

BPS-Sberbank
Interim Condensed
Consolidated Financial Statements

For the 9 months ended 30 September 2013

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Совершенствуя бизнес,
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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 September 2013, comprising of the interim condensed consolidated statement of financial position as of 30 September 2013 and the related interim condensed consolidated income statements and statements of comprehensive income for the three months and the nine months then ended, interim condensed consolidated statements of changes in equity and of cash flows for the nine 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

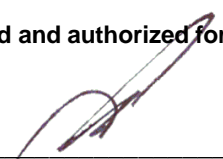
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young LLC

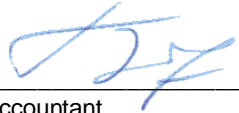
25 November 2013

Interim condensed consolidated statement of financial position**As of 30 September 2013***(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 30 September 2013)*

| | Notes | 30 September 2013 (unaudited) | 31 December 2012 |
|---|--------------|--|-------------------------|
| Assets: | | | |
| Cash and cash equivalents | 3, 25 | 4,837,243 | 4,384,476 |
| Mandatory cash balances with the National Bank of the Republic of Belarus | | 204,670 | 206,248 |
| Due from banks | 4 | 154,795 | 197,532 |
| Derivative financial assets | 5 | 4,580,749 | 6,166,238 |
| Loans to corporate customers | 6, 25 | 22,191,512 | 19,925,242 |
| Loans to individuals | 6, 25 | 1,293,876 | 1,069,659 |
| Non-current asset held for sale | 7 | 25,934 | 17,199 |
| Investments available for sale | 8 | 1,059,631 | 815,481 |
| Investments held to maturity | 9 | 537,567 | 567,984 |
| Investments in associates | | 49,361 | 41,498 |
| Premises and equipment | 10 | 1,209,569 | 1,128,340 |
| Intangible assets | 10 | 110,845 | 87,234 |
| Current income tax assets | | 91,637 | 125,871 |
| Other financial assets | 11 | 85,746 | 154,581 |
| Other non- financial assets | 11 | 167,319 | 127,076 |
| Total assets | | 36,600,454 | 35,014,659 |
| Liabilities and equity | | | |
| Liabilities: | | | |
| Loans from the National Bank of the Republic of Belarus | 12 | 287,525 | 321,954 |
| Due to banks | 13, 25 | 12,854,730 | 10,809,565 |
| Derivative financial liabilities | 5 | 52,948 | 50,248 |
| Due to individuals | 14, 25 | 9,144,467 | 8,534,326 |
| Due to corporate customers | 14, 25 | 9,084,218 | 10,100,476 |
| Debt securities issued | 15 | 1,130,562 | 1,259,211 |
| Current income tax liabilities | | 121,333 | 132,685 |
| Deferred income tax liabilities | | 57,659 | 95,718 |
| Provisions for guarantees and other commitments | 19 | 7,051 | 11,897 |
| Other financial liabilities | 16 | 105,918 | 100,828 |
| Other non- financial liabilities | 16 | 112,476 | 131,623 |
| Subordinated debt | 25 | 490,097 | 499,311 |
| Total liabilities | | 33,448,984 | 32,047,842 |
| Equity: | | | |
| Share capital | 17 | 2,436,424 | 2,436,424 |
| Revaluation reserve for office premises | | 281,636 | 303,308 |
| Investments available for sale fair value deficit | | (63,704) | (36,245) |
| Retained earnings | | 496,823 | 263,088 |
| Total equity attributable to shareholders of the Bank | | 3,151,179 | 2,966,575 |
| Non-controlling interest | | 291 | 242 |
| Total equity | | 3,151,470 | 2,966,817 |
| Total liabilities and equity | | 36,600,454 | 35,014,659 |

Signed and authorized for release on behalf of the Management Board



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




Chief Accountant
Anatoly V. Boreiko
20 November 2013
Minsk

Interim condensed consolidated income statement
For the 9 months ended 30 September 2013*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 30 September 2013)*

| | Notes | 3 months ended 30 September 2013 (unaudited) | 3 months ended 30 September 2012 (unaudited) | 9 months ended 30 September 2013 (unaudited) | 9 months ended 30 September 2012 (unaudited) |
|---|--------|---|---|---|---|
| Interest income | 18, 26 | 953,560 | 955,488 | 2,928,981 | 3,234,485 |
| Interest expense | 18, 26 | (582,530) | (546,371) | (1,749,163) | (1,903,438) |
| Net interest income before provision for impairment losses on interest bearing assets | | 371,030 | 409,117 | 1,179,818 | 1,331,047 |
| Allowance for impairment losses on interest bearing assets | 19, 26 | (60,864) | (96,132) | (114,027) | (101,602) |
| Net interest income | | 310,166 | 312,985 | 1,065,791 | 1,229,445 |
| Fee and commission income | 20, 26 | 294,419 | 247,747 | 822,011 | 675,530 |
| Fee and commission expense | 20, 26 | (79,906) | (62,314) | (214,418) | (165,168) |
| Net losses arising from investment securities available for sale | | (164) | (2,746) | (659) | (4,424) |
| Net gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation losses | 21 | 126,577 | 106,675 | 50,592 | 1,151 |
| Net losses arising from operations with precious metals, precious metals derivatives and precious metals translations losses | 21 | (129,750) | (69,381) | (165,021) | (263,465) |
| Reversal on other provisions | 19 | 604 | 9,645 | 3,765 | 4,352 |
| Other income | 22 | 6,428 | 8,133 | 19,316 | 29,066 |
| Net non-interest income | | 218,208 | 237,759 | 515,586 | 277,042 |
| Operating income | | 528,374 | 550,744 | 1,581,377 | 1,506,487 |
| Operating expenses | 23 | (396,197) | (324,398) | (1,089,291) | (1,003,352) |
| Share of results of an associate | | (7,623) | (737) | 11,636 | 5,994 |
| Profit before loss on net monetary position | | 124,554 | 225,609 | 503,722 | 509,129 |
| Loss on net monetary position due to inflation effect | | (43,187) | (114,164) | (173,188) | (300,422) |
| Profit before income taxes | | 81,367 | 111,445 | 330,534 | 208,707 |
| Income tax expense | | (19,230) | (38,482) | (88,427) | (85,885) |
| Net profit | | 62,137 | 72,963 | 242,107 | 122,822 |
| Attributable to: | | | | | |
| Shareholders of the parent Bank | | 62,092 | 72,912 | 242,058 | 122,658 |
| Non-controlling interest | | 45 | 51 | 49 | 164 |
| | | 62,137 | 72,963 | 242,107 | 122,822 |

Signed and authorized for release on behalf of the Management Board


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



Chief Accountant
Anatoly V. Boreiko
20 November 2013
Minsk

Interim condensed consolidated statement of comprehensive income
For the 9 months ended 30 September 2013*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble
as of 30 September 2013)*

| Notes | 3 months ended 30 September 2013 (unaudited) | 3 months ended 30 September 2012 (unaudited) | 9 months ended 30 September 2013 (unaudited) | 9 months ended 30 September 2012 (unaudited) |
|--|---|---|---|---|
| Net profit | 62,137 | 72,963 | 242,107 | 122,822 |
| Other comprehensive (loss)/income | | | | |
| Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods: | | | | |
| Net change in fair value of investments available for sale | (60,598) | 51,106 | (28,118) | 89,574 |
| Reclassification adjustments for losses included in profit or loss from comprehensive income on disposal of investments available for sale | 164 | 2,746 | 659 | 4,424 |
| Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods | (60,434) | 53,852 | (27,459) | 93,998 |
| Other comprehensive loss not being reclassified to profit or loss in subsequent periods: | | | | |
| Net change in income tax relating to office premises remeasurement | (2,275) | (11,145) | (8,143) | (22,459) |
| Other comprehensive (loss)/income | (62,709) | 42,707 | (35,602) | 71,539 |
| Total comprehensive (loss)/income | (572) | 115,670 | 206,505 | 194,361 |
| Attributable to: | | | | |
| Shareholders of the parent | (617) | 115,619 | 206,456 | 194,197 |
| Minority interest | 45 | 51 | 49 | 164 |
| Total comprehensive (loss)/income | (572) | 115,670 | 206,505 | 194,361 |

Interim condensed consolidated statement of changes in equity**For the 9 months ended 30 September 2013***(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 September 2013)*

| | <i>Notes</i> | <i>Share capital</i> | <i>Revaluation reserve for office premises</i> | <i>Investments available for sale fair value deficit</i> | <i>Retained earnings</i> | <i>Total equity attributable to shareholders of the Bank</i> | <i>Minority interest</i> | <i>Total equity</i> |
|--|--------------|----------------------|--|--|--------------------------|--|--------------------------|---------------------|
| 31 December 2011 | | 2,384,618 | 402,013 | (90,232) | 63,453 | 2,759,852 | 224 | 2,760,076 |
| Total comprehensive income for the period | | - | (22,459) | 93,998 | 122,658 | 194,197 | 164 | 194,361 |
| Amortisation of revaluation reserve for premises, net of tax | | - | (7,759) | - | 7,759 | - | - | - |
| Dividends paid | 17 | - | - | - | (13,308) | (13,308) | - | (13,308) |
| 30 September 2012 (unaudited) | | 2,384,618 | 371,795 | 3,766 | 180,562 | 2,940,741 | 388 | 2,941,129 |
| 31 December 2012 | | 2,436,424 | 303,308 | (36,245) | 263,088 | 2,966,575 | 242 | 2,966,817 |
| Total comprehensive income for the period | | | (8,143) | (27,459) | 242,058 | 206,456 | 49 | 206,505 |
| Amortisation of revaluation reserve for premises, net of tax | | - | (5,350) | - | 5,350 | - | - | - |
| Disposal of premises | | - | (8,179) | - | 8,179 | - | - | - |
| Dividends paid | 17 | | | | (21,852) | (21,852) | - | (21,852) |
| 30 September 2013 (unaudited) | | 2,436,424 | 281,636 | (63,704) | 496,823 | 3,151,179 | 291 | 3,151,470 |

Interim condensed consolidated statement of cash flows**For the 9 months ended 30 September 2013***(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 September 2013)*

| | 9 months ended 30 September 2013 (unaudited) | 9 months ended 30 September 2012 (unaudited) |
|--|---|---|
| | <i>Notes</i> | |
| Cash flows from operating activities: | | |
| Interest income | 2,825,663 | 3,207,685 |
| Interest expense | (1,651,088) | (1,921,250) |
| Fee and commission income | 822,011 | 675,530 |
| Fee and commission expense | (214,418) | (165,168) |
| Net gain on foreign exchange operations | 479,394 | 190,405 |
| Net gain on derivative financial instruments | 362,653 | 146,725 |
| Net loss on disposal of investments available for sale | (659) | (4,424) |
| Net (loss)/gain on precious metals | (316,869) | 24,445 |
| Other income | 19,316 | 29,066 |
| Operating expenses | (990,896) | (922,055) |
| Income taxes paid | (102,434) | (175,391) |
| Cash flows from operating activities before changes in operating assets and liabilities | 1,232,673 | 1,085,568 |
| Changes in operating assets and liabilities | | |
| Increase/(decrease) in operating assets: | | |
| Minimum reserve deposit with the National Bank of the Republic of Belarus | (17,155) | (107,119) |
| Due from banks | 56,230 | (54,257) |
| Loans to corporate customers | (3,259,647) | (5,360,944) |
| Loans to individuals | (309,217) | 343,683 |
| Other assets | 55,931 | (75,025) |
| Increase/(decrease) in operating liabilities: | | |
| Loans from the National Bank of the Republic of Belarus | (21,563) | (19,019) |
| Due to banks | 3,057,938 | (1,652,243) |
| Due to individuals | 1,038,392 | 1,978,270 |
| Due to corporate customers | (338,493) | 2,775,453 |
| Debt securities issued | (52,878) | 438,346 |
| Other liabilities | (40,464) | 20,164 |
| Net cash inflow/(outflow) from operating activities | 1,401,747 | (627,123) |

Interim condensed consolidated statement of cash flows
For the 9 months ended 30 September 2013 (continued)*(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 September 2013)*

| | | 9 months ended 30 September 2013 | 9 months ended 30 September 2012 |
|--|--------------|---|---|
| | Notes | (unaudited) | (unaudited) |
| Cash flows from investing activities: | | | |
| Purchase of premises, equipment and intangible assets | | (220,573) | (115,491) |
| Proceeds on sale of premises and equipment | | 11,553 | 200 |
| Disposals of HFS assets | | - | 3,572 |
| Purchase of investments held to maturity | | - | (137,793) |
| Repayment of investments held to maturity | | 1,474 | - |
| Purchase of investments available for sale | | (562,503) | (176,617) |
| Proceeds on repayment of investments available for sale | | 233,966 | 58,396 |
| Dividends received | | 2,056 | - |
| Net cash outflow from investing activities | | (534,027) | (367,733) |
| Cash flows from financing activities: | | | |
| Dividends paid | | (20,685) | (12,571) |
| Net cash outflow from financing activities | | (20,685) | (12,571) |
| Effect of changes in foreign exchange rates on cash and cash equivalents | | 52,090 | 28,940 |
| Inflation effect on monetary assets and liabilities | | (446,358) | (849,918) |
| Net increase/(decrease) in cash and cash equivalents | | 847,035 | (1,007,427) |
| Cash and cash equivalents, beginning of the period | 3 | 4,384,476 | 5,993,831 |
| Cash and cash equivalents, end of the period | 3 | 4,837,243 | 4,165,426 |

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 September 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 License of the National Bank for performing banking operations № 4 issued on 05 June 2013. 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 September 2013 the Bank had 6 regional directories and 37 banking service centers, as well as representative office in the Republic of Poland, Warsaw.

The average number of employees of the Bank during 9 months, ended 30 September 2013, and 9 months, ended 30 September 2012, was 4,158 and 4,546 persons, respectively.

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

| Name | Country of operation | Proportion of ownership interest/ voting rights, % | | Type of operation |
|---|----------------------|---|------------------|--|
| | | 30 September 2013 | 31 December 2012 | |
| Subsidiaries: | | | | |
| 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 Information and communication services |
| CJSC "Service Desk" | Republic of Belarus | 99.9 | 99.9 | |
| Associates: | | | | |
| Closed Joint Stock Company "BPS-Leasing" | Republic of Belarus | 49.0 | 50.0 | Finance lease activities |
| 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 |

On 27 June 2013 BPS-Sberbank has sold 1% of CJSC "BPS-Leasing" shares to CJSC "Sberbank Leasing" which is a subsidiary of Sberbank of Russia.

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

| Shareholder | 30 September 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 November 2013.

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

2. Basis of presentation

General

These interim condensed consolidated financial statements of JSC "BPS-Sberbank" (the "Bank") and its subsidiaries ("the Group") for nine months ended 30 September 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:

| | <u>30 September 2013</u> | <u>31 December 2012</u> |
|---------|--------------------------|-------------------------|
| BYR/USD | 9,080 | 8,570 |
| BYR/EUR | 12,250 | 11,340 |
| BYR/RUB | 280,5 | 282 |

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. Management has not identified new areas of judgement or critical estimates except for the change in estimate of the maximum maturity from up to 30 days to up to 1 business day of interbank loans and repo deals which are considered as cash and cash equivalents. Comparative figures have not been adjusted.

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:

| <u>Year</u> | <u>Index, %</u> | <u>Conversion factors</u> |
|---------------|-----------------|---------------------------|
| 2006 | 106.46 | 428.83 |
| 2007 | 111.97 | 382.97 |
| 2008 | 113.45 | 337.58 |
| 2009 | 109.85 | 307.31 |
| 2010 | 110.03 | 279.30 |
| 2011 | 208.67 | 133.85 |
| 9 months 2012 | 115.92 | 115.46 |
| 2012 | 121.69 | 109.99 |
| 9 months 2013 | 109.99 | 100.00 |

Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current as at 30 September 2013. Non-monetary assets and liabilities (items which are not already expressed in terms of the monetary unit current as at 30 September 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 September 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 September 2013. Income and expense items of the interim condensed consolidated income statement for the 9 months ended 30 September 2012 and 30 September 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 September 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 September 2013 (unaudited) | 31 December 2012 |
|---|--|-----------------------------|
| Current accounts with the National Bank | 2,565,735 | 1,451,651 |
| Cash | 1,621,839 | 1,475,301 |
| Correspondent accounts and placements with other banks: | | |
| - Belarus | 276,482 | 440,001 |
| - Other countries | 239,553 | 800,936 |
| Settlements with the Belarusian Currency and Stock Exchange | 133,634 | 216,587 |
| Total cash and cash equivalents | 4,837,243 | 4,384,476 |

Correspondent accounts and placements with other banks 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 September 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: | | | | |
| - Belarus | - | 250,912 | 25,570 | 276,482 |
| - Other countries | 236,055 | 235 | 3,263 | 239,553 |
| Total | 236,055 | 251,147 | 28,833 | 516,035 |

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 September 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:

| | <i>Investment rating</i> | <i>Speculative rating</i> | <i>Not rated</i> | <i>Total</i> |
|---|--------------------------|---------------------------|------------------|------------------|
| Correspondent accounts and placements with other banks: | | | | |
| - Belarus | - | 351,859 | 88,142 | 440,001 |
| - Other countries | 792,890 | 548 | 7,498 | 800,936 |
| Total | 792,890 | 352,407 | 95,640 | 1,240,937 |

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

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

4. Due from banks

Due from banks comprise:

| | <i>30 September 2013 (unaudited)</i> | <i>31 December 2012</i> |
|-----------------------------------|--------------------------------------|-------------------------|
| Time deposits and loans to banks: | | |
| - Belarus | 154,795 | 197,532 |
| Total due from banks | 154,795 | 197,532 |

Time deposits and loans to banks mostly represent balances with top rated Belarus banks.

Analysis by credit quality of the balances with counterparty banks as at 30 September 2013 made on the basis of ratings of international rating agencies is as follows:

| | <i>Speculative rating</i> | <i>Not rated</i> | <i>Total</i> |
|-----------------------------------|---------------------------|------------------|----------------|
| Time deposits and loans to banks: | | | |
| - Belarus | 154,795 | - | 154,795 |
| Total | 154,795 | - | 154,795 |

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:

| | <i>Speculative rating</i> | <i>Not rated</i> | <i>Total</i> |
|-----------------------------------|---------------------------|------------------|----------------|
| Time deposits and loans to banks: | | | |
| - Belarus | 197,532 | - | 197,532 |
| Total | 197,532 | - | 197,532 |

As at 30 September 2013 and 31 December 2012 included in due from banks were fixed amounts of BYR 999 million and BYR 1,036 million, respectively, placed as guarantee deposits on letters of credit, operations with plastic cards and settlements with international payment systems.

As at 30 September 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 81,923 million and BYR 95,986 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 September 2013)

5. Derivative financial instruments

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

| <i>Derivative type</i> | <i>Nominal amount (in units of currency to be purchased)</i> | <i>Fair Value as at 30 September 2013 (unaudited)</i> | |
|---|--|---|------------------|
| | | <i>Asset</i> | <i>Liability</i> |
| EUR/BYR foreign currency swap | EUR 340,709,458 | 2,737,851 | - |
| XAU/BYR precious metals swap | XAU 5,005,000 | 1,261,815 | - |
| USD/BYR foreign currency swap | USD 196,965,892 | 573,675 | 7,362 |
| USD/XAU foreign currency swap | USD 3,304,518 | 4,573 | - |
| XAU/EUR precious metals swap | XAU 626,425 | 2,504 | - |
| XAU/USD precious metals swap | XAU 1,919,749 | 219 | 34,642 |
| EUR/USD foreign currency swap | EUR 1,480,000 | 54 | 5 |
| USD/EUR foreign currency spot | USD 3,108,914 | 54 | - |
| RUB /EUR foreign currency forward | RUB 208,720,500 | 4 | 5,094 |
| EUR/ RUB foreign currency spot | EUR 1,000,000 | - | 30 |
| USD/ RUB foreign currency spot | USD 9,200,000 | - | 161 |
| XAG/USD precious metals swap | XAG 2,799,315 | - | 1,384 |
| XPT/EUR precious metals swap | XPT 102,642 | - | 4,270 |
| Total derivative financial instruments | | 4,580,749 | 52,948 |

| <i>Derivative type</i> | <i>Nominal amount (in units of currency to be purchased)</i> | <i>Fair Value as at 31 December 2012</i> | |
|---|--|--|------------------|
| | | <i>Asset</i> | <i>Liability</i> |
| EUR/BYR foreign currency swap | EUR 340,709,341 | 2,863,955 | - |
| XAU/BYR precious metals swap | XAU 7,510,000 | 2,665,576 | - |
| USD/BYR foreign currency swap | USD 113,551,933 | 634,894 | 16,085 |
| USD/XAU foreign currency swap | USD 6,311,275 | 1,575 | - |
| RUB/EUR foreign currency forward | RUB 220,573,952 | 113 | 2,430 |
| EUR/USD foreign currency spot | EUR 1,800,000 | 64 | - |
| RUB/USD foreign currency swap | RUB 20,000,000 | 35 | - |
| XAU/EUR precious metals swap | XAU 741,507 | 26 | 29,274 |
| EUR/ RUB foreign currency spot | EUR 1,000,000 | - | 27 |
| USD/ RUB foreign currency swap | USD 700,000 | - | 35 |
| XPT/EUR precious metals swap | XPT 97,976 | - | 2,397 |
| Total derivative financial instruments | | 6,166,238 | 50,248 |

As at 30 September 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 September 2013)

6. Loans to customers

The tables below show credit quality of the Group's loan portfolio by loan classes as at 30 September 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.

| | <i>Not past due loans</i> | <i>Past due loans</i> | <i>Total</i> |
|--|-------------------------------|-----------------------|-------------------|
| 30 September 2013 (unaudited) | | | |
| Commercial loans to legal entities | 12,495,750 | 407,225 | 12,902,975 |
| Specialized loans to legal entities | 9,398,743 | 875,714 | 10,274,457 |
| Consumer and other loans to individuals | 752,849 | 24,152 | 777,001 |
| Mortgage loans to individuals | 474,491 | 20,286 | 494,777 |
| Car loans to individuals | 44,839 | 1,230 | 46,069 |
| Total loans to customers before allowance for loan impairment | 23,166,672 | 1,328,607 | 24,495,279 |
| Less: Allowance for loan impairment | (804,400) | (205,491) | (1,009,891) |
| Total loans to customers net of allowance for loan impairment | 22,362,272 | 1,123,116 | 23,485,388 |
| | | | |
| | <i>Not past due loans</i> | <i>Past due loans</i> | <i>Total</i> |
| 31 December 2012 | | | |
| Commercial loans to legal entities | 11,610,348 | 266,806 | 11,877,154 |
| Specialized loans to legal entities | 8,414,986 | 569,856 | 8,984,842 |
| Consumer and other loans to individuals | 578,454 | 8,414 | 586,868 |
| Mortgage loans to individuals | 506,196 | 7,575 | 513,771 |
| Car loans to individuals | 17,383 | 244 | 17,627 |
| Total loans to customers before allowance for loan impairment | 21,127,367 | 852,895 | 21,980,262 |
| Less: Allowance for loan impairment | (812,572) | (172,789) | (985,361) |
| Total loans to customers net of allowance for loan impairment | 20,314,795 | 680,106 | 20,994,901 |

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 September 2013)

6. Loans to customers (continued)

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

| | Gross loans | Allowance for loan impairment | Net loans | Allowance for loan impairment to gross loans |
|---|--------------------|--|-------------------|---|
| Commercial loans to legal entities | | | | |
| <i>Individually assessed but not impaired and collectively assessed loans</i> | | | | |
| Not past due | 10,959,208 | (225,772) | 10,733,436 | 2.1% |
| Loans up to 30 days overdue | 72,660 | (1,604) | 71,056 | 2.2% |
| Loans 31 to 60 days overdue | 87,292 | (1,166) | 86,126 | 1.3% |
| Loans 61 to 90 days overdue | 8,359 | (201) | 8,158 | 2.4% |
| Loans 91 up to 180 days overdue | 22,253 | (555) | 21,698 | 2.5% |
| Loans over 180 days overdue | 33,956 | (8,607) | 25,349 | 25.3% |
| Total collectively assessed loans | 11,183,728 | (237,905) | 10,945,823 | 2.1% |
| <i>Individually impaired</i> | | | | |
| Not past due | 1,536,542 | (102,971) | 1,433,571 | 6.7% |
| Loans up to 30 days overdue | 54 | (10) | 44 | 18.5% |
| Loans 31 to 60 days overdue | 13,570 | (1,394) | 12,176 | 10.3% |
| Loans 61 to 90 days overdue | - | - | - | - |
| Loans 91 up to 180 days overdue | 47,374 | (12,783) | 34,591 | 27.0% |
| Loans over 180 days overdue | 121,707 | (62,637) | 59,070 | 51.5% |
| Total individually impaired loans | 1,719,247 | (179,795) | 1,539,452 | 10.5% |
| Total commercial loans to legal entities | 12,902,975 | (417,700) | 12,485,275 | 3.2% |
| Specialized loans to legal entities | | | | |
| <i>Individually assessed but not impaired and collectively assessed loans</i> | | | | |
| Not past due | 6,932,628 | (156,266) | 6,776,362 | 2.3% |
| Loans up to 30 days overdue | 103,644 | (2,260) | 101,384 | 2.2% |
| Loans 31 to 60 days overdue | 22,599 | (292) | 22,307 | 1.3% |
| Loans 61 to 90 days overdue | 215,417 | (302) | 215,115 | 0.1% |
| Loans 91 up to 180 days overdue | 5,939 | (132) | 5,807 | 2.2% |
| Loans over 180 days overdue | 15,315 | (4,748) | 10,567 | 31.0% |
| Total collectively assessed loans | 7,295,542 | (164,000) | 7,131,542 | 2.2% |
| <i>Individually impaired</i> | | | | |
| Not past due | 2,466,115 | (317,232) | 2,148,883 | 12.9% |
| Loans up to 30 days overdue | 442,824 | (57,393) | 385,431 | 13.0% |
| Loans 31 to 60 days overdue | 2,352 | (155) | 2,197 | 6.6% |
| Loans 61 to 90 days overdue | - | - | - | - |
| Loans 91 up to 180 days overdue | - | - | - | - |
| Loans over 180 days overdue | 67,624 | (29,440) | 38,184 | 43.5% |
| Total individually impaired loans | 2,978,915 | (404,220) | 2,574,695 | 13.6% |
| Total specialized loans to legal entities | 10,274,457 | (568,220) | 9,706,237 | 5.5% |
| Total loans to legal entities | 23,177,432 | (985,920) | 22,191,512 | 4.3% |

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

6. Loans to customers (continued)

| | <i>Gross loans</i> | <i>Allowance for loan impairment</i> | <i>Net loans</i> | <i>Allowance for loan impairment to gross loans</i> |
|--|--------------------|--|-------------------|---|
| Consumer and other loans to individuals | | | | |
| <i>Collectively assessed</i> | | | | |
| Not past due | 752,849 | (1,294) | 751,555 | 0.2% |
| Loans up to 30 days overdue | 13,699 | (1,152) | 12,547 | 8.4% |
| Loans 31 to 60 days overdue | 1,387 | (612) | 775 | 44.1% |
| Loans 61 to 90 days overdue | 350 | (347) | 3 | 99.1% |
| Loans 91 up to 180 days overdue | 1,799 | (1,799) | - | 100.0% |
| Loans over 180 days overdue | 6,917 | (6,917) | - | 100.0% |
| Total consumer and other loans to individuals | 777,001 | (12,121) | 764,880 | 1.6% |
| Mortgage loans to individuals | | | | |
| <i>Collectively assessed</i> | | | | |
| Not past due | 474,491 | (764) | 473,727 | 0.2% |
| Loans up to 30 days overdue | 9,488 | (770) | 8,718 | 8.1% |
| Loans 31 to 60 days overdue | 1,499 | (629) | 870 | 42.0% |
| Loans 61 to 90 days overdue | 2,515 | (2,377) | 138 | 94.5% |
| Loans 91 up to 180 days overdue | 1,040 | (1,040) | - | 100.0% |
| Loans over 180 days overdue | 5,744 | (5,744) | - | 100.0% |
| Total mortgage loans to individuals | 494,777 | (11,324) | 483,453 | 2.3% |
| Car loans to individuals | | | | |
| <i>Collectively assessed</i> | | | | |
| Not past due | 44,839 | (101) | 44,738 | 0.2% |
| Loans up to 30 days overdue | 799 | (63) | 736 | 7.9% |
| Loans 31 to 60 days overdue | 85 | (16) | 69 | 18.8% |
| Loans 61 to 90 days overdue | - | - | - | - |
| Loans 91 up to 180 days overdue | 9 | (9) | - | 100.0% |
| Loans over 180 days overdue | 337 | (337) | - | 100.0% |
| Total car loans to individuals | 46,069 | (526) | 45,543 | 1.1% |
| Total loans to individuals | 1,317,847 | (23,971) | 1,293,876 | 1.8% |
| Total loans and advances to customers as at 30 September 2013 (unaudited) | 24,495,279 | (1,009,891) | 23,485,388 | 4.1% |

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 September 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 | | | | |
| <i>Individually assessed but not impaired and collectively assessed loans</i> | | | | |
| Not past due | 10,224,715 | (224,173) | 10,000,542 | 2.2% |
| Loans up to 30 days overdue | 60,156 | (1,671) | 58,485 | 2.8% |
| Loans 31 to 60 days overdue | 48,223 | (1,313) | 46,910 | 2.7% |
| Loans 61 to 90 days overdue | 9,165 | (263) | 8,902 | 2.9% |
| Loans 91 up to 180 days overdue | 5,476 | (176) | 5,300 | 3.2% |
| Loans over 180 days overdue | 47,383 | (11,143) | 36,240 | 23.5% |
| Total collectively assessed loans | 10,395,118 | (238,739) | 10,156,379 | 2.3% |
| <i>Individually impaired</i> | | | | |
| Not past due | 1,385,633 | (119,654) | 1,265,979 | 8.6% |
| Loans up to 30 days overdue | 17,424 | (3,412) | 14,012 | 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 | 78,979 | (43,761) | 35,218 | 55.4% |
| Total individually impaired loans | 1,482,036 | (166,827) | 1,315,209 | 11.3% |
| Total commercial loans to legal entities | 11,877,154 | (405,566) | 11,471,588 | 3.4% |
| Specialized loans to legal entities | | | | |
| <i>Individually assessed but not impaired and collectively assessed loans</i> | | | | |
| Not past due | 6,845,878 | (207,761) | 6,638,117 | 3.0% |
| Loans up to 30 days overdue | 54,535 | (1,482) | 53,053 | 2.7% |
| Loans 31 to 60 days overdue | 29,679 | (819) | 28,860 | 2.8% |
| Loans 61 to 90 days overdue | 28,346 | (791) | 27,555 | 2.8% |
| Loans 91 up to 180 days overdue | 11,378 | (317) | 11,061 | 2.8% |
| Loans over 180 days overdue | 12,384 | (1,841) | 10,543 | 14.9% |
| Total collectively assessed loans | 6,982,200 | (213,011) | 6,769,189 | 3.1% |
| <i>Individually impaired</i> | | | | |
| Not past due | 1,569,108 | (214,809) | 1,354,299 | 13.7% |
| Loans up to 30 days overdue | 306,477 | (90,493) | 215,984 | 29.5% |
| Loans 31 to 60 days overdue | 46,218 | (2,480) | 43,738 | 5.4% |
| Loans 61 to 90 days overdue | 161 | (5) | 156 | 3.1% |
| Loans 91 up to 180 days overdue | 54 | (15) | 39 | 27.8% |
| Loans over 180 days overdue | 80,624 | (10,375) | 70,249 | 12.9% |
| Total individually impaired loans | 2,002,642 | (318,177) | 1,684,465 | 15.9% |
| Total specialized loans to legal entities | 8,984,842 | (531,188) | 8,453,654 | 5.9% |
| Total loans to legal entities | 20,861,996 | (936,754) | 19,925,242 | 4.5% |

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

6. Loans to customers (continued)

| | <i>Gross loans</i> | <i>Allowance for loan impairment</i> | <i>Net loans</i> | <i>Allowance for loan impairment to gross loans</i> |
|---|--------------------|--|-------------------|---|
| Consumer and other loans to individuals | | | | |
| <i>Collectively assessed</i> | | | | |
| Not past due | 578,454 | (24,515) | 553,939 | 4.2% |
| Loans up to 30 days overdue | 4,713 | (323) | 4,390 | 6.9% |
| Loans 31 to 60 days overdue | 1,348 | (181) | 1,167 | 13.4% |
| Loans 61 to 90 days overdue | 517 | (144) | 373 | 27.9% |
| Loans 91 up to 180 days overdue | 1,121 | (619) | 502 | 55.2% |
| Loans over 180 days overdue | 715 | (715) | - | 100.0% |
| Total consumer and other loans to individuals | 586,868 | (26,497) | 560,371 | 4.5% |
| Mortgage loans to individuals | | | | |
| <i>Collectively assessed</i> | | | | |
| Not past due | 506,196 | (21,108) | 485,088 | 4.2% |
| Loans up to 30 days overdue | 4,675 | (206) | 4,469 | 4.4% |
| Loans 31 to 60 days overdue | 1,254 | (57) | 1,197 | 4.6% |
| Loans 61 to 90 days overdue | 341 | (20) | 321 | 5.9% |
| Loans 91 up to 180 days overdue | 1,269 | (88) | 1,181 | 6.9% |
| Loans over 180 days overdue | 36 | (36) | - | 100.0% |
| Total mortgage loans to individuals | 513,771 | (21,515) | 492,256 | 4.2% |
| Car loans to individuals | | | | |
| <i>Collectively assessed</i> | | | | |
| Not past due | 17,383 | (552) | 16,831 | 3.2% |
| Loans up to 30 days overdue | 155 | (9) | 146 | 5.8% |
| Loans 31 to 60 days overdue | 8 | (2) | 6 | 25.0% |
| Loans 61 to 90 days overdue | 5 | (2) | 3 | 40.0% |
| Loans 91 up to 180 days overdue | 47 | (29) | 18 | 61.7% |
| Loans over 180 days overdue | 29 | (1) | 28 | 3.5% |
| Total car loans to individuals | 17,627 | (595) | 17,032 | 3.4% |
| Total loans to individuals | 1,118,266 | (48,607) | 1,069,659 | 4.3% |
| Total loans and advances to customers as at 31 December 2012 | 21,980,262 | (985,361) | 20,994,901 | 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.

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

6. Loans to customers (continued)

As at 30 September 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 | 225,290 | (84,582) | 140,708 | 37.5% |
| Specialised loans to legal entities | 88,878 | (34,320) | 54,558 | 38.6% |
| Consumer and other loans to individuals | 8,716 | (8,716) | - | 100.0% |
| Mortgage loans to individuals | 6,784 | (6,784) | - | 100.0% |
| Car loans to individuals | 346 | (346) | - | 100.0% |
| Total non-performing loans to customers as at 30 September 2013 (unaudited) | 330,014 | (134,748) | 195,266 | 40.8% |

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 | 131,838 | (55,080) | 76,758 | 41.8% |
| Specialised loans to legal entities | 104,440 | (12,548) | 91,892 | 12.0% |
| Consumer and other loans to individuals | 1,836 | (1,334) | 502 | 72.7% |
| Mortgage loans to individuals | 1,305 | (124) | 1,181 | 9.5% |
| Car loans to individuals | 76 | (30) | 46 | 39.5% |
| Total non-performing loans to customers as at 31 December 2012 | 239,495 | (69,116) | 170,379 | 28.9% |

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

Information on loans which terms have been renegotiated, as at 30 September 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 | 131,719 | 103,310 | 235,029 |
| Total renegotiated loans before allowance for loan impairment as at 30 September 2013 (unaudited) | 131,719 | 103,310 | 235,029 |
| | Commercial loans to legal entities | Specialised loans to legal entities | Total |
| Not past due renegotiated loans before allowance for loan impairment | 3,586 | 2,283 | 5,869 |
| Total renegotiated loans before allowance for loan impairment as at 31 December 2012 | 3,586 | 2,283 | 5,869 |

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 September 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 September 2013 and 31 December 2012 is as follows:

| | 30 September 2013 (unaudited) | 31 December 2012 |
|--|--|-------------------------|
| Gross investment in finance lease | 322,934 | 293,131 |
| Unearned future finance income on finance lease | (111,727) | (89,073) |
| Net investment in finance lease before allowance for impairment | 211,207 | 204,058 |
| Less allowance for impairment | (6,490) | (10,224) |
| Net investment in finance lease after allowance for impairment | 204,717 | 193,834 |

The contractual maturity analysis of net investments in finance lease as at 30 September 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 | 91,575 | (2,814) | 88,761 |
| Later than 1 year but not later than 5 years | 119,170 | (3,662) | 115,508 |
| Later than 5 years | 462 | (14) | 448 |
| Total as at 30 September 2013 (unaudited) | 211,207 | (6,490) | 204,717 |

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 | 78,494 | (3,933) | 74,561 |
| Later than 1 year but not later than 5 years | 125,546 | (6,290) | 119,256 |
| Later than 5 years | 18 | (1) | 17 |
| Total as at 31 December 2012 | 204,058 | (10,224) | 193,834 |

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

| | 30 September 2013 (unaudited) | 31 December 2012 |
|--|--|-------------------------|
| Not later than 1 year | 160,209 | 121,214 |
| Later than 1 year but not later than 5 years | 162,189 | 171,898 |
| Later than 5 years | 536 | 19 |
| Total | 322,934 | 293,131 |

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

6. Loans to customers (continued)

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

| | 30 September 2013 (unaudited) | | 31 December 2012 | |
|--|----------------------------------|------------|-------------------|------------|
| | Amount | % | Amount | % |
| Machinery and equipment | 5,160,774 | 21.1 | 4,149,102 | 18.8 |
| Trade and catering | 2,960,772 | 12.1 | 2,795,241 | 12.7 |
| Financial services | 2,849,270 | 11.6 | 1,979,051 | 9.0 |
| Food | 2,424,422 | 9.9 | 1,676,299 | 7.6 |
| Timber and woodworking industry | 2,045,825 | 8.4 | 1,754,975 | 8.0 |
| Chemical and oil refinery industry | 1,655,744 | 6.8 | 1,751,600 | 8.0 |
| Individuals | 1,317,847 | 5.4 | 1,118,266 | 5.1 |
| Construction | 1,278,350 | 5.2 | 1,421,098 | 6.5 |
| Transport and communication | 1,128,244 | 4.6 | 1,290,153 | 5.9 |
| Energy and fuel | 1,000,535 | 4.1 | 1,027,497 | 4.7 |
| Building materials | 657,208 | 2.7 | 817,546 | 3.7 |
| Light industry | 652,147 | 2.7 | 680,816 | 3.1 |
| Mining | 582,132 | 2.4 | 540,474 | 2.5 |
| Agriculture | 277,556 | 1.1 | 248,914 | 1.1 |
| Metallurgy | 223,477 | 0.9 | 425,816 | 1.9 |
| Other | 280,976 | 1.1 | 303,414 | 1.4 |
| Total loans to customers before allowance for loan impairment | 24,495,279 | 100 | 21,980,262 | 100 |

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

| | 30 September 2013 (unaudited) | 31 December 2012 |
|--|-------------------------------------|---------------------|
| Loans collateralized by real estate or rights thereon | 5,287,465 | 3,844,924 |
| Loans collateralized by equipment and rights thereon | 4,765,678 | 4,940,260 |
| Loans collateralized by lien over receivables | 3,734,438 | 3,563,024 |
| Loans collateralized by inventories | 3,334,294 | 2,886,761 |
| Loans collateralized by guarantees of the Government and local authorities | 2,834,633 | 2,933,025 |
| Loans collateralized by guarantees of enterprises | 1,771,667 | 1,127,190 |
| Loans collateralized by guarantees of individuals | 951,309 | 881,928 |
| Loans collateralized by cash or guarantee deposits | 922,745 | 578,377 |
| Loans collateralized by other types of collateral | 893,050 | 1,224,773 |
| | 24,495,279 | 21,980,262 |
| Less allowance for loan impairment | (1,009,891) | (985,361) |
| Total loans to customers | 23,485,388 | 20,994,901 |

As at 30 September 2013 the aggregated loan amount of 20 largest borrowers was BYR 8,384,576 million or 34.2% of the total gross loan portfolio of the Group (31 December 2012: 7,668,384 BYR 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 September 2013 loans to customers included specialized loans in USD in the amount of BYR 287,144 million provided to two borrowers (31 December 2012: BYR 321,116 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 September 2013)

7. Non-current assets held for sale

As of 30 September 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 9 months ended 30 September 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 8,735 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:

| | <i>Interest to nominal, %</i> | <i>30 September 2013 (unaudited)</i> | <i>Interest to nominal, %</i> | <i>31 December 2012</i> |
|---|-------------------------------|--------------------------------------|-------------------------------|-------------------------|
| Long-term government bonds in foreign currency | 6.85%-7.25% | 545,865 | - | - |
| Long-term government bonds in national currency | - | - | 10.00% | 209,516 |
| Republic of Belarus Eurobonds | 8.75% | 221,641 | 8.75% | 249,436 |
| Bonds of Belarusian Development Bank | 20.00% | 201,825 | 20.00% | 213,639 |
| Bonds of Belarusian companies | 7.00%-27.50% | 62,316 | 8.00%-34.00% | 115,807 |
| Shares | - | 17,991 | - | 17,162 |
| Bonds issued by municipalities | 23.50% | 9,993 | 30.00% | 9,921 |
| Total investments available for sale | | 1,059,631 | | 815,481 |

9. Investments held to maturity

Investments held to maturity comprise:

| | <i>Currency</i> | <i>Maturity date</i> | <i>Interest to nominal</i> | <i>30 September 2013 (unaudited)</i> |
|---|-----------------|----------------------|----------------------------|--------------------------------------|
| Bonds of Belarusian Development Bank | BYR | October 2013 | 20.00% | 342,012 |
| Republic of Belarus Eurobonds | USD | August 2015 | 8.75% | 156,741 |
| Coupon long-term government bonds | BYR | September 2014 | 2.00% | 27,783 |
| Bonds issued by municipalities | BYR | July 2020 | 23.50% | 11,031 |
| Total investments held to maturity | | | | 537,567 |

| | <i>Currency</i> | <i>Maturity date</i> | <i>Interest to nominal</i> | <i>31 December 2012</i> |
|---|-----------------|----------------------|----------------------------|-------------------------|
| Bonds of Belarusian Development Bank | BYR | October 2013 | 20.00% | 359,817 |
| Republic of Belarus Eurobonds | USD | August 2015 | 8.75% | 166,243 |
| Coupon long-term government bonds | BYR | September 2014 | 2.00% | 28,575 |
| Bonds issued by municipalities | BYR | July 2020 | 28.50% | 11,674 |
| Bonds of Belarusian companies | BYR | August 2013 | 32.50% | 1,675 |
| Total investments held to maturity | | | | 567,984 |

10. Premises and equipment and intangible assets

For the 9 months ended 30 September 2013 the Group's premises, equipment, and intangible assets additions amounted to BYR 223,523 million (for the 9 months ended 30 September 2012 - BYR 144,474 million), disposals of premises, equipment, and intangible assets amounted to 16,376 million (for the 9 months ended 30 September 2012 - BYR 548 million).

As at 30 September 2013 included in computer equipment are fully depreciated items in the amount of BYR 129,493 million (31 December 2012: BYR 123,139 million), in vehicles in the amount of BYR 22,221 million (31 December 2012: BYR 20,367 million) and in furniture and other assets in the amount of BYR 148,654 million (31 December 2012: BYR 144,932 million).

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

11. Other assets

Other assets comprise:

| | 30 September 2013 (unaudited) | 31 December 2012 |
|---|--|-----------------------------------|
| Other financial assets: | | |
| Settlement accounts on other banking services | 76,971 | 148,671 |
| Accrued income | 8,685 | 4,954 |
| Compensation payments from participation in government program on supporting national producers of consumer goods | 83 | 956 |
| Other | 7 | - |
| | 85,746 | 154,581 |
| Other non-financial assets: | | |
| Prepaid expenses | 34,252 | 22,827 |
| Precious metals | 30,869 | 23,316 |
| Taxes recoverable and prepaid, other than income taxes | 28,802 | 33,100 |
| Prepayments for premises, equipment and intangible assets | 25,700 | 22,364 |
| Inventory | 18,030 | 12,784 |
| Prepayments for assets to be transferred into finance lease | 97 | - |
| Other advances and prepayments | 29,569 | 12,685 |
| | 167,319 | 127,076 |
| Total other assets | 253,065 | 281,657 |

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

At 30 September 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 287,525 million and BYR 321,954 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 September 2013 (unaudited) | 31 December 2012 |
|---|--|-----------------------------------|
| Loans from banks and financial institutions | 10,011,577 | 6,520,789 |
| Deposit in precious metals | 2,624,758 | 3,769,120 |
| Correspondent accounts of banks | 218,395 | 428,817 |
| Repo agreements | - | 90,839 |
| Total due to banks | 12,854,730 | 10,809,565 |

At 30 September 2013 a balance of due to banks amounting to BYR 11,129,363 million was due to four counterparties, including BYR 9,768,770 million due to Sberbank of Russia, which individually exceeded 10% of the Group's equity.

At 31 December 2012 a balance of due to banks amounting to BYR 8,677,371 million was due to four counterparties, including BYR 7,839,600 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 September 2013)

14. Due to individuals and due to corporate customers

Due to individuals and corporate customers comprise:

| | 30 September 2013 (unaudited) | 31 December 2012 |
|---|--|-----------------------------|
| Individuals: | | |
| -Current/demand accounts | 2,070,816 | 1,935,592 |
| -Term deposits | 7,073,651 | 6,598,734 |
| Total due to individuals | 9,144,467 | 8,534,326 |
| State and public organisations: | | |
| -Current/settlement accounts | 126,958 | 161,461 |
| -Term deposits | 314,940 | 365,438 |
| Total due to state and public organisations | 441,898 | 526,899 |
| Other corporate customers: | | |
| -Current/settlement accounts | 3,117,385 | 4,214,458 |
| -Term deposits | 5,524,935 | 5,359,119 |
| Total due to other corporate customers | 8,642,320 | 9,573,577 |
| Total due to corporate customers | 9,084,218 | 10,100,476 |
| Total due to individuals and corporate customers | 18,228,685 | 18,634,802 |

As at 30 September 2013 included in due to corporate customers are deposits of BYR 1,480,992 million (31 December 2012: BYR 1,255,910 million) held as collateral for irrevocable commitments under import letters of credit.

As at 30 September 2013 the aggregated balances of 20 largest customers was BYR 4,137,666 million or 22.7% of total due to individuals and corporate customers (31 December 2012: BYR 3,382,057 million or 18.1%).

Industry sector concentrations within customer accounts are as follows:

| | 30 September 2013 (unaudited) | | 31 December 2012 | |
|---|--|--------------|-----------------------------|--------------|
| | Amount | % | Amount | % |
| Individuals | 9,144,467 | 50.2 | 8,534,326 | 45.8 |
| Oil refinery and chemical industry | 1,691,973 | 9.3 | 1,224,177 | 6.6 |
| Trade | 1,522,685 | 8.4 | 1,509,764 | 8.1 |
| Machinery and equipment | 1,245,518 | 6.8 | 1,695,804 | 9.1 |
| Insurance and other financial services | 918,078 | 5.0 | 1,111,065 | 6.0 |
| Construction | 883,179 | 4.8 | 1,547,162 | 8.3 |
| Transport and communications | 828,249 | 4.5 | 765,338 | 4.1 |
| Education | 291,220 | 1.5 | 292,379 | 1.6 |
| Energy | 203,261 | 1.1 | 240,146 | 1.3 |
| Building materials industry | 200,544 | 1.1 | 228,851 | 1.2 |
| Woodworking and timber industry | 177,754 | 1.0 | 240,015 | 1.3 |
| Agriculture | 97,942 | 0.5 | 16,204 | 0.1 |
| Mining | 83,488 | 0.5 | 72,662 | 0.4 |
| Food | 71,582 | 0.4 | 75,779 | 0.4 |
| Light industry | 63,805 | 0.4 | 107,796 | 0.6 |
| State and government bodies | 49,011 | 0.3 | 120,842 | 0.6 |
| Metallurgy | 33,565 | 0.2 | 82,210 | 0.4 |
| Other | 722,364 | 4.0 | 770,282 | 4.1 |
| Total due to individuals and corporate customers | 18,228,685 | 100.0 | 18,634,802 | 100.0 |

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

15. Debt securities issued

Debt securities issued comprise:

| | 30 September 2013 (unaudited) | 31 December 2012 |
|-------------------------------------|--|-------------------------|
| Bonds issued to legal entities | 957,644 | 1,123,632 |
| Bonds issued to individuals | 170,470 | 131,267 |
| Certificates of deposit | 2,446 | 4,309 |
| Saving certificates | 2 | 3 |
| Total debt securities issued | 1,130,562 | 1,259,211 |

Bonds issued to legal entities are interest-bearing securities issued by the Group. They are denominated in BYR, USD, RUB 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 RUB) to 23.5% (for bonds in BYR) p.a. (31 December 2012: from 5% to 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 29.5% (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 January 2014 (31 December 2012: from "on demand" to December 2013). Interest rates on such securities vary from 15.5% to 37.0% p.a. (31 December 2012: from 15.5% to 37.0% p.a.).

16. Other liabilities

Other liabilities comprise:

| | 30 September 2013 (unaudited) | 31 December 2012 |
|--|--|-----------------------------|
| Other financial liabilities: | | |
| Settlement accounts on other banking services | 45,045 | 39,243 |
| Accrued fee payable under documentary transactions and transactions with plastic cards | 23,687 | 26,765 |
| Payables for premises and equipment | 20,067 | 4,705 |
| Payments due to other contractors | 13,764 | 25,676 |
| Payables for assets to be transferred into finance lease | 3,355 | 4,439 |
| | 105,918 | 100,828 |
| Other non-financial liabilities: | | |
| Unused leave and bonus accrual | 41,649 | 74,813 |
| Taxes payable, other than income taxes | 36,440 | 30,630 |
| Accrued contributions to deposits protection fund | 27,453 | 25,198 |
| Other | 6,934 | 982 |
| | 112,476 | 131,623 |
| Total other liabilities | 218,394 | 232,451 |

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

17. Share capital

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

| | <i>Number of shares</i> | | <i>Nominal amount, BYR</i> | | <i>Inflation adjustment</i> | <i>Total, mln. BYR</i> |
|--|-------------------------|-----------------|--------------------------------|-----------------|---------------------------------|----------------------------|
| | <i>Preferred</i> | <i>Ordinary</i> | <i>Preferred</i> | <i>Ordinary</i> | | |
| 31 December 2012 | 871,112 | 1,102,828,888 | 500 | 500 | 1,884,574 | 2,436,424 |
| 30 September 2013 (unaudited) | 871,112 | 1,102,828,888 | 500 | 500 | 1,884,574 | 2,436,424 |

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 9 months ended 30 September 2013 the Bank declared BYR 21,833 million and BYR 19 million dividends on ordinary and preference shares for the year 2012, respectively. The dividends were BYR 20 per ordinary share and BYR 21 per preference share.

During the 9 months ended 30 September 2012 the Bank declared BYR 13,284 million and BYR 24 million dividends on ordinary and preference shares for the year 2011, respectively. The dividends were BYR 12 per ordinary share and BYR 28 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 576,934 million of undistributed and unreserved earnings as at 30 September 2013 not reviewed (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 September 2013 (unaudited) | 3 months ended 30 September 2012 (unaudited) | 9 months ended 30 September 2013 (unaudited) | 9 months ended 30 September 2012 (unaudited) |
|---|---|---|---|---|
| Interest income | | | | |
| Interest on loans to corporate customers | 813,848 | 819,965 | 2,490,410 | 2,645,904 |
| Interest on loans to individuals | 75,922 | 54,535 | 219,536 | 235,631 |
| Interest on investments held to maturity | 28,192 | 2,339 | 83,041 | 6,900 |
| Interest on investments available for sale | 26,264 | 61,958 | 77,571 | 162,690 |
| Interest on due from banks | 9,233 | 15,396 | 57,718 | 178,624 |
| Compensation payments on participation in government program | 101 | 1,295 | 705 | 4,736 |
| Total interest income | 953,560 | 955,488 | 2,928,981 | 3,234,485 |
| Interest expense | | | | |
| Interest on due to corporate customers | 242,240 | 220,738 | 714,789 | 728,802 |
| Interest on due to individuals | 168,968 | 164,934 | 512,585 | 608,660 |
| Interest on deposits from banks | 128,565 | 90,016 | 369,777 | 321,733 |
| Interest on debt securities issued | 37,247 | 63,624 | 128,039 | 221,724 |
| Interest on deposits from National Bank | 5,510 | 7,059 | 23,973 | 22,519 |
| Total interest expense | 582,530 | 546,371 | 1,749,163 | 1,903,438 |
| Net interest income before allowance for loan impairment | 371,030 | 409,117 | 1,179,818 | 1,331,047 |

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

19. Allowance for loan impairment, other provisions

The movements in allowance for loan impairment were as follows:

| | <i>Commercial loans</i> | <i>Specialized loans</i> | <i>Loans to individuals</i> | | | <i>Total</i> |
|--|-------------------------|--------------------------|---------------------------------|-----------------------|------------------|------------------|
| | | | <i>Consumer and other loans</i> | <i>Mortgage loans</i> | <i>Car loans</i> | |
| 31 December 2011 | 309,200 | 423,422 | 26,962 | 27,589 | 1,157 | 788,330 |
| Allowance charge/ (Reversal of allowance) for the period | 10,816 | 96,284 | (6,316) | (720) | 1,538 | 101,602 |
| Amounts written off | - | (1,396) | - | - | - | (1,396) |
| Inflation effect | (42,465) | (58,149) | (3,703) | (3,789) | (159) | (108,265) |
| 30 September 2012 (unaudited) | 277,551 | 460,161 | 16,943 | 23,080 | 2,536 | 780,271 |
| 31 December 2012 | 405,566 | 531,188 | 26,497 | 21,515 | 595 | 985,361 |
| Allowance charge/ (Reversal of allowance) for the period | 48,970 | 85,278 | (11,969) | (8,237) | (15) | 114,027 |
| Inflation effect | (36,836) | (48,246) | (2,407) | (1,954) | (54) | (89,497) |
| 30 September 2013 (unaudited) | 417,700 | 568,220 | 12,121 | 11,324 | 526 | 1,009,891 |

The movements in provision on other transactions were as follows:

| | <i>Guarantees and other commitments</i> |
|--------------------------------------|---|
| 31 December 2011 | 7,028 |
| Reversal of provision | (4,352) |
| Inflation effect | (965) |
| 30 September 2012 (unaudited) | 1,711 |
| 31 December 2012 | 11,897 |
| Reversal of provision | (3,765) |
| Inflation effect | (1,081) |
| 30 September 2013 (unaudited) | 7,051 |

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

20. Fee and commission income and expense

Fee and commission income and expense comprise:

| | 3 months ended 30 September 2013 (unaudited) | 3 months ended 30 September 2012 (unaudited) | 9 months ended 30 September 2013 (unaudited) | 9 months ended 30 September 2012 (unaudited) |
|---|---|---|---|---|
| Fee and commission income | | | | |
| Other operations with plastic cards | 83,098 | 57,998 | 222,077 | 148,179 |
| Salary transfer on card accounts and related cash withdrawals | 78,724 | 70,529 | 219,626 | 192,841 |
| Settlement and cash operations with clients | 44,812 | 45,400 | 133,351 | 123,741 |
| Documentary operations | 39,646 | 33,550 | 119,959 | 94,360 |
| Foreign exchange operations | 25,744 | 24,490 | 70,224 | 70,141 |
| Cash delivery and collection | 13,883 | 12,375 | 38,565 | 34,095 |
| Settlements with banks | 3,905 | 1,949 | 8,063 | 6,970 |
| Securities operations | 460 | 508 | 1,738 | 1,864 |
| Other | 4,147 | 948 | 8,408 | 3,339 |
| Total fee and commission income | 294,419 | 247,747 | 822,011 | 675,530 |
| Fee and commission expense | | | | |
| Plastic cards operations | 45,090 | 34,317 | 116,103 | 83,981 |
| Documentary operations | 26,757 | 20,033 | 78,361 | 56,151 |
| Correspondent bank services | 2,745 | 2,820 | 8,392 | 7,908 |
| Cash delivery and collection | 2,362 | 2,803 | 5,530 | 7,988 |
| Foreign exchange and cash operations | 1,391 | 1,334 | 3,758 | 4,825 |
| Other | 1,561 | 1,007 | 2,274 | 4,315 |
| Total fee and commission expense | 79,906 | 62,314 | 214,418 | 165,168 |

21. Net gain/(loss) on foreign exchange and precious metals operations

Net gain on foreign exchange operations comprises:

| | 3 months ended 30 September 2013 (unaudited) | 3 months ended 30 September 2012 (unaudited) | 9 months ended 30 September 2013 (unaudited) | 9 months ended 30 September 2012 (unaudited) |
|--|---|---|---|---|
| Net gains arising from trading in foreign currencies | 319,814 | 58,867 | 479,394 | 190,405 |
| Net foreign exchange translation losses | (179,305) | (156,387) | (207,953) | (196,481) |
| Net (losses)/gains from operations with foreign currency derivatives | (13,932) | 204,195 | (220,849) | 7,227 |
| Total net gain on foreign exchange operations | 126,577 | 106,675 | 50,592 | 1,151 |

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

| | 3 months ended 30 September 2013 (unaudited) | 3 months ended 30 September 2012 (unaudited) | 9 months ended 30 September 2013 (unaudited) | 9 months ended 30 September 2012 (unaudited) |
|---|---|---|---|---|
| Net (losses)/gains from operations with physical precious metals | (254,513) | 20,989 | (316,869) | 24,445 |
| Net precious metals translations (losses)/gains | (517,324) | (634,031) | 601,040 | (700,241) |
| Net gains/(losses) from operations with precious metals derivatives | 642,087 | 543,661 | (449,192) | 412,331 |
| Total net loss from operations with precious metals | (129,750) | (69,381) | (165,021) | (263,465) |

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

22. Other income

Other income comprises:

| | 3 months ended 30 September 2013 (unaudited) | 3 months ended 30 September 2012 (unaudited) | 9 months ended 30 September 2013 (unaudited) | 9 months ended 30 September 2012 (unaudited) |
|--|---|---|---|---|
| Repayment of loans previously written off | 1,918 | 2,525 | 6,071 | 12,832 |
| Income from non-banking activities of subsidiaries | 1,194 | 3,855 | 3,660 | 8,037 |
| Penalties received | 629 | - | 1,984 | - |
| Income from operating leases | 78 | 84 | 247 | 269 |
| Income from sale of premises, equipment and other assets | - | 627 | - | - |
| Other | 2,609 | 1,042 | 7,354 | 7,928 |
| Total other income | 6,428 | 8,133 | 19,316 | 29,066 |

23. Operating expenses

Operating expenses comprise:

| | 3 months ended 30 September 2013 (unaudited) | 3 months ended 30 September 2012 (unaudited) | 9 months ended 30 September 2013 (unaudited) | 9 months ended 30 September 2012 (unaudited) |
|--|---|---|---|---|
| Staff costs | 170,448 | 115,327 | 438,545 | 418,429 |
| Social security contribution | 45,145 | 33,877 | 113,303 | 114,845 |
| Other staff expenses | 2,916 | 3,742 | 8,068 | 9,052 |
| Personnel expenses | 218,509 | 152,946 | 559,916 | 542,326 |
| Depreciation and amortization | 32,625 | 28,946 | 93,572 | 80,948 |
| Contributions to deposits protection fund | 26,854 | 24,915 | 77,312 | 72,664 |
| Premises and equipment maintenance | 25,907 | 22,955 | 68,291 | 43,770 |
| Expenses on maintenance of banking software | 17,637 | 17,965 | 47,346 | 42,126 |
| Taxes, other than income taxes | 11,516 | 7,261 | 30,305 | 20,858 |
| Operating leases | 9,724 | 8,124 | 25,997 | 22,988 |
| Advertising costs | 8,349 | 7,028 | 29,210 | 22,218 |
| Security expenses | 7,815 | 8,779 | 23,217 | 21,761 |
| Stationery | 4,405 | 6,683 | 14,818 | 19,693 |
| Public utilities payments | 3,992 | 4,536 | 16,089 | 18,069 |
| Legal and consulting services | 2,728 | 2,186 | 6,962 | 10,753 |
| Vehicles maintenance and fuel expenses | 2,269 | 2,786 | 7,033 | 7,861 |
| Communications | 1,677 | 1,507 | 4,692 | 3,784 |
| Charity and sponsorship expenses | 328 | 1,831 | 2,982 | 4,808 |
| Net loss from sale of premises, equipment and other assets | 3,526 | - | 4,823 | 349 |
| Other expenses | 18,336 | 25,950 | 76,726 | 68,376 |
| Other operating expenses | 177,688 | 171,452 | 529,375 | 461,026 |
| Total operating expenses | 396,197 | 324,398 | 1,089,291 | 1,003,352 |

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 September 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 7,051 million and BYR 11,897 million as at 30 September 2013 and 31 December 2012, respectively (Note 19).

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

| | 30 September 2013 (unaudited) | 31 December 2012 |
|--|--|-------------------------|
| Contingent liabilities and credit commitments | | |
| Commitments on loans and unused credit lines | 2,278,323 | 1,900,815 |
| Uncovered letters of credit | 1,792,597 | 2,177,971 |
| Letters of credit secured by cash | 1,480,992 | 1,255,911 |
| Guarantees issued and similar commitments | 984,594 | 1,265,081 |
| Total contingent liabilities and credit commitments | 6,536,506 | 6,599,778 |

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

| | 30 September 2013 (unaudited) | 31 December 2012 |
|--|--|-------------------------|
| Not later than 1 year | 40,075 | 27,519 |
| Later than 1 year and not later than 5 years | 55,671 | 40,355 |
| Later than 5 years | 2,798 | 1,443 |
| Total operating lease commitments | 98,544 | 69,317 |

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 September 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 September 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.

For the 9 months of 2013 stabilization of the macroeconomic environment in Belarus was continued. The slowdown in inflation which comprised 10.0% for the 9 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 September 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 9 months 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 September 2013 and 31 December 2012 with related parties:

| | 30 September 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 | 59,254 | 4,837,243 | 82,385 | 4,384,476 |
| - parent bank | 59,254 | | 82,385 | |
| Loans to corporate customers, gross | 44,115 | 23,177,432 | 77,055 | 20,861,996 |
| - associates | 44,115 | | 77,055 | |
| Loans to individuals, gross | 26,131 | 1,317,847 | 21,040 | 1,118,266 |
| - key management personnel | 26,131 | | 21,040 | |
| Allowance for impairment losses | 937 | 1,009,891 | 8,689 | 985,361 |
| - associates | 462 | | 7,774 | |
| - key management personnel | 475 | | 915 | |
| Investments in associates | 49,361 | 49,361 | 41,498 | 41,498 |
| Due to banks | 9,768,770 | 12,854,730 | 7,839,601 | 10,809,565 |
| - parent bank | 9,768,770 | | 7,839,601 | |
| Subordinated debt | 490,097 | 490,097 | 499,311 | 499,311 |
| - parent bank | 490,097 | | 499,311 | |
| Due to individuals | 23,147 | 9,144,467 | 10,512 | 8,534,326 |
| - key management personnel | 23,147 | | 10,512 | |
| Due to corporate customers | 77,246 | 9,084,218 | 120,226 | 10,100,476 |
| - associates | 77,246 | | 120,226 | |
| Commitments and contingencies | 287 | 6,536,506 | 6,572 | 6,599,778 |
| - associates | - | | 6,236 | |
| - key management personnel | 287 | | 336 | |

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 September 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 September 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 9 months ended 30 September 2013 and 9 months ended 30 September 2012 are the following amounts which arose due to transactions with related parties:

| | 9 months ended 30 September 2013 (unaudited) | | 9 months ended 30 September 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 | 9,322 | 2,928,981 | 14,535 | 3,234,485 |
| - parent bank | 2,256 | | 2,743 | |
| - associates | 5,948 | | 10,665 | |
| - key management personnel | 1,118 | | 1,127 | |
| Fee and commission income | 3,423 | 822,011 | 120 | 675,530 |
| - parent bank | 3305 | | 2 | |
| - associates | 94 | | 105 | |
| - key management personnel | 24 | | 13 | |
| Interest expense | (301,927) | (1,749,163) | (246,260) | (1,903,438) |
| - parent bank | (296,792) | | (241,833) | |
| - associates | (1,664) | | (2,463) | |
| - key management personnel | (3,471) | | (1,964) | |
| Allowance for loan impairment | (7,751) | (114,027) | (10,808) | (101,602) |
| - associates | (7,312) | | (10,376) | |
| - key management personnel | (439) | | (432) | |
| Fee and commission expense | (56,177) | (214,418) | (25,207) | (165,168) |
| - parent bank | (56,177) | | (25,207) | |
| Staff costs | (14,631) | (438,545) | (17,245) | (418,429) |
| - key management personnel | (14,631) | | (17,245) | |

During the 9 months ended 30 September 2013 and 9 months ended 30 September 2012 remuneration of key management personnel comprised of 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.

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

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:

| | <i>Retail banking</i> | <i>Corporate banking</i> | <i>Unallocated</i> | <i>30 September 2013/ 9 months ended 30 September 2013 Total (unaudited)</i> |
|---|---------------------------|------------------------------|---------------------|--|
| Interest income | 220,241 | 2,490,410 | 218,330 | 2,928,981 |
| Interest expense | (531,933) | (823,480) | (393,750) | (1,749,163) |
| Allowance for impairment losses on interest bearing assets | 20,221 | (134,248) | - | (114,027) |
| Fee and commission income | 460,999 | 288,972 | 72,040 | 822,011 |
| Fee and commission expense | (82,433) | (102,694) | (29,291) | (214,418) |
| Net losses arising from investment securities available for sale | - | - | (659) | (659) |
| Net (losses)/gains arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation (losses)/gains | (360,880) | 1,132,194 | (720,722) | 50,592 |
| Net losses arising from operations with precious metals, precious metals derivatives and precious metals translations gains | - | - | (165,021) | (165,021) |
| Other provisions | - | 3,765 | - | 3,765 |
| Other income | - | - | 19,316 | 19,316 |
| Operating (expense)/income | (273,785) | 2,854,919 | (999,757) | 1,581,377 |
| Income/(expense) from other segments | 958,535 | (1,080,642) | 122,107 | - |
| Total operating income/(loss) | 684,750 | 1,774,277 | (877,650) | 1,581,377 |
| Operating expenses | - | - | (1,089,291) | (1,089,291) |
| Share of results of an associate | - | - | 11,636 | 11,636 |
| Profit/(Loss) before loss on net monetary position | 684,750 | 1,774,277 | (1,955,305) | 503,722 |
| Loss on net monetary position due to inflation effect | 391 | (46,491) | (127,088) | (173,188) |
| Profit/(Loss) before income taxes | 685,141 | 1,727,786 | (2,082,393) | 330,534 |
| Income tax expense | - | - | (88,427) | (88,427) |
| Net profit/(loss) | 685,141 | 1,727,786 | (2,170,820) | 242,107 |
| Segment assets | 1,317,847 | 23,177,432 | 12,105,175 | 36,600,454 |
| Segment liabilities | (9,314,939) | (10,044,308) | (14,089,737) | (33,448,984) |
| Other segment items | | | | |
| Loans to customers | 1,317,847 | 23,177,432 | - | 24,495,279 |
| Customer accounts | (9,144,467) | (9,084,218) | - | (18,228,685) |
| Debt securities issued | (170,472) | (960,090) | - | (1,130,562) |

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

26. Segment reporting (continued)

| | Retail banking | Corporate banking | Unallocated | 31 December 2012/ 9 months ended 30 September 2012 Total (unaudited) |
|---|---------------------------|------------------------------|---------------------|---|
| Interest income | 240,367 | 2,645,904 | 348,214 | 3,234,485 |
| Interest expense | (628,425) | (930,761) | (344,252) | (1,903,438) |
| Allowance for impairment losses on interest bearing assets | 5,499 | (107,101) | - | (101,602) |
| Fee and commission income | 376,262 | 243,352 | 55,916 | 675,530 |
| Fee and commission expense | (59,627) | (82,517) | (23,024) | (165,168) |
| Net losses arising from investment securities available for sale | - | - | (4,424) | (4,424) |
| Net gains/(losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation gains/(losses) | (114,384) | 341,124 | (225,589) | 1,151 |
| Net losses arising from operations with precious metals, precious metals derivatives and precious metals translations losses | - | - | (263,465) | (263,465) |
| Other provisions | - | 4,352 | - | 4,352 |
| Other income | - | - | 29,066 | 29,066 |
| Operating (expense)/ income | (180,308) | 2,114,353 | (427,558) | 1,506,487 |
| Income/(expense) from other segments | 704,544 | (775,581) | 71,037 | - |
| Total operating income | 524,236 | 1,338,772 | (356,521) | 1,506,487 |
| Operating expenses | - | - | (1,003,352) | (1,003,352) |
| Share of results of an associate | - | - | 5,994 | 5,994 |
| Profit/(loss) before loss on net monetary position | 524,236 | 1,338,772 | (1,353,879) | 509,129 |
| Loss on net monetary position due to inflation effect | 25,955 | (137,909) | (188,468) | (300,422) |
| Profit/(loss) before income taxes | 550,191 | 1,200,863 | (1,542,347) | 208,707 |
| Income tax expense | - | - | (85,885) | (85,885) |
| Net profit/(loss) | 550,191 | 1,200,863 | (1,628,232) | 122,822 |
| Segment assets | 1,118,266 | 20,861,996 | 13,034,397 | 35,014,659 |
| Segment liabilities | (8,665,596) | (11,228,417) | (12,153,829) | (32,047,842) |
| Other segment items | | | | |
| Loans to customers | 1,118,266 | 20,861,996 | - | 21,980,262 |
| Customer accounts | (8,534,326) | (10,100,476) | - | (18,634,802) |
| Debt securities issued | (131,270) | (1,127,941) | - | (1,259,211) |

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 September 2013 (unaudited) | | | 31 December 2012 | | |
|---|-------------------------------|------------|---------------------|------------------|------------|---------------------|
| | Carrying value | Fair value | Unrecognised (loss) | Carrying value | Fair value | Unrecognised (loss) |
| Cash and cash equivalents | 4,837,243 | 4,837,243 | - | 4,384,476 | 4,384,476 | - |
| Mandatory cash balances with the National Bank of the Republic of Belarus | 204,670 | 204,670 | - | 206,248 | 206,248 | - |
| Due from banks | 154,795 | 154,795 | - | 197,532 | 197,532 | - |
| Loans to corporate customers | 22,191,512 | 22,121,352 | (70,160) | 19,925,242 | 19,885,193 | (40,049) |
| Loans to individuals | 1,293,876 | 1,288,732 | (5,144) | 1,069,659 | 1,023,761 | (45,898) |
| Investments held to maturity | 537,567 | 528,419 | (9,148) | 567,984 | 562,481 | (5,503) |
| Other financial assets | 85,746 | 85,746 | - | 154,581 | 154,581 | - |
| Loans from the National Bank of the Republic of Belarus | 287,525 | 287,525 | - | 321,954 | 321,954 | - |
| Due to banks | 12,854,730 | 12,854,730 | - | 10,809,565 | 10,809,565 | - |
| Due to individuals | 9,144,467 | 9,144,467 | - | 8,534,326 | 8,534,326 | - |
| Due to corporate customers | 9,084,218 | 9,082,598 | (1,620) | 10,100,476 | 10,100,012 | (464) |
| Debt securities issued | 1,130,562 | 1,130,562 | - | 1,259,211 | 1,259,211 | - |
| Other financial liabilities | 105,918 | 105,918 | - | 100,828 | 100,828 | - |
| Subordinated debt | 490,097 | 490,097 | - | 499,311 | 499,311 | - |

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 September 2013 (unaudited) | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|----------------|------------------|------------------|
| Financial assets: | | | | |
| Derivative financial instruments | - | 7,407 | 4,573,342 | 4,580,749 |
| Investments available for sale | 221,641 | 819,999 | - | 1,041,640 |
| Equity investments available for sale | 4,770 | - | - | 4,770 |
| Total financial assets | 226,411 | 827,406 | 4,573,342 | 5,627,159 |
| Financial liabilities | | | | |
| Derivative financial instruments | 5,094 | 42,636 | 5,218 | 52,948 |
| Total financial liabilities | 5,094 | 42,636 | 5,218 | 52,948 |
| As at 31 December 2012 | | | | |
| Financial assets: | | | | |
| Derivative financial instruments | 113 | 1,699 | 6,164,426 | 6,166,238 |
| Investments available for sale | 249,436 | 548,883 | - | 798,319 |
| Equity investments available for sale | 3,928 | - | - | 3,928 |
| Total financial assets | 253,477 | 550,582 | 6,164,426 | 6,968,485 |
| Financial liabilities | | | | |
| Derivative financial instruments | 2,430 | 31,732 | 16,086 | 50,248 |
| Total financial liabilities | 2,430 | 31,732 | 16,086 | 50,248 |

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 recorded in profit or loss | Settlements | Inflation effect | At 30 September 2013 (unaudited) |
|--|------------------------------|--|--------------------|-------------------------|---|
| Financial assets | | | | | |
| Derivative financial assets | 6,164,426 | (258,664) | (772,527) | (559,893) | 4,573,342 |
| Total level 3 financial assets | 6,164,426 | (258,664) | (772,527) | (559,893) | 4,573,342 |
| Financial liabilities | | | | | |
| Derivative financial liabilities | (16,086) | (4,490) | 13,897 | 1,461 | (5,218) |
| Total level 3 financial liabilities | (16,086) | (4,490) | 13,897 | 1,461 | (5,218) |

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

| | 30 September 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 | 4,573,342 | (85,126) | 6,164,426 | (154,845) |
| Financial liabilities | | | | |
| Derivative financial liabilities | (5,218) | (137) | (16,086) | (2,768) |

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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 September 2013 and 31 December 2012 were the yield to maturity of the Belarusian Eurobonds in USD 10.59% 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 - 38.3% (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 1.9% 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's own regulatory funds with quantified assessment of the risks it undertakes (risk-weighted assets). The Bank's Management considers weighted average cost of capital and risks associated with each class of capital, and balances its overall capital structure through dividend policy and issues of new shares.

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

As at 30 September 2013 according to the norms of the Basel Capital Accord the Group's total capital amount for Capital adequacy purposes was BYR 3,641,567 million and tier 1 capital amount was BYR 2,933,538 million with ratios of 12.2% and 9.8%, 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 3,466,128 million and tier 1 capital amount was BYR 2,699,754 million with ratios of 11.7% and 9.1%, respectively.

As at 30 September 2013 and 31 December 2012 according to the norms established by the National Bank of the Republic of Belarus the capital adequacy ratios were 11.2% 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 September 2013 (unaudited) | AA | A | BBB | BB | B | CCC | Not rated | Total |
|--|-----------|----------|------------|-----------|-----------|------------|------------------|-------------------|
| Cash equivalents | 212 | 176,011 | 59,832 | - | 2,935,897 | 14621 | 28,831 | 3,215,404 |
| Mandatory cash balances with the National Bank | - | - | - | - | 204,670 | - | - | 204,670 |
| Due from banks | - | - | - | - | 999 | 140,169 | 13,627 | 154,795 |
| Derivative financial assets | - | - | 2,779 | - | 4,573,341 | - | 4,629 | 4,580,749 |
| Loans to corporate customers | - | - | - | - | - | - | 22,191,512 | 22,191,512 |
| Loans to individuals | - | - | - | - | - | - | 1,293,876 | 1,293,876 |
| Investments available for sale | - | 4,770 | - | - | 969,331 | - | 85,530 | 1,059,631 |
| Investments held to maturity | - | - | - | - | 526,536 | - | 11,031 | 537,567 |
| Other financial assets | - | - | - | - | - | - | 85,746 | 85,746 |
| 31 December 2012 | AA | A | BBB | BB | B | CCC | Not rated | Total |
| Cash equivalents | 370,414 | 283,825 | 138,651 | - | 1,967,920 | 52,725 | 95,640 | 2,909,175 |
| Mandatory cash balances with the National Bank | - | - | - | - | 206,248 | - | - | 206,248 |
| Due from banks | - | - | - | - | 197,532 | - | - | 197,532 |
| Derivative financial assets | - | - | 1,777 | - | 6,164,426 | - | 35 | 6,166,238 |
| Loans to corporate customers | - | - | - | - | - | - | 19,925,242 | 19,925,242 |
| Loans to individuals | - | - | - | - | - | - | 1,069,659 | 1,069,659 |
| Investments available for sale | - | 3,928 | - | - | 672,591 | - | 138,962 | 815,481 |
| Investments held to maturity | - | - | - | - | 554,635 | - | 13,349 | 567,984 |
| Other financial assets | - | - | - | - | - | - | 154,581 | 154,581 |

As at 30 September 2013 and 31 December 2012 other financial assets comprised past due but not impaired assets in the amount of 1,268 BYR million and 508 BYR million, respectively. Carrying value of past due and impaired loans to customers is disclosed in Note 6.

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

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

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 September 2013 (unaudited) | Belarus | CIS Countries | OECD Countries | Non-OECD countries | Total |
|--|-------------------|--------------------------|---------------------------|-------------------------------|-------------------|
| Financial assets | | | | | |
| Cash and cash equivalents | 4,597,691 | 61,327 | 175,632 | 2,593 | 4,837,243 |
| Mandatory cash balances with the National Bank | 204,670 | - | - | - | 204,670 |
| Due from banks | 154,795 | - | - | - | 154,795 |
| Derivative financial assets | 4,577,970 | 2,779 | - | - | 4,580,749 |
| Loans to corporate customers | 22,172,001 | 19,511 | - | - | 22,191,512 |
| Loans to individuals | 1,293,876 | - | - | - | 1,293,876 |
| Investments available for sale | 1,054,861 | - | 4,770 | - | 1,059,631 |
| Investments held to maturity | 537,567 | - | - | - | 537,567 |
| Other financial assets | 85,746 | - | - | - | 85,746 |
| Total financial assets | 34,679,177 | 83,617 | 180,402 | 2,593 | 34,945,789 |
| Financial liabilities | | | | | |
| Loans from the National Bank | 287,525 | - | - | - | 287,525 |
| Due to banks | 225,918 | 10,371,807 | 2,246,975 | 10,030 | 12,854,730 |
| Derivative financial liabilities | 7,362 | 45,585 | 1 | - | 52,948 |
| Due to individuals | 9,144,467 | - | - | - | 9,144,467 |
| Due to corporate customers | 8,939,040 | 11,123 | 2,072 | 131,983 | 9,084,218 |
| Debt securities issued | 1,130,562 | - | - | - | 1,130,562 |
| Other financial liabilities | 105,918 | - | - | - | 105,918 |
| Subordinated debt | - | 490,097 | - | - | 490,097 |
| Total financial liabilities | 19,840,792 | 10,918,612 | 2,249,048 | 142,013 | 33,150,465 |
| Net position | 14,838,385 | (10,834,995) | (2,068,646) | (139,420) | |

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

29. Risk management policies (continued)

Geographical concentration (continued)

| 31 December 2012 | <i>Belarus</i> | <i>CIS Countries</i> | <i>OECD Countries</i> | <i>Non-OECD countries</i> | <i>Total</i> |
|---|-------------------|--------------------------|---------------------------|-------------------------------|-------------------|
| Financial assets | | | | | |
| Cash and cash equivalents | 3,583,541 | 139,199 | 653,557 | 8,179 | 4,384,476 |
| Mandatory cash balances with the National Bank | 206,248 | - | - | - | 206,248 |
| Due from banks | 197,532 | - | - | - | 197,532 |
| Derivative financial assets | 6,164,461 | 1,777 | - | - | 6,166,238 |
| Loans to corporate customers | 19,925,242 | - | - | - | 19,925,242 |
| Loans to individuals | 1,069,659 | - | - | - | 1,069,659 |
| Investments available for sale | 811,553 | - | 3,928 | - | 815,481 |
| Investments held to maturity | 567,984 | - | - | - | 567,984 |
| Other financial assets | 154,581 | - | - | - | 154,581 |
| Total financial assets | 32,680,801 | 140,976 | 657,485 | 8,179 | 33,487,441 |
| Financial liabilities | | | | | |
| Loans from the National Bank | 321,954 | - | - | - | 321,954 |
| Due to banks | 500,398 | 8,178,235 | 2,109,021 | 21,911 | 10,809,565 |
| Derivative financial liabilities | 16,086 | 34,162 | - | - | 50,248 |
| Due to individuals | 8,534,326 | - | - | - | 8,534,326 |
| Due to corporate customers | 9,478,955 | 10,104 | 1,218 | 610,199 | 10,100,476 |
| Debt securities issued | 1,259,211 | - | - | - | 1,259,211 |
| Other financial liabilities | 100,828 | - | - | - | 100,828 |
| Subordinated debt | - | 499,311 | - | - | 499,311 |
| Total financial liabilities | 20,211,758 | 8,721,812 | 2,110,239 | 632,110 | 31,675,919 |
| Net position | 12,469,043 | (8,580,836) | (1,452,754) | (623,931) | |

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

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 September 2013 (unaudited) | <i>Demand and less than 1 month</i> | <i>From 1 to 6 months</i> | <i>From 6 to 12 months</i> | <i>From 1 to 3 years</i> | <i>From 3 to 5 years</i> | <i>More than 5 years</i> | <i>Overdue</i> | <i>No stated maturity</i> | <i>Total</i> |
|---|---|-------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------|-------------------------------|-------------------|
| Assets | | | | | | | | | |
| Cash and cash equivalents | 4,837,243 | - | - | - | - | - | - | - | 4,837,243 |
| Mandatory cash balances with The National Bank | 80,355 | 52,582 | 31,397 | 36,656 | 102 | 3,578 | - | - | 204,670 |
| Due from banks | 40,926 | 44,797 | 9,959 | 36,252 | 1,131 | 20,731 | - | 999 | 154,795 |
| Derivative financial assets | 1,269,171 | 1,705,546 | - | 1,606,032 | - | - | - | - | 4,580,749 |
| Loans to corporate customers | 1,827,648 | 6,494,258 | 4,095,108 | 5,893,133 | 136,481 | 3,477,969 | 266,915 | - | 22,191,512 |
| Loans to individuals | 36,274 | 88,779 | 184,090 | 395,650 | 11,003 | 566,618 | 11,462 | - | 1,293,876 |
| Non-current asset held for sale | - | - | 25,934 | - | - | - | - | - | 25,934 |
| Investments available for sale | 207,055 | 60,228 | - | 514,393 | 249,971 | 9,576 | 417 | 17,991 | 1,059,631 |
| Investments held to maturity | 342,013 | 2,150 | 27,783 | 154,590 | - | 10,614 | 417 | - | 537,567 |
| Investments in an associate | - | - | - | - | - | - | - | 49,361 | 49,361 |
| Premises and equipment | - | - | - | - | - | - | - | 1,209,569 | 1,209,569 |
| Intangible assets | - | - | - | - | - | - | - | 110,845 | 110,845 |
| Current income tax assets | - | 91,637 | - | - | - | - | - | - | 91,637 |
| Other assets | 195,635 | 34,947 | 297 | 2,567 | 150 | 18,198 | 1,268 | 3 | 253,065 |
| Total assets | 8,836,320 | 8,574,924 | 4,374,568 | 8,639,273 | 398,838 | 4,107,284 | 280,479 | 1,388,768 | 36,600,454 |
| Liabilities | | | | | | | | | |
| Loans from the National Bank | 57,065 | 2,552 | 182,508 | 45,400 | - | - | - | - | 287,525 |
| Due to banks | 4,167,571 | 1,963,990 | 823,648 | 5,738,797 | 7,353 | 153,371 | - | - | 12,854,730 |
| Derivative financial liabilities | 10,514 | 37,448 | 100 | 4,886 | - | - | - | - | 52,948 |
| Due to individuals | 2,654,863 | 3,533,674 | 1,179,261 | 1,755,475 | 8,319 | 12,875 | - | - | 9,144,467 |
| Due to corporate customers | 5,989,701 | 980,086 | 1,083,504 | 752,424 | - | 278,503 | - | - | 9,084,218 |
| Debt securities issued | 33,066 | 207,676 | 365,143 | 524,677 | - | - | - | - | 1,130,562 |
| Current income tax liabilities | - | 121,333 | - | - | - | - | - | - | 121,333 |
| Deferred income tax liabilities | - | - | - | - | - | - | - | 57,659 | 57,659 |
| Provisions for guarantees and other commitments | 418 | - | - | 6,633 | - | - | - | - | 7,051 |
| Other liabilities | 161,473 | 45,127 | 1,595 | 1,370 | 24 | 8,805 | - | - | 218,394 |
| Subordinated debt | 97 | - | - | - | - | 490,000 | - | - | 490,097 |
| Total liabilities | 13,074,768 | 6,891,886 | 3,635,759 | 8,829,662 | 15,696 | 943,554 | - | 57,659 | 33,448,984 |
| Net liquidity surplus/(gap) | (4,238,448) | 1,683,038 | 738,809 | (190,389) | 383,142 | 3,163,730 | 280,479 | 1,331,109 | 3,151,470 |
| Cumulative liquidity gap as at 30 September 2013 | (4,238,448) | (2,555,410) | (1,816,601) | (2,006,990) | (1,623,848) | 1,539,882 | 1,820,361 | 3,151,470 | |

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29. Risk management policies (continued)

Liquidity risk (continued)

| 31 December 2012 | <i>Demand and less than 1 month</i> | <i>From 1 to 6 months</i> | <i>From 6 to 12 months</i> | <i>From 1 to 3 years</i> | <i>From 3 to 5 years</i> | <i>More than 5 years</i> | <i>Overdue</i> | <i>No stated maturity</i> | <i>Total</i> |
|--|-------------------------------------|---------------------------|----------------------------|--------------------------|--------------------------|--------------------------|------------------|---------------------------|-------------------|
| Assets | | | | | | | | | |
| Cash and cash equivalents | 4,384,476 | - | - | - | - | - | - | - | 4,384,476 |
| Mandatory cash balances with The National Bank | 66,940 | 45,756 | 46,475 | 42,843 | 319 | 3,915 | - | - | 206,248 |
| Due from banks | 89,960 | 10,019 | 17,465 | 44,588 | - | 35,500 | - | - | 197,532 |
| Derivative financial assets | 107 | 851,328 | 3,027,275 | 1,503,496 | 784,032 | - | - | - | 6,166,238 |
| Loans to corporate customers | 1,183,663 | 6,257,352 | 3,542,531 | 5,427,871 | 166,591 | 3,167,294 | 179,940 | - | 19,925,242 |
| Loans to individuals | 34,299 | 76,135 | 149,590 | 322,915 | 6,291 | 468,716 | 11,713 | - | 1,069,659 |
| Non-current asset held for sale | - | - | 17,199 | - | - | - | - | - | 17,199 |
| Investments available for sale | 2,133 | 219,203 | 237,830 | 322,161 | - | 16,991 | - | 17,163 | 815,481 |
| Investments held to maturity | - | 5,813 | 361,438 | 189,059 | - | 11,674 | - | - | 567,984 |
| Investments in an associate | - | - | - | - | - | - | - | 41,498 | 41,498 |
| Premises and equipment | - | - | - | - | - | - | - | 1,128,340 | 1,128,340 |
| Intangible assets | - | - | - | - | - | - | - | 87,234 | 87,234 |
| Current income tax assets | - | 125,871 | - | - | - | - | - | - | 125,871 |
| Other assets | 230,983 | 24,904 | 1,435 | 895 | - | 12,784 | 508 | 10,148 | 281,657 |
| Total assets | 5,992,561 | 7,616,381 | 7,401,238 | 7,853,828 | 957,233 | 3,716,874 | 192,161 | 1,284,383 | 35,014,659 |
| Liabilities | | | | | | | | | |
| Loans from the National Bank | 683 | 14,576 | 69,870 | 236,825 | - | - | - | - | 321,954 |
| Due to banks | 2,939,661 | 2,813,394 | 3,425,565 | 1,379,171 | 20,410 | 231,364 | - | - | 10,809,565 |
| Derivative financial liabilities | 7,468 | 36,709 | 3,641 | 2,430 | - | - | - | - | 50,248 |
| Due to individuals | 1,882,048 | 2,540,637 | 2,405,407 | 1,664,872 | 27,479 | 13,883 | - | - | 8,534,326 |
| Due to corporate customers | 5,585,897 | 1,199,100 | 1,699,560 | 1,292,296 | 1 | 323,622 | - | - | 10,100,476 |
| Debt securities issued | 7,879 | 434,300 | 1,509 | 815,523 | - | - | - | - | 1,259,211 |
| Current income tax liabilities | - | 132,685 | - | - | - | - | - | - | 132,685 |
| Deferred income tax liabilities | - | - | - | - | - | - | - | 95,718 | 95,718 |
| Provisions for guarantees and other commitments | 1,081 | 6,615 | 1,358 | 2,843 | - | - | - | - | 11,897 |
| Other liabilities | 169,925 | 52,002 | 4,920 | 2,168 | 310 | 3,096 | - | 30 | 232,451 |
| Subordinated debt | 396 | - | - | - | - | 498,915 | - | - | 499,311 |
| Total liabilities | 10,595,038 | 7,230,018 | 7,611,830 | 5,396,128 | 48,200 | 1,070,880 | - | 95,748 | 32,047,842 |
| Net liquidity surplus/(gap) | (4,602,477) | 386,363 | (210,592) | 2,457,700 | 909,033 | 2,645,994 | 192,161 | 1,188,635 | 2,966,817 |
| Cumulative liquidity gap as at 31 December 2012 | (4,602,477) | (4,216,114) | (4,426,706) | (1,969,006) | (1,059,973) | 1,586,021 | 1,778,182 | 2,966,817 | |

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

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 September 2013 and 31 December 2012 are estimated in the amount of BYR 2,881,010 million and BYR 2,889,638 million, respectively. As at 30 September 2013 and 31 December 2012 included in due to banks were funds attracted from parent bank in the amount of BYR 9,768,770 million and BYR 7,839,601 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 September 2013 and 31 December 2012 is as follows:

| 30 September 2013 (unaudited) | <i>Demand and less than 1 month</i> | <i>From 1 to 6 months</i> | <i>From 6 to 12 months</i> | <i>From 1 to 3 years</i> | <i>From 3 to 5 years</i> | <i>More than 5 years</i> | <i>Overdue</i> | <i>No stated maturity</i> | <i>Total</i> |
|--|--|--------------------------------------|---------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-----------------------|--------------------------------------|---------------------|
| Accounts of individuals analyzed based on expected withdrawal dates | 1,515,232 | 3,533,674 | 1,179,261 | 1,755,475 | 8,319 | 12,875 | - | 1,139,631 | 9,144,467 |
| Corporate accounts analyzed based on expected withdrawal dates | 4,248,322 | 980,086 | 1,083,504 | 752,424 | - | 278,503 | - | 1,741,379 | 9,084,218 |
| Funds attracted from other banks analyzed | 12,194 | 553,574 | 812,680 | 1,546,788 | 7,353 | 153,371 | - | 9,768,770 | 12,854,730 |
| Liquidity gap (based on expected withdrawal dates for customers accounts) | <u>2,797,939</u> | <u>3,093,454</u> | <u>749,777</u> | <u>4,001,620</u> | <u>383,142</u> | <u>3,163,730</u> | <u>280,479</u> | <u>(11,318,671)</u> | |
| | <i>Demand and less than 1 month</i> | <i>From 1 to 6 months</i> | <i>From 6 to 12 months</i> | <i>From 1 to 3 years</i> | <i>From 3 to 5 years</i> | <i>More than 5 years</i> | <i>Overdue</i> | <i>No stated maturity</i> | <i>Total</i> |
| 31 December 2012 | | | | | | | | | |
| Accounts of individuals analyzed based on expected withdrawal dates | 1,221,219 | 2,540,636 | 2,405,407 | 1,664,872 | 27,479 | 13,883 | - | 660,830 | 8,534,326 |
| Corporate accounts analyzed based on expected withdrawal dates | 3,357,089 | 1,199,100 | 1,699,560 | 1,292,296 | 1 | 323,622 | - | 2,228,808 | 10,100,476 |
| Funds attracted from other banks analyzed | 681,610 | 719,417 | 504,137 | 813,026 | 20,410 | 231,364 | - | 7,839,601 | 10,809,565 |
| Liquidity gap (based on expected withdrawal dates for customers accounts) | <u>545,211</u> | <u>2,480,341</u> | <u>2,710,836</u> | <u>3,023,845</u> | <u>909,033</u> | <u>2,645,994</u> | <u>192,161</u> | <u>(9,540,604)</u> | |

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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 September 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 September 2013 | | As at 31 December 2012 | |
|--|--------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Interest rate +15% | Interest rate -15% | Interest rate +15% | Interest rate -15% |
| BYR | | | | |
| Impact on profit before taxes: | | | | |
| Assets: | | | | |
| Due from banks | 16,938 | (16,938) | 16,749 | (16,749) |
| Loans to customers | 1,060,883 | (1,060,883) | 1,048,287 | (1,048,287) |
| Investments available for sale | 37,207 | (37,207) | 16,254 | (16,254) |
| Investments held to maturity | 51,798 | (51,798) | 15,493 | (15,493) |
| Liabilities: | | | | |
| Due to banks | (3,401) | 3,401 | (15,942) | 15,942 |
| Customer accounts | (863,447) | 863,447 | (839,716) | 839,716 |
| Debt securities issued | (40,433) | 40,433 | (59,004) | 59,004 |
| Net impact on profit before taxes | 259,545 | (259,545) | 182,121 | (182,121) |
| Impact on comprehensive income (excluding profit for the year): | | | | |
| Investments available for sale | (1,389) | 1,389 | (23,553) | 23,553 |
| Net impact on comprehensive income | 258,156 | (258,156) | 158,568 | (158,568) |

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29. Risk management policies (continued)

Interest rate risk (continued)

| | As at 30 September 2013 (unaudited) | | As at 31 December 2012 | |
|--|--|-------------------------|-------------------------|-------------------------|
| | Interest rate +5% | Interest rate -5% | Interest rate +5% | Interest rate -5% |
| USD | | | | |
| Impact on profit before taxes: | | | | |
| Assets: | | | | |
| Due from banks | 1,958 | (1,958) | 4,065 | (4,065) |
| Loans to customers | 391,009 | (391,009) | 278,697 | (278,697) |
| Investments available for sale | 787 | (787) | 2,658 | (2,658) |
| Investments held to maturity | 76 | (76) | 203 | (203) |
| Liabilities: | | | | |
| Loans from the National Bank | (14,337) | 14,337 | (15,768) | 15,768 |
| Due to banks | (87,040) | 87,040 | (74,325) | 74,325 |
| Customer accounts | (174,566) | 174,566 | (163,892) | 163,892 |
| Debt securities issued | (2,633) | 2,633 | (5,170) | 5,170 |
| Net impact on profit before taxes | 115,254 | (115,254) | 26,468 | (26,468) |
| Impact on comprehensive income (excluding profit for the year): | | | | |
| Investments available for sale | - | - | - | - |
| Net impact on comprehensive income | 115,254 | (115,254) | 26,468 | (26,468) |

| | As at 30 September 2013 (unaudited) | | As at 31 December 2012 | |
|--|--|-------------------------|-------------------------|-------------------------|
| | Interest rate +5% | Interest rate -5% | Interest rate +5% | Interest rate -5% |
| EUR | | | | |
| Impact on profit before taxes: | | | | |
| Assets: | | | | |
| Loans to customers | 290,164 | (290,164) | 225,430 | (225,430) |
| Investments available for sale | 2 | (2) | 2 | (2) |
| Liabilities: | | | | |
| Due to banks | (117,885) | 117,885 | (172,782) | 172,782 |
| Customer accounts | (135,286) | 135,286 | (100,490) | 100,490 |
| Debt securities issued | (2,963) | 2,963 | (6,440) | 6,440 |
| Net impact on profit before taxes | 34,032 | (34,032) | (54,280) | 54,280 |
| Impact on comprehensive income (excluding profit for the year): | | | | |
| Investments available for sale | - | - | - | - |
| Net impact on comprehensive income | 34,032 | (34,032) | (54,280) | 54,280 |

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29. Risk management policies (continued)

Interest rate risk (continued)

| | As at 30 September 2013 (unaudited) | | As at 31 December 2012 | |
|--|--|----------------------|------------------------|----------------------|
| | Interest rate +5% | Interest rate -5% | Interest rate +5% | Interest rate -5% |
| RUB | | | | |
| Impact on profit before taxes: | | | | |
| Assets: | | | | |
| Loans to customers | 41,291 | (41,291) | 50,845 | (50,845) |
| Investments available for sale | - | - | - | - |
| Liabilities: | | | | |
| Due to banks | (31,515) | 31,515 | (33,023) | 33,023 |
| Customer accounts | (35,725) | 35,725 | (43,008) | 43,008 |
| Debt securities issued | (4,142) | 4,142 | (27) | 27 |
| Net impact on profit before taxes | (30,091) | 30,091 | (25,213) | 25,213 |
| Impact on comprehensive income (excluding profit for the year): | | | | |
| Investments available for sale | | | | |
| Net impact on comprehensive income | (30,091) | 30,091 | (25,213) | 25,213 |

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.

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

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 September 2013 (unaudited) | BYR | USD 1USD=BYR 9,080 | EUR 1EUR=BYR 12,250 | RUB 1RUB=BYR 280,5 | Precious metals | Other currencies | Total |
|---|-------------------|--------------------------|---------------------------|--------------------------|--------------------|---------------------|-------------------|
| Financial assets | | | | | | | |
| Cash and cash equivalents | 3,351,854 | 666,316 | 594,303 | 204,674 | 10,725 | 9,371 | 4,837,243 |
| Mandatory cash balances with the National Bank of the Republic of Belarus | 204,670 | - | - | - | - | - | 204,670 |
| Due from banks | 112,923 | 41,831 | 41 | - | - | - | 154,795 |
| Derivative financial assets | 4,580,749 | - | - | - | - | - | 4,580,749 |
| Loans to corporate customers | 5,996,236 | 8,232,279 | 6,116,674 | 1,838,529 | - | 7,794 | 22,191,512 |
| Loans to individuals | 1,210,753 | 82,075 | 1,048 | - | - | - | 1,293,876 |
| Investments available for sale | 270,323 | 783,199 | 6,109 | - | - | - | 1,059,631 |
| Investments held to maturity | 380,826 | 156,741 | - | - | - | - | 537,567 |
| Other financial assets | 73,326 | 6,688 | 2,551 | 3,181 | - | - | 85,746 |
| Total financial assets | 16,181,660 | 9,969,129 | 6,720,726 | 2,046,384 | 10,725 | 17,165 | 34,945,789 |
| Financial liabilities | | | | | | | |
| Loans from the National Bank | - | 287,525 | - | - | - | - | 287,525 |
| Due to banks | 23,656 | 4,487,056 | 5,053,207 | 659,316 | 2,623,331 | 8,164 | 12,854,730 |
| Derivative financial liabilities | 52,948 | - | - | - | - | - | 52,948 |
| Due to individuals | 1,853,470 | 5,058,236 | 1,777,638 | 218,375 | 236,738 | 10 | 9,144,467 |
| Due to corporate customers | 4,202,957 | 992,980 | 2,892,963 | 896,071 | 97,127 | 2,120 | 9,084,218 |
| Debt securities issued | 271,998 | 386,839 | 300,014 | 171,711 | - | - | 1,130,562 |
| Other financial liabilities | 55,397 | 16,164 | 28,383 | 5,667 | - | 307 | 105,918 |
| Subordinated debt | - | - | 490,097 | - | - | - | 490,097 |
| Total financial liabilities | 6,460,426 | 11,228,800 | 10,542,302 | 1,951,140 | 2,957,196 | 10,601 | 33,150,465 |
| Currency position | 9,721,234 | (1,259,671) | (3,821,576) | 95,244 | (2,946,471) | 6,564 | |

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

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 September 2013 (unaudited) | BYR | USD 1USD=BYR 9,080 | EUR 1EUR=BYR 12,250 | RUB 1RUB=BYR 280,5 | Precious metals | Other Curren- cies | Total |
|--|--------------------|-----------------------------------|------------------------------------|-----------------------------------|----------------------------|-----------------------------------|--------------------|
| Claims on derivative financial instruments | 1,043 | 1,930,220 | 4,259,196 | 58,546 | 2,973,356 | - | 9,222,361 |
| Obligations on derivative financial instruments | (3,331,551) | (819,292) | (374,570) | (145,015) | (25,198) | - | (4,695,626) |
| Net derivative financial instruments | (3,330,508) | 1,110,928 | 3,884,626 | (86,469) | 2,948,158 | - | 4,526,735 |
| Total currency position less fair value of derivative | 1,862,925 | (148,743) | 63,050 | 8,775 | 1,687 | 6,564 | |

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

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 | <i>BYR</i> | <i>USD</i> <i>1USD=BYR</i> <i>8,570</i> | <i>EUR</i> <i>1EUR=BYR</i> <i>11,340</i> | <i>RUB</i> <i>1RUB=BYR</i> <i>282</i> | <i>Precious metals</i> | <i>Other currencies</i> | <i>Total</i> |
|---|-------------------|---|--|---|----------------------------|-----------------------------|-------------------|
| Financial assets | | | | | | | |
| Cash and cash equivalents | 2,449,694 | 821,542 | 777,718 | 293,151 | 26,978 | 15,393 | 4,384,476 |
| Mandatory cash balances with the National Bank of the Republic of Belarus | 206,248 | - | - | - | - | - | 206,248 |
| Due from banks | 111,660 | 85,830 | 42 | - | - | - | 197,532 |
| Derivative financial assets | 6,166,238 | - | - | - | - | - | 6,166,238 |
| Loans to corporate customers | 6,268,506 | 6,416,482 | 5,013,288 | 2,226,966 | - | - | 19,925,242 |
| Loans to individuals | 957,025 | 111,349 | 1,285 | - | - | - | 1,069,659 |
| Investments available for sale | 505,457 | 303,725 | 6,299 | - | - | - | 815,481 |
| Investments held to maturity | 401,743 | 166,241 | - | - | - | - | 567,984 |
| Other financial assets | 148,744 | 1,424 | 1,495 | 2,918 | - | - | 154,581 |
| Total financial assets | 17,215,315 | 7,906,593 | 5,800,127 | 2,523,035 | 26,978 | 15,393 | 33,487,441 |
| Financial liabilities | | | | | | | |
| Loans from the National Bank | - | 321,954 | - | - | - | - | 321,954 |
| Due to banks | 111,020 | 1,704,445 | 4,532,443 | 694,217 | 3,767,383 | 57 | 10,809,565 |
| Derivative financial Liabilities | 50,248 | - | - | - | - | - | 50,248 |
| Due to individuals | 1,393,837 | 5,120,713 | 1,460,258 | 286,533 | 272,982 | 3 | 8,534,326 |
| Due to corporate customers | 4,392,751 | 1,594,096 | 2,667,792 | 1,319,079 | 113,201 | 13,557 | 10,100,476 |
| Debt securities issued | 397,856 | 314,525 | 349,010 | 197,820 | - | - | 1,259,211 |
| Other financial liabilities | 45,058 | 26,041 | 23,050 | 6,584 | - | 95 | 100,828 |
| Subordinated debt | - | - | 499,311 | - | - | - | 499,311 |
| Total financial liabilities | 6,390,770 | 9,081,774 | 9,531,864 | 2,504,233 | 4,153,566 | 13,712 | 31,675,919 |
| Currency position | 10,824,545 | (1,175,181) | (3,731,737) | 18,802 | (4,126,588) | 1,681 | 1,811,522 |

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

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 | EUR | RUB | Precious metals | Other currencies | Total |
|--|--------------------|-------------------|--------------------|-----------------|------------------|------------------|------------------|
| | | 1USD=BYR 8,570 | 1EUR=BYR 11,340 | 1RUB=BYR 282 | | | |
| Claims on derivative financial instruments | 7 | 1,327,410 | 4,340,674 | 74,619 | 4,190,220 | - | 9,932,930 |
| Obligations on derivative financial instruments | (3,455,245) | (28,562) | (514,595) | (73,359) | (57,809) | - | (4,129,570) |
| Net derivative financial instruments | (3,455,238) | 1,298,848 | 3,826,079 | 1,260 | 4,132,411 | - | 5,803,360 |
| Total currency position less fair value of derivative | 1,253,317 | 123,667 | 94,342 | 20,062 | 5,823 | 1,681 | |

Currency risk sensitivity

The following tables detail the Group's sensitivity to an increase and decrease in the USD, EUR and RUB 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 September 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 September 2013 (unaudited) | | As at 31 December 2012 | |
|--------------------------------|--|---------|------------------------|----------|
| | BYR/USD | BYR/USD | BYR/USD | BYR/USD |
| | +30% | -10% | +30% | -10% |
| Impact on profit or loss | (44,623) | 14,874 | 37,101 | (12,367) |
| Impact on comprehensive income | (44,623) | 14,874 | 37,101 | (12,367) |

| | As at 30 September 2013 (unaudited) | | As at 31 December 2012 | |
|--------------------------------|--|---------|------------------------|---------|
| | BYR/EUR | BYR/EUR | BYR/EUR | BYR/EUR |
| | +30% | -10% | +30% | -10% |
| Impact on profit or loss | 18,915 | (6,305) | 28,303 | (9,434) |
| Impact on comprehensive income | 18,915 | (6,305) | 28,303 | (9,434) |

| | As at 30 September 2013 (unaudited) | | As at 31 December 2012 | |
|--------------------------------|--|---------|------------------------|---------|
| | BYR/RUB | BYR/RUB | BYR/RUB | BYR/RUB |
| | +30% | -10% | RUB+30% | -10% |
| Impact on profit or loss | 2,633 | (878) | 6,019 | (2,006) |
| Impact on comprehensive income | 2,633 | (878) | 6,019 | (2,006) |

(in millions of Belarusian Roubles in terms of purchasing power of the Belarusian Rouble as of 30 September 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 Group cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Controls should include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.