at 30 June 2013 and 31 December 2012 included in due from banks were fixed amounts of BYR 965 million and BYR 1,008 million, respectively, placed as guarantee deposits on letters of credit, operations with plastic cards and travel checks, and settlements with international payment systems.

As at 30 June 2013 and 31 December 2012 included in due from banks are long-term loans issued to JSC “Belagroprombank” under the Government’s program on financing for acquisition of agricultural equipment for the total amount of BYR 86,906 million and BYR 93,351 million, respectively, with maturities of up to 10 years and interest rate amounting to the refinancing rate of the National Bank.

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

5. Derivative financial instruments

As at 30 June 2013 and 31 December 2012 derivative financial instruments comprise:

Derivative type	***Nominal amount (in units of currency to be purchased)***	***Fair Value as at 30 June 2013 (unaudited)***	
		Asset	***Liability***
EUR/BYR foreign currency swap	EUR 340,709,830	2,512,069	-
XAU/BYR precious metals swap	XAU 5,005,000	1,040,790	-
USD/BYR foreign currency swap	USD 116,856,148	546,909	10,804
USD/XAU foreign currency swap	USD 3,304,518	6,213	-
BYR/EUR foreign currency swap	BYR 80,372,701,400	142	-
BYR/USD foreign currency swap	BYR 17,618,178,300	27	-
RUR/USD foreign currency spot	RUR 65,518,500	12	-
EUR/USD foreign currency swap	EUR 1,200,000	7	6
USD/RUR foreign currency spot	USD 1,700,000	1	1
PLN/BYR foreign currency spot	PLN 420	-	-
EUR/RUR foreign currency spot	EUR 200,000	-	11
RUR/EUR foreign currency forward	RUR 210,122,943	-	4,244
XAG/USD precious metals swap	XAG 2,021,728	-	4,711
XPT/EUR precious metals swap	XPT 102,642	-	5,180
USD/EUR foreign currency swap	USD 64,182,500	-	12,234
XAU/EUR precious metals swap	XAU 626,425	-	36,246
XAU/USD precious metals swap	XAU 4,880,869	-	384,207
Total derivative financial instruments		**4,106,170**	**457,644**

Derivative type	***Nominal amount (in units of currency to be purchased)***	***Fair Value as at 31 December 2012***	
		Asset	***Liability***
EUR/BYR foreign currency swap	EUR 340,709,341	2,785,319	-
XAU/BYR precious metals swap	XAU 7,510,000	2,592,387	-
USD/BYR foreign currency swap	USD 113,551,933	617,462	15,643
USD/XAU foreign currency swap	USD 6,311,275	1,532	-
RUR/EUR foreign currency forward	RUR 220,573,952	110	2,363
EUR/USD foreign currency spot	EUR 1,800,000	62	-
RUR/USD foreign currency swap	RUR 20,000,000	34	-
XAU/EUR precious metals swap	XAU 741,507	26	28,470
EUR/RUR foreign currency spot	EUR 1,000,000	-	27
USD/RUR foreign currency swap	USD 700,000	-	34
XPT/EUR precious metals swap	XPT 97,976	-	2,331
Total derivative financial instruments		**5,996,932**	**48,868**

As at 30 June 2013 and 31 December 2012 derivative financial instruments mainly comprised swap contracts with the National Bank to purchase Belarusian Roubles for foreign currency and precious metals.

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

6. Loans to customers

The tables below show credit quality of the Group's loan portfolio by loan classes as at 30 June 2013 and 31 December 2012.

For the purposes of these interim condensed 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.

30 June 2013 (unaudited)	***Not past due loans***	***Past due loans***	***Total***
Commercial loans to legal entities	12,599,747	308,681	**12,908,428**
Specialized loans to legal entities	8,731,217	571,580	**9,302,797**
Consumer and other loans to individuals	552,771	19,450	**572,221**
Mortgage loans to individuals	424,936	21,325	**446,261**
Car loans to individuals	27,323	1,131	**28,454**
Total loans to customers before allowance for loan impairment	**22,335,994**	**922,167**	**23,258,161**
Less: Allowance for loan impairment	(729,051)	(218,518)	**(947,569)**
Total loans to customers net of allowance for loan impairment	**21,606,943**	**703,649**	**22,310,592**

31 December 2012	***Not past due loans***	***Past due loans***	***Total***
Commercial loans to legal entities	11,291,562	259,481	**11,551,043**
Specialized loans to legal entities	8,183,935	554,209	**8,738,144**
Consumer and other loans to individuals	562,572	8,183	**570,755**
Mortgage loans to individuals	492,298	7,366	**499,664**
Car loans to individuals	16,907	237	**17,144**
Total loans to customers before allowance for loan impairment	**20,547,274**	**829,476**	**21,376,750**
Less: Allowance for loan impairment	(790,261)	(168,045)	**(958,306)**
Total loans to customers net of allowance for loan impairment	**19,757,013**	**661,431**	**20,418,444**

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.

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

6. Loans to customers (continued)

The table below shows the analysis of loans and provisions for loan impairment as at 30 June 2013:

	Gross loans	*Allowance for loan impairment*	*Net loans*	*Allowance for loan impairment to gross loans*
Commercial loans to legal entities				
Individually assessed but not impaired and collectively assessed loans				
Not past due	11,687,565	(157,883)	11,529,682	1.4%
Loans up to 30 days overdue	39,532	(574)	38,958	1.5%
Loans 31 to 60 days overdue	24,142	(335)	23,807	1.4%
Loans 61 to 90 days overdue	20,126	(282)	19,844	1.4%
Loans 91 up to 180 days overdue	28,536	(603)	27,933	2.1%
Loans over 180 days overdue	17,803	(5,887)	11,916	33.1%
Total collectively assessed loans	**11,817,704**	**(165,564)**	**11,652,140**	**1.4%**
Individually impaired				
Not past due	912,182	(51,833)	860,349	5.7%
Loans up to 30 days overdue	3,280	(417)	2,863	12.7%
Loans 31 to 60 days overdue	20,302	(3,201)	17,101	15.8%
Loans 61 to 90 days overdue	40,619	(4,481)	36,138	11.0%
Loans 91 up to 180 days overdue	1,562	(96)	1,466	6.1%
Loans over 180 days overdue	112,779	(58,192)	54,587	51.6%
Total individually impaired loans	**1,090,724**	**(118,220)**	**972,504**	**10.8%**
Total commercial loans to legal entities	**12,908,428**	**(283,784)**	**12,624,644**	**2.2%**
Specialized loans to legal entities				
Individually assessed but not impaired and collectively assessed loans				
Not past due	6,084,662	(131,534)	5,953,128	2.2%
Loans up to 30 days overdue	25,246	(375)	24,871	1.5%
Loans 31 to 60 days overdue	14,076	(194)	13,882	1.4%
Loans 61 to 90 days overdue	7,251	(102)	7,149	1.4%
Loans 91 up to 180 days overdue	4,738	(123)	4,615	2.6%
Loans over 180 days overdue	11,957	(3,228)	8,729	27.0%
Total collectively assessed loans	**6,147,930**	**(135,556)**	**6,012,374**	**2.2%**
Individually impaired				
Not past due	2,646,555	(385,610)	2,260,945	14.6%
Loans up to 30 days overdue	435,224	(95,961)	339,263	22.0%
Loans 31 to 60 days overdue	-	-	-	-
Loans 61 to 90 days overdue	-	-	-	-
Loans 91 up to 180 days overdue	7,658	(533)	7,125	7.0%
Loans over 180 days overdue	65,430	(23,938)	41,492	36.6%
Total individually impaired loans	**3,154,867**	**(506,042)**	**2,648,825**	**16.0%**
Total specialized loans to legal entities	**9,302,797**	**(641,598)**	**8,661,199**	**6.9%**
Total loans to legal entities	**22,211,225**	**(925,382)**	**21,285,843**	**4.2%**

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

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				
Collectively assessed				
Not past due	552,771	(1,048)	551,723	0.2%
Loans up to 30 days overdue	9,126	(1,043)	8,083	11.4%
Loans 31 to 60 days overdue	1,028	(554)	474	53.9%
Loans 61 to 90 days overdue	1,198	(1,169)	29	97.6%
Loans 91 up to 180 days overdue	969	(969)	-	100.0%
Loans over 180 days overdue	7,129	(7,129)	-	100.0%
Total consumer and other loans to individuals	**572,221**	**(11,912)**	**560,309**	**2.1%**
Mortgage loans to individuals				
Collectively assessed				
Not past due	424,936	(822)	424,114	0.2%
Loans up to 30 days overdue	12,850	(1,025)	11,825	8.0%
Loans 31 to 60 days overdue	1,482	(465)	1,017	31.4%
Loans 61 to 90 days overdue	742	(658)	84	88.7%
Loans 91 up to 180 days overdue	1,615	(1,615)	-	100.0%
Loans over 180 days overdue	4,636	(4,636)	-	100.0%
Total mortgage loans to individuals	**446,261**	**(9,221)**	**437,040**	**2.1%**
Car loans to individuals				
Collectively assessed				
Not past due	27,323	(321)	27,002	1.2%
Loans up to 30 days overdue	483	(201)	282	41.6%
Loans 31 to 60 days overdue	255	(146)	109	57.3%
Loans 61 to 90 days overdue	15	(8)	7	53.3%
Loans 91 up to 180 days overdue	-	-	-	-
Loans over 180 days overdue	378	(378)	-	100.0%
Total car loans to individuals	**28,454**	**(1,054)**	**27,400**	**3.7%**
Total loans to individuals	**1,046,936**	**(22,187)**	**1,024,749**	**2.1%**
Total loans and advances to customers as at 30 June 2013 (unaudited)	**23,258,161**	**(947,569)**	**22,310,592**	**4.1%**

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

6. Loans to customers (continued)

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

	Gross loans	*Allowance for loan impairment*	*Net loans*	*Allowance for loan impairment to gross loans*
Commercial loans to legal entities				
Individually assessed but not impaired and collectively assessed loans				
Not past due	9,943,974	(218,020)	9,725,954	2.2%
Loans up to 30 days overdue	58,504	(1,624)	56,880	2.8%
Loans 31 to 60 days overdue	46,899	(1,277)	45,622	2.7%
Loans 61 to 90 days overdue	8,914	(256)	8,658	2.9%
Loans 91 up to 180 days overdue	5,326	(171)	5,155	3.2%
Loans over 180 days overdue	46,082	(10,837)	35,245	23.5%
Total collectively assessed loans	**10,109,699**	**(232,185)**	**9,877,514**	**2.3%**
Individually impaired				
Not past due	1,347,588	(116,368)	1,231,220	8.6%
Loans up to 30 days overdue	16,945	(3,318)	13,627	19.6%
Loans 31 to 60 days overdue	-	-	-	-
Loans 61 to 90 days overdue	-	-	-	-
Loans 91 up to 180 days overdue	-	-	-	-
Loans over 180 days overdue	76,811	(42,559)	34,252	55.4%
Total individually impaired loans	**1,441,344**	**(162,245)**	**1,279,099**	**11.3%**
Total commercial loans to legal entities	**11,551,043**	**(394,430)**	**11,156,613**	**3.4%**
Specialized loans to legal entities				
Individually assessed but not impaired and collectively assessed loans				
Not past due	6,657,910	(202,057)	6,455,853	3.0%
Loans up to 30 days overdue	53,038	(1,441)	51,597	2.7%
Loans 31 to 60 days overdue	28,864	(797)	28,067	2.8%
Loans 61 to 90 days overdue	27,567	(769)	26,798	2.8%
Loans 91 up to 180 days overdue	11,066	(308)	10,758	2.8%
Loans over 180 days overdue	12,044	(1,791)	10,253	14.9%
Total collectively assessed loans	**6,790,489**	**(207,163)**	**6,583,326**	**3.1%**
Individually impaired				
Not past due	1,526,025	(208,911)	1,317,114	13.7%
Loans up to 30 days overdue	298,063	(88,007)	210,056	29.5%
Loans 31 to 60 days overdue	44,949	(2,412)	42,537	5.4%
Loans 61 to 90 days overdue	156	(5)	151	3.2%
Loans 91 up to 180 days overdue	52	(15)	37	28.8%
Loans over 180 days overdue	78,410	(10,090)	68,320	12.9%
Total individually impaired loans	**1,947,655**	**(309,440)**	**1,638,215**	**15.9%**
Total specialized loans to legal entities	**8,738,144**	**(516,603)**	**8,221,541**	**5.9%**
Total loans to legal entities	**20,289,187**	**(911,033)**	**19,378,154**	**4.5%**

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

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				
Collectively assessed				
Not past due	562,572	(23,841)	538,731	4.2%
Loans up to 30 days overdue	4,584	(314)	4,270	6.9%
Loans 31 to 60 days overdue	1,311	(177)	1,134	13.5%
Loans 61 to 90 days overdue	503	(140)	363	27.9%
Loans 91 up to 180 days overdue	1,090	(602)	488	55.3%
Loans over 180 days overdue	695	(695)	-	100.0%
Total consumer and other loans to individuals	**570,755**	**(25,769)**	**544,986**	**4.5%**
Mortgage loans to individuals				
Collectively assessed				
Not past due	492,298	(20,528)	471,770	4.2%
Loans up to 30 days overdue	4,546	(200)	4,346	4.4%
Loans 31 to 60 days overdue	1,219	(56)	1,163	4.6%
Loans 61 to 90 days overdue	332	(19)	313	5.8%
Loans 91 up to 180 days overdue	1,234	(86)	1,148	6.9%
Loans over 180 days overdue	35	(35)	-	100.0%
Total mortgage loans to individuals	**499,664**	**(20,924)**	**478,740**	**4.2%**
Car loans to individuals				
Collectively assessed				
Not past due	16,907	(538)	16,369	3.2%
Loans up to 30 days overdue	151	(9)	142	5.7%
Loans 31 to 60 days overdue	7	(2)	5	28.6%
Loans 61 to 90 days overdue	5	(2)	3	40.0%
Loans 91 up to 180 days overdue	46	(28)	18	60.5%
Loans over 180 days overdue	28	(1)	27	3.8%
Total car loans to individuals	**17,144**	**(580)**	**16,564**	**3.4%**
Total loans to individuals	**1,087,563**	**(47,273)**	**1,040,290**	**4.3%**
Total loans and advances to customers as at 31 December 2012	**21,376,750**	**(958,306)**	**20,418,444**	**4.5%**

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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6. Loans to customers (continued)

As at 30 June 2013 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	160,680	(64,778)	95,902	40.3%
Specialised loans to legal entities	89,783	(27,822)	61,961	31.0%
Consumer and other loans to individuals	8,098	(8,098)	-	100.0%
Mortgage loans to individuals	6,251	(6,251)	-	100.0%
Car loans to individuals	378	(378)	-	100.0%
Total non-performing loans to customers as at 30 June 2013 (unaudited)	**265,190**	**(107,327)**	**157,863**	**40.5%**

As at 31 December 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	128,219	(53,567)	74,652	41.8%
Specialised loans to legal entities	101,572	(12,204)	89,368	12.0%
Consumer and other loans to individuals	1,785	(1,297)	488	72.7%
Mortgage loans to individuals	1,269	(121)	1,148	9.5%
Car loans to individuals	74	(29)	45	39.2%
Total non-performing loans to customers as at 31 December 2012	**232,919**	**(67,218)**	**165,701**	**28.9%**

Movements in allowances for impairment losses for the periods ended 30 June 2013 and 30 June 2012 are disclosed in Note 19.

Information on loans which terms have been renegotiated, as at 30 June 2013 and 31 December 2012 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 renegotiated loans before allowance for loan impairment	126,115	102,301	228,416
Total renegotiated loans before allowance for loan impairment as at 30 June 2013 (unaudited)	**126,115**	**102,301**	**228,416**

	Commercial loans to legal entities	*Specialised loans to legal entities*	*Total*
Not past due renegotiated loans before allowance for loan impairment	3,487	2,221	5,708
Total renegotiated loans before allowance for loan impairment as at 31 December 2012	**3,487**	**2,221**	**5,708**

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

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 30 June 2013 and 31 December 2012 is as follows:

	30 June (unaudited)	*31 December 2012*
Gross investment in finance lease	277,486	285,083
Unearned future finance income on finance lease	(67,496)	(86,628)
Net investment in finance lease before provision for impairment	**209,990**	**198,455**
Less provision for impairment	(9,452)	(9,944)
Net investment in finance lease after provision for impairment	**200,538**	**188,511**

The contractual maturity analysis of net investments in finance lease as at 30 June 2013 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	98,525	(4,435)	94,090
Later than 1 year but not later than 5 years	109,917	(4,947)	104,970
Later than 5 years	1,548	(70)	1,478
Total as at 30 June 2013 (unaudited)	**209,990**	**(9,452)**	**200,538**

The contractual maturity analysis of net investments in finance lease as at 31 December 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	76,339	(3,825)	72,514
Later than 1 year but not later than 5 years	122,099	(6,118)	115,981
Later than 5 years	17	(1)	16
Total as at 31 December 2012	**198,455**	**(9,944)**	**188,511**

The analysis of minimal finance lease receivables as at 30 June 2013 and 31 December 2012 per contractual maturity is as follows:

	30 June 2013 (unaudited)	*31 December 2012*
Not later than 1 year	128,731	117,887
Later than 1 year but not later than 5 years	146,752	167,178
Later than 5 years	2,003	18
Total	**277,486**	**285,083**

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

6. Loans to customers (continued)

Economic sector risk concentrations within the customer loan portfolio as at 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013 (unaudited)		*31 December 2012*	
	Amount	*%*	*Amount*	*%*
Machinery and equipment	4,758,827	20.5	4,035,180	18.8
Trade and catering	2,860,730	12.3	2,718,492	12.7
Financial services	2,422,364	10.4	1,924,712	9.0
Food	2,381,875	10.2	1,630,273	7.6
Timber and woodworking industry	1,860,146	8.0	1,706,789	8.0
Chemical and oil refinery industry	1,496,597	6.4	1,703,506	8.0
Construction	1,232,049	5.3	1,382,079	6.5
Energy and fuel	1,116,300	4.8	999,285	4.7
Transport and communication	1,107,452	4.8	1,254,729	5.9
Individuals	1,046,936	4.5	1,087,562	5.1
Mining	832,845	3.6	525,635	2.5
Building materials	707,413	3.0	795,098	3.7
Light industry	654,771	2.8	662,123	3.1
Agriculture	270,408	1.2	242,080	1.1
Metallurgy	221,143	1.0	414,125	1.9
Other	288,305	1.2	295,082	1.4
Total loans to customers before allowance for loan impairment	**23,258,161**	**100.0**	**21,376,750**	**100.0**

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

	30 June 2013 (unaudited)	*31 December 2012*
Loans collateralized by equipment and rights thereon	4,836,252	4,883,648
Loans collateralized by real estate or rights thereon	4,564,413	3,628,691
Loans collateralized by lien over receivables	4,103,064	3,552,847
Loans collateralized by inventories	3,437,886	2,851,231
Loans collateralized by guarantees of the Government and local authorities	2,744,517	2,842,959
Loans collateralized by guarantees of enterprises	1,434,588	1,035,671
Loans collateralized by other types of collateral	811,149	1,147,124
Loans collateralized by guarantees of individuals	777,063	857,874
Loans collateralized by cash or guarantee deposits	549,229	576,705
	23,258,161	**21,376,750**
Less allowance for loan impairment	**(947,569)**	**(958,306)**
Total loans to customers	**22,310,592**	**20,418,444**

As at 30 June 2013 the aggregated loan amount of 20 largest borrowers was BYR 7,840,608 million or 33.7% of the total gross loan portfolio of the Group (31 December 2012: BYR 7,457,833 million or 34.9%).

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

As at 30 June 2013 loans to customers included specialized loans in USD in the amount of BYR 285,346 million provided to two borrowers (31 December 2012: BYR 312,299 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).

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

7. Non-current assets held for sale

As at 30 June 2013 and 31 December 2012 non-current assets held for sale include premises previously used by the Group and machinery equipment of a bankrupted borrower. The Management has elaborated a plan to dispose premises and equipment. The sale transactions for these assets are expected to be completed in 2013.

During the 6 months ended 30 June 2013 the Management has decided to sell office premises, previously used in operating activity. According to IFRS 5 the premises were recognised as non-current asset held for sale and measured at the lower of its carrying amount and fair value. Net book value of the premises at the date of the transfer from “Premises and equipment” to “Non-current assets held for sale” amounted to BYR 8,495 million. The Group is in active search of a contracting party and expects to complete the transaction in 2013.

8. Investments available for sale

Investments available for sale comprise:

	Interest to nominal, %	*30 June 2013 (unaudited)*	*Interest to nominal, %*	*31 December 2012*
Republic of Belarus Eurobonds	8.75	228,597	8.75	242,588
Bonds of Belarusian banks	20.00	200,960	20.00	207,773
Short-term bonds of the National Bank	17.00	100,746	-	-
Bonds of Belarusian companies	7.96-27.50	82,303	8.00-34.00	112,628
Long-term government bonds	7.25	49,850	10.00	203,763
Shares	-	17,204	-	16,690
Bonds issued by municipalities	23.50	10,628	30.00	9,649
Total investments available for sale		**690,288**		**793,091**

9. Investments held to maturity

Investments held to maturity comprise:

	Currency	*Maturity date*	*Interest to nominal*	*30 June 2013 (unaudited)*
Bonds of Belarusian banks	BYR	October 2013	20.00%	336,288
Republic of Belarus Eurobonds	USD	August 2015	8.75%	155,023
Coupon long-term government bonds	BYR	September 2014	2.00%	27,062
Bonds issued by municipalities	BYR	July 2020	23.50%	10,628
Bonds of Belarusian companies	BYR	August 2013	27.50%	1,520
Total investments held to maturity				**530,521**

	Currency	*Maturity date*	*Interest to nominal*	*31 December 2012*
Bonds of Belarusian banks	BYR	October 2013	20.00%	349,937
Republic of Belarus Eurobonds	USD	August 2015	8.75%	161,678
Coupon long-term government bonds	BYR	September 2014	2.00%	27,791
Bonds issued by municipalities	BYR	July 2020	30.00%	11,354
Bonds of Belarusian companies	BYR	August 2013	34.00%	1,629
Total investments held to maturity				**552,389**

10. Premises and equipment and intangible assets

For the 6 months ended 30 June 2013 the Group's premises, equipment, and intangible assets additions amounted to BYR 132,606 million (for the 6 months ended 30 June 2012 - BYR 101,290 million), disposals of premises, equipment, and intangible assets amounted to BYR 11,344 million (for the 6 months ended 30 June 2012 - BYR 489 million).

As at 30 June 2013 included in computer equipment are fully depreciated items in the amount of BYR 122,364 million (31 December 2012: BYR 119,758 million), in vehicles in the amount of BYR 21,998 million (31 December 2012: BYR 19,808 million) and in furniture and other assets in the amount of BYR 132,438 million (31 December 2012: BYR 140,952 million).

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

11. Other assets

Other assets comprise:

	30 June 2013 (unaudited)	*31 December 2012*
Other financial assets:		
Settlement accounts on other banking services	183,408	144,590
Accrued income	5,899	4,818
Compensation payments from participation in government program on supporting national producers of consumer goods	197	930
	189,504	**150,338**
Other non-financial assets:		
Prepayments for premises, equipment and intangible assets	45,631	22,201
Taxes recoverable and prepaid, other than income taxes	37,525	32,192
Precious metals	34,474	22,676
Prepaid expenses	27,948	21,750
Inventory	11,931	12,433
Prepayments for assets to be transferred into finance lease	10,042	-
Other advances and prepayments	21,595	12,335
	189,146	**123,587**
Total other assets	**378,650**	**273,925**

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

As at 30 June 2013 and 31 December 2012 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 286,013 million and BYR 313,114 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:

	30 June 2013 (unaudited)	*31 December 2012*
Loans from banks and financial institutions	6,702,324	6,341,748
Loan in precious metals	3,334,253	3,665,631
Correspondent accounts of banks	220,377	417,044
Repo agreements	-	88,344
Total due to banks	**10,256,954**	**10,512,767**

As at 30 June 2013 a balance of due to banks amounting to BYR 8,174,321 million was due to three counterparties, including BYR 7,411,390 million due to Sberbank of Russia, which individually exceeded 10% of the Group's equity.

As at 31 December 2012 a balance of due to banks amounting to BYR 8,439,117 million was due to three counterparties, including BYR 7,624,348 million due to Sberbank of Russia, which individually exceeded 10% of the Group's equity.

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

14. Due to individuals and due to corporate customers

Due to individuals and corporate customers comprise:

	30 June 2013 (unaudited)	*31 December 2012*
Individuals:		
-Current/demand accounts	2,032,418	1,882,446
-Term deposits	6,248,211	6,417,553
Total due to individuals	**8,280,629**	**8,299,999**
State and public organisations:		
-Current/settlement accounts	134,067	157,028
-Term deposits	246,013	355,405
Total due to state and public organisations	**380,080**	**512,433**
Other corporate customers:		
-Current/settlement accounts	3,100,192	4,098,741
-Term deposits	4,691,080	5,211,973
Total due to other corporate customers	**7,791,272**	**9,310,714**
Total due to corporate customers	**8,171,352**	**9,823,147**
Total due to individuals and corporate customers	**16,451,981**	**18,123,146**

As at 30 June 2013 included in due to corporate customers are deposits of BYR 1,379,739 million (31 December 2012: BYR 1,221,427 million) held as collateral for irrevocable commitments under import letters of credit.

As at 30 June 2013 the aggregated balances of 20 largest customers was BYR 3,752,042 million or 22.8% of total due to individuals and corporate customers (31 December 2012: BYR 3,289,196 million or 18.1%).

Industry sector concentrations within customer accounts are as follows:

	30 June 2013 (unaudited)		*31 December 2012*	
	Amount	***%***	***Amount***	***%***
Individuals	8,280,629	50.3	8,299,999	45.8
Oil refinery and chemical industry	1,711,918	10.4	1,190,564	6.6
Trade	1,149,639	7.0	1,468,310	8.1
Insurance and other financial services	1,007,053	6.1	1,080,558	6.0
Machinery and equipment	945,350	5.7	1,649,243	9.1
Construction	872,715	5.3	1,504,681	8.3
Transport and communications	627,752	3.8	744,324	4.1
Energy	306,858	1.9	233,552	1.3
Education	224,636	1.4	284,351	1.6
Building materials industry	167,480	1.0	222,567	1.2
Agriculture	129,150	0.8	15,759	0.1
Woodworking and timber industry	114,073	0.7	233,425	1.3
Metallurgy	77,584	0.5	79,953	0.4
Light industry	62,600	0.4	104,837	0.6
Food	59,257	0.4	73,698	0.4
Mining	57,693	0.4	70,667	0.4
State and government bodies	30,777	0.2	117,524	0.6
Other	626,817	3.7	749,134	4.1
Total due to individuals and corporate customers	**16,451,981**	**100.0**	**18,123,146**	**100.0**

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

15. Debt securities issued

Debt securities issued comprise:

	Nominal interest rate, %	*30 June 2013 (unaudited)*	*Nominal interest rate, %*	*31 December 2012*
Bonds issued to legal entities	4.5-23.5	1,053,217	5.0-30.0	1,092,781
Bonds issued to individuals	7.0-28.5	158,487	7.0-36.0	127,663
Certificates of deposit	18.0-38.0	28,827	21.0-37.0	4,190
Saving certificates	15.5-18.0	2	15.5-18.0	2
Total debt securities issued		**1,240,533**		**1,224,636**

Bonds issued to legal entities are interest-bearing securities issued by the Group. They are denominated in BYR, USD, RUR and Euro and have maturity dates from "on demand" to December 2015 (31 December 2012: from "on demand" to May 2014). Interest rates on such bonds vary from 4.5-7.0% (for bonds in USD, EUR and RUR) to 23.5-28.5% (for bonds in BYR) p.a. (31 December 2012: from 5% до 30% p.a.).

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 2014 (31 December 2012: from "on demand" to October 2014). Interest rates on such bonds vary from 7.0% (for bonds in USD and EUR) to 28.5% (for bonds in BYR) p.a. (31 December 2012: from 7.0% to 36.0% 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 December 2013 (31 December 2012: from "on demand" to December 2013). Interest rates on such securities vary from 15.5% to 38.0% p.a. (31 December 2012: from 15.5% to 37.0% p.a.).

16. Other liabilities

Other liabilities comprise:

	30 June 2013 (unaudited)	*31 December 2012*
Other financial liabilities:		
Settlement accounts on other banking services	90,338	38,166
Accrued fee payable under documentary transactions and transactions with plastic cards	20,207	26,030
Payments due to other contractors	11,617	24,970
Payables for assets to be transferred into finance lease	3,582	4,317
Payables for premises and equipment	281	4,576
	126,025	**98,059**
Other non-financial liabilities:		
Unused leave and bonus accrual	29,780	72,759
Taxes payable, other than income taxes	35,876	29,789
Accrued contributions to deposits protection fund	24,692	24,506
Other	763	961
	91,111	**128,015**
Total other liabilities	**217,136**	**226,074**

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

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 2012	871,112	1,102,828,888	500	500	1,817,677	**2,369,527**
30 June 2013 (unaudited)	871,112	1,102,828,888	500	500	1,817,677	**2,369,527**

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 6 months ended 30 June 2013 the Bank declared BYR 21,235 million and BYR 18 million dividends on ordinary and preference shares for the year 2012, respectively. The dividends were BYR 19 per ordinary share and BYR 21 per preference share.

During the 6 months ended 30 June 2012 the Bank declared BYR 12,286 million and BYR 22 million dividends on ordinary and preference shares for the year 2011, respectively. The dividends were BYR 11 per ordinary share and BYR 25 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 424,931 million of undistributed and unreserved earnings as at 30 June 2013 (31 December 2012: BYR 724,295 million).

18. Net interest income before loan impairment

The net interest income before allowance for loan impairment comprises:

	3 months ended 30 June 2013 (unaudited)	3 months ended 30 June 2012 (unaudited)	6 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2012 (unaudited)
Interest income				
Interest on loans to corporate customers	764,188	820,343	1,630,580	1,775,860
Interest on loans to individuals	65,543	67,755	139,675	176,129
Interest on investments held to maturity	25,878	1,978	53,345	4,436
Interest on investments available for sale	23,740	53,590	49,900	97,969
Interest on due from banks	24,084	52,492	47,155	158,751
Compensation payments on participation in government program	204	1,170	587	3,347
Total interest income	**903,637**	**997,328**	**1,921,242**	**2,216,492**
Interest expense				
Interest on due to corporate customers	206,276	223,329	459,589	494,130
Interest on due to individuals	174,384	200,914	334,193	431,556
Interest on deposits from banks	117,483	106,717	234,596	225,362
Interest on debt securities issued	37,273	57,221	88,301	153,763
Interest on deposits from National Bank	5,457	6,907	17,957	15,036
Total interest expense	**540,873**	**595,088**	**1,134,636**	**1,319,847**
Net interest income before allowance for loan impairment	**362,764**	**402,240**	**786,606**	**896,645**

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

19. Allowance for loan impairment, other provisions

The movements in allowance for loan impairment were as follows:

	Commercial loans	*Specialized loans*	*Loans to individuals*			*Total*
			Consumer and other loans	*Mortgage loans*	*Car loans*	
31 December 2011	**300,754**	**411,859**	**26,277**	**26,835**	**1,126**	**766,851**
(Reversal of allowance)/ allowance charge for the period	(10,724)	21,291	62	(4,882)	(427)	**5,320**
Amounts written off	-	(1,425)	-	-	-	**(1,425)**
Inflation effect	(3,974)	(63,331)	(2,478)	(2,535)	(107)	**(72,425)**
30 June 2012 (unaudited)	**286,056**	**368,394**	**23,861**	**19,418**	**592**	**698,321**
31 December 2012	**394,430**	**516,603**	**25,769**	**20,924**	**580**	**958,306**
(Reversal of allowance)/ allowance charge for the period	(84,946)	158,656	(12,178)	(10,339)	512	**51,705**
Inflation effect	(25,700)	(33,661)	(1,679)	(1,364)	(38)	**(62,442)**
30 June 2013 (unaudited)	**283,784**	**641,598**	**11,912**	**9,221**	**1,054**	**947,569**

The movements in provision on other transactions were as follows:

	Guarantees and other commitments
31 December 2011	**6,836**
Provision	5,148
Inflation effect	(646)
30 June 2012 (unaudited)	**11,338**
31 December 2012	**11,570**
Reversal	(3,074)
Inflation effect	(754)
30 June 2013 (unaudited)	**7,742**

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

20. Fee and commission income and expense

Fee and commission income and expense comprise:

	3 months ended 30 June 2013 (unaudited)	*3 months ended 30 June 2012 (unaudited)*	*6 months ended 30 June 2013 (unaudited)*	*6 months ended 30 June 2012 (unaudited)*
Fee and commission income				
Salary transfer on card accounts and related cash withdrawals	71,573	64,244	137,038	118,957
Settlement and cash operations with clients	71,611	49,399	135,167	87,708
Other operations with plastic cards	43,898	38,402	86,111	76,192
Documentary operations	38,550	30,340	78,110	59,142
Foreign exchange operations	23,696	23,521	43,260	44,399
Cash delivery and collection	12,681	11,799	24,005	21,124
Settlements with banks	1,985	2,373	4,044	4,883
Securities operations	547	607	1,243	1,319
Other	2,684	1,513	4,144	2,326
Total fee and commission income	**267,225**	**222,198**	**513,122**	**416,050**
Fee and commission expense				
Plastic cards operations	40,638	28,729	69,065	48,302
Documentary operations	25,263	17,287	50,189	35,127
Correspondent bank services	2,818	2,614	5,492	4,948
Cash delivery and collection	1,759	2,100	3,081	5,043
Foreign exchange and cash operations	1,263	1,556	2,302	3,395
Other	445	1,370	694	3,218
Total fee and commission expense	**72,186**	**53,656**	**130,823**	**100,033**

21. Net loss on foreign exchange and precious metals operations

Net loss on foreign exchange operations comprises:

	3 months ended 30 June 2013 (unaudited)	*3 months ended 30 June 2012 (unaudited)*	*6 months ended 30 June 2013 (unaudited)*	*6 months ended 30 June 2012 (unaudited)*
Net gains arising from trading in foreign currencies	114,022	87,283	155,203	127,930
Net foreign exchange translation losses	(108,094)	(110,407)	(27,862)	(38,994)
Net losses from operations with foreign currency derivatives	(145,669)	(107,193)	(201,242)	(191,566)
Total net loss on foreign exchange operations	**(139,741)**	**(130,317)**	**(73,901)**	**(102,630)**

Net loss from operations with precious metals and precious metals derivatives:

	3 months ended 30 June 2013 (unaudited)	*3 months ended 30 June 2012 (unaudited)*	*6 months ended 30 June 2013 (unaudited)*	*6 months ended 30 June 2012 (unaudited)*
Net losses/(gains) from operations with physical precious metals	(65,096)	(7,240)	(60,646)	3,361
Net precious metals translations gains/(losses)	983,801	110,158	1,087,691	(64,394)
Net losses from operations with precious metals derivatives	(925,824)	(158,216)	(1,061,349)	(127,728)
Total net loss from operations with precious metals	**(7,119)**	**(55,298)**	**(34,304)**	**(188,761)**

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

22. Other income

Other income comprises:

	3 months ended 30 June 2013 (unaudited)	*3 months ended 30 June 2012 (unaudited)*	*6 months ended 30 June 2013 (unaudited)*	*6 months ended 30 June 2012 (unaudited)*
Repayment of loans previously written off	1,628	3,237	4,039	10,024
Proceeds from non-banking activities of subsidiaries	1,491	2,075	2,398	4,067
Penalties received	990	-	1,318	-
Income from operating leases	82	87	164	180
Other	1,317	2,931	2,703	6,698
Total other income	**5,508**	**8,330**	**10,622**	**20,969**

23. Operating expenses

Operating expenses comprise:

	3 months ended 30 June 2013 (unaudited)	*3 months ended 30 June 2012 (unaudited)*	*6 months ended 30 June 2013 (unaudited)*	*6 months ended 30 June 2012 (unaudited)*
Staff costs	134,082	125,375	260,744	294,789
Social security contribution	32,024	31,186	66,289	78,747
Other staff expenses	3,187	2,757	5,011	5,164
Personnel expenses	**169,293**	**159,318**	**332,044**	**378,700**
Depreciation and amortization	25,916	24,934	59,275	50,576
Contributions to deposits protection fund	24,361	24,096	49,074	46,439
Premises and equipment maintenance	30,414	13,590	41,222	20,244
Expenses on maintenance of banking software	12,532	13,576	28,894	23,498
Advertising costs	10,745	6,292	20,289	14,773
Taxes, other than income taxes	8,290	6,942	18,274	13,224
Operating leases	8,406	9,754	15,827	14,456
Security expenses	7,346	6,511	14,980	12,626
Public utilities payments	5,523	5,732	11,765	13,162
Stationery	4,416	3,746	10,127	5,158
Vehicles maintenance and fuel expenses	2,495	2,861	4,633	4,936
Legal and consulting services	2,976	3,508	4,118	8,332
Communications	1,580	1,218	2,932	2,215
Charity and sponsorship expenses	1,261	2,234	2,581	2,895
Net loss from sale of premises, equipment and other assets	2,436	687	1,261	949
Other expenses	37,705	25,967	56,789	48,759
Other operating expenses	**186,402**	**151,648**	**342,041**	**282,242**
Total operating expenses	**355,695**	**310,966**	**674,085**	**660,942**

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

24. 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 interim condensed 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 7,742 million and BYR 11,570 million as at 30 June 2013 and 31 December 2012, respectively (Note 19).

As at 30 June 2013 and 31 December 2012 the nominal or contract amounts of contingent liabilities were:

	30 June 2013 (unaudited)	*31 December 2012*
Contingent liabilities and credit commitments		
Commitments on loans and unused credit lines	2,857,130	1,848,625
Uncovered letters of credit	1,640,550	2,118,171
Letters of credit secured by cash	1,379,739	1,221,427
Guarantees issued and similar commitments	859,223	1,230,345
Total contingent liabilities and credit commitments	**6,736,642**	**6,418,568**

Operating lease commitments – Where the Group is the lessee, the future minimum lease payments under non cancelable operating leases as at 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013 (unaudited)	*31December 2012*
Not later than 1 year	34,650	26,764
Later than 1 year and not later than 5 years	46,840	39,247
Later than 5 years	3,770	1,403
Total operating lease commitments	**85,260**	**67,414**

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 interim condensed consolidated financial statements.

Pensions and retirement plans **–** Employees receive pension benefits in accordance with the laws and regulations of the Republic of Belarus. As at 30 June 2013 and 31 December 2012 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 **-** As an emerging market, the Republic of Belarus does not possess a well-developed business and regulatory infrastructure that would generally exist in more mature market economies. The Belarusian economy continues to display characteristics typical of an economy in transition. These characteristics include, but are not limited to, low levels of liquidity in the capital markets, relatively high inflation and the existence of currency controls which cause the national currency to be illiquid outside of Belarus. The stability of the Belarusian economy is largely dependent on the progress of reforms and the effectiveness of economic, financial and monetary measures undertaken by the government.

In 2011, Belarus experienced a significant macroeconomic setback. The key factors determining the economic decline were an acute deficit in current operations, reduction and limitation of external funding, absence of a significant foreign currency inflow at the beginning of 2011. These factors resulted in a significant reduction of gold and foreign currency reserves of the National Bank in the first quarter of 2011 followed by a deficit in foreign currency in the country and a significant decrease in the official exchange rate accompanied by the growth in inflation and an increase in the basic refinancing rate up to 45% as at 31 December 2011. In 2011, the rate of inflation was 108.67% (Note 2).

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

24. Commitments and contingencies (continued)

Significant financial support from Russia, which consisted in issuing loans in 2011 and 2012 and participating in privatization of state owned assets at the end of 2011, and an excess of the foreign trade balance contributed to a noticeable increase in the National Bank's reserves and stabilization of the macroeconomic situation in the country in 2012.

In the first half-year of 2013 stabilization of the macroeconomic environment in Belarus was continued. The slowdown in inflation which comprised 6.97% for 6 months of 2013 had positive impact on the economy. The National Bank decreased the refinance rate from 30% as at 31 December 2012 to 23.5% as at 30 June 2013 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 half-year of 2013.

While Management believes that it is taking appropriate measures to support the sustainability of business in the current circumstances, further unexpected deterioration in the areas described above could negatively affect the results of operations and financial position of the Group and its counterparties in a manner not currently determinable.

25. 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 as at 30 June 2013 and 31 December 2012 with related parties:

	30 June 2013 (unaudited)		*31 December 2012*	
	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	**89,306**	**2,913,735**	**80,123**	**4,264,092**
- parent bank	89,306		80,123	
Loans to corporate customers, gross	**48,640**	**22,211,225**	**74,939**	**20,289,187**
- associates	48,640		74,939	
Loans to individuals, gross	**26,040**	**1,046,936**	**20,462**	**1,087,563**
- key management personnel	26,040		20,462	
Allowance for impairment losses	**1,943**	**947,569**	**8,450**	**958,306**
- associates	1,391		7,561	
- key management personnel	552		889	
Investments in associates	**56,459**	**56,459**	**40,359**	**40,359**
Due to banks	**7,411,990**	**10,256,954**	**7,624,349**	**10,512,767**
- parent bank	7,411,990		7,624,349	
Subordinated debt	**458,673**	**458,673**	**485,601**	**485,601**
- parent bank	458,673		485,601	
Due to individuals	**20,882**	**8,280,629**	**10,223**	**8,299,999**
- key management personnel	20,882		10,223	
Due to corporate customers	**58,133**	**8,171,352**	**116,925**	**9,823,147**
- associates	58,133		116,925	
Commitments and contingencies	**237**	**6,974,816**	**6,392**	**6,418,568**
- associates			6,065	
- key management personnel	237		327	

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

25. Transactions with related parties (continued)

On 29 December 2011 the Group received a subordinated loan from its parent Sberbank of Russia in the amount of EUR 40 million amounting to BYR 458,673 million and BYR 485,601 million as of 30 June 2013 and 31 December 2012 respectively at an interest rate of 7.94%, repayable on 31 December 2018.

Included in the interim condensed consolidated income statement for the 6 months ended 30 June 2013 and 6 months ended 30 June 2012 are the following amounts which arose due to transactions with related parties:

	6 months ended 30 June 2013 (unaudited)		*6 months ended 30 June 2012 (unaudited)*	
	Related party transactions	***Total category as per the financial statements caption***	***Related party transactions***	***Total category as per the financial statements caption***
Interest income	**5,900**	**1,921,242**	**11,809**	**2,216,492**
- parent bank	1,339		1,885	
- associates	3,892		9,107	
- key management personnel	669		817	
Fee and commission income	**1,386**	**513,122**	**82**	**416,050**
- parent bank	1,320		4	
- associates	54		70	
- key management personnel	12		8	
Interest expenses	**(168,634)**	**(1,134,636)**	**(174,284)**	**(1,319,847)**
- parent bank	(165,068)		(171,363)	
- associates	(1,030)		(1,507)	
- key management personnel	(2,536)		(1,414)	
Allowance for loan impairment	**(6,508)**	**(51,705)**	**(1,167)**	**(5,320)**
- associates	(6,170)		(829)	
- key management personnel	(338)		(338)	
Fee and commission expense	**(31,248)**	**(130,823)**	**(17,489)**	**(100,033)**
- parent bank	(31,248)		(17,489)	
Staff costs	**(8,588)**	**(260,744)**	**(8,971)**	**(294,789)**
- key management personnel	(8,588)		(8,971)	

During the 6 months ended 30 June 2013 and 6 months ended 30 June 2012 remuneration of key management personnel was comprised by short-term employee benefits.

26. Segment reporting

The Group discloses information to enable users of its interim condensed consolidated financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. This matter is regulated by IFRS 8 “Operating segments” and other standards that require special disclosures in the form of segmental reporting.

IFRS 8 defines an operating segment as a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

Information on the Group’s activity per segments is analyzed by the Management based on data prepared in accordance with the IFRS recognition and measurement principles.

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26. Segment reporting (continued)

The Group is organized on the basis of two main business segments:

- retail banking – provision of banking services to individuals, running private customer current accounts, deposits, custody, credit and debit cards, issuance of consumer loans and loans to finance real estate.
- corporate banking – representing current accounts, deposits, overdrafts, loans and other credit facilities, transactions with foreign currency and securities.

Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's average interest rate of placed and received funds. There are no other material items of income or expense between the business segments. Internal charges have been reflected in the performance of each business.
Segment information about these businesses is presented below:

	Retail banking	*Corporate banking*	*Unallocated*	*30 June 2013/ 6 months ended 30 June 2013 Total (unaudited)*
Interest income	140,262	1,630,580	150,400	1,921,242
Interest expense	(345,742)	(536,341)	(252,553)	(1,134,636)
Allowance for impairment losses on interest bearing assets	22,005	(73,710)	-	**(51,705)**
Fee and commission income	287,294	181,954	43,874	**513,122**
Fee and commission expense	(49,036)	(63,863)	(17,924)	**(130,823)**
Net losses arising from investment securities available for sale	-	-	(481)	**(481)**
Net (losses)/gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation (losses)/gains	(109,258)	288,344	(252,987)	**(73,901)**
Net losses arising from operations with precious metals, precious metals derivatives and precious metals translations gains	-	-	(34,304)	**(34,304)**
Other provisions		3,074		**3,074**
Other income	-	-	10,622	**10,622**
Operating (expense)/income	(54,475)	1,430,038	(353,353)	**1,022,210**
Income/(expense) from other segments	583,777	(732,469)	148,692	-
Total operating income/(loss)	529,302	697,569	(204,661)	**1,022,210**
Operating expenses	-	-	(674,085)	**(674,085)**
Share of results of an associate	-	-	20,644	**20,644**
Profit/(Loss) before loss on net monetary position	**529,302**	**697,569**	**(858,102)**	**368,769**
Loss on net monetary position due to inflation effect	(220)	(20,412)	(105,804)	**(126,436)**
Profit/(Loss) before income taxes	**529,082**	**677,157**	**(963,906)**	**242,333**
Income tax expense	-	-	(67,299)	**(67,299)**
Net profit/(loss)	**529,082**	**677,157**	**(1,031,205)**	**175,034**
Segment assets	**1,046,936**	**22,211,225**	**9,341,142**	**32,599,303**
Segment liabilities	**(8,439,118)**	**(9,253,396)**	**(11,841,691)**	**(29,534,205)**
Other segment items				
Loans to customers	1,046,936	22,211,225	-	**23,258,161**
Customer accounts	(8,280,629)	(8,171,352)	-	**(16,451,981)**
Debt securities issued	(158,489)	(1,082,044)	-	**(1,240,533)**

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26. Segment reporting (continued)

	Retail banking	*Corporate banking*	*Unallocated*	*31 December 2012/ 6 months ended 30 June 2012 Total (unaudited)*
Interest income	176,128	1,761,534	278,830	**2,216,492**
Interest expense	(458,116)	(491,707)	(370,024)	**(1,319,847)**
Allowance for impairment losses on interest bearing assets	5,246	(10,566)	-	**(5,320)**
Fee and commission income	229,379	152,287	34,384	**416,050**
Fee and commission expense	(34,294)	(52,097)	(13,642)	**(100,033)**
Net losses arising from investment securities available for sale	-	-	(1,632)	**(1,632)**
Net gains/(losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains/(losses)	3,155	106,643	(212,428)	(102,630)
Net losses arising from operations with precious metals, precious metals derivatives and precious metals translations losses	-	-	(188,761)	**(188,761)**
Other provisions	-	(5,148)	-	**(5,148)**
Other income	-	-	20,969	**20,969**
Operating (expense)/ income	(78,502)	1,460,946	(452,304)	**930,140**
Income/(expense) from other segments	519,515	(597,554)	78,039	**-**
Total operating income	**441,013**	**863,392**	**(374,265)**	**930,140**
Operating expenses	-	-	(660,942)	(660,942)
Share of results of an associate	-	-	6,546	**6,546**
Profit/(loss) before loss on net monetary position	**441,013**	**863,392**	**(1,028,661)**	**275,744**
Loss on net monetary position due to inflation effect	13,214	(75,024)	(119,340)	(181,150)
Profit/(loss) before income taxes	**454,227**	**788,368**	**(1,148,001)**	**94,594**
Income tax expense	-	-	(46,103)	**(46,103)**
Net profit/(loss)	**454,227**	**788,368**	**(1,194,104)**	**48,491**
Segment assets	**1,087,563**	**20,289,187**	**12,676,515**	**34,053,265**
Segment liabilities	**(8,427,664)**	**(10,920,118)**	**(11,820,126)**	**(31,167,908)**
Other segment items				
Loans to customers	1,087,563	20,289,187	-	**21,376,750**
Customer accounts	(8,299,999)	(9,823,147)	-	**(18,123,146)**
Debt securities issued	(127,665)	(1,096,971)	-	**(1,224,636)**

All the Group's customers are residents of the Republic of Belarus. All the premises and equipment are also located on the territory of the Republic of Belarus, except for the premises of a former Group's representative office in Moscow, Russian Federation.

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27. Fair value of financial instruments

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

The fair value of financial assets and liabilities compared with the corresponding carrying amount in the interim condensed consolidated statement of financial position of the Group is presented below:

	30 June 2013 (unaudited)			*31 December 2012*		
	Carrying value	*Fair value*	*Unrecog-nised gain / (loss)*	*Carrying value*	*Fair value*	*Unrecog-nised gain / (loss)*
Cash and cash equivalents	2,913,735	2,913,735	-	4,264,092	4,264,092	-
Mandatory cash balances with the National Bank of the Republic of Belarus	171,673	171,673	-	200,585	200,585	-
Due from banks	118,871	118,871	-	192,108	192,108	-
Loans to corporate customers	21,285,843	21,215,724	(70,119)	19,378,154	19,339,204	(38,950)
Loans to individuals	1,024,749	976,788	(47,961)	1,040,290	995,652	(44,638)
Investments held to maturity	530,521	529,695	(826)	552,389	548,743	(3,646)
Other financial assets	189,504	189,504	-	150,338	150,338	-
Loans from the National Bank of the Republic of Belarus	286,013	286,013	-	313,114	313,114	-
Due to banks	10,256,954	10,256,954	-	10,512,767	10,512,767	-
Due to individuals	8,280,629	8,280,629	-	8,299,999	8,299,999	-
Due to corporate customers	8,171,352	8,171,305	(47)	9,823,147	9,822,695	(452)
Debt securities issued	1,240,533	1,240,533	-	1,224,636	1,224,636	-
Other financial liabilities	126,025	126,025	-	98,059	98,059	-
Subordinated debt	458,673	458,673	-	485,601	485,601	-

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid have a floating rate or having a short term maturity it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand accounts, current without a specific maturity.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortized cost are estimated by comparing market interest rates when they were first recognized with current market rates offered for similar financial instruments. The estimated fair value of these financial instruments is calculated as discounted cash flow using prevailing money-market interest rates for financial instruments with similar characteristics.

Financial instruments recognised at fair value are broken down for disclosure purposes into levels based on the observability of inputs as follows:

- Quoted prices in an active market (Level 1) – Valuations based on quoted prices for identical assets or liabilities in active markets that the Group has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuations of these products do not entail a significant amount of judgment.
- Valuation techniques using observable inputs (Level 2) – Valuations for which all significant inputs are observable, either directly or indirectly and valuations based on one or more observable quoted prices for orderly transactions in markets that are not considered active.
- Valuation techniques incorporating information other than observable market data (Level 3) – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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27. Fair value of financial instruments (continued)

The Group's fair value valuation approach for certain significant classes of financial instruments recognised at fair value is as follows:

As at 30 June 2013 (unaudited)	***Level 1***	***Level 2***	***Level 3***	***Total***
Financial assets:				
Derivative financial instruments	-	6,233	4,099,937	**4,106,170**
Investments available for sale	228,597	444,487	-	**673,084**
Equity investments available for sale	4,356	-	-	**4,356**
Total financial assets	**232,953**	**450,720**	**4,099, 937**	**4,783,610**
Financial liabilities				
Derivative financial instruments	4,244	442,596	10,804	**457,644**
Total financial liabilities	**4,244**	**442,596**	**10,804**	**457,644**

As at 31 December 2012	***Level 1***	***Level 2***	***Level 3***	***Total***
Financial assets:				
Derivative financial instruments	110	1,654	5,995,168	**5,996,932**
Investments available for sale	242,588	533,813	-	**776,401**
Equity investments available for sale	3,820	-	-	**3,820**
Total financial assets	**246,518**	**535,467**	**5,995,168**	**6,777,153**
Financial liabilities				
Derivative financial instruments	2,363	30,862	15,643	**48,868**
Total financial liabilities	**2,363**	**30,862**	**15,643**	**48,868**

The following tables show a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities which are recorded at fair value:

	At 1 January 2013	***Total (loss) gain recorded in profit or loss***	***Settlements***	***Inflation effect***	***At 30 June 2013 (unaudited)***
Financial assets					
Derivative financial assets	5,995,168	(732,238)	(772,357)	(390,636)	4,099,937
Total level 3 financial assets	**5,995,168**	**(732,238)**	**(772,357)**	**(390,636)**	**4,099,937**
Financial liabilities					
Derivative financial liabilities	(15,643)	(7,493)	11,314	1,018	(10,804)
Total level 3 financial liabilities	**(15,643)**	**(7,493)**	**11,314**	**1,018**	**(10,804)**

The following table shows the impact on the fair value of level 3 instruments of using reasonably possible alternative assumptions:

	30 June 2013 (unaudited)		***31 December 2012***	
	Carrying amount	***Effect of reasonably possible alternative assumptions***	***Carrying amount***	***Effect of reasonably possible alternative assumptions***
Financial assets				
Derivative financial instruments	4,099,937	(148,981)	5,995,168	(150,593)
Financial liabilities				
Derivative financial liabilities	(10,804)	(943)	(15,643)	(2,692)

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27. Fair value of financial instruments (continued)

The inputs used for estimation of fair values of foreign currency derivatives for 30 June 2013 and 31 December 2012 were the yield to maturity of the Belarusian Eurobonds in USD 8.16% and 7.44%, respectively. The obligations in Belarusian roubles were estimated against the prevailing rate of attracting funds in Belarusian roubles at the reporting date - 25.5% (31 December 2012: 37.0%). Should the input rate for Belarusian roubles decrease for 1000 base points the carrying value of the foreign currency derivatives would be 4.1% lower (31 December 2012: 3.1% lower).

28. 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 interim condensed 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' 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.

As at 30 June 2013 according to the norms of the Basel Capital Accord the Group's total capital amount for Capital adequacy purposes was BYR 3,523,771 million and tier 1 capital amount was BYR 2,786,043 million with ratios of 12.5% and 9.9%, respectively.

As at 31 December 2012 according to the norms of the Basel Capital Accord the Group's total capital amount for Capital adequacy purposes was BYR 3,370,958 million and tier 1 capital amount was BYR 2,625,627 million with ratios of 11.7% and 9.1%, respectively.

As at 30 June 2013 and 31 December 2012 according to the norms established by the National Bank of the Republic of Belarus the capital adequacy ratios were 11.1% and 9.6%, respectively.

29. 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 Basel 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.

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29. Risk management policies (continued)

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.

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):

30 June 2013 (unaudited)	***AA***	***A***	***BBB***	***BB***	***B***	***CCC***	***Not rated***	***Total***
Cash equivalents	61,972	37,162	89,488	-	1,297,088	957	6,698	**1,493,365**
Mandatory cash balances with the National Bank	-	-	-	-	171,673	-	-	**171,673**
Due from banks	-	-	-	-	965	117,906	-	**118,871**
Derivative financial assets	-	-	13	-	4,099,768	-	6,389	**4,106,170**
Loans to corporate customers	-	-	-	-	-	-	21,285,843	**21,285,843**
Loans to individuals	-	-	-	-	-	-	1,024,749	**1,024,749**
Investments available for sale	-	4,356	-	-	580,152	-	105,780	**690,288**
Investments held to maturity	-	-	-	-	518,373	-	12,148	**530,521**
Other financial assets	-	-	-	-	-	-	189,504	**189,504**

31 December 2012	***AA***	***A***	***BBB***	***BB***	***B***	***CCC***	***Not rated***	***Total***
Cash equivalents	360,244	276,032	134,844	-	1,913,887	51,277	93,014	**2,829,298**
Mandatory cash balances with the National Bank	-	-	-	-	200,585	-	-	**200,585**
Due from banks	-	-	-	-	192,108	-	-	**192,108**
Derivative financial assets	-	-	1,729	-	5,995,169	-	34	**5,996,932**
Loans to corporate customers	-	-	-	-	-	-	19,378,154	**19,378,154**
Loans to individuals	-	-	-	-	-	-	1,040,290	**1,040,290**
Investments available for sale	-	3,820	-	-	654,124	-	135,147	**793,091**
Investments held to maturity	-	-	-	-	539,406	-	12,983	**552,389**
Other financial assets	-	-	-	-	-	-	150,338	**150,338**

As at 30 June 2013 and 31 December 2012 other financial assets comprised past due but not impaired assets in the amount of 1,559 BYR million and 494 BYR million, respectively. Carrying value of past due and impaired loans to customers is disclosed in Note 6.

As at 30 June 2013 and 31 December 2012 the Group had neither past due nor impaired financial assets in addition to the above mentioned.

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29. 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:

30 June 2013 (unaudited)	***Belarus***	***CIS Countries***	***OECD Countries***	***Non-OECD countries***	***Total***
Financial assets					
Cash and cash equivalents	2,720,008	90,804	98,930	3,993	**2,913,735**
Mandatory cash balances with the National Bank	171,673	-	-	-	**171,673**
Due from banks	118,871	-	-	-	**118,871**
Derivative financial assets	4,106,157	13	-	-	**4,106,170**
Loans to corporate customers	21,267,219	18,624	-	-	**21,285,843**
Loans to individuals	1,024,749	-	-	-	**1,024,749**
Investments available for sale	685,932	-	4,356	-	**690,288**
Investments held to maturity	530,521	-	-	-	**530,521**
Other financial assets	189,504	-	-	-	**189,504**
Total financial assets	**30,814,634**	**109,441**	**103,286**	**3,993**	**31,031,354**
Financial liabilities					
Loans from the National Bank	286,013	-	-	-	**286,013**
Due to banks	266,575	8,110,394	1,868,344	11,641	**10,256,954**
Derivative financial liabilities	10,804	446,840	-	-	**457,644**
Due to individuals	8,280,629	-	-	-	**8,280,629**
Due to corporate customers	7,973,904	8,295	2,560	186,593	**8,171,352**
Debt securities issued	1,240,533	-	-	-	**1,240,533**
Other financial liabilities	126,025	-	-	-	**126,025**
Subordinated debt	-	458,673	-	-	**458,673**
Total financial liabilities	**18,184,483**	**9,024,202**	**1,870,904**	**198,234**	**29,277,823**
Net position	**12,630,151**	**(8,914,761)**	**(1,767,618)**	**(194,241)**	

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29. Risk management policies (continued)

Geographical concentration (continued)

31 December 2012	*Belarus*	*CIS Countries*	*OECD Countries*	*Non-OECD countries*	*Total*
Financial assets					
Cash and cash equivalents	3,485,148	135,377	635,613	7,954	**4,264,092**
Mandatory cash balances with the National Bank	200,585	-	-	-	**200,585**
Due from banks	192,108	-	-	-	**192,108**
Derivative financial assets	5,995,203	1,729	-	-	**5,996,932**
Loans to corporate customers	19,378,154	-	-	-	**19,378,154**
Loans to individuals	1,040,290	-	-	-	**1,040,290**
Investments available for sale	789,271	-	3,820	-	**793,091**
Investments held to maturity	552,389	-	-	-	**552,389**
Other financial assets	150,338	-	-	-	**150,338**
Total financial assets	**31,783,486**	**137,106**	**639,433**	**7,954**	**32,567,979**
Financial liabilities					
Loans from the National Bank	313,114	-	-	-	**313,114**
Due to banks	486,659	7,953,685	2,051,114	21,309	**10,512,767**
Derivative financial liabilities	15,644	33,224	-	-	**48,868**
Due to individuals	8,299,999	-	-	-	**8,299,999**
Due to corporate customers	9,218,692	9,826	1,184	593,445	**9,823,147**
Debt securities issued	1,224,636	-	-	-	**1,224,636**
Other financial liabilities	98,059	-	-	-	**98,059**
Subordinated debt	-	485,601	-	-	**485,601**
Total financial liabilities	**19,656,803**	**8,482,336**	**2,052,298**	**614,754**	**30,806,191**
Net position	**12,126,683**	**(8,345,230)**	**(1,412,865)**	**(606,800)**	

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29. 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.

30 June 2013 (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	2,913,735	-	-	-	-	-	-	-	**2,913,735**
Mandatory cash balances with The National Bank	50,282	54,298	34,020	29,643	61	3,369	-	-	**171,673**
Due from banks	668	44,424	9,694	37,785	-	25,335	-	965	**118,871**
Derivative financial assets	189	2,102,928	522,269	1,209,598	271,186	-	-	-	**4,106,170**
Loans to corporate customers	1,591,177	7,003,629	3,234,127	5,799,875	53,977	3,404,979	198,079	-	**21,285,843**
Loans to individuals	29,506	73,331	131,444	319,125	7,421	452,655	11,267	-	**1,024,749**
Non-current asset held for sale	-	-	25,222	-	-	-	-	-	**25,222**
Investments available for sale	109,754	276,806	-	275,699	-	10,628	195	17,206	**690,288**
Investments held to maturity	-	342,983	-	176,715	-	10,628	195	-	**530,521**
Investments in an associate	-	-	-	-	-	-	-	56,459	**56,459**
Premises and equipment	-	-	-	-	-	-	-	1,142,356	**1,142,356**
Intangible assets	-	-	-	-	-	-	-	93,330	**93,330**
Current income tax assets	-	-	61,436	-	-	-	-	-	**61,436**
Other assets	323,167	38,358	1,433	1,908	159	12,035	1,559	31	**378,650**
Total assets	**5,018,478**	**9,936,757**	**4,019,645**	**7,850,348**	**332,804**	**3,919,629**	**211,295**	**1,310,347**	**32,599,303**
Liabilities									
Loans from the National Bank	1,648	63,522	45,043	175,800	-	-	-	-	**286,013**
Due to banks	3,213,598	3,916,000	1,103,938	1,846,087	1,911	175,420	-	-	**10,256,954**
Derivative financial liabilities	11,759	441,702	78	4,105	-	-	-	-	**457,644**
Due to individuals	2,170,149	3,141,958	1,611,770	1,342,691	5,350	8,711	-	-	**8,280,629**
Due to corporate customers	4,057,256	2,240,462	859,245	728,923	1	285,465	-	-	**8,171,352**
Debt securities issued	8,155	35,131	602,503	594,744	-	-	-	-	**1,240,533**
Current income tax liabilities	-	-	82,294	-	-	-	-	-	**82,294**
Deferred income tax liabilities	-	-	-	-	-	-	-	75,235	**75,235**
Provisions for guarantees and other commitments	-	-	-	7,742	-	-	-	-	**7,742**
Other liabilities	188,561	22,970	1,425	1,469	27	2,684	-	-	**217,136**
Subordinated debt	353	-	-	-	-	458,320	-	-	**458,673**
Total liabilities	**9,651,479**	**9,861,745**	**4,306,296**	**4,701,561**	**7,289**	**930,600**	**-**	**75,235**	**29,534,205**
Net liquidity surplus/(gap)	**(4,633,001)**	**75,012**	**(286,651)**	**3,148,787**	**325,515**	**2,989,029**	**211,295**	**1,235,112**	**3,065,098**
Cumulative liquidity gap as at 30 June 2013	**(4,633,001)**	**(4,557,989)**	**(4,844,640)**	**(1,695,853)**	**(1,370,338)**	**1,618,691**	**1,829,986**	**3,065,098**	

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29. Risk management policies (continued)

Liquidity risk (continued)

31 December 2012	*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	4,264,092	-	-	-	-	-	-	-	**4,264,092**
Mandatory cash balances with The National Bank	65,102	44,500	45,199	41,667	310	3,807	-	-	**200,585**
Due from banks	87,489	9,744	16,986	43,363	-	34,526	-	-	**192,108**
Derivative financial assets	104	827,953	2,944,155	1,462,215	762,505	-	-	-	**5,996,932**
Loans to corporate customers	1,151,163	6,085,543	3,445,263	5,278,838	162,017	3,080,330	175,000	-	**19,378,154**
Loans to individuals	33,358	74,045	145,482	314,049	6,119	455,846	11,391	-	**1,040,290**
Non-current asset held for sale	-	-	16,727	-	-	-	-	-	**16,727**
Investments available for sale	2,074	213,185	231,300	313,315	-	16,525	-	16,692	**793,091**
Investments held to maturity	-	5,653	351,514	183,868	-	11,354	-	-	**552,389**
Investments in an associate	-	-	-	-	-	-	-	40,359	**40,359**
Premises and equipment	-	-	-	-	-	-	-	1,097,359	**1,097,359**
Intangible assets	-	-	-	-	-	-	-	84,839	**84,839**
Current income tax assets	-	122,415	-	-	-	-	-	-	**122,415**
Other assets	224,642	24,220	1,396	871	-	12,433	494	9,869	**273,925**
Total assets	**5,828,024**	**7,407,258**	**7,198,022**	**7,638,186**	**930,951**	**3,614,821**	**186,885**	**1,249,118**	**34,053,265**
Liabilities									
Loans from the National Bank	664	14,176	67,952	230,322	-	-	-	-	**313,114**
Due to banks	2,858,948	2,736,146	3,331,510	1,341,303	19,849	225,011	-	-	**10,512,767**
Derivative financial liabilities	7,263	35,701	3,541	2,363	-	-	-	-	**48,868**
Due to individuals	1,830,373	2,470,879	2,339,361	1,619,160	26,724	13,502	-	-	**8,299,999**
Due to corporate customers	5,432,525	1,166,176	1,652,895	1,256,813	1	314,737	-	-	**9,823,147**
Debt securities issued	7,662	422,375	1,468	793,131	-	-	-	-	**1,224,636**
Current income tax liabilities	-	129,042	-	-	-	-	-	-	**129,042**
Deferred income tax liabilities	-	-	-	-	-	-	-	93,090	**93,090**
Provisions for guarantees and other commitments	1,052	6,432	1,321	2,765	-	-	-	-	**11,570**
Other liabilities	165,265	50,574	4,785	2,108	302	3,011	-	29	**226,074**
Subordinated debt	385	-	-	-	-	485,216	-	-	**485,601**
Total liabilities	**10,304,137**	**7,031,501**	**7,402,833**	**5,247,965**	**46,876**	**1,041,477**	**-**	**93,119**	**31,167,908**
Net liquidity surplus/(gap)	**(4,476,113)**	**375,757**	**(204,811)**	**2,390,221**	**884,075**	**2,573,344**	**186,885**	**1,155,999**	**2,885,357**
Cumulative liquidity gap as at 31 December 2012	**(4,476,113)**	**(4,100,356)**	**(4,305,167)**	**(1,914,946)**	**(1,030,871)**	**1,542,473**	**1,729,358**	**2,885,357**	

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29. 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 as at 30 June 2013 and 31 December 2012 are estimated in the amount of BYR 2,681,710 million and BYR 2,810,297 million, respectively. As at 30 June 2013 and 31 December 2012 included in due to banks were funds attracted from parent bank in the amount of BYR 7,411,990 million and BYR 7,624,349 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 as at 30 June 2013 and 31 December 2012 is as follows:

30 June 2013 (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	1,149,529	3,141,958	1,611,770	1,342,691	5,350	8,711	-	1,020,620	**8,280,629**
Corporate accounts analyzed based on expected withdrawal dates	2,396,167	2,240,462	859,245	728,923	1	285,465	-	1,661,089	**8,171,352**
Funds attracted from other banks analyzed	868,963	428,061	566,569	804,040	1,911	175,420	-	7,411,990	**10,256,954**
Liquidity gap (based on expected withdrawal dates for customers accounts)	**393,343**	**3,562,951**	**250,718**	**4,190,834**	**325,515**	**2,989,029**	**211,295**	**(8,858,587)**	

31 December 2012	***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	1,187,688	2,470,879	2,339,361	1,619,160	26,724	13,502	-	642,685	**8,299,999**
Corporate accounts analyzed based on expected withdrawal dates	3,264,914	1,166,176	1,652,895	1,256,813	1	314,737	-	2,167,611	**9,823,147**
Funds attracted from other banks analyzed	662,895	699,665	490,295	790,703	19,849	225,011	-	7,624,349	**10,512,767**
Liquidity gap (based on expected withdrawal dates for customers accounts)	**530,236**	**2,412,238**	**2,636,404**	**2,940,821**	**884,075**	**2,573,344**	**186,885**	**(9,278,646)**	

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29. Risk management policies (continued)

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.

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 15% 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 as at 30 June 2013 and 31 December 2012, 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:

	As at 30 June 2013 (unaudited)		*As at 31 December 2012*	
BYR	***Interest rate +15%***	***Interest rate -15%***	***Interest rate +15%***	***Interest rate -15%***
Impact on profit before taxes:				
Assets:				
Due from banks	17,686	(17,686)	16,289	(16,289)
Loans to customers	1,028,139	(1,028,139)	1,019,504	(1,019,504)
Investments available for sale	45,108	(45,108)	15,808	(15,808)
Investments held to maturity	37,544	(37,544)	15,068	(15,068)
Liabilities:				
Due to banks	(5,103)	5,103	(15,504)	15,504
Customer accounts	(831,740)	831,740	(816,660)	816,660
Debt securities issued	(45,683)	45,683	(57,384)	57,384
Net impact on profit before taxes	**245,951**	**(245,951)**	**177,121**	**(177,121)**
Impact on comprehensive income (excluding profit for the year):				
Investments available for sale	(7,058)	7,058	(22,907)	22,907
Net impact on comprehensive income	**238,893**	**(238,893)**	**154,214**	**(154,214)**

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29. Risk management policies (continued)

Interest rate risk (continued)

	As at 30 June 2013 (unaudited)		As at 31 December 2012	
USD	***Interest rate +5%***	***Interest rate -5%***	***Interest rate +5%***	***Interest rate -5%***
Impact on profit before taxes:				
Assets:				
Due from banks	-	-	3,954	(3,954)
Loans to customers	357,995	(357,995)	271,045	(271,045)
Investments available for sale	1,505	(1,505)	2,585	(2,585)
Investments held to maturity	185	(185)	198	(198)
Liabilities:				
Loans from the National Bank	(14,208)	14,208	(15,335)	15,335
Due to banks	(87,477)	87,477	(72,284)	72,284
Customer accounts	(149,372)	149,372	(159,392)	159,392
Debt securities issued	(431)	431	(5,028)	5,028
Net impact on profit before taxes	**108,197**	**(108,197)**	**25,743**	**(25,743)**
Impact on comprehensive income (excluding profit for the year):				
Investments available for sale	-	-	-	-
Net impact on comprehensive income	**108,197**	**(108,197)**	**25,743**	**(25,743)**

	As at 30 June 2013 (unaudited)		As at 31 December 2012	
EUR	***Interest rate +5%***	***Interest rate -5%***	***Interest rate +5%***	***Interest rate -5%***
Impact on profit before taxes:				
Assets:				
Loans to customers	260,818	(260,818)	219,240	(219,240)
Investments available for sale	2	(2)	2	(2)
Liabilities:				
Due to banks	(125,811)	125,811	(168,038)	168,038
Customer accounts	(102,079)	102,079	(97,731)	97,731
Debt securities issued	(1,478)	1,478	(6,263)	6,263
Net impact on profit before taxes	**31,452**	**(31,452)**	**(52,790)**	**52,790**
Impact on comprehensive income (excluding profit for the year):				
Investments available for sale	-	-	-	-
Net impact on comprehensive income	**31,452**	**(31,452)**	**(52,790)**	**52,790**

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29. Risk management policies (continued)

Interest rate risk (continued)

	As at 30 June 2013 (unaudited)		***As at 31 December 2012***	
RUR	***Interest rate +5%***	***Interest rate -5%***	***Interest rate +5%***	***Interest rate -5%***
Impact on profit before taxes:				
Assets:				
Loans to customers	44,926	(44,926)	49,449	(49,449)
Investments available for sale	-	-	-	-
Liabilities:				
Due to banks	(41,983)	41,983	(32,117)	32,117
Customer accounts	(35,625)	35,625	(41,827)	41,827
Debt securities issued	(2,467)	2,467	(27)	27
Net impact on profit before taxes	**(35,149)**	**35,149**	**(24,522)**	**24,522**
Impact on comprehensive income (excluding profit for the year):				
Investments available for sale	-	-	-	-
Net impact on comprehensive income	**(35,149)**	**35,149**	**(24,522)**	**24,522**

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.

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29. Risk management policies (continued)

Currency risk (continued)

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

30 June 2013 (unaudited)	*BYR*	*USD 1USD=BYR 8,790*	*EUR 1EUR=BYR 11,460*	*RUR 1RUR=BYR 268.5*	*Precious metals*	*Other currencies*	*Total*
Financial assets							
Cash and cash equivalents	2,113,675	434,868	168,286	177,539	13,406	5,961	**2,913,735**
Mandatory cash balances with the National Bank of the Republic of Belarus	171,673	-	-	-	-	-	**171,673**
Due from banks	117,906	927	38	-	-	-	**118,871**
Derivative financial assets	4,106,170	-	-	-	-	-	**4,106,170**
Loans to corporate customers	6,005,050	7,751,847	5,588,814	1,940,132	-	-	**21,285,843**
Loans to individuals	937,366	86,351	1,032	-	-	-	**1,024,749**
Investments available for sale	377,488	307,012	5,788	-	-	-	**690,288**
Investments held to maturity	375,647	154,874	-	-	-	-	**530,521**
Other financial assets	179,669	6,683	1,807	1,345	-	-	**189,504**
Total financial assets	**14,384,644**	**8,742,562**	**5,765,765**	**2,119,016**	**13,406**	**5,961**	**31,031,354**
Financial liabilities							
Loans from the National Bank	-	286,013	-	-	-	-	**286,013**
Due to banks	35,500	1,878,390	4,132,905	877,706	3,332,431	22	**10,256,954**
Derivative financial Liabilities	457,644	-	-	-	-	-	**457,644**
Due to individuals	1,866,691	4,678,669	1,307,086	229,288	198,886	9	**8,280,629**
Due to corporate Customers	4,010,945	929,504	2,354,353	792,500	81,921	2,129	**8,171,352**
Debt securities issued	314,480	341,702	383,508	200,843	-	-	**1,240,533**
Other financial liabilities	56,912	35,427	26,430	7,172	-	84	**126,025**
Subordinated debt	-	-	458,673	-	-	-	**458,673**
Total financial liabilities	**6,742,172**	**8,149,705**	**8,662,955**	**2,107,509**	**3,613,238**	**2,244**	**29,277,823**
Currency position	**7,642,472**	**592,857**	**(2,897,190)**	**11,507**	**(3,599,832)**	**3,717**	

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29. Risk management policies (continued)

Currency risk (continued)

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:

30 June 2013 (unaudited)	***BYR***	***USD 1USD=BYR 8,790***	***EUR 1EUR=BYR 11,460***	***RUR 1RUR=BYR 268.5***	***Precious metals***	***Other Curren-cies***	***Total***
Claims on derivative financial instruments	97,991	1,635,319	3,972,149	74,010	3,623,709	1	**9,403,179**
Obligations on derivative financial instruments	(2,601,872)	(2,154,822)	(1,007,597)	(64,186)	(22,211)	-	**(5,850,688)**
Net derivative financial instruments	**(2,503,881)**	**(519,503)**	**2,964,552**	**9,824**	**3,601,498**	**1**	**3,552,491**
Total currency position less fair value of derivative	**1,490,065**	**73,354**	**67,362**	**21,331**	**1,666**	**3,718**	

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29. Risk management policies (continued)

Currency risk (continued)

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

31 December 2012	*BYR*	*USD 1USD=BYR 8,570*	*EUR 1EUR=BYR 11,340*	*RUR 1RUR=BYR 282*	*Precious metals*	*Other currencies*	*Total*
Financial assets							
Cash and cash equivalents	2,382,432	798,985	756,365	285,102	26,238	14,970	**4,264,092**
Mandatory cash balances with the National Bank of the Republic of Belarus	200,585	-	-	-	-	-	**200,585**
Due from banks	108,594	83,473	41	-	-	-	**192,108**
Derivative financial assets	5,996,932	-	-	-	-	-	**5,996,932**
Loans to corporate customers	6,096,390	6,240,305	4,875,638	2,165,821	-	-	**19,378,154**
Loans to individuals	930,749	108,292	1,249	-	-	-	**1,040,290**
Investments available for sale	491,579	295,386	6,126	-	-	-	**793,091**
Investments held to maturity	390,712	161,677	-	-	-	-	**552,389**
Other financial assets	144,661	1,385	1,454	2,838	-	-	**150,338**
Total financial assets	**16,742,634**	**7,689,503**	**5,640,873**	**2,453,761**	**26,238**	**14,970**	**32,567,979**
Financial liabilities							
Loans from the National Bank	-	313,114	-	-	-	-	**313,114**
Due to banks	107,971	1,657,646	4,407,996	675,156	3,663,942	56	**10,512,767**
Derivative financial Liabilities	48,868	-	-	-	-	-	**48,868**
Due to individuals	1,355,567	4,980,113	1,420,164	278,665	265,487	3	**8,299,999**
Due to corporate customers	4,272,139	1,550,328	2,594,542	1,282,861	110,092	13,185	**9,823,147**
Debt securities issued	386,931	305,889	339,427	192,389	-	-	**1,224,636**
Other financial liabilities	43,821	25,326	22,417	6,403	-	92	**98,059**
Subordinated debt	-	-	485,601	-	-	-	**485,601**
Total financial liabilities	**6,215,297**	**8,832,416**	**9,270,147**	**2,435,474**	**4,039,521**	**13,336**	**30,806,191**
Currency position	**10,527,337**	**(1,142,913)**	**(3,629,274)**	**18,287**	**(4,013,283)**	**1,634**	**1,761,788**

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29. Risk management policies (continued)

Currency risk (continued)

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 2012	***BYR***	***USD 1USD=BYR 8,570***	***EUR 1EUR=BYR 11,340***	***RUR 1RUR=BYR 282***	***Precious metals***	***Other curren-cies***	***Total***
Claims on derivative financial instruments	6	1,290,963	4,221,492	72,571	4,075,169	-	**9,660,201**
Obligations on derivative financial instruments	(3,360,374)	(27,778)	(500,466)	(71,345)	(56,221)	-	**(4,016,184)**
Net derivative financial instruments	**(3,360,368)**	**1,263,185**	**3,721,026**	**1,226**	**4,018,948**	**-**	**5,644,017**
Total currency position less fair value of derivative	**1,218,905**	**120,272**	**91,752**	**19,513**	**5,665**	**1,634**	

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. As at 30 June 2013 and 31 December 2012 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.

	As at 30 June 2013 (unaudited)		***As at 31 December 2012***	
	BYR/USD +30%	***BYR/USD -10%***	***BYR/USD +30%***	***BYR/USD -10%***
Impact on profit or loss	22,006	(7,335)	36,082	(12,028)
Impact on comprehensive income	22,006	(7,335)	36,082	(12,028)

	As at 30 June 2013 (unaudited)		***As at 31 December 2012***	
	BYR/EUR +30%	***BYR/EUR -10%***	***BYR/EUR +30%***	***BYR/EUR -10%***
Impact on profit or loss	20,209	(6,736)	27,526	(9,175)
Impact on comprehensive income	20,209	(6,736)	27,526	(9,175)

	As at 30 June 2013 (unaudited)		***As at 31 December 2012***	
	BYR/RUR +30%	***BYR/RUR -10%***	***BYR/RUR +30%***	***BYR/RUR -10%***
Impact on profit or loss	6,399	(2,133)	5,853	(1,951)
Impact on comprehensive income	6,399	(2,133)	5,853	(1,951)

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 June 2013)

29. Risk management policies (continued)

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 Grouph 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.