JSC “BPS-SBERBANK”

Interim Condensed Consolidated Financial Statements

For the 9 months ended 30 September 2011

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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 at 30 September 2011, comprising of the interim condensed consolidated statement of financial position as at 30 September 2011 and the related interim condensed consolidated income statements and statements of comprehensive income, interim condensed consolidated statements of changes in equity and of cash flows for the three and nine months ended as at 30 September 2011 and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Ernst & Young LLC

23 July 2012

Interim condensed consolidated statement of financial position
As at 30 September 2011
(in millions of Belarusian roubles)

	Notes	30 September 2011 (unaudited)	31 December 2010
Assets			
Cash and cash equivalents	3, 27	2,393,709	1,256,258
Mandatory cash balances with the National Bank of the Republic of Belarus		50,807	25,473
Due from banks	4	151,628	245,731
Derivative financial assets	5	2,705,860	71,400
Loans to customers	6, 27	9,489,091	6,370,140
Non-current assets held for sale	7	17,017	8,813
Investments available for sale	8	443,297	352,106
Investments held to maturity	9	35,762	41,287
Investments in an associate	27	6,333	2,829
Premises and equipment		408,575	361,071
Intangible assets		16,426	12,906
Current income tax assets		11,016	570
Other assets	11	108,636	58,383
Total assets		**15,838,157**	**8,806,967**
Liabilities			
Loans from the National Bank of the Republic of Belarus	12	205,330	117,094
Due to banks	13, 27	6,436,618	2,355,625
Derivative financial liabilities	5	-	38,750
Due to individuals	14, 27	3,407,382	2,112,801
Due to corporate customers	14, 27	3,470,533	2,538,430
Debt securities issued	15	921,546	511,735
Current income tax liabilities		55,103	9,537
Deferred income tax liabilities		41,844	28,977
Provisions for guarantees and other commitments	19	43,347	11,607
Other liabilities	16	76,347	40,715
Total liabilities		**14,658,050**	**7,765,271**
Equity			
Share capital	17	633,345	633,345
Revaluation reserve for premises		228,651	184,848
Investments available for sale fair value (deficit)/reserve		(82,321)	1,640
Retained earnings		400,340	221,794
Total equity attributable to shareholders of the Bank		**1,180,015**	**1,041,627**
Non-controlling interest		92	69
Total equity		**1,180,107**	**1,041,696**
Total equity and liabilities		**15,838,157**	**8,806,967**

Signed and authorized for release on behalf of the Management Board of the Bank

Vasili S. Matyushevski — Chairman of the Board

Anatoly V. Boreiko — Chief Accountant

4 July 2012

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

Translation from the original in Russian

Interim condensed consolidated income statement
For the 9 months, ended 30 September 2011
(in millions of Belarusian roubles)

	Notes	3 months ended 30 September 2011 (unaudited)	3 months ended 30 September 2010 (unaudited)	9 months ended 30 September 2011 (unaudited)	9 months ended 30 September 2010 (unaudited)
Interest income	18, 27	480,622	168,551	1,054,953	490,271
Interest expense	18, 27	(243,791)	(104,635)	(526,790)	(297,061)
Net interest income before allowance for loan impairment		**236,831**	**63,916**	**528,163**	**193,210**
Allowance for loan impairment	19,27	(113,798)	(12,999)	(279,185)	(47,054)
Net interest income		**123,033**	**50,917**	**248,978**	**146,156**
Fee and commission income	20,27	117,820	66,053	286,532	175,114
Fee and commission expense	20,27	(36,667)	(15,251)	(86,372)	(37,585)
Net (losses)/gains arising from investment securities available for sale		(1,155)	119	(1,068)	118
Net gains/(losses) arising from trading in foreign currencies, operations with foreign currency derivatives and foreign exchange translation	21	56,669	(6,243)	143,879	25,070
Net (losses)/gains arising from operations with precious metals, precious metals derivatives and precious metals revaluation	21	(9,859)	116	(16,243)	332
Other (provisions)/recovery of provisions	19	(6,207)	2,217	(31,740)	1,403
Net gains from disposal of subsidiary	22	-	-	12,041	-
Other income	23	5,554	2,735	11,754	4,664
Net non-interest income		**126,155**	**49,746**	**318,783**	**169,116**
Operating income		249,188	100,663	567,761	315,272
Operating expenses	24	(116,585)	(72,502)	(314,266)	(204,477)
Profit before results of an associate		**132,603**	**28,161**	**253,495**	**110,795**
Share of results of an associate		882	(37)	3,228	(3,304)
Profit before income taxes		**133,485**	**28,124**	**256,723**	**107,491**
Income tax expense		(41,496)	(7,264)	(79,806)	(33,031)
Net profit		**91,989**	**20,860**	**176,917**	**74,460**
Attributable to:					
Shareholders of the Bank		91,970	20,847	176,894	74,424
Non-controlling interest		19	13	23	36
		91,989	**20,860**	**176,917**	**74,460**

Signed and authorized for release on behalf of the Management Board of the Bank

Vasili S. Matyushevski — Chairman of the Board

Anatoly V. Boreiko — Chief Accountant

4 July 2012

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

Interim condensed consolidated statement of comprehensive income
For the 9 months, ended 30 September 2011

(in millions of Belarusian roubles)

	3 months ended 30 September 2011 (unaudited)	*3 months ended 30 September 2010 (unaudited)*	*9 months ended 30 September 2011 (unaudited)*	*9 months ended 30 September 2010 (unaudited)*
Net profit	**91,989**	**20,860**	**176,917**	**74,460**
Other comprehensive income				
Revaluations of premises	55,294	-	55,294	-
Net change in income tax relating to premises remeasurement	(6,751)	-	(6,513)	-
Net change in fair value of investments available for sale	(47,808)	2,108	(83,961)	2,079
Reclassification adjustments for gains included in profit or loss from comprehensive income on disposal of investments available for sale	(69)	-	-	-
Other comprehensive income/(loss)	**666**	**2,108**	**(35,180)**	**2,079**
Total comprehensive income	**92,655**	**22,968**	**141,737**	**76,539**
Attributable to:				
Shareholders of the Bank	92,636	22,955	141,714	76,503
Non-controlling interest	19	13	23	36
Total comprehensive income	**92,655**	**22,968**	**141,737**	**76,539**

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

Interim condensed consolidated statement of changes in equity
For the 9 months, ended 30 September 2011
(in millions of Belarusian roubles)

	Notes	*Share capital*	*Revaluation reserve for premises*	*Investments available for sale fair value (deficit)/ reserve*	*Retained earnings*	*Total equity attributable to shareholders of the parent*	*Non-controlling interest*	*Total equity*
31 December 2009		**536,651**	**-**	**387**	**115,753**	**652,791**	**35**	**652,826**
Total comprehensive income for the 9 months ended 30 September 2010				2,079	74,424	76,503	36	**76,539**
Dividends declared	17				(12,546)	(12,546)		**(12,546)**
30 September 2010 (unaudited)		**536,651**	**-**	**2,466**	**177,631**	**716,748**	**71**	**716,819**
31 December 2010		633,345	184,848	1,640	221,794	1,041,627	69	**1,041,696**
Total comprehensive income for the 9 months ended 30 September 2011			48,781	(83,961)	176,894	141,714	23	**141,737**
Amortization of revaluation reserve for premises, net of tax			(2,510)		2,510			
Disposal of premises			(2,468)		2,468			
Dividends declared	17				(3,326)	(3,326)		**(3,326)**
30 September 2011 (unaudited)		**633,345**	**228,651**	**(82,321)**	**400,340**	**1,180,015**	**92**	**1,180,107**

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

Interim condensed consolidated statement of cash flows
For the 9 months, ended 30 September 2011
(in millions of Belarusian roubles)

	Notes	*9 months ended 30 September 2011 (unaudited)*	*9 months ended 30 September 2010 (unaudited)*
Cash flows from operating activities:			
Interest income received		942,088	462,884
Interest expense paid		(481,322)	(290,912)
Fee and commissions income received		286,532	175,114
Fee and commissions expense paid		(86,372)	(37,585)
Net gains arising from trading in foreign currencies	21	39,521	49,452
Net gain/(loss) on derivative financial instruments		77,812	(3,673)
Net (loss)/gain on disposal of investment securities available for sale		(1,068)	118
Net gain on precious metals		11,011	332
Other income		8,665	4,449
Operating expenses paid		(291,546)	(187,331)
Income tax paid		(38,741)	(34,495)
Cash flows from operating activities before changes in operating assets and liabilities		**466,580**	**138,353**
Changes in operating assets and liabilities			
Net (increase)/decrease in operating assets:			
Mandatory cash balances with the National Bank of the Republic of Belarus		(25,334)	38,537
Due from banks		159,912	78,009
Loans to customers		(1,045,570)	(2,062,844)
Other assets		(9,700)	(13,090)
Net increase/(decrease) in operating liabilities:			
Loans from the National Bank of the Republic of Belarus		(5,420)	(228,411)
Due to banks		1,024,267	482,943
Due to individuals		92,176	508,753
Due to corporate customers		102,022	783,489
Debt securities issued		270,561	360,734
Other liabilities		(13,720)	13,075
Net cash inflow from operating activities		**1,015,774**	**99,548**

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

Interim condensed consolidated statement of cash flows
For the 9 months, ended 30 September 2011 (continued)
(in millions of Belarusian roubles)

	Notes	*9 months ended 30 September 2011 (unaudited)*	*9 months ended 30 September 2010 (unaudited)*
Cash flows from investing activities:			
Purchase of premises, equipment and intangible assets		(30,024)	(22,318)
Proceeds on sale of premises and equipment		9,065	357
Purchase of investments available for sale		(71,939)	(65,698)
Proceeds on repayment of investments available for sale		13,494	2,079
Purchase of investments held to maturity		(3,502)	(7,400)
Proceeds on repayment of investments held to maturity		10,389	-
Proceeds on disposal of subsidiary	22	179	-
Net cash outflow from investing activities		**(72,338)**	**(92,980)**
Cash flows from financing activities:			
Dividends paid		(3,326)	(12,546)
Net cash outflow from financing activities		**(3,326)**	**(12,546)**
Effect of changes in foreign exchange rates on cash and cash equivalents		197,342	(1,620)
Net increase/(decrease) in cash and cash equivalents		**940,110**	**(5,978)**
Cash and cash equivalents, beginning of the period	**3**	**1,256,258**	**663,228**
Cash and cash equivalents, end of the period	**3**	**2,393,709**	**655,631**

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

(in millions of Belarusian roubles)

1. Organisation

Open Joint Stock-Company "BPS-Sberbank" (previous name – "BPS-Bank"), or JSC "BPS-Sberbank" (the "Bank"), was established from the Belarusian branch of Promstroibank USSR and registered with the National Bank of the Republic of Belarus (the "National Bank") as a closed joint-stock company on 28 December 1991. On 17 February 1993 the Bank was reorganized into an open joint stock company and accordingly registered by the National Bank. The Bank conducts its business under Common License for performing banking operations # 4 issued on 8 June 2011. The Bank accepts deposits from the public, issues loans and transfers payments in the Republic of Belarus and abroad, exchanges currencies and provides other banking services to its commercial and retail customers, including collection services 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 2011 the Bank had 6 regional branches and 35 outlets, as well as representative office and in the Republic of Poland, Warsaw.

The average number of employees of the Bank during 9 months ended 30 September 2011 and 9 months ended 30 September 2010 was 4,371 and 4,538 persons, respectively.

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

Name	Country of operation	Proportion of ownership interest/ voting rights, % 30 September 2011	31 December 2010	Type of operation
Closed Joint Stock Company "BPS-Leasing"	Republic of Belarus	50.0	99.9	Finance lease activities
Limited Liability Company "Narochanskaya Niva 2004"	Republic of Belarus	98.7	98.7	Agriculture
Private Unitary Enterprise "Kiparis-2"	Republic of Belarus	-	100.0	Health services
Closed Joint Stock Insurance Company "TASK"	Republic of Belarus	25.6	25.6	Insurance services
Closed Joint Stock Company "SB-Global"	Republic of Belarus	100.0	-	Advisory activity

On the 23 March 2011 PUE "Kiparis-2" was liquidated.

As at 30 September 2011 and 31 December 2010 the following shareholders owned the issued shares of the Bank:

Shareholder	*30 September 2011*	*31 December 2010*
Savings Bank of the Russian Federation	97.91%	97.91%
Other	2.09%	2.09%
Total	**100.00%**	**100.00%**

The ultimate controlling party of Sberbank of Russia is the Central Bank of Russian Federation.

These interim condensed consolidated financial statements were authorized for issue by the Management Board on 4 July 2012.

(in millions of Belarusian roubles)

2. Basis of presentation

These interim condensed consolidated statements of the Group as at 30 September 2011 were prepared in accordance with the requirements of International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2010.

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

	30 September 2011	***31 December 2010***
BYR/USD	5,599.00	3,000.00
BYR/EUR	7,638.16	3,972.60
BYR/RUR	175.65	98.44

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

In particular, one of the key assumptions that affects the presented amounts of assets and liabilities as at the reporting date, as well as reported amounts of income and expense for the reporting period in the interim condensed consolidated financial statements was non-application of the IAS 29 as at 30 September 2011.

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 consolidated financial statements for the year ended as at 31 December 2011, prepared in accordance with IFRS, were authorized for issue by the Management Board on March 30, 2012 (the date of the audit report: April 25, 2012). Accordingly, adjustments and reclassifications of 2011 financial statements that were made in order to comply with IFRS included recalculation prescribed by IAS 29 that reflects changes in the general purchasing power of the Belarusian ruble.

Changes in accounting policies

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 2010, except for the changes introduced due to implementation of new and/or revised standards and interpretations as of 1 January 2011, noted below:

Amendments to IAS 32 "Financial instruments: Presentation": Classification of Rights Issues
In October 2009, the IASB issued amendment to IAS 32. Entities shall apply that amendment for annual periods beginning on or after 1 February 2010. The amendment alters the definition of a financial liability in IAS 32 to classify rights issues and certain options or warrants as equity instruments. This is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, in order to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment had no impact on the Group's consolidated financial statements.

(in millions of Belarusian roubles)

2. Basis of presentation (continued)

Changes in accounting policies (continued)

IAS 24 “Related party disclosures” (Revised)
The revised IAS 24, issued in November 2009, simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. Previously, an entity controlled or significantly influenced by a government was required to disclose information about all transactions with other entities controlled or significantly influenced by the same government. The revised standard requires disclosure about these transactions only if they are individually or collectively significant. The revised IAS 24 is effective for annual periods beginning on or after 1 January 2011. This amendment had no impact on the Group's consolidated financial statements.

IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”
IFRIC Interpretation 19 was issued in November 2009 and is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies the accounting when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. IFRIC 19 did not have any material impact on the Group’s consolidated financial statements.
Improvements to IFRSs
In May 2010 the IASB issued the third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. Most of the amendments are effective for annual periods beginning on or after 1 January 2011. There are separate transitional provisions for each standard. The improvements represent a combination of significant changes and clarifications to the following standards and interpretations.

- IFRS 3 Business combinations: limits the scope of the measurement choices that only the components of NCI that are present ownership interests that entitle their holders to a proportionate share of the entity’s net assets, in the event of liquidation, shall be measured either at fair value or at the present ownership instruments’ proportionate share of the acquiree’s identifiable net assets. The amendments to IFRS 3 have no impact on financial statements of the Group.

- IFRS 7 Financial instruments: Disclosures; introduces the amendments to quantitative and credit risk disclosures. The additional requirements will be introduced in the annual financial statements.

- IAS 34 Interim Financial Reporting: adds disclosure requirements about the circumstances affecting fair values and classification of financial instruments, about transfers of financial instruments between levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. Disclosure on transfers of financial instruments between levels of the fair value hierarchy is presented in the Note 26.

3. Cash and cash equivalents

	30 September 2011 (unaudited)	*31 December 2010*
Cash	855,691	477,559
Current accounts with the National Bank	987,696	543,440
Correspondent accounts and placements with other banks with original maturities up to 30 days:		
- Belarus	312,553	1,154
- Other countries	180,474	223,601
Settlements with the Belarusian Currency and Stock Exchange	57,295	10,504
Total cash and cash equivalents	**2,393,709**	**1,256,258**

(in millions of Belarusian roubles)

3. Cash and cash equivalents (continued)

Correspondent accounts and placements with other banks and reverse-repo agreements with original maturities up to 30 days mostly represent balances with the largest and well-known foreign banks, top rated Belarus banks. Analysis by credit quality of the balances with counterparty banks as at 30 September 2011 made on the basis of ratings of international rating agencies is as follows:

	Investment rating	*Speculative rating*	*Not rated*	*Total (unaudited)*
Correspondent accounts and placements with other banks with original maturities up to 30 days:				
- Belarus	-	308,805	3,748	**312,553**
- Other countries	177,898	657	1,919	**180,474**
Total correspondent accounts and placements with other banks with original maturities up to 30 days	**177,898**	**309,462**	**5,667**	**493,027**

Analysis by credit quality of the balances with counterparty banks as at 31 December 2010 made on the basis of ratings of international rating agencies is as follows:

	Investment rating	*Speculative rating*	*Not rated*	*Total*
Correspondent accounts and placements with other banks with original maturities up to 30 days:				
- Belarus	-	1,128	26	**1,154**
- Other countries	222,487	1,114	-	**223,601**
Total correspondent accounts and placements with other banks with original maturities up to 30 days	**222,487**	**2,242**	**26**	**224,755**

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

As at 30 September 2011 and 31 December 2010 all cash and cash equivalents are neither past due nor impaired.

4. Due from banks

Due from banks comprise:

	30 September 2011 (unaudited)	*31 December 2010*
Time deposits and loans to banks:		
- Belarus	151,628	245,731
Total due from banks	**151,628**	**245,731**

Time deposits and loans to banks and reverse-repo agreements with original maturities over 30 days mostly represent balances with the largest and well-known foreign banks, top rated Belarus banks.

(in millions of Belarusian roubles)

4. Due from banks (continued)

Analysis by credit quality of the balances with counterparty banks as at 30 September 2011 made on the basis of ratings of international rating agencies is as follows:

	Investment rating	*Speculative rating*	*Not rated*	*Total (unaudited)*
Time deposits and loans to banks:				
- Belarus	-	134,722	16,906	**151,628**
Total time deposits and loans to banks	**-**	**134,722**	**16,906**	**151,628**

Analysis by credit quality of the balances with counterparty banks as at 31 December 2010 made on the basis of ratings of international rating agencies is as follows:

	Investment rating	*Speculative rating*	*Not rated*	*Total*
Time deposits and loans to banks:				
- Belarus	-	167,254	78,477	**245,731**
Total time deposits and loans to banks	**-**	**167,254**	**78,477**	**245,731**

As at 31 December 2010 the Group had amounts due from one bank totaling BYR 132,982 million, which exceeded 10% of the Group’s equity. As at 30 September 2011 the Group had no amounts above 10% of the Group’s equity concentrated in one bank.

As at 31 December 2010 included in due from banks were fixed amounts of BYR 819 million, placed as guarantee deposits on letters of credit, operations with plastic cards and travel checks, and settlements with international payment systems. There were no such deposits as at 30 September 2011.

As at 30 September 2011 and 31 December 2010 included in due from banks are long-term loans issued to JSC “Belarusbank” and JSC “Belagroprombank” under the Government’s program on financing for acquisition of agricultural equipment for the total amount of BYR 73,922 million and BYR 133,982 million, respectively, with maturities of up to 10 years and nominal interest rate amounting to the refinancing rate of the National Bank.

(in millions of Belarusian roubles)

5. Derivative financial instruments

As at 30 September 2011 and 31 December 2010 derivative financial instruments comprise:

Derivative type	*Nominal amount (in units of currency/ grams of gold to be purchased)*	*Fair Value at 30 September 2011 (unaudited)*	
		Asset	*Liability*
EUR/BYR foreign currency swap	EUR 340,709,341	1,214,311	-
XAU/BYR precious metals swap	XAU 7,515,014	1,171,061	-
USD/BYR foreign currency swap	USD 125,914,114	320,488	-
Total derivative financial instruments		**2,705,860**	**-**

Derivative type	*Nominal amount (in units of currency/ grams of gold to be purchased)*	*Fair Value at 31 December 2010*	
		Asset	*Liability*
XAU/BYR precious metals swap	XAU 5,000,000	47,529	-
EUR/BYR foreign currency swap	EUR 290,709,341	17,797	33,396
USD/BYR foreign currency swap	USD 132,199,393	5,740	5,300
BYR/USD foreign currency swap	BYR 12,248,340,000	243	-
RUR/EUR foreign currency swap	RUR 282,985,500	91	-
USD/RUR foreign currency swap	USD 3,500,000	-	29
EUR/USD foreign currency swap	EUR 700,000	-	25
Total derivative financial instruments		**71,400**	**38,750**

As at 30 September 2011 and 31 December 2010 derivative financial instruments mainly comprised swap contracts with the National Bank to purchase Belarusian Roubles for foreign currency and precious metals.

6. Loans to customers

The tables below show credit quality of the Group's loan portfolio by loan classes as at 30 September 2011 and 31 December 2010.

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 recognized as the aggregate amount of all amounts due from borrower under the loan agreement including accrued interest and commissions.

30 September 2011 (unaudited)	*Not past due loans*	*Past due loans*	*Total*
Commercial loans to legal entities	4,487,090	172,184	**4,659,274**
Specialized loans to legal entities	3,832,047	554,719	**4,386,766**
Mortgage loans to individuals	463,228	6,361	**469,589**
Consumer and other loans to individuals	438,509	9,870	**448,379**
Car loans to individuals	21,144	805	**21,949**
Total loans to customers before allowance for loan impairment	**9,242,018**	**743,939**	**9,985,957**
Less: Allowance for loan impairment	(407,222)	(89,644)	**(496,866)**
Total loans to customers net of allowance for loan impairment	**8,834,796**	**654,295**	**9,489,091**

(in millions of Belarusian roubles)

6. Loans to customers (continued)

31 December 2010	*Not past due loans*	*Past due loans*	*Total*
Commercial loans to legal entities	3,007,454	57,560	**3,065,014**
Specialized loans to legal entities	2,654,694	30,394	**2,685,088**
Consumer and other loans to individuals	438,229	8,627	**446,856**
Mortgage loans to individuals	375,030	4,699	**379,729**
Car loans to individuals	25,380	846	**26,226**
Total loans to customers before allowance for loan impairment	**6,500,787**	**102,126**	**6,602,913**
Less: Allowance for loan impairment	(209,536)	(23,237)	**(232,773)**
Total loans to customers net of allowance for loan impairment	**6,291,251**	**78,889**	**6,370,140**

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.

Specialized 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 loans to individuals 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)

6. Loans to customers (continued)

The table below shows the analysis of loans and allowance for loan impairment as at 30 September 2011:

	Gross loans	*Allowance for loan impairment*	*Net loans*	*Allowance for loan impairment to gross loans, %*
Commercial loans to legal entities				
Collectively assessed				
Not past due	3,981,712	(133,703)	3,848,009	3.4
Loans up to 30 days overdue	39,347	(1,802)	37,545	4.6
Loans 31 to 60 days overdue	12,623	(583)	12,040	4.6
Loans 61 to 90 days overdue	6,395	(288)	6,107	4.5
Loans 91 up to 180 days overdue	25,139	(1,133)	24,006	4.5
Loans over 180 days overdue	1,428	(266)	1,162	18.6
Total collectively assessed loans	**4,066,644**	**(137,775)**	**3,928,869**	**3.4**
Individually impaired				
Not past due	505,378	(37,859)	467,519	7.5
Loans up to 30 days overdue	7,657	(1,372)	6,285	17.9
Loans 31 to 60 days overdue	1,573	(607)	966	38.6
Loans 61 to 90 days overdue	-	-	-	0.0
Loans 91 up to 180 days overdue	7,694	-	7,694	0.0
Loans over 180 days overdue	70,328	(24,445)	45,883	34.8
Total individually impaired loans	**592,630**	**(64,283)**	**528,347**	**10.9**
Total commercial loans to legal entities	**4,659,274**	**(202,058)**	**4,457,216**	**4.3**
Specialized loans to legal entities				
Collectively assessed				
Not past due	3,017,591	(106,443)	2,911,148	3.5
Loans up to 30 days overdue	15,502	(717)	14,785	4.6
Loans 31 to 60 days overdue	5,074	(233)	4,841	4.6
Loans 61 to 90 days overdue	8,330	(385)	7,945	4.6
Loans 91 up to 180 days overdue	9,367	(425)	8,942	4.5
Loans over 180 days overdue	391	(129)	262	33.0
Total collectively assessed loans	**3,056,255**	**(108,332)**	**2,947,923**	**3.5**
Individually impaired				
Not past due	814,456	(95,641)	718,815	11.7
Loans up to 30 days overdue	310,515	(31,253)	279,262	10.1
Loans 31 to 60 days overdue	42,629	(2,864)	39,765	6.7
Loans 61 to 90 days overdue	150,502	(9,860)	140,642	6.6
Loans 91 up to 180 days overdue	597	(67)	530	11.2
Loans over 180 days overdue	11,812	(11,382)	430	96.4
Total individually impaired loans	**1,330,511**	**(151,067)**	**1,179,444**	**11.4**
Total specialized loans to legal entities	**4,386,766**	**(259,399)**	**4,127,367**	**5.9**
Total loans to legal entities	**9,046,040**	**(461,457)**	**8,584,583**	**5.1**

(in millions of Belarusian roubles)

6. Loans to customers (continued)

	Gross loans	*Allowance for loan impairment*	*Net loans*	*Allowance for loan impairment to gross loans, %*
Consumer and other loans to individuals				
Collectively assessed				
Not past due	438,509	(15,766)	422,743	3.6
Loans up to 30 days overdue	5,826	(297)	5,529	5.1
Loans 31 to 60 days overdue	2,033	(184)	1,849	9.1
Loans 61 to 90 days overdue	646	(131)	515	20.3
Loans 91 up to 180 days overdue	1,141	(642)	499	56.3
Loans over 180 days overdue	224	(224)	-	100.0
Total consumer and other loans to individuals	**448,379**	**(17,244)**	**431,135**	**3.9**
Mortgage loans to individuals				
Collectively assessed				
Not past due	463,228	(16,942)	446,286	3.7
Loans up to 30 days overdue	3,587	(138)	3,449	3.9
Loans 31 to 60 days overdue	1,652	(66)	1,586	4.0
Loans 61 to 90 days overdue	216	(13)	203	6.0
Loans 91 up to 180 days overdue	906	(52)	854	5.7
Loans over 180 days overdue	-	-	-	0.0
Total mortgage loans to individuals	**469,589**	**(17,211)**	**452,378**	**3.7**
Car loans to individuals				
Collectively assessed				
Not past due	21,144	(868)	20,276	4.1
Loans up to 30 days overdue	423	(26)	397	6.2
Loans 31 to 60 days overdue	178	(15)	163	8.4
Loans 61 to 90 days overdue	32	(9)	23	28.1
Loans 91 up to 180 days overdue	171	(35)	136	20.5
Loans over 180 days overdue	1	(1)	-	100.0
Total car loans to individuals	**21,949**	**(954)**	**20,995**	**4.4**
Total loans to individuals	**939,917**	**(35,409)**	**904,508**	**3.8**
Total loans to customers as at 30 September 2011 (unaudited)	**9,985,957**	**(496,866)**	**9,489,091**	**5.0**

(in millions of Belarusian roubles)

6. Loans to customers (continued)

The table below shows the analysis of loans and allowance for loan impairment as at 31 December 2010:

	Gross loans	*Allowance for loan impairment*	*Net loans*	*Allowance for loan impairment to gross loans, %*
Commercial loans to legal entities				
Collectively assessed				
Not past due	2,801,405	(65,083)	2,736,322	2.3
Loans up to 30 days overdue	12,990	(502)	12,488	3.9
Loans 31 to 60 days overdue	283	(11)	272	3.9
Loans 61 to 90 days overdue	29	(1)	28	3.4
Loans 91 up to 180 days overdue	3,734	(160)	3,574	4.3
Loans over 180 days overdue	2,434	(620)	1,814	25.5
Total collectively assessed loans	**2,820,875**	**(66,377)**	**2,754,498**	**2.4**
Individually impaired				
Not past due	206,049	(19,220)	186,829	9.3
Loans up to 30 days overdue	15,052	(2,128)	12,924	14.1
Loans 31 to 60 days overdue	132	(26)	106	19.7
Loans 61 to 90 days overdue	56	(56)	-	100.0
Loans 91 up to 180 days overdue	22,850	(5,174)	17,676	22.6
Loans over 180 days overdue	-	-	-	0.0
Total individually impaired loans	**244,139**	**(26,604)**	**217,535**	**10.9**
Total commercial loans to legal entities	**3,065,014**	**(92,981)**	**2,972,033**	**3.0**
Specialized loans to legal entities				
Collectively assessed				
Not past due	2,263,574	(70,307)	2,193,267	3.1
Loans up to 30 days overdue	6,866	(1,561)	5,305	22.7
Loans 31 to 60 days overdue	837	(214)	623	25.6
Loans 61 to 90 days overdue	-	-	-	0.0
Loans 91 up to 180 days overdue	1,228	(304)	924	24.8
Loans over 180 days overdue	18,528	(4,566)	13,962	24.6
Total collectively assessed loans	**2,291,033**	**(76,952)**	**2,214,081**	**3.4**
Individually impaired				
Not past due	391,120	(29,362)	361,758	7.5
Loans up to 30 days overdue	-	-	-	0.0
Loans 31 to 60 days overdue	43	(9)	34	20.9
Loans 61 to 90 days overdue	44	(44)	-	100.0
Loans 91 up to 180 days overdue	2,848	(2,827)	21	99.3
Loans over 180 days overdue	-	-	-	0.0
Total individually impaired loans	**394,055**	**(32,242)**	**361,813**	**8.2**
Total specialized loans to legal entities	**2,685,088**	**(109,194)**	**2,575,894**	**4.1**
Total loans to legal entities	**5,750,102**	**(202,175)**	**5,547,927**	**3.5**

(in millions of Belarusian roubles)

6. Loans to customers (continued)

	Gross loans	*Allowance for loan impairment*	*Net loans*	*Allowance for loan impairment to gross loans,%*
Consumer and other loans to individuals				
Collectively assessed				
Not past due	438,229	(10,847)	427,382	2.5
Loans up to 30 days overdue	3,066	(121)	2,945	3.9
Loans 31 to 60 days overdue	1,298	(97)	1,201	7.5
Loans 61 to 90 days overdue	736	(79)	657	10.7
Loans 91 up to 180 days overdue	1,136	(266)	870	23.4
Loans over 180 days overdue	2,391	(2,391)	-	100.0
Total consumer and other loans to individuals	**446,856**	**(13,801)**	**433,055**	**3.1**
Mortgage loans to individuals				
Collectively assessed				
Not past due	375,030	(13,890)	361,140	3.7
Loans up to 30 days overdue	1,404	(61)	1,343	4.3
Loans 31 to 60 days overdue	852	(44)	808	5.2
Loans 61 to 90 days overdue	237	(18)	219	7.6
Loans 91 up to 180 days overdue	547	(80)	467	14.6
Loans over 180 days overdue	1,659	(1,659)	-	100.0
Total mortgage loans to individuals	**379,729**	**(15,752)**	**363,977**	**4.1**
Car loans to individuals				
Collectively assessed				
Not past due	25,380	(827)	24,553	3.3
Loans up to 30 days overdue	353	(16)	337	4.5
Loans 31 to 60 days overdue	114	(11)	103	9.6
Loans 61 to 90 days overdue	166	(13)	153	7.8
Loans 91 up to 180 days overdue	51	(16)	35	31.4
Loans over 180 days overdue	162	(162)	-	100.0
Total car loans to individuals	**26,226**	**(1,045)**	**25,181**	**4.0**
Total loans to individuals	**852,811**	**(30,598)**	**822,213**	**3.6**
Total loans to customers as at 31 December 2010	**6,602,913**	**(232,773)**	**6,370,140**	**3.5**

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)

6. Loans to customers (continued)

As at 30 September 2011 the outstanding non-performing loans were as follows:

	Gross loans	*Allowance for loan impairment*	*Net loans*	*Allowance for loan impairment to gross loans*
Commercial loans to legal entities	104,589	(25,844)	78,745	24.7%
Specialized loans to legal entities	22,149	(12,003)	10,146	54.2%
Consumer and other loans to individuals	1,365	(866)	499	63.4%
Mortgage loans to individuals	906	(52)	854	5.7%
Car loans to individuals	172	(36)	136	20.9%
Total non-performing loans to customers as at 30 September 2011 (unaudited)	**129,181**	**(38,801)**	**90,380**	**30.0%**

As at 31 December 2010 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	29,018	(5,954)	23,064	20.5%
Specialized loans to legal entities	22,604	(7,697)	14,907	34.1%
Consumer and other loans to individuals	3,527	(2,657)	870	75.3%
Mortgage loans to individuals	2,206	(1,739)	467	78.8%
Car loans to individuals	213	(178)	35	83.6%
Total non-performing loans to customers as at 31 December 2010	**57,568**	**(18,225)**	**39,343**	**31.7%**

Movements in allowances for loan impairment for the 9 months ended 30 September 2011 and for the 9 months ended 30 September 2010 are disclosed in Note 19.

(in millions of Belarusian roubles)

6. Loans to customers (continued)

Information on loans which terms have been renegotiated, as at 30 September 2011 and 31 December 2010 is presented in the tables below. It shows the carrying amount for renegotiated loans by class.

	Commercial loans to legal entities	*Specialised loans to legal entities*	*Total*
Not past due collectively assessed loans	-	5,708	**5,708**
Other renegotiated loans	420	-	**420**
Total renegotiated loans before allowance for loan impairment as at 30 September 2011 (unaudited)	**420**	**5,708**	**6,128**

	Commercial loans to legal entities	*Specialised loans to legal entities*	*Total*
Not past due collectively assessed loans	3	4,337	**4,340**
Other renegotiated loans	-	3,600	**3,600**
Total renegotiated loans before allowance for loan impairment as at 31 December 2010	**3**	**7,937**	**7,940**

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 2011 and as at 31 December 2010 is as follows:

	30 September 2011 (unaudited)	*31 December 2010*
Gross investment in finance lease	182,488	264,636
Unearned future finance income on finance lease	(44,073)	(58,400)
Net investment in finance lease before allowance for impairment	138,415	206,236
Less allowance for impairment	(8,643)	(31,122)
Net investment in finance lease after allowance for impairment	**129,772**	**175,114**

(in millions of Belarusian roubles)

6. Loans to customers (continued)

The contractual maturity analysis of net investments in finance lease as at 30 September 2011 is as follows:

	Net investment in finance lease before allowance for impairment	***Allowance for loan impairment***	***Net investment in finance lease after allowance for impairment***
Not later than 1 year	56,883	(3,552)	53,331
Later than 1 year but not later than 5 years	77,500	(4,839)	72,661
Later than 5 years	4,032	(252)	3,780
Total as at 30 September 2011 (unaudited)	**138,415**	**(8,643)**	**129,772**

The contractual maturity analysis of net investments in finance lease as at 31 December 2010 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	57,341	(6,211)	51,130
Later than 1 year but not later than 5 years	148,890	(24,910)	123,980
Later than 5 years	5	(1)	4
Total as at 31 December 2010	**206,236**	**(31,122)**	**175,114**

The analysis of minimal finance lease receivables per contractual maturity is as follows:

	30 September 2011 (unaudited)	***31 December 2010***
Not later than 1 year	78,012	76,505
Later than 1 year but not later than 5 years	100,099	188,126
Later than 5 years	4,377	5
Total	**182,488**	**264,636**

(in millions of Belarusian roubles)

6. Loans to customers (continued)

Industry sector risk concentrations within the customer loan portfolio as at 30 September 2011 and 31 December 2010 are as follows:

	30 September 2011 (unaudited)		*31 December 2010*	
	Amount	***%***	***Amount***	***%***
Machinery and equipment	2,000,163	20.0	1,224,024	18.5
Oil refinery and chemical industry	1,164,662	11.7	429,822	6.5
Construction	1,011,081	10.1	650,134	9.9
Individuals	939,917	9.4	852,811	12.9
Energy and fuel	803,123	8.0	548,618	8.3
Trade and catering	696,194	7.0	621,350	9.4
Woodworking and timber industry	611,273	6.1	270,943	4.1
Transport and communication	587,847	5.9	549,598	8.3
Building materials	554,880	5.6	481,644	7.3
Financial services	415,625	4.2	197,658	3.0
Mining	362,935	3.6	165,288	2.5
Metallurgy	249,058	2.5	167,672	2.6
Food	220,091	2.2	145,295	2.2
Light industry	172,891	1.7	75,866	1.1
Agriculture	131,476	1.3	63,823	1.0
Other	64,741	0.6	158,367	2.4
Total loans to customers before allowance for loan impairment	**9,985,957**	**100.0**	**6,602,913**	**100.0**

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

	30 September 2011 (unaudited)	*31 December 2010*
Loans collateralized by lien over receivables	2,150,563	1,420,090
Loans collateralized by equipment and rights thereon	2,064,887	1,332,300
Loans collateralized by real estate or rights thereon	1,411,136	744,700
Loans collateralized by guarantees of the Government and local authorities	1,297,823	693,910
Loans collateralized by inventories	1,282,681	889,771
Loans collateralized by guarantees of individuals	804,867	936,559
Loans collateralized by guarantees of enterprises	736,373	410,328
Loans collateralized by other types of collateral	213,758	160,772
Loans collateralized by cash or guarantee deposits	23,869	14,483
	9,985,957	**6,602,913**
Less allowance for loan impairment	(496,866)	(232,773)
Total loans to customers	**9,489,091**	**6,370,140**

As at 30 September 2011 the aggregated loan amount of 20 largest borrowers was BYR 3,799,283 million or 38.0% of the total gross loan portfolio of the Group (31 December 2010: BYR 2,366,043 million or 35.8%).

Interest income accrued on loans, for which individual impairment has been recognised, for the 9 months ended 30 September 2011, comprised BYR 192,876 million (for the 9 months ended 30 September 2010: BYR 53,328 million).

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

(in millions of Belarusian roubles)

6. Loans to customers (continued)

As at 30 September 2011 loans to customers included specialized loans in USD in the amount of BYR 205,121 million provided to two borrowers (31 December 2010: BYR 119,257 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).

7. Non-current assets held for sale

Non-current assets held for sale comprise:

	30 September 2011 (unaudited)	*31 December 2010*
Premises previously used by the Group	8,824	8,493
Assets repossessed from the borrowers (equipment and premises)	8,193	320
Total non-current assets held for sale	**17,017**	**8,813**

As at 30 September 2011 and 31 December 2010 premises previously used by the Group were classified as non-current assets held for sale and were accounted for in the interim condensed consolidated statement of financial position at fair value less costs to sell. The Management has elaborated a plan to dispose premises. The sale transactions for these assets are expected to be completed in 2011-2012.

As at 30 September 2011 assets repossessed from the borrowers include machinery equipment of a bankrupted borrower. The equipment was held by the borrower on conditions of a financial lease.

8. Investments available for sale

Investments available for sale comprise:

	Interest to nominal, %	*30 September 2011 (unaudited)*	*Interest to nominal, %*	*31 December 2010*
Republic of Belarus Eurobonds	8.8	197,724	8.75	79,552
Long-term government bonds	10.0	161,797	10.0	200,054
Bonds of Belarusian companies	7.0-31.5	67,424	7.0-14.0	46,723
Bonds issued by municipalities	30.0-34.0	12,134	10.5-14.5	8,761
Shares		4,218		3,501
Bonds of Belarusian banks		-	11.0-13.0	13,505
Other debt securities		-		10
Total investments available for sale		**443,297**		**352,106**

Long-term government bonds ("GDO") are government securities with original maturity of one year or more issued by the Ministry of Finance of the Republic of Belarus that bear coupon income or are sold at discount to face value.

As at 30 September 2011 and 31 December 2010 corporate bonds were mostly represented by debt securities issued by Belarusian companies of machinery, chemical and transport industries.

(in millions of Belarusian roubles)

9. Investments held to maturity

Investments held to maturity comprise:

	Interest to nominal, %	*30 September 2011 (unaudited)*	*Interest to nominal, %*	*31 December 2010*
Coupon long-term government bonds	2.0	23,628	2.0	22,136
Bonds issued by municipalities	30.0-34.0	12,134	10.5–14.5	8,761
Bonds of Belarusian banks		-	13.0	10,390
Total investments held to maturity		**35,762**		**41,287**

10. Premises, equipment, and intangible assets

For the nine months ended 30 September 2011 the Group's premises, equipment, and intangible assets additions amounted to BYR 27,108 mln (in 2010 - BYR 18,538 mln), disposals of premises, equipment, and intangible assets amounted to BYR 5,763 mln (in 2010 - BYR 132 mln).

11. Other assets

Other assets comprise:

	30 September 2011 (unaudited)	*31 December 2010*
Other financial assets:		
Settlement accounts on other banking services	36,851	20,151
Compensation payments from participation in government program on supporting national producers of consumer goods	4,290	-
Accrued income	2,050	2,764
	43,191	**22,915**
Other non-financial assets:		
Precious metals	16,268	5,332
Taxes recoverable and prepaid, other than income taxes	14,142	13,508
Prepaid expenses	9,636	3,526
Inventory	8,114	3,894
Prepayments for premises, equipment and intangible assets	4,817	3,017
Prepayments for assets to be transferred into finance lease	2,355	3,865
Other advances and prepayments	10,113	2,326
	65,445	**35,468**
Total other assets	**108,636**	**58,383**

(in millions of Belarusian roubles)

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

Loans from the National Bank of the Republic of Belarus comprise:

	30 September 2011 (unaudited)	*31 December 2010*
Loans from the National Bank of the Republic of Belarus	205,330	117,094
Total loans from the National Bank of the Republic of Belarus	**205,330**	**117,094**

As at 30 September 2011 and 31 December 2010 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 205,330 million and BYR 117,094 million, respectively, granted in USD and BYR for further financing of three borrowers (USD and BYR for further financing of three borrowers in 2010) (Note 6). Contractually the Group 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 2011 (unaudited)	*31 December 2010*
Correspondent accounts of banks	89,292	27,112
Loans from banks and financial institutions	4,159,488	1,647,560
Loans in precious metals	2,187,838	680,953
Total due to banks	**6,436,618**	**2,355,625**

As at 30 September 2011 a balance of due to banks amounting to BYR 5,819,252 million was due to five counterparties, including BYR 4,944,497 million due to Sberbank of Russia, which individually exceeded 10% of the Group's equity.

As at 31 December 2010 a balance of due to banks amounting to BYR 1,802,105 million was due to three counterparties, including BYR 1,557,393 million due to Sberbank of Russia, which individually exceeded 10% of the Group's equity.

(in millions of Belarusian roubles)

14. Due to individuals and due to corporate customers

Due to individuals and corporate customers comprise:

	30 September 2011 (unaudited)	*31 December 2010*
Individuals:		
- Current/demand accounts	697,639	329,920
- Term deposits	2,709,743	1,782,881
Total due to individuals	**3,407,382**	**2,112,801**
State and public organizations:		
- Current/settlement accounts	60,593	50,345
- Term deposits	154,411	62,056
Total due to state and public organizations	**215,004**	**112,401**
Other corporate customers:		
- Current/settlement accounts	1,494,595	1,116,893
- Term deposits	1,659,269	1,307,979
- Precious metals accounts	101,665	1,157
Total due to other corporate customers	**3,255,529**	**2,426,029**
Total due to corporate customers	**3,470,533**	**2,538,430**
Total due to individuals and corporate customers	**6,877,915**	**4,651,231**

As at 30 September 2011 included in due to corporate customers are deposits of BYR 258,313 million (31 December 2010: BYR 197,253 million) held as collateral for irrevocable commitments under import letters of credit.

As at 30 September 2011 the aggregated balances of 20 largest customers was BYR 1,245,974 million or 18.1% of total due to individuals and corporate customers (31 December 2010: BYR 976,453 million or 21.0%).

(in millions of Belarusian roubles)

14. Due to individuals and due to corporate customers (continued)

Industry sector concentrations within customer accounts are as follows:

	30 September 2011 (unaudited)		*31 December 2010*	
	Amount	*%*	*Amount*	*%*
Individuals	3,407,382	49.5	2,112,801	45.4
Machinery and equipment	810,312	11.7	612,405	13.2
Trade	498,089	7.2	320,730	6.9
Insurance and other financial services	345,024	5.0	295,053	6.3
Construction	297,185	4.3	349,569	7.5
Energy and fuel	296,052	4.3	142,071	3.1
Transport and communications	279,909	4.1	120,218	2.6
Oil refinery and chemical industry	184,471	2.7	135,221	2.9
Education	107,617	1.6	53,172	1.1
Building materials industry	73,778	1.1	57,378	1.2
Light industry	60,903	0.9	67,271	1.4
Food	52,136	0.8	96,985	2.1
State and government bodies	43,084	0.6	26,626	0.6
Mining	38,316	0.6	12,178	0.3
Metallurgy	31,344	0.5	13,601	0.3
Woodworking and timber industry	29,050	0.4	22,763	0.5
Agriculture	9,535	0.1	10,524	0.2
Other	313,728	4.6	202,665	4.4
Total due to individuals and corporate customers	**6,877,915**	**100.0**	**4,651,231**	**100.0**

15. Debt securities issued

Debt securities issued comprise:

	Nominal interest rate, %	*30 September 2011 (unaudited)*	*Nominal interest rate, %*	*31 December 2010*
Bonds issued to legal entities	5.0-31.0	853,028	5.0–14.5	422,429
Bonds issued to individuals	7.0-36.0	65,933	7.0–16.5	77,618
Certificates of deposit	26.0-32.0	2,551	7.0–10.7	11,173
Saving certificates	15.5–18.0	34	15.5–18.0	515
Total debt securities issued		**921,546**		**511,735**

Bonds issued to legal entities are interest-bearing securities issued by the Group. They are denominated in BYR, USD and Euro and have maturity dates from "on demand" to March 2013 (31 December 2010: from "on demand" to March 2012). Bonds are freely tradable on the Belarusian financial market.

Bonds issued to individuals are interest-bearing securities issued by the Group. They are denominated in BYR, USD and Euro and have maturity dates from "on demand" to October 2012 (31 December 2010: from "on demand" to April 2012).

Certificates of deposit and saving certificates are interest-bearing securities issued by the Group. They are denominated in BYR and have maturity dates from "on demand" to December 2011 (31 December 2010: from "on demand" to June 2011).

As at 30 September 2011 premises with fair value of BYR 108,593 million were pledged as guarantee to secure two series of bonds to legal entities in EUR and USD which the Group authorized for issue for the total amount of BYR 198,557 million. As at 30 September 2011 the Group's liabilities under these bonds amounted to BYR 199,285 million.

(in millions of Belarusian roubles)

16. Other liabilities

Other liabilities comprise:

	30 September 2011 (unaudited)	*31 December 2010*
Other financial liabilities:		
Settlement accounts on other banking services	24,283	4,117
Accrued fee payable under documentary transactions and transactions with plastic cards	9,652	3,688
Payables for assets to be transferred into finance lease	7,377	6,311
Payments due to other contractors	5,503	7,111
Payables for premises and equipment	11	1,142
	46,826	**22,369**
Other non-financial liabilities:		
Accrued contributions to deposits protection fund	9,940	6,449
Taxes payable, other than income taxes	9,495	4,211
Unused leave and bonus accrual	6,419	7,514
Dividends	37	39
Other	3,630	133
	29,521	**18,346**
Total other liabilities	**76,347**	**40,715**

17. Share capital

As at 30 September 2011 and 31 December 2010 authorized, issued and fully paid capital of the Bank consisted of 1,102,828,888 ordinary shares and 871,112 preference shares all with par value of BYR 465 each amounting to BYR 633,345 million.

The inflation adjustment as at 31 December 2009, 30 September 2010, 31 December 2010 and 30 September 2011 was equal to BYR 120,124 million.

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. For the year ended 31 December 2010 the Bank issued 207,942,287 ordinary shares. The total consideration received for these shares was comprised of cash for the total amount of BYR 96,694 million.

During the 9 months ended 30 September 2011 the Bank declared BYR 3,308 million and BYR 18 million dividends on ordinary and preference shares for the year 2010, respectively. The dividends were BYR 3 per ordinary share and BYR 20 per preference share.

During the year ended 31 December 2010 the Bank declared BYR 12,528 million and BYR 18 million dividends on ordinary and preference shares for the year 2009, respectively. The dividends were BYR 14 per ordinary share and BYR 20 per preference share.

In accordance with Belarusian 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 281,059 million of undistributed and unreserved earnings as at 31 December 2010 (31 December 2009: BYR 177,396 million).

(in millions of Belarusian roubles)

18. Net interest income before allowance for loan impairment

The net interest income before allowance for loan impairment comprises:

	3 months ended 30 September 2011 (unaudited)	*3 months ended 30 September 2010 (unaudited)*	*9 months ended 30 September 2011 (unaudited)*	*9 months ended 30 September 2010 (unaudited)*
Interest income				
Interest on loans to customers	423,433	153,704	945,623	445,706
Interest on due from banks	41,335	5,063	68,450	21,422
Interest on investments available for sale	13,053	8,573	35,103	21,595
Interest on investments held to maturity	2,462	1,211	4,523	1,548
Compensation payments on participation in government program	339	-	1,254	-
Total interest income	**480,622**	**168,551**	**1,054,953**	**490,271**
Interest expense				
Interest on due to individuals	83,302	48,550	196,042	132,464
Interest on due to corporate customers	64,336	32,264	136,077	93,067
Interest on due to banks	59,452	7,733	124,303	21,163
Interest on debt securities issued	29,583	13,311	56,610	35,891
Interest on deposits from National Bank	7,118	2,777	13,758	14,476
Total interest expense	**243,791**	**104,635**	**526,790**	**297,061**
Net interest income before allowance for loan impairment	**236,831**	**63,916**	**528,163**	**193,210**

(in millions of Belarusian roubles)

19. Allowance for loan impairment, other provisions

The movements in allowance for loan impairment were as follows:

		Loans to individuals			
	Loans to legal entities	***Consumer and other loans***	***Mortgage loans***	***Car loans***	***Total***
31 December 2009	**148,999**	**7,484**	**5,318**	**1,068**	**162,869**
Allowance charge/ (reversal of allowance) for the period	40,829	2,794	3,444	(13)	**47,054**
30 September 2010 (unaudited)	**189,828**	**10,278**	**8,762**	**1,055**	**209,923**
31 December 2010	**202,175**	**13,801**	**15,752**	**1,045**	**232,773**
Allowance charge/ (reversal of allowance) for the period	274,374	3,443	1,459	(91)	**279,185**
Amounts written-off	(15,092)	-	-	-	**(15,092)**
30 September 2011 (unaudited)	**461,457**	**17,244**	**17,211**	**954**	**496,866**

The movements in provision on other transactions were as follows:

	Guarantees and other commitments
31 December 2009	7,780
Reversal of allowance for the period	(1,403)
30 September 2010 (unaudited)	**6,377**
31 December 2010	11,607
Allowance charge for the period	31,740
30 September 2011 (unaudited)	**43,347**

(in millions of Belarusian roubles)

20. Fee and commission income and expense

Fee and commission income and expense comprise:

	3 months ended 30 September 2011 (unaudited)	*3 months ended 30 September 2010 (unaudited)*	*9 months ended 30 September 2011 (unaudited)*	*9 months ended 30 September 2010 (unaudited)*
Fee and commission income				
Salary transfer on card accounts and related cash withdrawals	35,035	22,097	86,627	62,812
Other operations with plastic cards	21,512	12,839	54,245	34,389
Settlement and cash operations with clients	21,010	18,327	58,064	46,625
Documentary operations	17,546	6,733	39,743	14,837
Foreign exchange operations	14,696	2,371	29,793	6,187
Cash delivery and collection	4,971	2,503	11,528	6,897
Securities operations	372	303	912	985
Settlements with banks	52	11	99	34
Other	2,626	869	5,521	2,348
Total fee and commission income	**117,820**	**66,053**	**286,532**	**175,114**
Fee and commission expense				
Plastic cards operations	13,787	9,166	33,409	23,289
Documentary operations	10,541	3,529	23,776	7,355
Foreign exchange and cash operations	8,336	100	18,779	241
Cash delivery and collection	1,390	883	3,750	2,372
Correspondent bank services	411	111	995	303
Other	2,202	1,462	5,663	4,025
Total fee and commission expense	**36,667**	**15,251**	**86,372**	**37,585**

(in millions of Belarusian roubles)

21. Net gain on foreign exchange and precious metals operations

Net gain on foreign exchange operations comprises:

	3 months ended 30 September 2011 (unaudited)	***3 months ended 30 September 2010 (unaudited)***	***9 months ended 30 September 2011 (unaudited)***	***9 months ended 30 September 2010 (unaudited)***
Net gains arising from trading in foreign currencies	9,404	(14,011)	39,521	49,452
Net foreign exchange translation losses	(208,468)	(1,257)	(1,475,617)	(19,896)
Net gains/(losses) from operations with foreign currency derivatives	255,733	9,025	1,579,975	(4,486)
Total net gain on foreign exchange operations	**56,669**	**(6,243)**	**143,879**	**25,070**

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

	3 months ended 30 September 2011 (unaudited)	***3 months ended 30 September 2010 (unaudited)***	***9 months ended 30 September 2011 (unaudited)***	***9 months ended 30 September 2010 (unaudited)***
Net gains from operations with physical precious metals	4,985	116	11,011	332
Net precious metals translations losses	(389,325)	-	(1,198,315)	-
Net gains from operations with precious metals derivatives	374,481	-	1,171,061	-
Total net gain from operations with precious metals	**(9,859)**	**116**	**(16,243)**	**332**

22. Net gains from disposal of subsidiary

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

	30 September 2011 (unaudited)	***14 February 2011 (unaudited)***
Net assets	(10,322)	(11,862)
Proceeds from disposal of subsidiary		179
Net gain from disposal of subsidiary		12,041
The Group’s 50% share in net assets of the associate CJSC “BPS-Leasing” (not recognized in the interim condensed statement of financial position as at 30 September 2011)	(5,161)	-

(in millions of Belarusian roubles)

23. Other income

Other income comprises:

	3 months ended 30 September 2011 (unaudited)	*3 months ended 30 September 2010 (unaudited)*	*9 months ended 30 September 2011 (unaudited)*	*9 months ended 30 September 2010 (unaudited)*
Net gain from sale of premises, equipment and other assets	2,037	120	2,813	215
Repayment of loans previously written off	852	2,184	3,814	2,857
Revenue of non-banking subsidiary	798	336	2,002	891
Income from operating leases	51	57	140	258
Other	1,816	38	2,985	443
Total other income	**5,554**	**2,735**	**11,754**	**4,664**

24. Operating expenses

Operating expenses comprise:

	3 months ended 30 September 2011 (unaudited)	*3 months ended 30 September 2010 (unaudited)*	*9 months ended 30 September 2011 (unaudited)*	*9 months ended 30 September 2010 (unaudited)*
Staff costs	50,762	33,568	135,363	91,281
Social security contribution	14,527	9,491	38,061	27,223
Contributions to deposits protection fund	9,565	5,914	23,977	15,762
Depreciation and amortization	8,101	5,908	22,720	17,146
Premises and equipment maintenance	7,533	2,755	13,428	7,879
Expenses on maintenance of banking software	6,439	3,233	14,619	7,942
Security expenses	3,043	2,204	8,592	5,970
Public utilities payments	2,130	1,088	6,178	3,772
Operating leases	1,411	1,236	3,946	3,629
Taxes, other than income taxes	1,351	1,782	8,796	4,696
Advertising costs	1,410	482	4,315	1,789
Vehicles maintenance and fuel expenses	1,151	684	2,711	1,926
Other staff expenses	995	228	2,206	710
Legal and consulting services	877	528	2,657	1,861
Communications	648	542	1,741	1,498
Charity and sponsorship expenses	604	253	1,447	587
Stationery	576	563	1,872	1,465
Other expenses	5,462	2,043	21,637	9,341
Total operating expenses	**116,585**	**72,502**	**314,266**	**204,477**

(in millions of Belarusian roubles)

25. Commitments and contingencies

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

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

Allowance for losses on contingent liabilities amounted to BYR 43,347 million and BYR 11,607 million as at 30 September 2011 and 31 December 2010, respectively (Note 19).

As at 30 September 2011 and 31 December 2010 the nominal or contract amounts of contingent liabilities were:

	30 September 2011 (unaudited)	*31 December 2010*
Contingent liabilities and credit commitments		
Uncovered letters of credit	1,280,640	1,031,985
Commitments on loans and unused credit lines	486,884	766,864
Guarantees issued and similar commitments	444,452	86,849
Letters of credit secured by cash	258,313	197,253
Total contingent liabilities and credit commitments	**2,470,289**	**2,082,951**

Operating lease commitments – Where the Group is the lessee, the future minimum lease payments under non cancelable operating leases as at 30 September 2011 and 31 December 2010 are as follows:

	30 September 2011 (unaudited)	*31 December 2010*
Not later than 1 year	5,293	3,198
Later than 1 year and not later than 5 years	7,618	4,208
Later than 5 years	1,463	72
Total operating lease commitments	**14,374**	**7,478**

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

Pensions and retirement plans **–** Employees receive pension benefits in accordance with the laws and regulations of the Republic of Belarus. As at 30 September 2011 and 31 December 2010 the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

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

Operating environment – In 2011, there was a significant deterioration in the macroeconomic environment in Belarus, which began in March 2011 and continued in the second and third quarter of 2011.

(in millions of Belarusian roubles)

25. Commitments and contingencies (continued)

The main drivers of the economic deterioration are the high current account deficit, reduced and limited external financial support and absence of significant foreign exchange inflows in the beginning of 2011. All of these factors resulted in the significant decrease of gold and foreign currency reserves of the National Bank in the first quarter of 2011 that was followed by the foreign exchange shortages in the country.

The consequence was a currency crisis leading to devaluation of the local currency. Furthermore, in the first and second quarters of 2011, international agencies began to downgrade the credit ratings of both the country and Belorussian banks. Access to external sources of financial support such as the IMF and EvraZES anti-crisis fund is limited and was conditional upon a reduction in social programs and is impacted by the lack of progress in privatizing state owned assets and other economic structural reforms, which have been postponed by the Government of the Republic in Belarus.

On 24 May 2011, the rouble was officially devalued by 64% against the US dollar compared to exchange rate as of 31 December 2010. The actual spot market exchange rates differ from the official rates by 20% to 50% depending on amount and place of exchange reflecting a significant shortage of foreign currency in the country. The inflation rate for January – June 2011 was 36.2%. The inflation rate is anticipated to be in excess of 45% for 2011.

In June 2011 Belarus was successful in attracting external finance support from EurAsEC anti-crisis fund of USD 3 billion. This financing is conditional upon a medium term economic measures program implementation as developed by the Government, National Bank and agreed with EurAsEC anti-crisis fund. Among the main measures are privatization of state owned assets, National Bank restraining credit and money creation, reduction of fiscal deficit and reduction in social programs. The first tranche in the amount of USD 800 million was disbursed on 21 June 2011. The release of the remaining five tranches during next three years is conditional upon the progress and implementation of the agreed measures.

The Government and the Management of the National Bank recognize that reducing the current account deficit and building up gold and foreign currency reserves to meet the country’s external financing requirements should be high priorities in 2011.They have already taken some steps to reduce the current account deficit, including tightening monetary policy, limiting budget deficit, increasing interest rates and setting a target for overall credit growth under government programs in 2011 which is significantly lower than the increase in 2010. Other economic measures to promote economic and financial stability within a short period of time have also been considered by the authorities such as introducing a floating exchange rate allowing the official exchange rate to be set by market forces and allowing free trade in both the interbank market and cash market.

The Management of the Group monitors the situation on a continuous basis. Further deterioration of economic conditions in Belarus could lead to impairment of a number of the Group’s assets. As at the date of this report, the Management of the Group is unable to estimate the potential financial effect of this uncertainty.

26. Fair values of financial instruments

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

(in millions of Belarusian roubles)

26. Fair values of financial instruments (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

30 September 2011 (unaudited)	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets				
Derivative financial assets	-	-	2,705,860	**2,705,860**
Debt investments available for sale	197,724	241,355	-	439,079
Equity investments available for sale	1,319	-	-	1,319
	199,043	**241,355**	**2,705,860**	**3,146,939**
Financial liabilities				
Derivative financial liabilities	-	-	-	-
	-	**-**	**-**	**-**

31 December 2010	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets				
Derivative financial assets	-	71,400	-	**71,400**
Debt investments available for sale	79,552	269,053	-	**348,605**
Equity investments available for sale	605	-	-	**605**
	80,157	**340,453**	**-**	**420,610**
Financial liabilities				
Derivative financial liabilities	-	38,750	-	**38,750**
	-	**38,750**	**-**	**38,750**

During nine months ended 30 September 2011, the Group transferred derivative financial assets from level 2 to level 3 of the fair value hierarchy. The carrying amount of the total assets transferred was BYR 2,705,860 million. The reason for the transfers from level 2 to level 3 is that inputs to the valuation models ceased to be observable. Prior to transfer, the fair value of the instruments was determined using observable market transactions for the same or similar instruments. Since the transfer, these instruments have been valued using valuation models incorporating significant non market-observable inputs.

The inputs used for estimation of fair values of foreign currency derivatives were the quotes of sovereign credit default swaps of the countries with the same credit rating as the Republic of Belarus has, adjusted for risk-free rate of borrowings in USD (12.591%). The obligations in Belarusian roubles were estimated against the prevailing rate of attracting funds in Belarusian roubles at the reporting date (38.0%).

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:

	1 January 2011	*Transfer from the Level 2 to the Level 3*	*Total gain recorded in profit or loss*	*Settlements*	*30 September 2011*
Financial assets					
Derivative financial assets	-	71,400	2,789,786	(155,326)	2,705,860
Total level 3 financial assets	**-**	**71,400**	**2,789,786**	**(155,326)**	**2,705,860**
Financial liabilities					
Derivative financial liabilities	-	38,750	(38,750)	-	-
Total level 3 financial liabilities	**-**	**38,750**	**(38,750)**	**-**	**-**

(in millions of Belarusian roubles)

27. 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 2011 and 31 December 2010 with related parties:

	30 September 2011		*31 December 2010*	
	Related party balances (unaudited)	***Total category as per the financial statements caption (unaudited)***	***Related party balances***	***Total category as per the financial statements caption***
Cash and cash equivalents	**58,908**	**2,393,709**	**37,985**	**1,256,258**
- parent bank	58,908		37,985	
Loans to customers, gross	**83,240**	**9,985,957**	**3,263**	**6,602,913**
- associates	82,092		-	
- key management personnel	1,148		3,263	
Allowance for impairment losses	**5,043**	**496,866**	**117**	**232,773**
- associates	5,000		-	
- key management personnel	43		117	
Investments in an associate	**6,333**	**6,333**	**2,829**	**2,829**
Due to banks	**4,944,497**	**6,436,618**	**1,557,393**	**2,355,625**
- parent bank	4,944,497		1,557,393	
Due to individuals	**2,640**	**3,407,382**	**2,672**	**2,112,801**
- key management personnel	2,640		2,672	
Due to corporate customers	**40,911**	**3,470,533**	**20,286**	**2,538,430**
- associates	40,911		20,286	
Commitments and contingencies	**3,927**	**2,470,289**	**4,597**	**2,082,951**
- associates	3,819		4,386	
- key management personnel	108		211	

(in millions of Belarusian roubles)

27. Transactions with related parties (continued)

Included in the interim condensed consolidated income statement for the 9 months ended 30 September 2011 and for the 9 months ended 30 September 2010 are the following amounts which arose due to transactions with related parties:

	9 months ended 30 September 2011		*9 months ended 30 September 2010*	
	Related party transactions (unaudited)	***Total category as per the financial statements caption (unaudited)***	***Related party transactions (unaudited)***	***Total category as per the financial statements caption (unaudited)***
Interest income	**8,583**	**1,054,953**	**483**	**490,271**
- parent bank	685		277	
- associates	7,792		-	
- key management personnel	106		152	
Fee and commission income	**170**	**286,532**	**-**	**175,114**
- associates	169		-	
- parent bank	1		-	
Interest expenses	**82,440**	**526,790**	**8,694**	**297,061**
- parent bank	81,450		8,203	
- associates	893		300	
- key management personnel	97		191	
Allowance / (reversal of allowance) for loan impairment	**4,926**	**279,185**	**117**	**47,054**
- associates	5,000		-	
- key management personnel	(74)		117	
Fee and commission expense	**8,358**	**86,372**	**2,108**	**37,585**
- parent bank	8,358		2,108	
Staff costs	**7,712**	**135,363**	**1,706**	**91,281**
- key management personnel	7,712		1,706	

During the 9 months ended 30 September 2011 and 9 months ended 30 September 2010 remuneration of key management personnel was comprised by short-term employee benefits.

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

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

As at 30 September 2011 according to the norms of the Basel I Capital Accord the Group's total capital amount for Capital adequacy purposes was BYR 1,180,107 million and tier 1 capital amount was BYR 1,033,777 million with ratios of 9.3% and 8.1%, respectively.

(in millions of Belarusian roubles)

28. Capital management (continued)

As at 31 December 2010 according to the norms of the Basel I Capital Accord the Group's total capital amount for Capital adequacy purposes was BYR 1,041,696 million and tier 1 capital amount was BYR 855,208 million with ratios of 15.0% and 12.3%, 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 Basle Committee on Banking Supervision.

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

Credit risk

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

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 2011 (unaudited)	***AA***	***A***	***BBB***	***BB***	***B***	***Not rated***	***Total***
Cash equivalents	109,224	9,621	59,055	-	1,354,451	5,667	**1,538,018**
Mandatory cash balances with the National Bank	-	-	-	-	50,807	-	**50,807**
Due from banks	-	-	-	-	134,722	16,906	**151,628**
Derivative financial assets	-	-	-	-	2,705,860	-	**2,705,860**
Loans to customers	-	-	-	-	-	9,489,091	**9,489,091**
Investments available for sale	-	-	-	-	404,905	34,174	**439,079**
Investments held to maturity	-	-	-	-	23,014	12,748	**35,762**
Other financial assets	-	-	-	-	-	43,191	**43,191**

31 December 2010	***AA***	***A***	***BBB***	***BB***	***B***	***Not rated***	***Total***
Cash equivalents	85,861	86,972	49,654	-	556,186	26	**778,699**
Mandatory cash balances with the National Bank	-	-	-	-	25,473	-	**25,473**
Due from banks	-	-	-	-	167,254	78,477	**245,731**
Derivative financial assets	-	-	91	-	71,066	243	**71,400**
Loans to customers	-	-	-	-	-	6,370,140	**6,370,140**
Investments available for sale	-	-	-	-	282,721	65,884	**348,605**
Investments held to maturity	-	-	-	-	22,136	19,151	**41,287**
Other financial assets	-	-	-	-	-	22,915	**22,915**

As at 31 December 2010 other financial assets comprised past due but not impaired assets in the amount of BYR 95 million. Carrying value of past due and impaired loans to customers is disclosed in Note 6. Except for the above mentioned as at 30 September 2011 and 31 December 2010 the Bank had neither past due nor impaired financial assets.

(in millions of Belarusian roubles)

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. The geographical concentration of financial assets and liabilities is set out below:

	Belarus	*CIS Countries*	*OECD Countries*	*Non-OECD countries*	*30 September 2011 Total (unaudited)*
Financial assets					
Cash and cash equivalents	2,213,233	61,631	118,023	822	**2,393,709**
Mandatory cash balances with the National Bank	50,807	-	-	-	**50,807**
Due from banks	151,628	-	-	-	**151,628**
Derivative financial assets	2,705,860	-	-	-	**2,705,860**
Loans to customers	9,489,091	-	-	-	**9,489,091**
Investments available for sale	441,823	-	1,474	-	**443,297**
Investments held to maturity	35,762	-	-	-	**35,762**
Other financial assets	43,191	-	-	-	**43,191**
Total financial assets	**15,131,395**	**61,631**	**119,497**	**822**	**15,313,345**
Financial liabilities					
Loans from the National Bank	205,330	-	-	-	**205,330**
Due to banks	46,784	5,019,516	1,352,900	17,418	**6,436,618**
Derivative financial liabilities	-	-	-	-	**-**
Due to individuals	3,407,382	-	-	-	**3,407,382**
Due to corporate customers	3,416,260	6,361	1,095	46,817	**3,470,533**
Debt securities issued	921,546	-	-	-	**921,546**
Provisions for guarantees and other commitments	43,347	-	-	-	**43,347**
Other financial liabilities	46,826	-	-	-	**46,826**
Total financial liabilities	**8,087,475**	**5,025,877**	**1,353,995**	**64,235**	**14,531,582**
Net position	**7,043,920**	**(4,964,246)**	**(1,234,498)**	**(63,413)**	

(in millions of Belarusian roubles)

29. Risk management policies (continued)

Geographical concentration (continued)

	Belarus	*CIS countries*	*OECD countries*	*Non-OECD countries*	*31 December 2010 Total*
Financial assets					
Cash and cash equivalents	1,032,657	50,691	172,833	77	**1,256,258**
Mandatory cash balances with the National Bank	25,473	-	-	-	**25,473**
Due from banks	245,731	-	-	-	**245,731**
Derivative financial assets	71,309	91	-	-	**71,400**
Loans to customers	6,370,140	-	-	-	**6,370,140**
Investments available for sale	351,491	10	605	-	**352,106**
Investments held to maturity	41,287	-	-	-	**41,287**
Other financial assets	22,915	-	-	-	**22,915**
Total financial assets	**8,161,003**	**50,792**	**173,438**	**77**	**8,385,310**
Financial liabilities					
Loans from the National Bank	117,094	-	-	-	**117,094**
Due to banks	23,295	1,598,296	722,646	11,388	**2,355,625**
Derivative financial liabilities	38,696	54	-	-	**38,750**
Due to individuals	2,112,801	-	-	-	**2,112,801**
Due to corporate customers	2,538,044	195	163	28	**2,538,430**
Debt securities issued	511,735	-	-	-	**511,735**
Provisions for guarantees and other commitments	11,607	-	-	-	**11,607**
Other financial liabilities	22,293	-	76	-	**22,369**
Total financial liabilities	**5,375,565**	**1,598,545**	**722,885**	**11,416**	**7,708,411**
Net position	**2,785,438**	**(1,547,753)**	**(549,447)**	**(11,339)**	

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.

(in millions of Belarusian roubles)

29. Risk management policies (continued)

Liquidity risk (continued)

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.

	Demand and less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*From 1 to 3 years*	*From 3 to 5 years*	*More than 5 years*	*Overdue*	*No stated maturity*	*30 September 2011 Total (unaudited)*
Assets									
Cash and cash equivalents	2,393,709	-	-	-	-	-	-	-	**2,393,709**
Mandatory cash balances with the National Bank	-	-	-	-	-	-	-	50,807	**50,807**
Due from banks	-	73,794	19,670	27,839	11,055	19,270	-	-	**151,628**
Derivative financial assets	-	14,906	33,038	1,947,493	583,470	126,953	-	-	**2,705,860**
Loans to customers	648,147	2,119,290	1,568,286	3,001,482	1,206,561	906,059	39,266	-	**9,489,091**
Non-current asset held for sale	-	17,017	-	-	-	-	-	-	**17,017**
Investments available for sale	41,791	4,069	-	280,819	101,787	10,614	-	4,217	**443,297**
Investments held to maturity	-	46	-	1,474	23,628	10,614	-	-	**35,762**
Investments in an associate	-	-	-	-	-	-	-	6,333	**6,333**
Premises and equipment	-	-	-	-	-	-	-	408,575	**408,575**
Intangible assets	-	-	-	-	-	-	-	16,426	**16,426**
Current income tax assets	11,016	-	-	-	-	-	-	-	**11,016**
Other assets	77,811	8,924	1,053	2,448	39	8,239	-	10,122	**108,636**
Total assets	**3,172,474**	**2,238,046**	**1,622,047**	**5,261,555**	**1,926,540**	**1,081,749**	**39,266**	**496,480**	**15,838,157**
Liabilities									
Loans from the National Bank	448	4,983	6,000	137,910	55,989	-	-	-	**205,330**
Due to banks	790,224	1,234,670	546,780	3,627,345	183,059	54,540	-	-	**6,436,618**
Derivative financial liabilities	-	-	-	-	-	-	-	-	**-**
Due to individuals	670,389	337,630	1,130,658	1,237,312	31,393	-	-	-	**3,407,382**
Due to corporate customers	2,245,652	810,925	290,299	65,448	4,602	53,607	-	-	**3,470,533**
Debt securities issued	19,563	308,027	248,324	345,632	-	-	-	-	**921,546**
Current income tax liabilities	55,103	-	-	-	-	-	-	-	**55,103**
Deferred income tax liabilities	-	-	-	-	-	-	-	41,844	**41,844**
Provisions for guarantees and other commitments	-	-	-	-	-	-	-	43,347	**43,347**
Other liabilities	62,389	7,977	841	1,809	1,522	-	-	1,809	**76,347**
Total liabilities	**3,843,768**	**2,704,212**	**2,222,902**	**5,415,456**	**276,565**	**108,147**	**-**	**87,000**	**14,658,050**
Net liquidity surplus/(gap)	**(671,294)**	**(466,166)**	**(600,855)**	**(153,901)**	**1,649,975**	**973,602**	**39,266**	**409,480**	**1,180,107**
Cumulative liquidity surplus/(gap) as at 30 September 2011	**(671,294)**	**(1,137,460)**	**(1,738,315)**	**(1,892,216)**	**(242,241)**	**731,361**	**770,627**	**1,180,107**	

(in millions of Belarusian roubles)

29. Risk management policies (continued)

Liquidity risk (continued)

	Demand and less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*From 1 to 3 years*	*From 3 to 5 years*	*More than 5 years*	*Overdue*	*No stated maturity*	*31 December 2010 Total*
Assets									
Cash and cash equivalents	1,256,258	-	-	-	-	-	-	-	**1,256,258**
Mandatory cash balances with the National Bank	-	-	-	-	-	-	-	25,473	**25,473**
Due from banks	18	80,876	88,822	33,750	5,613	36,652	-	-	**245,731**
Derivative financial assets	333	11,718	-	47,529	2,311	9,509	-	-	**71,400**
Loans to customers	282,128	1,548,989	1,293,020	1,880,514	833,791	527,109	4,589	-	**6,370,140**
Non-current asset held for sale	-	-	8,813	-	-	-	-	-	**8,813**
Investments available for sale	67	16,356	22,819	221,474	80,623	7,266	-	3,501	**352,106**
Investments held to maturity	-	10,411	-	1,474	22,136	7,266	-	-	**41,287**
Investments in an associate	-	-	-	-	-	-	-	2,829	**2,829**
Premises and equipment	-	-	-	-	-	-	-	361,071	**361,071**
Intangible assets	-	-	-	-	-	-	-	12,906	**12,906**
Current income tax assets	570	-	-	-	-	-	-	-	**570**
Other assets	45,458	6,886	823	863	154	207	95	3,897	**58,383**
Total assets	**1,584,832**	**1,675,236**	**1,414,297**	**2,185,604**	**944,628**	**588,009**	**4,684**	**409,677**	**8,806,967**
Liabilities									
Loans from the National Bank	996	3,384	6,769	32,439	73,506	-	-	-	**117,094**
Due to banks	688,591	341,268	245,634	907,029	131,566	41,537	-	-	**2,355,625**
Derivative financial liabilities	210	524	811	20,595	16,610	-	-	-	**38,750**
Due to individuals	406,545	589,197	429,511	658,169	29,338	41	-	-	**2,112,801**
Due to corporate customers	1,442,058	614,510	289,004	186,713	5,945	200	-	-	**2,538,430**
Debt securities issued	116,920	186,021	2,557	206,237	-	-	-	-	**511,735**
Current income tax liabilities	9,537	-	-	-	-	-	-	-	**9,537**
Deferred income tax liabilities	-	-	-	-	-	-	-	28,977	**28,977**
Provisions for guarantees and other commitments	-	-	-	-	-	-	-	11,607	**11,607**
Other liabilities	27,881	4,731	579	10	-	-	-	7,514	**40,715**
Total liabilities	**2,692,738**	**1,739,635**	**974,865**	**2,011,192**	**256,965**	**41,778**	**-**	**48,098**	**7,765,271**
Net liquidity surplus/(gap)	**(1,107,906)**	**(64,399)**	**439,432**	**174,412**	**687,663**	**546,231**	**4,684**	**361,579**	**1,041,696**
Cumulative liquidity surplus/(gap) as at 31 December 2010	**(1,107,906)**	**(1,172,305)**	**(732,873)**	**(558,461)**	**129,202**	**675,433**	**680,117**	**1,041,696**	

(in millions of Belarusian roubles)

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 2011 and 31 December 2010 are estimated in the amount of BYR 1,127,970 million and BYR 873,698 million, respectively. Based on going concern assumptions the effective maturity of core deposits is considered to be undefined. Information as to the expected periods of repayment of customer accounts and effective liquidity gaps as at 30 September 2011 and 31 December 2010 is as follows:

	Demand and less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*From 1 to 3 years*	*From 3 to 5 years*	*More than 5 years*	*Overdue*	*No stated maturity*	*30 September 2011 Total (unaudited)*
Accounts of individuals analyzed based on expected withdrawal dates	386,466	337,630	1,130,658	1,237,312	31,393	-	-	283,923	**3,407,382**
Corporate accounts analyzed based on expected withdrawal dates	1,401,606	810,925	290,299	65,448	4,602	53,607	-	844,046	**3,470,533**
Liquidity gap (based on expected withdrawal dates for customers accounts)	**456,675**	**(466,166)**	**(600,855)**	**(153,901)**	**1,649,975**	**973,602**	**39,266**	**(718,489)**	

	Demand and less than 1 month	*From 1 to 6 months*	*From 6 to 12 months*	*From 1 to 3 years*	*From 3 to 5 years*	*More than 5 years*	*Overdue*	*No stated maturity*	*31 December 2010 Total*
Accounts of individuals analyzed based on expected withdrawal dates	215,878	589,197	429,511	658,169	29,338	41	-	190,667	**2,112,801**
Corporate accounts analyzed based on expected withdrawal dates	759,027	614,510	289,004	186,713	5,945	200	-	683,031	**2,538,430**
Liquidity gap (based on expected withdrawal dates for customers accounts)	**(234,208)**	**(64,399)**	**439,432**	**174,412**	**687,663**	**546,231**	**4,684**	**(512,119)**	

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.

(in millions of Belarusian roubles)

29. Risk management policies (continued)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the interest rate margin and the value of the financial instruments. The Group’s interest rate policy is primarily directed to provide adequate interest rate margin and stable level of net interest income. The Group manages interest rate risk through periodic estimation of cumulative disbalance between interest sensitive assets and liabilities as a percentage of total interest bearing assets. The Risk Department exercises regular procedures on monitoring, identifying and controlling the interest rate risk. The Bank’s Financial Committee takes decisions on interest rate risk limitation.

The following table presents a sensitivity analysis of interest rate risk, which has been determined based on “reasonably possible changes” of interest rates. The level of these changes is determined by Management. The sensitivity analysis represents the annual effect of 30% increase/reduction in interest rates in respect of floating rate financial instruments existing as at 30 September 2011 and 31 December 2010, 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:

	30 September 2011 (unaudited)		***31 December 2010***	
BYR	***Interest rate +30%***	***Interest rate -30%***	***Interest rate +30%***	***Interest rate -30%***
Impact on profit before taxes				
Assets				
Due from banks	108,521	(108,521)	57,049	(57,049)
Loans to customers	1,417,355	(1,417,355)	1,079,630	(1,079,630)
Investments available for sale	9,996	(9,996)	(66,455)	66,455
Investments held to maturity	3,636	(3,636)	5,743	(5,743)
Liabilities:				
Loans from the National Bank	-	-	(214)	214
Due to banks	(12,316)	12,316	(1,703)	1,703
Customer accounts	(757,603)	757,603	(569,144)	569,144
Debt securities issued	(142,072)	142,072	(77,982)	77,982
Net impact on profit before taxes	**627,517**	**(627,517)**	**426,924**	**(426,924)**
Impact on comprehensive income (excluding profit for the period)				
Investments available for sale	(42,430)	42,430	(79,176)	79,176
Net impact on comprehensive income	**585,087**	**(585,087)**	**347,748**	**(347,748)**

(in millions of Belarusian roubles)

29. Risk management policies (continued)

Interest rate risk (continued)

USD	30 September 2011 (unaudited) Interest rate +5%	30 September 2011 (unaudited) Interest rate -5%	31 December 2010 Interest rate +5%	31 December 2010 Interest rate -5%
Impact on profit before taxes				
Assets				
Due from banks	841	(841)	-	-
Loans to customers	53,945	(53,945)	21,444	(21,444)
Investments available for sale	2,092	(2,092)	99	(99)
Liabilities				
Loans from the National Bank	(9,674)	9,674	(5,316)	5,316
Due to banks	(17,595)	17,595	(10,011)	10,011
Customer accounts	(34,073)	34,073	(23,688)	23,688
Debt securities issued	(1,708)	1,708	(3,163)	3,163
Net impact on profit before taxes	**(6,172)**	**6,172**	**(20,635)**	**20,635**
Impact on comprehensive income (excluding profit for the period)				
Investments available for sale	-	-	-	-
Net impact on comprehensive income	**(6,172)**	**6,172**	**(20,635)**	**20,635**

EUR	30 September 2011 (unaudited) Interest rate +5%	30 September 2011 (unaudited) Interest rate -5%	31 December 2010 Interest rate +5%	31 December 2010 Interest rate -5%
Impact on profit before taxes				
Assets				
Due from banks	2,153	(2,153)	395	(395)
Loans to customers	99,035	(99,035)	36,499	(36,499)
Liabilities				
Due to banks	(112,061)	112,061	(59,513)	59,513
Customer accounts	(25,908)	25,908	(19,365)	19,365
Debt securities issued	(1,856)	1,856	(6,803)	6,803
Net impact on profit before taxes	**(38,637)**	**38,637**	**(48,787)**	**48,787**
Impact on comprehensive income (excluding profit for the period)				
Investments available for sale	-	-	-	-
Net impact on comprehensive income	**(38,637)**	**38,637**	**(48,787)**	**48,787**

(in millions of Belarusian roubles)

29. Risk management policies (continued)

Interest rate risk (continued)

	30 September 2011 (unaudited)		*31 December 2010*	
RUR	*Interest rate +5%*	*Interest rate -5%*	*Interest rate +5%*	*Interest rate -5%*
Impact on profit before taxes				
Assets				
Loans to customers	10,566	(10,566)	5,760	(5,760)
Investments available for sale	7	(7)	-	-
Liabilities				
Due to banks	(3,195)	3,195	(212)	212
Customer accounts	(17,921)	17,921	(10,453)	10,453
Debt securities issued	(330)	330	-	-
Net impact on profit before taxes	**(10,873)**	**10,873**	**(4,905)**	**4,905**
Impact on comprehensive income (excluding profit for the period)				
Investments available for sale	-	-	-	-
Net impact on comprehensive income	**(10,873)**	**10,873**	**(4,905)**	**4,905**

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)

29. Risk management policies (continued)

Currency risk (continued)

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

	BYR	*USD 1USD=BYR 5,599.00*	*EUR 1EUR=BYR 7,638.16*	*RUR 1RUR=BYR 175.65*	*Precious metals*	*Other currencies*	*30 September 2011 Total (unaudited)*
Financial assets							
Cash and cash equivalents	1,703,618	333,000	210,571	122,989	16,975	6,556	**2,393,709**
Mandatory cash balances with the National Bank of the Republic of Belarus	50,807	-	-	-	-	-	**50,807**
Due from banks	73,922	16,906	60,800	-	-	-	**151,628**
Derivative financial assets	2,705,860	-	-	-	-	-	**2,705,860**
Loans to customers	4,795,746	1,751,803	2,405,138	536,404	-	-	**9,489,091**
Investments available for sale	203,186	146,113	-	93,998	-	-	**443,297**
Investments held to maturity	35,762	-	-	-	-	-	**35,762**
Other financial assets	39,563	2,031	858	738	-	1	**43,191**
Total financial assets	**9,608,464**	**2,249,853**	**2,677,367**	**754,129**	**16,975**	**6,557**	**15,313,345**
Financial liabilities							
Loans from the National Bank	-	205,330	-	-	-	-	**205,330**
Due to banks	42,961	435,191	3,560,290	210,991	2,187,143	42	**6,436,618**
Derivative financial liabilities	-	-	-	-	-	-	**-**
Due to individuals	871,080	1,533,848	724,469	161,623	116,362	-	**3,407,382**
Due to corporate customers	1,987,269	443,774	502,773	433,716	101,665	1,336	**3,470,533**
Debt securities issued	475,794	155,623	263,767	26,362	-	-	**921,546**
Provisions for guarantees and other commitments	12,922	9,084	19,601	1,740	-	-	**43,347**
Other financial liabilities	27,586	11,656	4,101	3,483	-	-	**46,826**
Total financial liabilities	**3,417,612**	**2,794,506**	**5,075,001**	**837,915**	**2,405,170**	**1,378**	**14,531,582**
Currency position	**6,190,852**	**(544,653)**	**(2,397,634)**	**(83,786)**	**(2,388,195)**	**5,179**	

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:

	BYR	*USD 1USD=BYR 5,599.00*	*EUR 1EUR=BYR 7,638.16*	*RUR 1RUR=BYR 175.65*	*Precious metals*	*Other currencies*	*30 September 2011 Total (unaudited)*
Claims on derivative financial instruments	43,635	705,001	2,648,226	84,707	2,392,883	-	**5,874,452**
Obligations on derivative financial instruments	(2,946,893)	(176,171)	(217,731)	-	-	-	**(3,340,795)**
Net derivative financial instruments position	**(2,903,258)**	**528,830**	**2,430,495**	**84,707**	**2,392,883**	**-**	**2,533,657**
Total currency position	**3,287,594**	**(15,823)**	**32,861**	**921**	**4,688**	**5,179**	

(in millions of Belarusian roubles)

29. Risk management policies (continued)

Currency risk (continued)

Derivative financial instruments

	BYR	*USD 1USD=BYR 3,000.00*	*EUR 1EUR=BYR 3,972.60*	*RUR 1RUR=BYR 98.44*	*Precious metals*	*Other currencies*	*31 December 2010 Total*
Financial assets							
Cash and cash equivalents	886,492	154,736	128,333	82,914	-	3,783	**1,256,258**
Mandatory cash balances with the National Bank of the Republic of Belarus	25,473	-	-	-	-	-	**25,473**
Due from banks	213,290	819	31,622	-	-	-	**245,731**
Derivative financial assets	71,400	-	-	-	-	-	**71,400**
Loans to customers	4,104,772	997,607	1,024,355	243,406	-	-	**6,370,140**
Investments available for sale	249,725	102,371	-	10	-	-	**352,106**
Investments held to maturity	41,287	-	-	-	-	-	**41,287**
Other financial assets	21,032	951	175	757	-	-	**22,915**
Total financial assets	**5,613,471**	**1,256,484**	**1,184,485**	**327,087**	**-**	**3,783**	**8,385,310**
Financial liabilities							
Loans from the National Bank	2,848	114,246	-	-	-	-	**117,094**
Due to banks	6,412	284,641	1,379,444	4,417	680,710	1	**2,355,625**
Derivative financial liabilities	38,750	-	-	-	-	-	**38,750**
Due to individuals	640,278	908,631	476,016	87,876	-	-	**2,112,801**
Due to corporate customers	1,577,963	298,740	392,376	267,183	1,157	1,011	**2,538,430**
Debt securities issued	263,378	85,219	163,138	-	-	-	**511,735**
Provisions for guarantees and other commitments	219	3,814	6,356	1,218	-	-	**11,607**
Other financial liabilities	14,991	3,420	2,691	1,267	-	-	**22,369**
Total financial liabilities	**2,544,839**	**1,698,711**	**2,420,021**	**361,961**	**681,867**	**1,012**	**7,708,411**
Currency position	**3,068,632**	**(442,227)**	**(1,235,536)**	**(34,874)**	**(681,867)**	**2,771**	

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:

	BYR	*USD 1USD=BYR 3,000.00*	*EUR 1EUR=BYR 3,972.60*	*RUR 1RUR=BYR 98.44*	*Precious metals*	*Other currencies*	*31 December 2010 Total*
Claims on derivative financial instruments	27,629	476,498	1,237,111	27,857	680,710	-	**2,449,805**
Obligations on derivative financial instruments	(2,426,499)	(29,808)	(28,208)	(10,515)	-	-	**(2,495,030)**
Net derivative financial instruments position	**(2,398,870)**	**446,690**	**1,208,903**	**17,342**	**680,710**	**-**	**(45,225)**
Total currency position	**669,762**	**4,463**	**(26,633)**	**(17,532)**	**(1,157)**	**2,771**	

(in millions of Belarusian roubles)

29. Risk management policies (continued)

Currency risk sensitivity

The following tables detail the Group's sensitivity to an increase and decrease in the USD, EUR and RUR against the BYR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents Management's assessment of the possible change in foreign currency exchange rates.
As at 30 September 2011 and 31 December 2010 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.

	30 September 2011 (unaudited)		*31 December 2010*	
	BYR/USD +30%	***BYR/USD -10%***	***BYR/USD +30%***	***BYR/USD -10%***
Impact on profit or loss	(4,649)	1,550	2,483	(828)
Impact on comprehensive income	(4,649)	1,550	2,483	(828)

	30 September 2011 (unaudited)		*31 December 2010*	
	BYR/EUR +30%	***BYR/EUR -10%***	***BYR/EUR +30%***	***BYR/EUR -10%***
Impact on profit or loss	9,858	(3,286)	(6,083)	2,028
Impact on comprehensive income	9,858	(3,286)	(6,083)	2,028

	30 September 2011 (unaudited)		*31 December 2010*	
	BYR/RUR +30%	***BYR/RUR -10%***	***BYR/RUR +30%***	***BYR/RUR -10%***
Impact on profit or loss	276	(92)	(4,889)	1,630
Impact on comprehensive income	276	(92)	(4,889)	1,630

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.

(in millions of Belarusian roubles)

30. Subsequent events

On October, 20th 2011, the National Bank has abolished main session at Belorusian Stock and Currency Exchange, where the official exchange rate of the national currency was being determined. The exporters were obliged to sell 30% of their revenue in foreign currency by the official rate, which was substantially lower than the market rate. The market rate of the belorusian rouble was being fixed during the auxiliary session at the same Stock and Currency Exchange.
On October, 20th the National Bank has fixed the official rate of the Belorusian rouble during auxiliary session thus devaluating national currency by 196% from the beginning of the year. In attempts to overcome the currency crisis which struck the economy of Belarus in March 2011 the National Bank has turned to the managed floating model of determining the exchange rate of the national currency for all segments of the financial market of the Republic of Belarus.

The prime refinancing rate in BYR at the date of issue of these financial statements was 31% per annum.

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

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 consolidated financial statements for the year ended as at 31 December 2011, prepared in accordance with IFRS, were authorized for issue by the Management Board on March 30, 2012 (the date of the audit report: April 25, 2012). Accordingly, adjustments and reclassifications of 2011 financial statements that were made in order to comply with IFRS included recalculation prescribed by IAS 29 that reflects changes in the general purchasing power of the Belarusian ruble.