



BELVNESHECONOMBANK

ANNUAL REPORT 2001

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Dear Shareholders and Clients,

We are privileged to submit to you the 2001 Belvnesheconombank Annual Report.

During the year under review, the Supervisory and Management Boards concentrated their efforts on attaining further client service improvements, enhancing efficiency of business operations of the Bank, securing its financial stability and ensuring its active participation in the implementation of the 2001 Monetary Policy Guidelines and the 2001 - 2005 Program of Socio-Economic Development of Belarus.

The past year has become yet another stage in Belvnesheconombank's on-going dynamic development accompanied by substantial improvements, both quantitative and qualitative, in its overall performance. As a result, the Bank has consolidated its leadership positions in the country's banking industry as a most stable and sound banking institution. Being a trustworthy partner, the Bank enjoys full faith and credit of its shareholders and clients both at home and abroad.

Following the additional share subscription held in 2001, the Bank has raised its authorized capital by BYR 7 billion to BYR 17 billion with its foreign currency component reaching USD 13.6 million. Owing to the implementation of a set of effective measures, we attained substantial improvements in the structure of our assets and liabilities and considerably reduced the amount of bad loans while consistently ensuring compliance with capital adequacy and liquidity ratios.

Pursuing a carefully weighed and prudent policy of improving the loan portfolio quality, expanding our resource potential by tapping both internal and external sources and implementing stringent cost-saving measures, we have been able to render a more efficient service to domestic industries in their foreign trade business and offer greater financial support to the real sector of the economy and export-oriented manufacturers. Compared to 2000, the amount of loans in local and foreign currency disbursed by Belvnesheconombank over the year rose 1.6 and 2.1 times respectively. Overall, the amount of foreign trade client financing extended over the year totaled an equivalent of USD 332 million.

As before, Belvnesheconombank leads the field in international clean payments. Further measures have been taken to mobilize loan funds from foreign credit lines and streamline the correspondent banking network. We have expanded domestic and international money market transactions and increased conversion and forex trading volumes. Trading in bills of exchange and government bonds of the Republic of Belarus was also given a further impetus.

The advances made by the Bank in 2001 are in large measure due to a constructive and fruitful cooperation with our shareholders and clients, consideration for their needs, swift response to market fluctuations with due account for the needs of various client segments and their specific interests, and utilization of the best international banking and management practices.



Application of the cutting-edge banking technologies, availability of the broadest possible banking product mix and provision of top-quality client-focused services won the Bank over 800 new clients during the accounting year, mainly from the SME sector.

The key goals and objectives to be pursued by the Bank in 2002 are defined by the 2001 - 2010 Belarus Strategy of Banking System Development and embrace a set of measures that envisage improving the Bank's loan portfolio, augmenting its resource base and capitalization, raising liquidity and solvency levels, delivering greater efficiencies in lending, investment and trade finance business, reviewing fee and interest policy guidelines, streamlining branch network and, ultimately, ensuring strict and proper fulfillment of obligations towards our depositors and clients.

The Supervisory and Management Boards of Belvnesheconombank are profoundly grateful to all shareholders and clients of the Bank for a concerted and fruitful joint work. We highly appreciate your trust and confidence and are convinced that our cooperation underlying our collaborative effort to attain further progress in the Bank's development, and strengthen its potential and prestige in the banking community will continue to be as solid, effective and mutually beneficial as before.

Vladimir Drazhin
Chairman of the Supervisory Board

Georgy Egorov
Chairman of the Management Board

SUPERVISORY BOARD

CHAIRMAN

Vladimir DRAZHIN
Deputy Prime Minister of the Republic of Belarus

Pavel GURIN
Member of the Board of Directors
of OAO Natsionalny Kosmichesky Bank, Moscow

DEPUTY CHAIRMEN

Andrey ARSHINOV
Member of the Board of Directors,
Deputy Chairman of the Management Board
of OAO Natsionalny Kosmichesky Bank, Moscow

Aleksandr KURLYPO
Deputy Minister of Finance
of the Republic of Belarus

Pavel KALLAUR
First Deputy Chairman of the Management Board
of the National Bank of the Republic of Belarus

Aleksandr KERNZHITSKY
Director of Financial Department,
Minsk City Executive Committee

MEMBERS OF THE SUPERVISORY BOARD

Sergey YEVDOKIMOV
General Director of ZAO GK Kaskol,
Advisor to the Chairman of the Management Board
of OAO Natsionalny Kosmichesky Bank, Moscow

Tatyana POLEGOSHKO
Director of Department of Methodology
of Banking Accounting and Budget,
National Bank of the Republic of Belarus

Vadim FILIPOV
General Director, Republican Unitary Enterprise
"Belarusian Steel Works", Zhlobin

MANAGEMENT BOARD

Georgy EGOROV
Chairman of the Board

Sergei SCHERBAK
Deputy Chairman

Valentin ZAYASH
Deputy Chairman

Yuri TYAVLOVSKY
Deputy Chairman -
Director of International Department

Dmitri KOULEVATSKY
Deputy Chairman

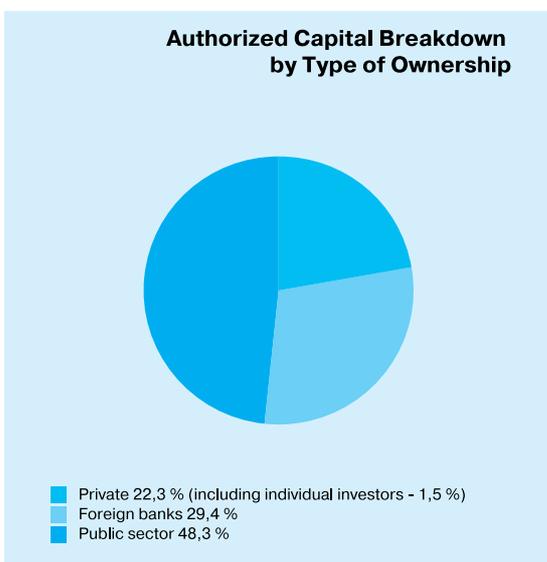
BELVNESHECONOMBANK'S ORGANISATIONAL CHART



AUTHORIZED CAPITAL AND SHAREHOLDERS

As at January 1, 2002 Belvnesheconombank's authorized capital totaled BYR 17 158 million scoring a 1.7 times increase due to a public subscription to an additional issue of the Bank's shares and the acquisition of Belcoopbank.

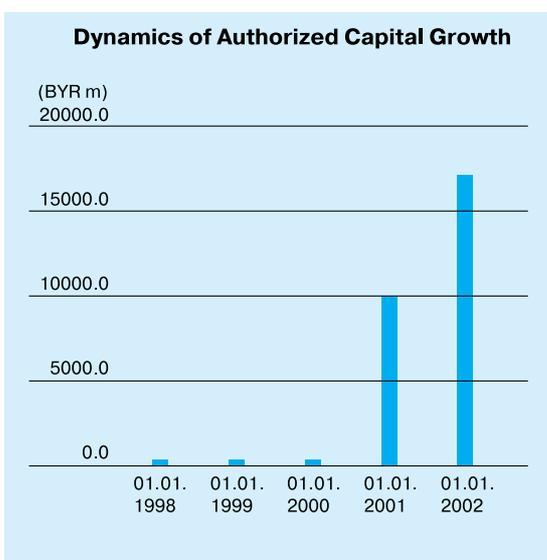
A considerable part of the authorized capital is made up of freely convertible currency contributions comprising USD 13 million and EUR 0.6 million. As at January 1, 2002, Belvnesheconombank's shareholders included 870 legal entities and 44 045 private individuals.



Equity stakes exceeding 5 percent of the authorized capital are managed by Natzionalny Kosmichesky Bank (Moscow), National Bank of the Republic of Belarus, Belarusian Steel Works (Zhlobin), Ministry of Economy of the Republic of Belarus and Pinskiy Pivovarny Zavod (Pinsk).

Other prominent equity participants are

- Mozyr Oil Refinery and Naftan Oil Refinery - Europe's largest oil refineries;
- Atlant - household refrigerator manufacturer;
- Belvneshestrakh - rated among Belarus' top five insurance companies;
- Belinterfinance - Belarusian-Italian joint venture;
- Belagointorg - country's largest agricultural products trader;
- Druzhba Oil Pipeline;
- Stroykomplekt - a construction materials wholesaling company;
- Khimvolokno Production Associations in Mogilev, Grodno and Svetlogorsk - major chemical fiber producers;
- Belarusian Condensed Gas Transportation and Supply Enterprise;
- Cards, Systems and Technologies - banking software developer; and
- Beltekhexport - one of the country's largest special hardware exporters.



LENDING OPERATIONS

Further promotion of cooperation with the country's largest export and import-oriented companies in the real sector of the economy, embracing, among others, steel, fuel and engineering industries, remained to be a cornerstone of the Bank's lending policy in 2001.

In the year under review, Belvnesheconombank continued to rank high among the country's major lending institutions, accounting for 10 percent of all loan input in the national economy by the domestic banking industry. Compliant with the Belarus monetary policy guidelines for the year 2001, 54 percent of loans were extended on a short-term and 45.2 percent on a long-term basis.

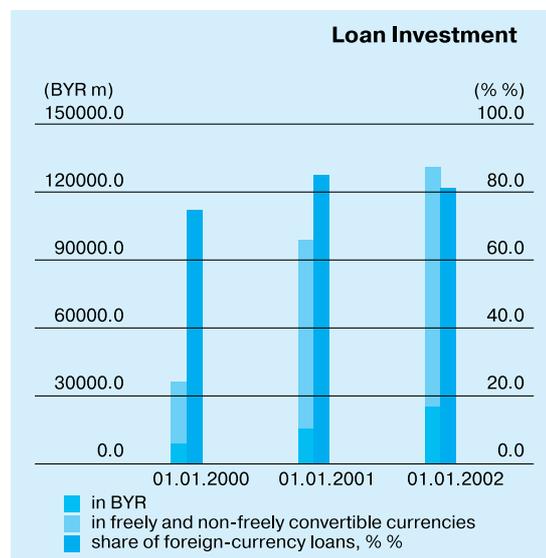
The amount of foreign currency loans extended by the Bank over the accounting year reached the equivalent of USD 167.1 million, while that of lendings in local currency rose to BYR 119.6 billion (in 2000, USD 105.1 million and BYR 57 billion respectively). Among the borrowers were Belarusian Steel Works, Naftan and Mozyr Oil Refineries, Khimvolokno (Mogilev) artificial fibers producer, Atlant household refrigerators manufacturer, Mozyr Salt, Brest Dairy Factory, Spartak Confectionery joint-venture, Horizont TV-set Factory and others.

The package of services provided to Belarusian Steel Works was enlarged by the sale of deferred payment bills of exchange thereby allowing the company to surpass the 2000 results by 5 percent in output and by 3 percent in export sales.

Owing to Belvnesheconombank's loan infusions, Horizont was able to make further progress in the implementation of a project aimed at upgrading its range of TV-sets. As a result, the company managed to launch 23 new models of TV-sets of improved service quality and expand their range to a total of 90 TV-set models. Furthermore, the company increased its output 1.7 times, raised its gross sales by 87 percent and attained a 44 percent rise in exports.

The Bank's loans helped Atlant continue transition to new technologies in the manufacturing of household refrigerators and increase sales by 115 percent and exports by 36 percent.

A revolving credit line opened in favor of Kommunarka Confectionery was instrumental in raising the volume of production and sales. The output rose 1.8 times in comparable prices against



the previous year, while the share of export sales went up from 13 percent in 2000 to as high as 30 percent in 2001.

A revolving credit line set up for Belryba Fish Processing Company made it possible to expand its product mix, build up manufacturing capacities (145 percent against the year before), raise the procurement volumes (179 percent on the previous year), and, as a consequence, to satisfy the local market demand for fish and seafood products.

Considerable loan disbursements were made to petrochemical industries including the production of man-made fibers, paints and varnishes.

A considerable share of the Bank's loan portfolio in 2001 (16.9 percent) was earmarked for the agro-industrial complex.

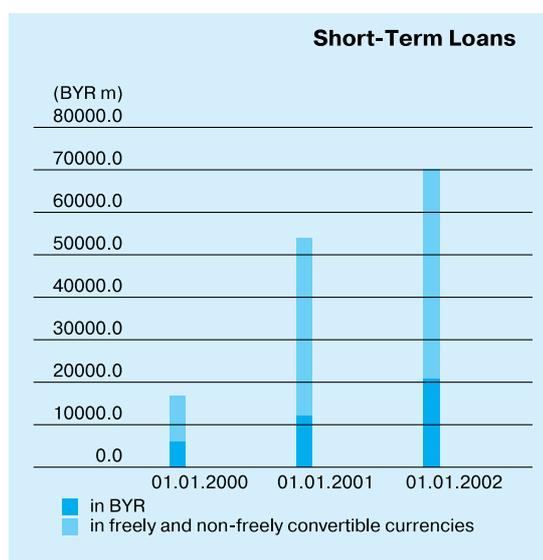
Belvnesheconombank-Grodno Regional Branch provided financing for the purchase of combine harvesters by the Regional Agricultural Machinery Enterprise for subsequent leasing to local farms. A similar project was implemented for Belagointorg in Mogilev region. As a result, grain gross yields increased owing to the reduction in harvest wastes and the combine harvester fleet upgraded.

Among the largest borrowers of long-term investment loans in 2001 were Belavia National Airlines, Eliz - Dzerzhinsk Sewing Factory, Grodno Tobacco Factory, Belarusian State University and several other corporate entities.

A loan disbursed to Belavia National Airlines allowed it to equip all aircraft with air collision warning systems in compliance with the ICAO standards.

Brest Dairy Factory used Belvnesheconombank's credit facility to buy technological equipment for the production of fast ripening cheese varieties within its program of quality and product range enhancement.

In order to enlarge the scope of services available to its clients, in 2001 Belvnesheconombank introduced financial leasing instruments. Peleng company was the first to get hi-tech equipment under a financial leasing scheme.



Overseas credit lines

In the course of 2001 the Bank continued to service existing inter-governmental credit lines and also carried out measures to raise international capital for investment in the national economy.

Within the framework of AKA/Hermes credit line (Germany) the amount of loans to Belarusian companies totaled EUR 25.6 million, i.e. twice as high as in 2000.

Five individual loan agreements on the supply of agricultural machinery were signed during 2001. As a result, assembly kits and relevant spare parts for 162 combine harvesters, 35 grain and 15 fodder combine harvesters were supplied to Belarus.

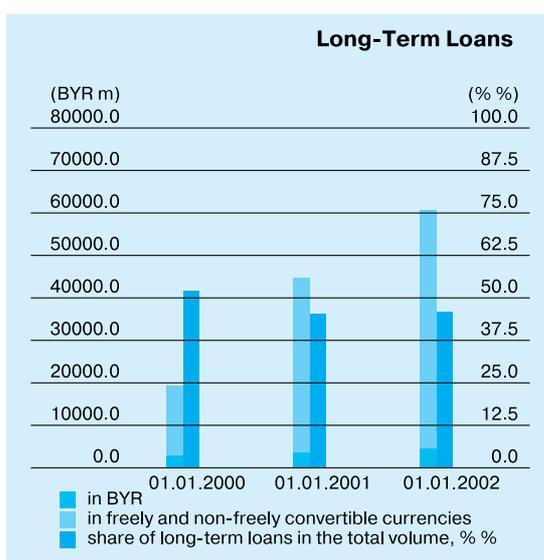
Belvnesheconombank continued to cooperate with Bayerische Landesbank Girozentrale

(Germany) as a servicing agent in the implementation of two tranches of EUR 33.0 million and EUR 6.7 million granted under the Belarus government guarantee for Belarusian Steel Works investment project.

In 2001, Belvnesheconombank signed a framework agreement with Bayerische Hypo- und Vereinsbank (Germany) to finance the construction of the International Relations Department building of Belarusian State University. The first individual loan agreement in the amount of EUR 3.5 million was concluded to finance the first stage of construction works.

Within the framework of the Austrian Kontroll Bank credit facility during 2001 the Bank continued to act as a dispensing agent for earlier-started projects. Among the individual borrowers under this facility are Fandok Wood-Processing Factory, Molodechno Meat-Processing Factory, Vitba Confectionery, Ministry of Health and Mozyr Oil Refinery, with the latter drawing EUR 5.6 million worth of borrowed funds over the year 2001.

In the year under review the Bank continued to service the loan agreement signed with the Czech Export Bank to finance BELAZ upgrading projects. The amount of funds disbursed under this credit line reached USD 21.5 million during 2001



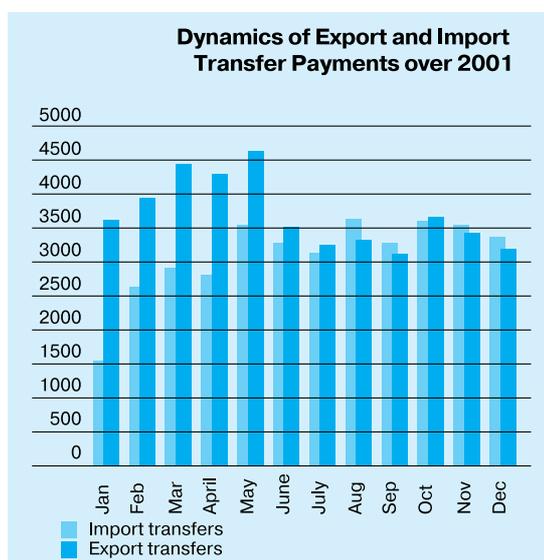
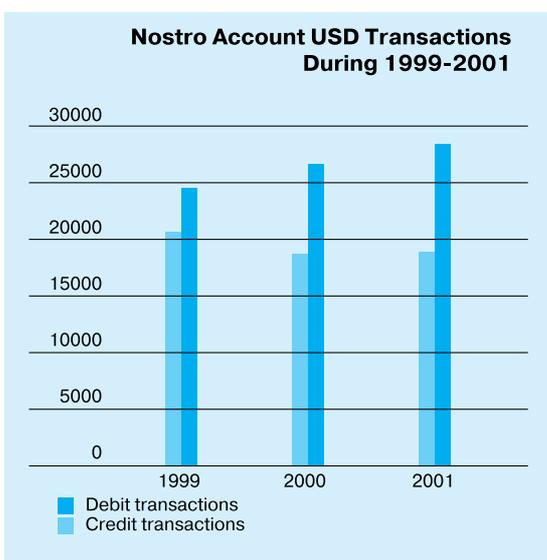
INTERNATIONAL SETTLEMENTS AND TRADE FINANCE

In 2001, Belvnesheconombank strengthened its position among Belarusian banks as a leader in cross-border settlements and trade finance. Despite rather modest country credit ratings, the Bank retained the trust of its foreign banking partners as evidenced by the fact that a number of overseas banks restored or opened new credit lines for international documentary business and forex market transactions.

Operating in a tough competitive environment, the Bank managed to enhance its international standing largely owing to its flexible fee policy and quality servicing of its clients from the country's key exporting industries. Availing themselves of the competence and expertise of our officers, our clients were able to select the most cost-efficient payment arrangements for their export/import transactions with their foreign counterparts.

Although economic difficulties experienced by some of the domestic industries in 2001 had a negative impact on some segments of our international trade business, we increased the volume of guarantees 2.4 times to reach USD 195 million while import L/C transactions grew two-fold against 2000. Clean payments volume remained consistently high over the year. In 2001, Belvnesheconombank continued to promote documentary business with its correspondent banks (L/C and guarantees advising and confirmation, collection of cheques and payment of bills of exchange).

Long-standing cooperation with international financial institutions and impeccable reputation of Belvnesheconombank in the world banking community allowed us to attract loans from banks in Germany (EUR 29.5 million), Austria (EUR 5.6 million) and the Czech Republic (USD 21.5 million) for financing domestic industries.



Correspondent Banking

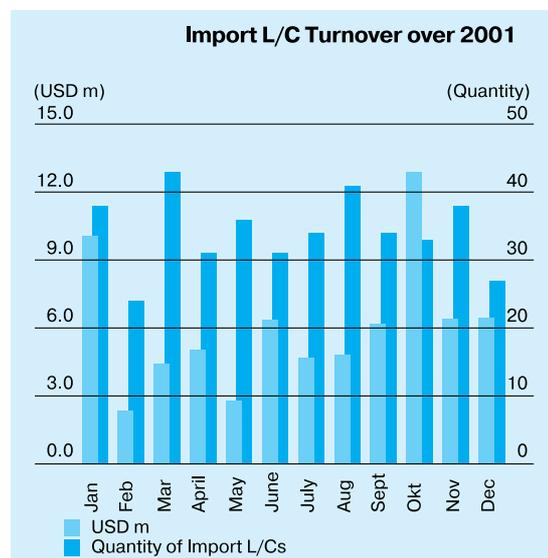
Guided by the country's foreign trade priorities, Belvnesheconombank traditionally pays close attention to strengthening correspondent relations with foreign banks. As at the start of 2002, we maintained correspondent relations with 532 banks in 80 countries of the world actively using Nostro accounts held with such large and solid banks as Deutsche Bank (Frankfurt/Main), Bank Austria (Vienna), Intesa BCI (Milan), Credit Suisse First Boston (Zurich), Sberbank of the Russian Federation (Moscow), Alfa-Bank (Moscow), Vneshtorgbank (Moscow) and others.

In the past year the correspondent banking network was further streamlined in order to raise efficiency and ensure stringent risk controls. That enabled us to maximize client satisfaction, speed up settlements and reduce costs. The following

factors were taken into consideration while realigning the correspondent banking network:

- introduction of EUR in 11 countries of Europe;
- bank merger/liquidation processes;
- closure of accounts with insignificant cash flow volumes;
- closure of accounts with banks that do not comply with the NBB regulations on placing funds with non-resident banks; and
- account maintenance terms and conditions.

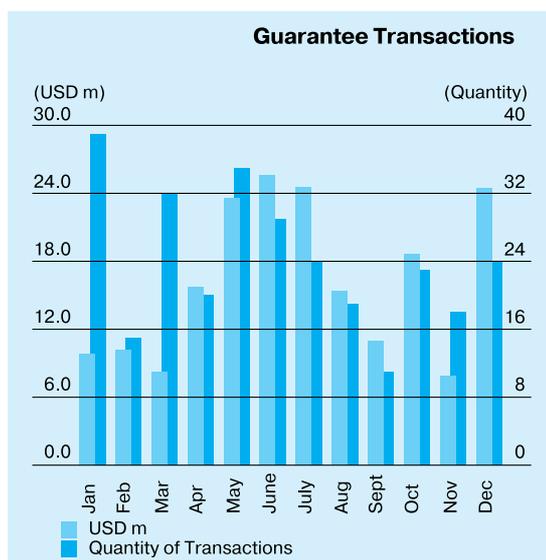
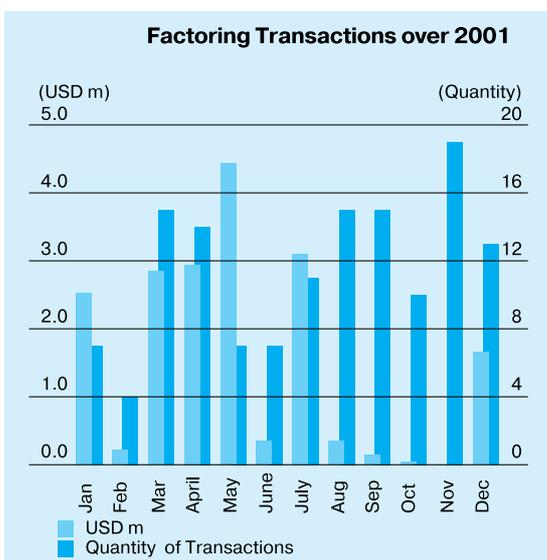
Last year, uncovered credit lines for documentary and forex transactions were reestablished by Commerzbank (Frankfurt/Main) and Raiffeisen Zentralbank (Vienna). A credit line agreement was signed with Donau Bank (Vienna) while Dresdner Bank (Frankfurt/Main), Intesa BCI (Milan) and BCEN-Eurobank (Paris) confirmed Belvnesheconombank's L/Cs on a case by case basis.



In line with the strategy of Belarus' economic integration with Russia special attention was paid to the cooperation with Russian banks and financial institutions. Correspondent relations were maintained with over 120 Russian banks featuring such credit and financial institutions as Sberbank of the Russian Federation, Vnesheconombank-USSR, Vneshtorgbank, International Moscow Bank, Alfa-Bank, Natsionalny Kosmichesky Bank and MDM-Bank.

Today Belvnesheconombank has in effect become a clearing center for Russian banks as regards their BYR settlements with a 25 % increase in Vostro accounts turnover and a 7-fold increase in operations on Nostro correspondent accounts with Russian banks.

Sberbank, Vnesheconombank-USSR, Vneshtorgbank, International Moscow Bank and Rosbank opened credit lines for documentary and forex operations of Belvnesheconombank. The largest Belarusian exporters such as Belshina, Belarusian Steel Works and others were granted loans by Russian banks with the participation of Belvnesheconombank.



PROMOTION OF EXPORTING INDUSTRIES

In 2001, Belvnesheconombank continued funding of Belarusian exporting industries from the Export Promotion Fund (EPF). With a view to improving the EPF funding procedures the Protocol of Amendments and Supplements to the Agreement between the Council of Ministers of the Republic of Belarus, the National Bank of the Republic of Belarus and Belvnesheconombank "On the Fulfilment of Export Bank Functions by Belvnesheconombank and Implementation of Export Promotion Measures" was signed in 2001.

In the year under review, the Bank received applications for the disbursement of EPF funds from 20 manufacturing and exporting companies, and submitted its evaluation reports on their business plans worth BYR 14 billion for consideration by the Export Promotion Committee (EPC) under the Council of Ministers of the Republic of Belarus. As a result, in 2001 seven companies were approved by the EPC for EPF funding in the total amount of BYR 1658.5 million.

In the past year, a total of BYR 7263.2 million worth of EPF loans was disbursed by the Bank to 23 exporting companies, with BYR 874.7 million being lent on a set-off basis. In the course of 2001, the Bank completed disbursement of funds to ten EPF beneficiary companies.

Largely owing to the funds received, such companies as Elma, Brest, Belarusian Steel Works and Avtoprovod-Shchuchin expanded their output and stabilized their financial situation. Financial and economic targets set forth in their business

plans for 2001 were achieved, interest paid, and loan repayment completed ahead of schedule.

Successful realization of the EPF-financed projects in 2000-2001 improved the market standing of these companies and enabled Belvnesheconombank to channel extra investment to new export-boosting projects.

In 2001, EPF-generated growth in exports of recipient companies amounted to more than BYR 31 billion.

As of 1 January 2002, the EPF beneficiaries paid BYR 1192.9 million in interest.

CORPORATE BANKING

Further enhancement and expansion of the client base through promoting a closer cooperation with the existing clients and recruiting new clientele of various types of ownership and segments of industry alongside with the provision of a comprehensive package of services and products tailored to meet client-specific needs remained to be the focal point of the Bank's corporate banking activities in 2001.

The past year brought the Bank over 800 new clients, mainly SMEs and consumer cooperatives, to lift the total to 7 800 (with 1 311 of them serviced by the Head Office). Among the newly recruited clients there were also a number of larger companies, including, among others, Borisov Sewing Factory, Krasny Pishchevik Confectionery, and Bobruisk Meat Processing Factory. As at January 1, 2002 the Bank maintained over 11 100 corporate current/settlement accounts (7 000 of them in Belarusian roubles).

Attainment of client base stability in all of Belvnesheconombank's areas of operations was one of the main achievements in 2001.

Overall, the core of Belvnesheconombank's corporate clientele is constituted by the country's largest export/import-oriented companies and their subcontracting partners in related industries, as well as the companies holding a dominant position on the domestic market. Among them are the leading companies in machine building,

steel, transportation, construction, petrochemical and food industries and agriculture. The Bank is proud to have among its clients Belarusian Steel Works, Minsk Tractor Works, Minsk Automobile Plant, Naftan and Mozyr Oil Refineries, Belavia National Airlines, Horizont Plant, Planeta Hotel, BelAZ, Atlant, Khimvolokno, Belaeronavigatzia, Beltechexport, Agat, Pinskdrev, Belavtostrada, Keramin and Peleng companies.

We have among our clients over 600 partially and wholly foreign-owned companies well known in Belarus such as MAZ-MAN, Spartak, Milavitza, LeGrand, Belita, Chevlyar, Lada-OMC, Belpak, Gatovo-Tannery, Amico, Sopotex, Belampol, Transit and Malvina joint-ventures; McDonald's Restaurants, Coca-Cola Beverages Belorussia, Lukoil Belorussia, Itera-Bel, BelWillesden, Mobilcom, Ramos and Vikos Foods.

In line with our concept of developing our corporate banking business, we strive to package our services in such a way as to enable our clients to use to the full our technological, commercial and financial resources in order to advance their business. In keeping with this concept, we offer a personal manager service aimed, in particular, at providing our customers with exhaustive counseling on ways of streamlining their financial and information flows in order to simplify documentation turnover, cut payment clearance time, reduce costs and attain greater efficiency in using their capital and make their financial transactions more cost and time-effective.

MONEY AND FOREX MARKET OPERATIONS

The year under review is noted for a gradual forex and money market liberalization, slowing down of BYR devaluation versus freely convertible currencies, decrease in the re-financing rate of the National Bank of Belarus (NBB), and a wider use of NBB bills of exchange as a lending and settlement instrument.

As a result of its money and forex market operations in 2001, the Bank earned BYR 19.9 billion in income (in 2000 - BYR 13.1 billion) and BYR 2.5 billion in operating profit scoring an increase of 37.7 percent over to the previous year.

Money Market

As before, money market operations remained to be a part of our core business, allowing to deliver returns and liquidity of our investment portfolio and balance of payments in BYR and foreign currency. During the year 2001, the Bank was engaged in deposit-taking from banks and corporate clients, inter-bank lending and effecting swap transactions.

In 2001 the Bank earned BYR 3.7 billion in income from BYR inter-bank advances and loans (in 2000 - BYR 2.9 billion).

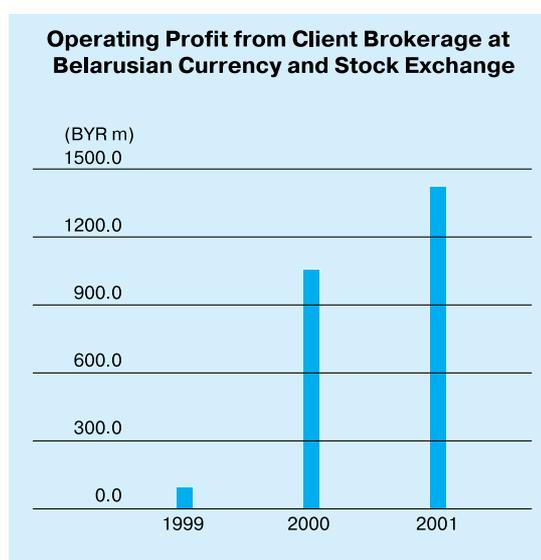
Belvnesheconombank's active trading on the international money market generated an income of USD 2.4 million equivalent to BYR 3.2 billion.

Forex Market

In 2001, Belvnesheconombank stepped up its forex market operations and increased profit from conversion transactions and currency trading.

During the accounting year, the Bank bought USD 45.8 million and sold USD 58.2 million on the OTC market that brought it BYR 1.2 billion in profit.

The Bank also continued to provide brokerage services to its clients at the Belarusian Currency and Stock Exchange earning a profit of BYR 1.4 billion as compared to BYR 1.1 billion for the year 2000.



SECURITIES MARKET OPERATIONS

Transactions in Promissory Notes and Certificates of Deposit

In 2001 the Bank sold 2060 promissory notes of its own issue as compared to 402 in 2000, including

- 2029 BYR-denominated notes raising BYR 24 billion;
- 27 USD-notes raising USD 2 million; and
- 4 RUR-notes raising RUR 6.9 million.

The amount of funds raised from selling certificates of deposit totaled BYR 3.4 billion. NBB promissory notes accounted for the bulk of our securities investment transactions in 2001, generating an income of BYR 408.6 million and USD 0.4 million.

Meanwhile, trading in Beltransgaz promissory notes brought the Bank BYR 8.8 million in income.

In addition to promissory notes trading we also effected break-up fee operations that helped our clients reduce their loan repayment obligations by USD 0.5 million and BYR 94 million.

Besides in the accounting year the Bank sold BYR 3.8 billion, USD 0.4 million and RUR 2.2. million worth of deferred payment promissory notes of its own issue.

Government Bond Transactions

In 2001, 834 transactions were effected on the government bonds secondary market including 552 REPO deals worth BYR 50.7 billion and 282 redemption deals worth BYR 12.5 billion. As at January 1, 2002, the Bank's Ministry of Finance bonds portfolio totaled BYR 1.2 billion while the income earned therefrom in 2001 amounted to BYR 461.8 million.

As at January 1, 2002, the Bank had in place 20 comprehensive government bond market agency agreements with 20 clients earning a brokerage commission income of BYR 13.4 million.

Safe Custody Services

During the year under review, the Bank continued to provide accounting, registering and clearing services to securities holders.

The bulk of safe custody operations was represented by government bonds. Total turnover of these bonds reached 1.7 million transactions at end-2001. As at January 1, 2002 the Bank's safe custody unit managed 66 DEPO client accounts, 27 registers of joint-stock companies (compared to 10 as at January 1, 2001) and over 49 000 stockholder accounts.

As a versatile banking institution, Belvnesheconombank offers its clients a fairly broad range of retail products and instruments providing a comprehensive service both in national and foreign currencies.

Deposit Taking Operations

One of the main thrusts of our activities in 2001 was to catalyze private client investment both in Belarusian roubles and foreign currency to augment the Bank's resource base.

Deposits in Belarusian Roubles

Modification by the National Bank of Belarus of currency market regulatory system generated positive real interest earnings for retail investors from their banking transactions thereby enabling the Bank to attain a considerable increase in BYR deposits from general public.

BYR funds accumulated in private customer current and term deposits grew up more than three-fold and reached BYR 5.2 billion as at January 1, 2002.

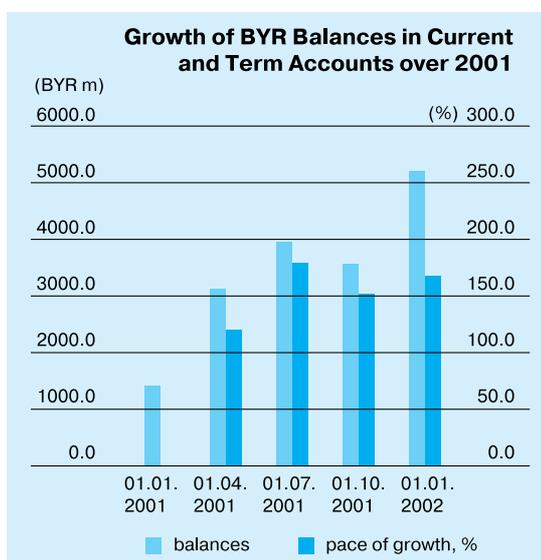
Foreign Currency Deposits

Owing to a consistent interest policy and a broad variety of incentive schemes coupled with government money-back security guarantees, foreign currency assets in current and term deposits of private clients increased 1.1 times over the year to reach USD 24.8 million.

Bureaux d'echange

Currently Belvnesheconombank has a network of 87 bureaux d'echange and specialised cash desks (with 33 of them located in Minsk) dealing in 16 currencies and effecting the entire spectrum of banking transactions prescribed by the relevant regulations of the National Bank of Belarus.

The past year saw a tangible growth in foreign cash trading following the changes initiated by the NBB to liberalize foreign currency exchange controls and financial market regulations in an effort to maintain a single exchange rate in all market segments. The purchases of foreign currencies totaled USD 34.7 million and increased 1.7 times over the previous year and sales - USD 61.3 million and 2.75 times respectively. Traveller's cheques encashment rose by 21 percent while conversion operations increased by 82 percent.



While the number of bureaux d'échange increased insignificantly the income from foreign cash exchange operations rose 2.4 times, that from operations with payment instruments - 1.1 times over the year 2000. The range of bureaux d'échange services was expanded by the sale of traveller's cheques denominated in foreign currencies and foreign banknotes collection.

Bank Transfers, Banknote and Payment Documents Collection, Non-Negotiable and Traveller's Cheques

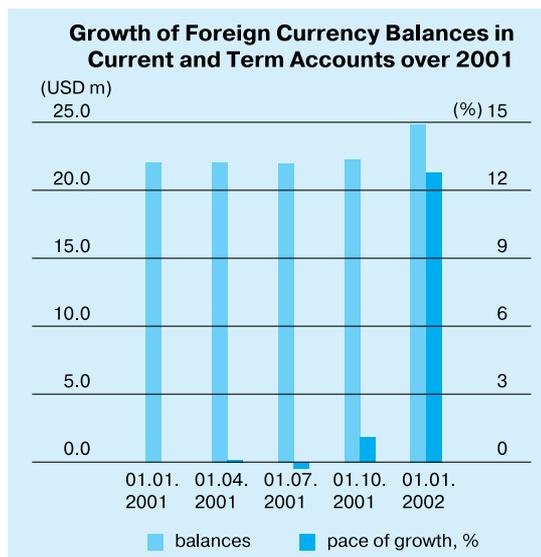
SWIFT international bank transfers for private individuals experienced a slight decline over the previous year resulting primarily from a decrease in sales by the branches.

At the same time the volume of foreign cash and payment documents collection operations rose substantially during the year under review.

Traveller's cheques business saw a 15 percent increase in sales and its volume totaled USD 2.9 million at the year-end 2001 against USD 2.5 million in 2000.

Western Union Instant Money Transfers

During 2001, the Bank was consistently expanding its international instant money transfer business in association with Western Union Inc. Comparison of our performance in 2000 and 2001 provides a clear evidence of a continuous dynamic



growth in this segment of business operations accompanied by a 1.8 times increase in revenues.

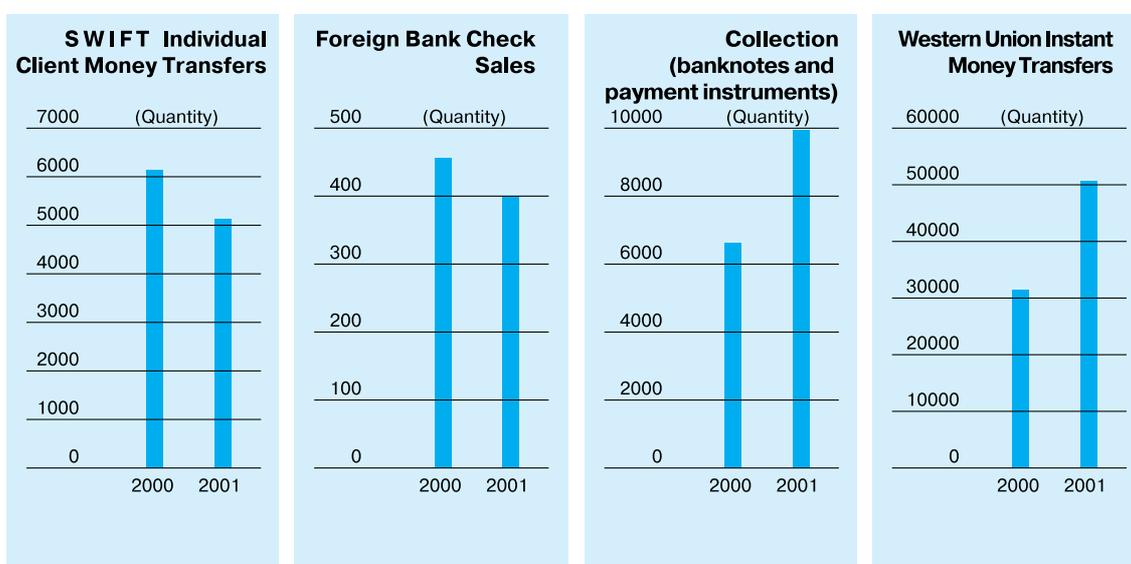
Increase in Western Union sales was achieved as a result of expanding the network of Western Union outlets by incorporating branches and affiliates of our subagent banks (Belinvestbank, Absolutbank, Minsk Transit Bank, RRB-Bank, and Bank Poisk). Belvnesheconombank's six new branches taken over after the acquisition of Belcoopbank were also connected to the Western Union transfers system. To date, Western Union services are dispensed by a total of 67 outlets, i.e. 38 outlets more than the year before.

In September 2001, the Bank enlarged the scope of Western Union services by introducing Quick Pay service providing for transfers from private individuals in favor of companies.

Precious Metal Operations

In November 2001, the Bank was granted the License of the National Bank of Belarus permitting to effect operations with precious metals and stones as well as the License of the State Assay

and Supervisory Office for safekeeping of and trading in precious metals. With the re-equipment of specially designated teller offices and recruitment and training of the personnel being completed, the Bank plans to launch retail gold bullion trading in 2002.



BANK CARDS

Belvnesheconombank pays great attention to promoting bank cards of international payment systems and developing their service infrastructure on Belarus' market. A principal member of Europay International, MasterCard International and VISA International Associations it services all products of these payment systems and issues its own Eurocard/MasterCard (Mass and Business), VISA Classic, Cirrus/Maestro and VISA Electron cards.

The year under review witnessed a considerable increase in the number of VISA Electron and

Cirrus/Maestro cards issued in foreign currencies and Belarusian roubles. Today 17 companies use Belvnesheconombank's Cirrus/Maestro cards for payroll purposes.

The year 2001 saw a tangible growth in the number of companies trading in goods and services that accept payment with Europay, MasterCard and VISA cards. Belvnesheconombank runs the country's largest single network of cash advance outlets handling international bank cards.

BANKING TECHNOLOGIES

The year 2001 witnessed a successful development and implementation of new Equation software system modules enhancing reliability and capabilities of the Bank's management information system, ensuring greater flexibility to take account of legal environment changes, and state-of-the-art high performance active network hardware that increased both the capacity and dependability of the Bank's local and corporate computer networks.

Belvnesheconombank consistently upgrades its data processing technologies and develops new software products in order to bring to the

minimum manually handled operations and further expand the spectrum of banking products.

Existing software is continually updated to ensure compliance with the National Bank requirements and changes in Belarus' legal environment.

In 2001, the Bank made operational

- Loan Portfolio work station - at all of Belvnesheconombank's 28 branches;
- Utility and Customs Payments work station incorporated into the Teller System - at 5 branches;
- Bank cards servicing operations via the Teller System, automatic mailing of SWIFT supple-

- ments to the branches, automatic formatting of interim SWIFT statements on a correspondent bank's request and outgoing Equation-based SWIFT payments module - at the Head Office;
- Suspend/Due/Overdue Payments work stations at two branches;
 - Deposits work station at Kolyadichi Center of Banking Services.

Computer-aided formatting of over 20 new reports was developed. Further upgrading of the Teller System considerably increased its operational capacity and allowed to add eight more operations.

At year-end 2001, the Bank's e-mail system embraced 737 subscribers including all of the Bank's branches (28 subscribers), six correspondent banks, 363 corporate clients and 340 intra-bank subscribers.

As a Principal Member of Europay/MasterCard and VISA International, Belvnesheconombank intensified cooperation with its branches and partner banks with a view to a further expansion of cards servicing infrastructure and cards issue. Owing to the installation of an updated bank card software version in 2001, all branches and partner banks were integrated into a single database.

Major objectives to be accomplished by the Bank in 2002 are to ensure an uninterrupted operation of its IT systems and a more efficient use of its capabilities. In order to achieve these objectives it is planned:

- to make further progress in computerizing financial statements and reduce the amount of manually-handled payments;
- to maintain and enhance the IT networks by developing and incorporating administrative and diagnostic systems and upgrading communications equipment;
- to develop the Bank's computer facilities and enhance their security features;
- to upgrade communication lines and bring down operating costs;
- to incorporate the Bank's branches into a single computer network;
- to create a single electronic payment documents turnover system;
- to create an electronic archive;
- to enlarge the spectrum of banking products by employing the most advanced computer-science innovations;
- to maintain and upgrade the PC fleet; and
- to maintain and enhance UPS systems.

In line with our plans to build up our bank card business in 2002, it is envisaged to implement the following projects:

- to install a multi-branch software product for handling bank cards;
- to implement a Cirrus/Maestro and VISA Electron bank cards issuance program at Belvnesheconombank's branches; and
- to expand the cash advance network by installing a further ten ATMs and 50 POS terminals.

BRANCH NETWORK

A dynamic development of the branch network is an important prerequisite for the Bank's business advancement. Following the Belcoopbank acquisition completed on March 1, 2001 the Bank enlarged its branch network by five branches: in Braslav, Verkhnedvinsk, Gloubokoye, Shklov and Belcoop branch in Minsk.

As a result, at the start of 2002 the Belvnesheconombank Group comprised 28 branches including 5 branches in regional capitals, 6 branches in Minsk and 17 branches in other locations across Belarus.

In 2001 the Bank's branches concentrated their efforts on maintaining their financial stability and enhancing efficiency, expanding the range of products and services and rationalizing intra-bank relations with regard to financial and managerial matters.

Over the year the income of the branches rose 1.7 times. Faster growth of income over expenses yielded a profit of BYR 914.0 million, thereby the previous year level was surpassed by 9 percent. All the branches closed their 2001 books with a profit that amounted to 58 percent of Belvnesheconombank's consolidated profit.

The branches continued to make progress, building up their sales and improving customer services. Further impetus was given to forex factoring and documentary transactions using guarantees and bills of exchange, bank cards and Western Union instant money transfer services.

The year under review saw a dynamic development of all of Belvnesheconombank's branches. The resources of the branch network increased by almost two thirds with their hard currency share going up by 9 percent. Loans outstanding grew up 1.8 times. The proportion of the loans outstanding of branches in the Bank's total loan portfolio rose from 72 percent in 2000 to 92 percent in 2001.

As at January 1, 2002 the branches managed 77 percent of all customer current accounts and 26 percent of funds. They generated over 56 percent of the Bank's income.

The best performing branches in 2001 were the regional branches in Gomel, Mogilev, Grodno and Vitebsk, branch 2 in Minsk, Belcoop branch in Minsk, branches in Mozyr, Bobruisk and Borisov.

Ongoing business expansion and consistently growing reputation of Belvnesheconombank's branch network have confirmed the validity of the Bank's strategy of building its regional presence that is underpinned by a thorough assessment of economic and investment opportunities in a would-be area of operations.

In line with this strategy, the Bank establishes partnership relations with major local industries and municipalities for a joint implementation of programs of attracting capital and contributing to the economic and social development of such area.

SUBSIDIARIES AND ASSOCIATED COMPANIES

Currently the Bank's subsidiaries include:

- Belvneshstrakh Insurance Company (wholly owned by the Bank);
- Belinterfinance Joint Venture (51 percent equity stake);
- Interbranch Institute for Independent Expertise of Investment Projects (52-percent equity stake);
- Interecon-N Closed Joint Stock Company (10-percent equity stake of the Bank and 90 percent equity stake of Belinterfinance).

Belvneshstrakh Insurance Company is one of the leaders on the insurance market of the Republic of Belarus. During 2001, the Company successfully pursued its business in the field of insuring financial and property interests of its clients, and foreign trade transactions.

Currently Belvneshstrakh offers 24 types of insurance products to its clients and is licensed by the National Bank to perform foreign currency operations. The size and quality of its financial assets as well as cooperation with insurance companies in Belarus, CIS and Baltic countries, Italy, Germany, France, Great Britain, Poland and the USA make it possible for Belvneshstrakh to adequately manage its risks and offer its clients reliable insurance arrangements in line with world-class standards. The Company's earnings from its sales in 2001 amounted to BYR 3955.6 million yielding a balance sheet profit of BYB 478.8 million.

In 2001, **Interbranch Institute for Independent Expertise of Investment Projects Closed Joint Stock Company** continued to feature prominently on the domestic market of counseling services. The Institute participated in the development and appraisal of 22 business plans for enterprises of various industries and forms of ownership. As a result of its business operations in 2001, the Institute recorded an income of BYR 42.5 million and balance sheet profit of BYR 306.2 thousand.

Belinterfinance Closed Joint Stock Company is primarily engaged in extending financial resources to investment projects including lease finance instruments. In 2001, its sales amounted to BYR 1843.5 million while balance sheet profit was recorded at BYR 510.3 million.

Interecon-N Closed Joint Stock Company, Belvneshconombank's associated company, specializes in the expert appraisal of property to be used as in-kind contributions to authorized funds of corporate entities, running and rental of its own properties, property management services and real estate trading.

As a result of its business operations in 2001, Interecon-N earned BYR 301.6 million from the sale of its products, and attained a balance sheet profit of BYR 147.7 million.

HUMAN RESOURCES DEVELOPMENT

As at 1 January 2002, Belvnesheconombank had 2267 employees, including 916 working at the Head Office - an increase of 141 (6.6 percent) against the year before basically on account of the incorporation of Belcoopbank.

Nearly all of the staff in the Bank's principal operating units are holders of University degrees with a job-specific training background; more than 60 percent of them are under 40 years of age.

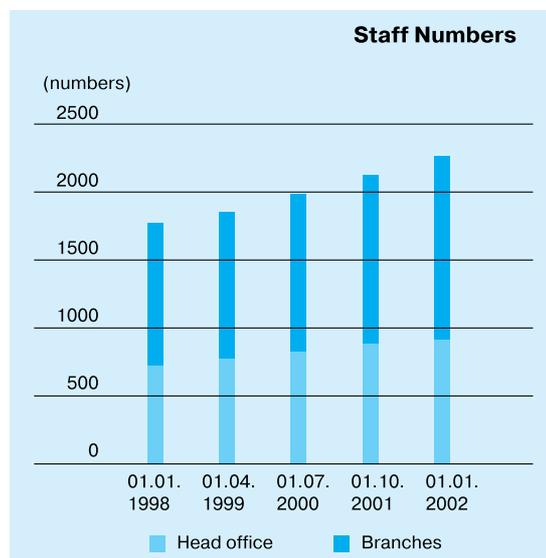
In 2001, the Bank's organizational structure underwent modifications to attain a greater degree of flexibility in coping with day-to-day and strategic challenges. In this context, the Collateral and Economic Analysis Division was set up while the Department of Strategic Management was split into the Department of Strategic Planning and Management of Banking Risks and the Bank Development and Coordination Department. The structure of a number of other departments, including the Valuables and Lending Departments, was also transformed.

In-house staff training and skills upgrading programs remained geared towards satisfying the Bank's priority manning needs and covered every second employee. The Bank's Training Center was utilized in full measure hosting 11 workshops for a total of 316 branch staff members. Special training programs were designed for the staff of the former Belcoopbank branches. Top priority was accorded to on-the-job individual training of branch employees promoted to managerial positions. 19 specialists attended such training

programs and raised their professional skills at the Bank's Head Office. More than 100 employees pursued in-house foreign language proficiency courses in the accounting year. 85 employees took part in skills upgrading workshops and programmes outside the Bank, 53 of them attending such workshops held abroad. 13% of the employees were taking university-degree courses on a part-time basis.

The Bank continued to cooperate with Belarus' leading higher educational establishments in providing on-the-job training facilities for their students to gain practical banking skills and experience. In the past year, 96 students used such opportunity.

Further measures were taken to enhance incentive schemes to stimulate each employee's individual performance within the Bank's overall effort, and improve in-house regulatory documents



governing labor relations, salaries, social guarantees and benefits.

The main objective of the personnel management policy in 2002 will be to retain and further develop the staff potential to ensure effective implementation of the current and strategic plans of Belvnesheconombank along the following guidelines:

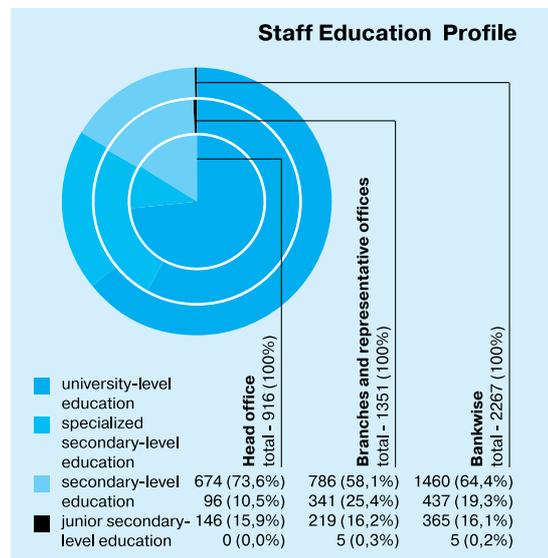
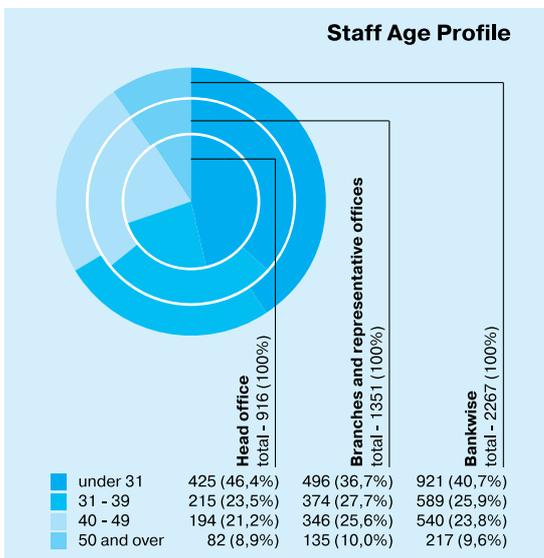
Personnel management:

Recruitment and manning policy will be increasingly determined by such economic indicators as profitability, cost-efficiency and workload of each unit within the Bank. Proceeding from these considerations, we plan to streamline organizational and manning structures within the Head and branch offices. Special attention will be accorded to consolidating the managerial team at the former Belcoopbank branches as well as to maintaining a proper moral and psychological climate at the

Bank's structural units. Meanwhile, managerial vacancies will be filled, as a rule, by the Bank's regular staff members.

Professional training and skills upgrading:

Professional training, skills upgrading and retraining of the Bank's officers, and formation of corporate culture are the major factors contributing to the Bank's development, professional advancement of its employees, and, in the long run, attainment of the world standards of banking business. It is envisaged that all of the Bank's staff will be involved in the training process to raise their professional skills, competence and expertise to measure up to the complexities and hi-tech nature of the problems they have to tackle. With that end in view, it is planned to put to use our own training programs and those of Belarus' banking and financial institutions, and international training centers and organizations.



COMMUNITY SUPPORT AND SPONSORSHIP

Being always responsive to communal needs, Belvnesheconombank has all along supported and subscribed to charitable and public objects considering it its prime duty to assist in the restoration and preservation of the cultural and spiritual heritage of the Belarusian nation.

Among major beneficiaries of the Bank's financial support last year was the Organizing Committee of Dazhynki-2001, National Harvesting Fair and Folk Festival. The Bank paid for agricultural machinery that was used to award those who excelled in the farming industry over the last year.

As in the previous years, we continued the tradition of according special attention to the national health service disposing charitable aid to both health care institutions, foundations and individuals requiring costly medical treatment. The funds donated to the Minsk City Executive Committee became a weighty contribution to the construction

of the Charity Center. The Bank also extended patronage to senior citizens and lonely disabled persons. In doing so, we see to it that the funds we donate reach their recipients in full measure. At the end of 2001, the Bank arranged a charitable subscription to periodicals for indigent people from among disabled persons, war and labor veterans.

We also consider it important to support the education service and help the younger generation. Funds were also donated to Belarusian State University on the occasion of its anniversary celebrations.

Tackling environmental problems was a new direction of Belvnesheconombank's charity activities in the past year. Considerable allocations were made to the Belarusian Nature Protection Society to help it implement advanced methods of environmental protection.

FINANCIAL REPORT

**BALANCE SHEET OF OPEN JOINT STOCK COMPANY
BELVNESHEKONOMBANK, AS AT JANUARY 1, 2002***

	'000 BYR
ASSETS	
Cash	6,510,085.8
Precious metals	-
Due from the National Bank of the Republic of Belarus	39,209,199.5
Government securities, securities of the National Bank of the Republic of Belarus	30,338,377.8
Other trading securities (purchased for sale)	7,595,345.3
Due from other banks and loans and advances to other banks	123,630,293.0
Loans and advances to customers	141,134,327.4
Investment securities	2,307,558.9
Fixed assets and goodwill	17,154,177.1
Other assets	11,306,835.2
Total assets	379,186,200.0
LIABILITIES	
Precious metals	-
Due to the National Bank of the Republic of Belarus	11,970,941.9
Loans from the Government	243,321.7
Due to other banks	90,562,620.8
Due to customers	200,746,743.3
Securities issued by the Bank	6,401,701.6
Other liabilities	26,362,557.6
Total liabilities	336,287,886.9
CAPITAL	
Authorized capital	17,157,913.0
Issuance Differences	-
Reserve fund	1,983,615.2
Accumulated profit	1,126,265.6
Fund of revaluation of balance sheet items	22,630,519.3
Total capital	42,898,313.1
Total liabilities and capital	379,186,200.0

OFF-BALANCE SHEET LIABILITIES

Guarantees	123,597,257.7
Liabilities under individual financing arrangements	54,972,639.1
Off-balance debt	-
Liabilities arising from securities transactions	3,526,300.0
Liabilities arising from forex and precious metal transactions	17,623,365.4
Financial instrument liabilities	-
Other liabilities	58,496,724.4
Customer securities	3,026,016.0
Securities portfolio	31,227,403.4
Other funds, valuables and instruments	498,093,213.9
Total off-balance sheet liabilities	1,317,029,919.9

Georgy Egorov
Chairman of the Board

Zinaida Kushnerova
Chief Accountant

Yuri Sidorovich
General Director
Deloitte&Touche LLC



* according to the requirements of the National Bank of the Republic of Belarus

**PROFIT AND LOSS STATEMENT OF OPEN JOINT STOCK COMPANY
BELVNESHEKONOMBANK, AS AT JANUARY 1, 2002***

	'000 BYR
Interest income	37,378,637.4
Interest expense	27,621,052.8
NET INTEREST INCOME	9,757,584.6
Fee and commission income	15,496,917.0
Fee and commission expense	1,309,133.0
NET FEE AND COMMISSION INCOME	14,187,784.0
Net gain from foreign currency trading	3,254,512.7
Net gain from trading securities (purchased for sale)	2,161,559.1
Net income from investment securities	-
Dividend income	1,856.2
Other operating income	487,192.3
Total income	5,905,120.3
Net provision for bad debts	3,491,552.3
Total income less net provision for bad debts	26,358,936.6
Total administrative expense	17,489,741.2
Depreciation	1,158,270.0
Other operating expense	2,042,415.6
Total expense	20,690,426.8
Income tax	4,095,282.9
Profit (loss) for the accounting year	1,573,226.9

Georgy Egorov
Chairman of the Board

Zinaida Kushnerova
Chief Accountant

Yuri Sidorovich
General Director
Deloitte&Touche LLC



** according to the requirements of the National Bank of the Republic of Belarus*

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS PREPARED
IN ACCORDANCE
WITH INTERNATIONAL ACCOUNTING STANDARDS
FOR THE YEARS ENDED
31 DECEMBER 2001 AND 2000

THE SUPERVISORY COUNCIL AND THE BOARD OF THE BANK

As of 31 December 2001 the Supervisory Council and the Board of Directors consisted of the following individuals:

The Supervisory Council

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mikhail Khvostov	Chairman of the Council; Minister of Foreign Affairs of the Republic of Belarus	29/03/2001
Natalya Alekseyeva	Deputy Chairman of the Council; Chief Counsellor of the Chairman of the Board of Directors of the National Bank of the Republic of Belarus	29/03/2001
Alexey Vaganov	Deputy Chairman of the Council; Chairman of the Standing Commission on monetary and lending policy and banking activities of Representative Chamber of National Assembly of the Republic of Belarus	29/03/2001
Valeriy Semenov	Deputy Chairman of the Council; General director of integration wholesale trade republican enterprise "Stroikomplekt"	29/03/2001
Loran Arinich	Member of the Council	29/03/2001
Nina Atamanova	Member of the Council	29/03/2001
Nikolay Belko	Member of the Council	29/03/2001
Zinaida Valeha	Member of the Council	29/03/2001
Victor Vladyko	Member of the Council	29/03/2001
Konstantin Gisak	Member of the Council	29/03/2001
Yury Deduk	Member of the Council	29/03/2001
Anatoly Zabaznov	Member of the Council	29/03/2001
Leonid Kalugin	Member of the Council	29/03/2001
Alexander Kernozhitsky	Member of the Council	29/03/2001
Anatoliy Kupriyanov	Member of the Council	29/03/2001
Leonid Samoilov	Member of the Council	29/03/2001
Vadim Filipov	Member of the Council	29/03/2001

The Board

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Georgy Egorov	Chairman of the Board	29/03/2001
Valentin Zayash	Deputy Chairman of the Board	29/03/2001
Iosif Manenok	Deputy Chairman of the Board	29/03/2001
Sergey Scherbak	Deputy Chairman of the Board	29/03/2001
Yury Tyavlovsky	Deputy Chairman of the Board; Head of the International Department,	29/03/2001
Ludmila Filipovich	Deputy Chairman of the Board	29/03/2001
Georgy Tufatulín	Deputy Chairman of the Board; Head of the Credit Department,	29/04/2001
Zinaida Kushnerova	Finance Director - Chief Accountant	29/03/2001
Anatoly Bondarev	Head of the Strategic Management Department	29/03/2001
Stepan Brishtev	Head of the Administration Department	29/03/2001
Rostislav Krivitsky	Head of the Legal Department	29/03/2001
Natalya Pesotskaya	Head of the Customer service Department	29/03/2001
Vitaly Trushko	Head of the Banking Systems and Technology Department	29/03/2001
Grigory Tishkevich	Head of the Department of Construction, Design and Repair	29/03/2001
Svetlana Zhuravleva	Head of the Internal Audit Department	29/03/2001
Mikhail Lesun	Head of Gomel Branch	29/03/2001

STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT

The management is responsible for the preparation of consolidated financial statements for each financial year. These must give a true and fair view of the state of affairs of Belvnesheconombank (the Bank) as of the end of each financial year and of the profit or loss and cash flow for that year. Management is required to prepare the financial statements on a going concern basis unless it is not appropriate.

In preparing the consolidated financial statements on pages 7 through 38 for the years ended 31 December 2001 and 2000, management has used appropriate accounting policies, consistently applied and supported them by reasonable and prudent judgements and estimates, and ensured that all accounting standards which they consider significant have been followed.

Management has the responsibility for ensuring that the Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Bank and which enable them to ensure that the financial statements comply, in all material respects, with the National Bank's regulations on Annual Reports of Credit Institutions. Management also has a general responsibility for taking such steps as are reasonably necessary to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

On behalf of the management



Chairman of the Board
Georgy Egorov



Chief Accountant
Zinaida Kushnerova

INDEPENDENT AUDITORS' REPORT

To the shareholders of Belvnesheconombank:

We have audited the accompanying balance sheets of Belarus Open Joint-Stock Company - Belvnesheconombank ("the Bank") as of 31 December 2001 and 2000, and the related statements of profit and loss, shareholders' investment and cash flows for the years ended 31 December 2001 and 2000. These financial statements are responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraphs, we conducted our audits in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As disclosed in Note 2, the financial statements do not comply with International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies".

Note 2 refers also to the fact, that fixed assets are carried at revalued cost less accumulated depreciation. International Accounting Standard 16 requires that the restated amounts should be reduced if they exceed the amount recoverable from future use, including sale or disposal. Because no independent valuation under international methodologies has been performed and the inherent uncertainty of valuation the carrying value could differ materially from the values that would have resulted if such valuation were performed.

In our opinion, except for the effects on the financial statements of the matters referred to in the preceding paragraphs, the financial statements, referred to in the first paragraph, present fairly, in all material respects, the financial position of the Bank as of 31 December 2001 and 2000, and results of operations, its cash flows and changes in shareholders' investment for the years then ended in accordance with International Accounting Standards.

Without qualifying our opinion, we would like to draw attention to the fact that, as described in the Note 34, the Bank's financial condition and future operations could be affected by continued economic difficulties in the Republic of Belarus.

Deloitte & Touche
Minsk, Republic of Belarus
15 March, 2002

BALANCE SHEETS
AS OF 31 DECEMBER 2001 AND 2000

	Notes	2001 '000 BYR	2000 '000 BYR
ASSETS			
Cash		6,510,086	4,351,587
Due from the National Bank	3	39,209,199	11,277,506
Due from credit institutions, net	4	122,309,740	85,173,422
Loans and advances to customers, net	5	122,495,745	86,219,504
Securities	6	10,737,439	13,412,723
Accrued income and other assets	7	11,788,825	1,568,766
Fixed assets, net	8	28,834,121	22,522,436
Due from the Ministry of Finance	9	25,051,374	12,272,000
Total assets		366,936,529	236,797,944
Managed assets	16	348,638,021	283,093,634
Total assets and managed assets		715,574,550	519,891,578
LIABILITIES			
Due to the National Bank	10	11,970,942	9,190,845
Due to credit institutions	11	90,562,621	58,875,569
Current and term deposit accounts	12	220,948,161	142,705,305
Accrued expenses and other short-term liabilities	13	4,673,170	1,696,047
Debt securities issued by the Bank		6,073,022	2,349,669
Total liabilities		334,227,916	214,817,435
Managed liabilities	16	348,638,021	283,093,634
Total liabilities and managed liabilities		682,865,937	497,911,069
SHAREHOLDERS' INVESTMENT			
Share capital	14	17,157,913	10,040,000
Accumulated loss		(7,463,543)	(7,813,067)
Fixed assets revaluation reserve		23,014,243	19,753,576
Total shareholders' investment		32,708,613	21,980,509
Total liabilities and shareholders' investment		366,936,529	236,797,944
Total liabilities, shareholders' investment and managed liabilities		715,574,550	519,891,578

The accompanying notes are an integral part of these financial statements.

On behalf of the management:

Chairman of the Board
Georgy Egorov

Chief Accountant
Zinaida Kushnerova

**STATEMENTS OF PROFIT AND LOSS
FOR THE YEARS ENDED 31 DECEMBER 2001 AND 2000**

	Notes	2001 '000 BYR	2000 '000 BYR
Interest income	17	42,291,814	22,739,945
Interest expense	18	(27,621,055)	(15,428,521)
NET INTEREST INCOME		14,670,759	7,311,424
Fee and commission income	19	15,609,382	7,524,821
Fee and commission expenses	20	(1,309,133)	(893,250)
NET FEE AND COMMISSION INCOME		14,300,249	6,631,571
Net gain from trading securities	21	1,643,908	1,217,634
Net foreign exchange gain		3,254,520	1,683,273
Net gain from currency revaluation		5,621,231	12,049,931
Other operating income, net		285,998	(411,589)
NET OPERATING INCOME		39,776,665	28,482,244
Provision for bad debts, net	22	(15,147,245)	(14,988,131)
NET INCOME AFTER PROVISION FOR BAD DEBTS		24,629,420	13,494,113
Salaries and related social expenses	23	(10,217,315)	(5,876,137)
Other administrative expenses	24	(7,779,219)	(4,885,449)
Depreciation	8	(1,202,670)	(563,067)
Other income		(985,409)	56,175
PROFIT BEFORE TAX		4,444,807	2,225,635
Income tax	25	(4,095,283)	(2,028,378)
NET PROFIT		349,524	197,257
Net earnings per share, BYR	14	3.43	15.95

The accompanying notes are an integral part of these financial statements.

On behalf of the management:



Chairman of the Board
Georgy Egorov



Chief Accountant
Zinaida Kushnerova

STATEMENTS OF SHAREHOLDERS' INVESTMENT
AS OF 31 DECEMBER 2001 AND 2000

	Share capital	Accumulated loss	Fixed assets revaluation reserve	Total
	'000 BYR	'000 BYR	'000 BYR	'000 BYR
As of 31 December 1999	401,600	2,102,025	4,224,433	6,728,058
Profit for the year	-	197,257	-	197,257
Increase of share capital	9,638,400	(9,638,400)	-	-
Dividends	-	(473,949)	-	(473,949)
Revaluation of fixed assets	-	-	15,529,143	15,529,143
As of 31 December 2000	10,040,000	(7,813,067)	19,753,576	21,980,509
Profit for the year	-	349,524	-	349,524
Increase of share capital	7,117,913	-	-	7,117,913
Revaluation of fixed assets	-	-	3,260,667	3,260,667
As of 31 December 2001	17,157,913	(7,463,543)	23,014,243	32,708,613

The accompanying notes are an integral part of these financial statements.

On behalf of the management:

Chairman of the Board
Georgy Egorov

Chief Accountant
Zinaida Kushnerova

**STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED 31 DECEMBER 2001 AND 2000**

	2001	2000
	'000 BYR	'000 BYR
		(restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	349,524	197,257
<i>Adjustments for non-cash items:</i>		
Depreciation of fixed assets	1,202,670	563,067
Increase in provision for bad debts	15,147,245	14,988,131
Loss from securities revaluation	380,631	(19,195)
Operating profit before changes in operating assets and liabilities	17,080,070	15,729,260
Change in operating assets:		
Due from credit institutions	(6,655,071)	(34,186,559)
Loans and advances to customers	(49,263,739)	(71,886,559)
Securities	2,294,653	(11,283,679)
Accrued income and other assets	(10,183,127)	(132,954)
Change in operating liabilities:		
Due to the National Bank	2,780,097	6,837,510
Due to other credit institutions	31,687,052	41,504,450
Current and term deposit accounts	78,242,856	102,108,995
Accrued expenses and other short-term liabilities	1,667,468	963,479
Net cash from operating activities	67,640,259	49,653,943
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, net	(4,253,688)	(2,452,947)
Investments in affiliates and subsidiaries	-	134,640
Change in the balance due from the Ministry of Finance	(12,779,374)	(8,944,000)
Net cash used in investing activities	(17,033,062)	(11,262,307)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(473,949)
Debt securities issued by the Bank	3,723,353	2,326,159
Increase of share capital	7,117,913	-
Net cash increase from financing activities	10,841,266	1,852,210
Net increase in cash and cash equivalents	61,448,463	40,243,846
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	61,106,163	20,862,317
CASH AND CASH EQUIVALENTS, END OF THE YEAR	122,554,626	61,106,163

The accompanying notes are an integral part of these financial statements.

On behalf of the management:

Chairman of the Board
Georgy Egorov

Chief Accountant
Zinaida Kushnerova

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2001 AND 2000

1. GENERAL INFORMATION

Belarus Open Joint-Stock Company - Belvnesheconombank ("The Bank") was established on 12 December 1991 as a result of the separation of the Belarus branch of the Bank for Foreign Economic Affairs of the USSR. The Bank is incorporated in the Republic of Belarus as a joint stock commercial bank, in which the shareholders have limited liability. The Bank is situated on Miasnikova str. 32, Minsk, Belarus.

The Bank has a network of 28 branches within the territory of the Republic of Belarus, as well as representative offices in Moscow (Russia) and Warsaw (Poland).

The Bank provides the wide range of banking services to its clients, which are mainly local enterprises. The Bank's primary areas of operations include granting loans to exporting industries, issuing and processing export and import letters of credits, transferring payments and exchanging foreign currencies upon demand of its customers and for currency trading purposes. The Bank has a general banking licence, which allows it to maintain accounts and attract demand and term deposits from private and corporate customers. The Bank also received the Licence #24 dated 12 November 2001 for transactions with precious metals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Bank are set out below. The accounting policies remain unchanged from the previous year.

Basis of preparation

The accompanying financial statements are presented in the national currency of the Republic of Belarus - rouble (BYR). Amounts in the financial statements have been rounded to the nearest one thousand unless specifically stated otherwise, and stated in monetary units after the statutory denomination, effective from 1 January 2001.

The financial statements presented include only the accounts of the Bank.

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of fixed assets.

Introduction of International Accounting Standards

In 2001 the Bank adopted IAS 39 "Financial Instruments: Recognition and Evaluation" (revised in 2000) for the first time.

IAS 39 (revised in 2000) introduces detailed regulation on accounting of all financial instruments. New accounting policy of the Bank concerning these financial instruments is stated in the Sections "Securities", "Financial Instruments with Off-balance Risk" and "Fair Value of Financial Instruments" of this Note.

The adoption of IAS 39 did not result in a need to change data for the year 2000 presented in these financial statements except for the reclassification of securities, as described in the Note 6. That was because principles of measurement of financial assets applied in 2000 either complied with those required by IAS 39 or resulted in amounts that would differ insignificantly had application of IAS 39 been done retrospectively.

Interest, Fees and Commissions

Interest income and expense are recognised in the financial statements when earned or incurred in accordance with the accrual basis. The Bank does not accrue interest on non-performing loans. Loans are considered to be non-performing if they are in arrears on payment for a period greater than 90 days. For such loans, all interest income accrued is recognised when received.

Commissions, fees and other income/expense are credited/charged to profit and loss accounts when earned or incurred.

Foreign Currencies

Exchange rates

Transactions denominated in foreign currency are translated into roubles at the official exchange rate of the National Bank of the Republic of Belarus on the date of the transaction.

Monetary assets and liabilities, including unmatured commitments to deliver or acquire foreign currencies under spot exchange transactions, are translated at the official rate on the balance sheet date. Any unrealized gain or loss arising from revaluation of assets and liabilities at the official rate at the balance sheet date is included in the profit and loss accounts.

The applicable rates of the National Bank (BYR to 1 foreign currency unit) used for the principal currencies as of 31 December 2001 and 2000 were as follows:

	Currency	Rates	
		2001	2000
USD	US dollar	1,580.00	1,180.00
EUR	Euro	1,391.51	1,096.63
RUR	Russian rouble	52.31	41.97
UAH	Ukrainian hryvna	298.25	217.11

Market rates

The official currency exchange rates of the National Bank of the Republic of Belarus differ insignificantly from the exchange rates prevailing on the foreign exchange market.

Cash and Cash Equivalents

For the purpose of presentation in the statements of cash flow, cash and cash equivalents are defined as amounts comprising cash and balances due from the National Bank and other credit institutions with maturity up to three months.

Loans and advances

The Bank provides commercial and consumer loans to customers throughout its market area. Future financial stability of the large number of the Bank's borrowers depends on the economic condition of the market area and financial position of their partners. The Bank takes into consideration the fact that specific features of the economic situation may impact borrowers' ability to repay their loans timely and fully. Provisions for loan losses are established in accordance with IAS and represent the estimated amounts of probable losses that have been incurred at the balance sheet date. The value of the collateral held in connection with the loan is based on its estimated realizable value and is taken into account when estimating the required provision.

Provisions for bad and doubtful debts include:

- specific provision for credits identified as non-performing;
- specific provision for probable losses on credits identified as high risk;
- general provision.

A general provision is established to cover losses that are judged to be present in the portfolio of credit risks as of the balance sheet date, but which have not been specifically identified as such.

The level of specific provisions is based on estimates considering known relevant factors affecting loan collectibility and collateral values. Ultimate losses may vary from the current estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Estimation of losses on loans presented in the financial statements has been made considering the gained experience and is reasonable in light of available information, reflecting portfolio risk of the Bank as of the financial statements date.

When loans and advances cannot be recovered, they are written off by charging against the respective provision for possible losses. The Bank does not write off the loans until all the necessary legal procedures are completed by the Bank and the final amount of defaulted balance is determined.

Securities

In accordance with IAS 39 the Bank distinguishes three classes of securities: trading securities, investment securities and securities available for sale.

Trading securities are securities purchased in order to benefit from short-term operations and price fluctuations.

Investment securities are securities with fixed or definable payments and fixed maturity, which the Bank intends and is able to hold till maturity.

Securities available for sale are composed of other securities that are not included in two previous categories.

Trading securities and securities available for sale are stated at fair value. Fair value is determined based on market prices on the financial market where these securities are quoted or actively traded.

Investment securities with fixed maturity are accounted for at amortised cost. Investment securities without any fixed maturity are accounted for at cost.

Securities of all categories should be revalued in case of permanent impairment of value.

Fixed assets

Fixed assets are stated at historical or revalued historical cost less accumulated depreciation.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss account.

Statutory revaluations

The fixed assets were revalued partly based on expert appraisals and partly based on indices, decreed by the Government of the Republic of Belarus, which in the opinion of the management approximate the average change in the replacement cost for broad categories of fixed assets. The following indices were applied for the preceding four years according to the asset type and its useful life (in percentage calculated to the net book value of fixed assets as of the end of a previous year):

2001	14%
2000	303%
1999	290%
1998	-
1997	34%
1996	14%

When a statutory revaluation has been made, the accumulated depreciation on the date of revaluation has been restated proportionally with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation represents the revalued amount. The surplus arising on revaluation has been taken to the revaluation reserve included in the shareholders' investment.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remains in the revaluation reserve.

Depreciation policies

Depreciation is provided on all fixed assets based on the cost or revalued amounts. The annual charge for depreciation is computed using the straight-line method applying rates specified for each depreciable asset by government decree. The estimated useful life of assets determined by the government is somewhat longer than the estimated useful lives of the assets, however the effect on the Bank's financial position for the year is not significant. The annual depreciation rates applied are:

Buildings	1%
Vehicles	10%
Office equipment	6 - 14.5%

Leasehold improvements are capitalised and depreciated over the period of the lease.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Bank as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Bank's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Bank as lessee

Assets held under finance leases are recognised as assets of the Bank at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Earnings per Share

For the purpose of calculating earnings per share the weighted average number of common shares in 2001 and 2000 was 101,907,063 and 12,367,079 shares, respectively. The Bank had no dilutive options outstanding during 2001 and 2000.

Taxation

The tax was calculated based on the taxable income for the year calculated in accordance with Belorussian tax legislation. Effective from 1 January 2000 the taxable base changed and the corporate income tax was officially renamed to "tax on income from certain types of activities". In 2001 and 2000 corporate income tax rate was 30%.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Bank is allowed to settle its current tax assets and liabilities on a net basis.

Related Parties

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 and operating decisions.

For the purposes of these financial statements, related parties include shareholders with holdings greater than a 5% interest in the Bank, controlled and associated companies and managers and directors of the Bank.

Financial Instruments with Off-Balance Sheet Risks

In the normal course of the business, the Bank enters into financial instruments with off-balance sheet risks, which include issued letters of credit and guarantees, and other derivatives and credit financial instruments that involve, to various degrees, elements of credit, interest rate and currency risk. Face value of such instruments is accounted by the Bank off balance sheet and is revalued at the official exchange rate at the end of the reporting year.

Fair value of a financial instrument is recognized on the balance sheet if it is material, and a respective gain or loss is recognised immediately.

A gain or loss arising from a change in the fair value of the financial instrument accounted for as a hedge is recognised in the profit and loss statements at the moment when the corresponding hedged position results in the respective loss or gain.

Fair Values of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgement regarding interest rates, credit risk, and other factors especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates. The following methods are used to estimate fair values for financial instruments.

The carrying value of cash and amounts due from other banks approximates fair value due to the relatively short period of time between the origination of the instruments and their expected realisation.

In case of trading securities and securities available for sale, the fair value is based on quoted market prices or dealer quotes. If a quoted market price is not available, fair value is estimated using quoted market prices for similar instruments.

The fair value of loans is estimated based on contractual cash flows, adjusted for credit risk factors, discounted using the current market rate for loans. Variable rate loans are valued at carrying value since the loans are reprised to market rates.

The carrying value of interests payable and receivable approximates its fair value because of the relatively short period of time between accrual and expected realisation.

The fair value of fixed-maturity deposits is the present value of the contractual cash flows, including principal and interest, and servicing costs, discounted using an appropriate investor yield. The fair value of deposits with no stated maturity, such as demand deposits, savings are equal to the amount payable on demand.

The carrying value of short-term borrowings approximates its fair value because of the relatively short period of time between the origination of the instruments and their expected repayment.

The fair values of the Bank's commitments to extend credits, standby letters of credit and financial guarantees written are estimated using fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the borrowers.

Change in Method of Calculating Accounting Estimate

In 2000 the Bank changed its method of calculating provision for credit risks to conform to IAS principles and, retroactively, restated the 1999 financial statements for the change. Method of estimating the provision for credit risks is disclosed in Section 'Loans and Advances' of this Note.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates and assumptions relate mainly to:

- Revaluation of fixed assets using the official indexation rates or methods of estimating market value as described in the Section "Property, plant and equipment" of this note;
- Estimation of useful lives of depreciable assets;
- valuation of investments in subsidiaries and associates.

Actual results could differ from those estimates.

Accounting for the Effects of Hyperinflation

The Republic of Belarus continues to experience high levels of inflation. Under International Accounting Standard 29 "Financial Reporting In Hyperinflationary Economies" the financial statements should be adjusted to reflect the effects of the diminution of the purchasing power of the rouble if the cumulative inflation index for the last three operational years is equal or exceeding 100%. The historical inflation rates in the Republic of Belarus, expressed as the annual official consumer price index reported by the government, are as follows:

Year	Inflation rate
2001	46%
2000	108%
1999	251%
1998	182%
1997	63%
1996	39%
1995	244%
1994	1 960%
1993	1 970%
1992	1 559%
1991	148%

The three-year cumulative inflation rate exceeded 100%, and there are other criteria suggested under IAS, which indicate highly inflationary conditions in the country. However, the Management of the Bank believes that it would not be practicable to restate the accounts and the financial statements are prepared on the historical cost basis modified to include revaluation of fixed assets only as discussed above.

Government policies and regulatory matters

The Bank is subject to the regulatory requirements of the National Bank of the Republic of Belarus and various decrees of the President of the Republic of Belarus. These requirements include capital adequacy, liquidity, foreign currency position and other requirements.

Applicable regulations are not always clearly defined and their interpretation is subject to the opinion of the National Bank and other regulatory authorities. Further regulations may be imposed retroactively and new interpretations of existing regulations may be issued. The sanctions for non-compliance with the laws and regulations may include restrictions on the Bank's activities and the withdrawal of the banking license. Management believes that the Bank is in compliance with all applicable laws and regulations.

3. DUE FROM THE NATIONAL BANK

	2001	2000
	'000 BYR	'000 BYR
Correspondent account	20,120	76,303
Term deposit	19,753,136	-
Mandatory reserve	19,435,943	11,201,203
Total	39,209,199	11,277,506

In accordance with the National Bank of the Republic of Belarus regulations, the Bank must hold in a separate account with it a mandatory reserve deposit, which is computed using a determined percentage of the average monthly balance of customers' deposits. The mandatory reserve deposit is not available for general use by the Bank.

As of 31 December 2001 and 2000 the Bank was in compliance with this regulation.

4. DUE FROM CREDIT INSTITUTIONS, NET

Amounts due from credit institutions are composed of:

	2001	2000
	'000 BYR	'000 BYR
Demand placements		
With non-OECD credit institutions	8,512,589	19,901,458
With OECD credit institutions	63,129,464	23,332,441
Total demand placements	71,642,053	43,233,899
Term placements		
With non-OECD credit institutions	28,587,030	17,278,596
With OECD credit institutions	22,957,681	24,660,927
Total term placements	51,544,711	41,939,523
Total due from credit institutions	123,186,764	85,173,422
Provision for bad debts (Note 22)	(877,024)	-
Due from credit institutions, net	122,309,740	85,173,422

In 2001 the average interest rates on term deposits were 7.2% in foreign currency and 80.5% in national currency (in 2000 the rates ranged from 9.6% in foreign currency to 88.1% in national currency).

5. LOANS AND ADVANCES TO CUSTOMERS, NET

Loans and advances to customers are composed of:

	2001 '000 BYR	2000 '000 BYR
Commercial loans	150,284,533	98,923,625
Loans to individuals	106,708	45,407
Factoring	3,512,457	5,670,927
Total loans and advances to customers	153,903,698	104,639,959
Provisions for bad debts (Note 22)	(31,407,953)	(18,420,455)
Loans and advances to customers, net	122,495,745	86,219,504

As of 31 December 2001 and 2000 the composition of the loan portfolio by type of customer is as follows:

	2001 '000 BYR	2000 '000 BYR
State companies	62,891,996	39,108,619
Private companies and individuals	63,974,480	9,813,299
Enterprises with partial state ownership and other forms of ownership	27,037,222	55,718,041
Total loans and advances to customers	153,903,698	104,639,959
Provision for bad debts (Note 22)	(31,407,953)	(18,420,455)
Loans and advances to customers, net	122,495,745	86,219,504

As of 31 December 2001 and 2000 the composition of the loan portfolio by industry is as follows:

	2001 '000 BYR	2000 '000 BYR
Manufacturing	99,392,057	74,642,554
Trade and public catering	8,836,386	4,921,963
Agriculture	3,726,541	7,229,913
Publishing	476,762	1,585,816
Transportation	1,368,274	1,068,361
Financial services	519,111	275,430
Dental services	617,660	801,689
Construction	1,625,922	539,126
Food industry	4,703,154	29,040
Other	32,637,831	13,546,067
Total loans and advances to customers	153,903,698	104,639,959
Provision for bad debts (Note 22)	(31,407,953)	(18,420,455)
Loans and advances to customers, net	122,495,745	86,219,504

In 2001 and 2000 the average interest rates on loans in national currency were 69.2% and 92.4% and in foreign currency 15.5% and 15.5%, respectively.

6. SECURITIES

Securities include the following:

	2001	2000
	'000 BYR	'000 BYR
Trading securities		
Bills of exchange issued by the National Bank	4,415,983	4,501,098
Bills of exchange issued by energy enterprises of Republic of Belarus and Russian Federation	-	4,130,000
St. Petersburg municipal bonds issued in USD	3,207,400	2,167,896
Belarus government bonds	876,351	1,072,831
Other securities with fixed income	23,584	68,700
Total trading securities	8,523,318	11,940,525
Investment securities		
Shares of subsidiaries	189,759	176,007
Shares of other companies	20,170	16,835
Total investment securities	209,929	192,842
Securities available for sale		
State bonds of other countries issued in USD	2,004,192	1,279,356
Total securities available for sale	2,004,192	1,279,356
Total	10,737,439	13,412,723

As of 31 December 2001 and 2000 investments in subsidiaries are composed as follows:

Company	Industry	% of total voting rights	2001 '000 BYR	2000 '000 BYR
Belvneshstrakh	insurance	97.7	189,752	176,000
Investment project institution	consulting	52.0	7	7
Total			189,759	176,007

Investments in subsidiaries are stated at cost. Had these investments been stated under the equity method of accounting or revalued amounts, the management believes that the value of the investments, determined based on financial statements of subsidiaries, would not have been significantly different from the carrying value.

7. ACCRUED INCOME AND OTHER ASSETS

Accrued income and other assets are composed of:

	2001 '000 BYR	2000 '000 BYR
Settlements on taxes	411,219	511,397
Advances to suppliers	2,015,106	468,106
Materials, net	533,163	395,275
Accrued interests receivable	6,703,723	89,707
Monetary claims on leased-out fixed assets	368,040	-
Other	1,757,574	104,281
Total	11,788,825	1,568,766

8. FIXED ASSETS, NET

Fixed assets are composed as follows:

	Land and buildings '000 BYR	Office Equipment '000 BYR	Vehicle '000 BYR	Furniture and Other Fixed Assets '000 BYR	Total '000 BYR
Historical cost					
As of 31 December 1999	3,121,016	1,365,274	624,381	1,730,452	6,841,123
Additions	676,207	915,781	254,917	1,327,347	3,174,252
Disposals	(570,453)	(93,726)	(83,811)	(89,462)	(837,452)
Revaluation	13,814,686	1,217,157	618,612	2,327,846	17,978,301
As of 31 December 2000	17,041,456	3,404,486	1,414,099	5,296,183	27,156,224
Additions	2,851,149	392,343	163,768	2,798,664	6,205,924
Disposals	(484,872)	(121,126)	(143,330)	(2,348,367)	(3,097,695)
Revaluation	2,013,241	655,163	386,970	1,579,902	4,635,276
As of 31 December 2001	21,420,974	4,330,866	1,821,507	7,326,382	34,899,729
Accumulated depreciation					
As of December 1999	276,071	432,333	352,923	676,382	1,737,709
Additions	43,198	217,096	96,066	206,707	563,067
Disposals	(13,444)	(47,488)	(36,516)	(18,698)	(116,146)
Revaluation	588,439	464,684	435,385	960,650	2,449,158
As of 31 December 2000	894,264	1,066,625	847,858	1,825,041	4,633,788
Additions	197,229	506,787	198,186	300,468	1,202,670
Disposals	(13,513)	(54,638)	(125,349)	(951,959)	(1,145,459)
Revaluation	283,950	130,414	255,657	704,588	1,374,609
As of 31 December 2001	1,361,930	1,649,188	1,176,352	1,878,138	6,065,608
Net book value					
31 December 2000	16,147,192	2,337,861	566,241	3,471,142	22,522,436
31 December 2001	20,059,044	2,681,678	645,155	5,448,244	28,834,121

The assets stated above are held for the Bank's own use.

9. DUE FROM THE MINISTRY OF FINANCE

In September 1991, Vnesheconombank of USSR froze all customer accounts. During 1996 an agreement was reached between the governments of the Russian Federation and of the Republic of Belarus that the Ministry of Finance of the Republic of Belarus would assume all the obligations of Vnesheconombank of USSR relating to Belorussian customers.

During 1998 the governments of Russian Federation and the Republic of Belarus have signed an agreement about mutual settlements. As a result of this agreement, the debt has been converted to a Ministry of Finance of the Republic of Belarus non-interest bearing bond, the amount of which as of 31 December 2001 and 2000 equaled '000 BYR 16,432,000 and 12,272,000, correspondingly, being an equivalent of USD 10,400,000. Debt is repayable on 31 December 2002.

Moreover, in 2001 the Ministry of Finance on behalf of the Government of the Republic of Belarus issued and passed to the Bank a non-interest bearing bond as repayment of the loan granted by the Bank on behalf of the Government to "Belagrintorg" for grain purchase. As of 31 December 2001 the amount of bond was USD 5,455,300 equivalent of which is '000 BYR 8,619,374. The debt is repayable on 18 December 2003.

Thus, as of 31 December 2001 and 2000 total balance due from the Ministry of Finance comprised 25,051,374 and 12,272,000 '000 BYR, respectively.

10. DUE TO THE NATIONAL BANK

	2001	2000
	'000 BYR	'000 BYR
Correspondent account	11,022,511	7,618,174
Term deposits	948,431	1,572,671
Total	11,970,942	9,190,845

Term deposits due to the National Bank in the amount of '000 BYR 948,431 and '000 BYR 1,572,672 as of 31 December 2001 and 2000, respectively, represent funds provided by the European Bank for Reconstruction and Development (EBRD) under the small and medium sized enterprises lending program. The Bank refinances these funds in the form of loans to the Belarus companies. These funds have the same maturity as the corresponding loans. The Bank has the ultimate responsibility due to the National Bank of the Republic of Belarus to repay the funds provided by EBRD and carries all related risks.

11. DUE TO CREDIT INSTITUTIONS

Due to credit institutions is composed as follows:

	2001 '000 BYR	2000 '000 BYR
Demand deposits		
from domestic banks	-	4,214,564
from non-OECD credit institutions	17,700,936	2,950,907
Total demand deposits	17,700,936	7,165,471
Loans and term deposits		
from domestic banks	-	11,588,653
from non-OECD credit institutions	72,861,685	40,121,445
Total loan and term deposits	72,861,685	51,710,098
Total due from other credit institutions	90,562,621	58,875,569

In 2001 and 2000 the average interest rates on term deposits in national currency were 88.6% and 122% and in foreign currency 6% and 8.5%, respectively.

12. CURRENT AND TERM DEPOSIT ACCOUNTS

Current and term deposit accounts are composed as follows:

	2001 '000 BYR	2000 '000 BYR
Current accounts		
Companies	109,250,566	71,269,742
Government funds	8,042,510	10,805,459
Individuals	5,190,609	2,954,130
Total current accounts	122,483,685	85,029,331
Term deposit accounts		
Companies	59,205,656	33,223,506
Individuals	39,258,820	24,452,468
Total term deposit accounts	98,464,476	57,675,974
Total current and term deposit accounts	220,948,161	142,705,305

In 2001 and 2000 the average interest rates on term deposits to customers were 62.3% and 76% in national currency and 9.9% and 10.6% in foreign currency, respectively.

13. ACCRUED EXPENSES AND OTHER SHORT-TERM LIABILITIES

Accrued expenses and other liabilities are composed as follows:

	2001	2000
	'000 BYR	'000 BYR
Accrued interest expenses	1,183,770	556,166
Taxes payable	808,704	479,864
Other short-term liabilities	1,150,197	483,011
Provision for bad debts on off-balance sheet liabilities	1,496,661	177,006
Financial lease liabilities	33,838	-
Total	4,673,170	1,696,047

14. SHARE CAPITAL

In 2001 with respect to the national currency denomination the Bank changed the nominal value of its common shares from BYR 100,000 to BYR 100, and also capitalized unrealized currency gains in the amount of '000 BYR 9,638,400, which initially were recognized on profit and loss accounts. As a result, as of 31 December 2001 the stock was made up of 100,400,000 common shares with BYR 100 each. Each common share carries one vote.

As of 31 December 2001 the issued capital consisted of 171,579,130 common shares with nominal value of BYR 100 each. During 2001 the Bank carried out two additional emissions of 1,130,385 and 70,048,745 common shares with nominal value of BYR 100 each.

As of 31 December 2001 and 2000 the Bank had no preference shares and subordinated debt.

Earnings per share are computed by dividing net earnings by the weighted average of the common stock outstanding. For the purpose of computing earnings per share the change in nominal value is considered as if it occurred at the beginning of the year.

	2001	2000
Net earnings '000 BYR	349,524	197,257
Weighted average common stock outstanding	101,907,063	12,367,079
Earnings per common share BYR	3.43	15.95

15. CONTINGENCIES AND COMMITMENTS

Contingencies and commitments are composed of:

	2001	2000
	'000 BYR	'000 BYR
Guarantees issued	51,261,591	54,665,306
Import letters of credit	13,736,982	14,209,293
Committed credits granted, not drawn down	10,460,652	5,789,638
Foreign exchange forward agreements	8,844,429	1,421,852
Provision for contingencies and commitments liabilities (Note 22)	(1,496,661)	(177,006)
Total contingencies and commitments	82,806,993	75,909,083

16. MANAGED ASSETS AND MANAGED LIABILITIES

Managed assets and liabilities is composed of:

		2001	2000
		'000 BYR	'000 BYR
Managed assets			
Managed loans granted to non-OECD residents	348,638,021	283,093,634	
Total		348,638,021	283,093,634
Managed liabilities			
AKA Ausfuhrkredit (Germany)		165,681,308	127,249,604
Czech Export Bank, A.S. (Czech Republic)		99,384,929	83,071,479
Kreditanstalt fur Wiederaufbau (Germany)		2,137,849	2,808,017
Bayerische Landesbank Girozentrale (Germany)		44,248,062	39,232,753
Bank Austria AG (Austria)		33,204,066	21,823,366
Creditanstalt AG (Austria)		516,241	813,774
Interbanka, A.S. (Czech Republic)		3,465,566	8,094,641
Total		348,638,021	283,093,634

The Bank acts as a dispensing agent for these funds in the form of loans to Belorussian companies. The Bank charges the commission for the management of the funds. The Bank does not carry credit, interest rate, currency or any other risks in respect of the funds.

17. INTEREST INCOME

Interest income is composed of interests on:

	2001	2000
	'000 BYR	'000 BYR
Loans and advances to customers	30,200,822	14,085,681
Placements with other credit institutions	11,226,543	7,486,736
Government securities	854,181	667,947
Other interest income	10,268	499,581
Total	42,291,814	22,739,945

18. INTEREST EXPENSE

Interest expense is composed of interest on:

	2001	2000
	'000 BYR	'000 BYR
Customer deposits	15,383,147	8,769,279
Deposits from other banks	11,611,182	6,313,169
Fixed income securities	626,726	344,997
Other interest expense	-	1,076
Total	27,621,055	15,428,521

19. FEE AND COMMISSION INCOME

Commission and fee income is composed of:

	2001	2000
	'000 BYR	'000 BYR
Service fees on transactions with clients	9,933,619	4,745,775
Commission on currency transactions	3,308,097	1,859,111
Commission on interbank transactions	985,903	468,745
Other commission and fee income	1,381,763	451,190
Total	15,609,382	7,524,821

20. FEE AND COMMISSION EXPENSE

Commission and fee expenses are composed of:

	2001	2000
	'000 BYR	'000 BYR
Correspondent bank service charges	390,175	512,976
Commission on currency transactions	574,531	361,410
Service fees on transactions with clients	127,640	16,969
Other commission and fee expense	216,787	1,895
Total	1,309,133	893,250

21. NET GAIN FROM TRADING SECURITIES

Net gain from trading securities include the following:

	2001	2000
	'000 BYR	'000 BYR
Income from trading securities	2,205,312	1,210,523
Expense from trading securities	(43,744)	(12,084)
Gain (loss) from securities revaluation	(517,660)	19,195
Total	1,643,908	1,217,634

22. PROVISION FOR BAD DEBTS, NET

The following table provides a movement of the provision for bad debts in the reporting period:

	Loans '000 BYR	Due from banks '000 BYR	Guarantees '000 BYR	of credit '000 BYR	Total '000 BYR
As of 31 December 1999	5,452,932	157,288	10,000	-	5,620,220
Reversals due to write-offs	(1,843,602)	(157,288)	(10,000)	-	(2,010,890)
Charged to the profit and loss account during the period, net	14,811,125	-	50,720	126,286	14,988,131
As of 31 December 2000	18,420,455	-	50,720	126,286	18,597,461
Charged to reserves during the period	36,932	-	-	-	36,932
Charged to the profit and loss account during the period, net	12,950,566	877,024	1,095,039	224,616	15,147,245
As of 31 December 2001	31,407,953	877,024	1,145,759	350,902	33,781,638

23. SALARIES AND RELATED SOCIAL EXPENSES

Salaries and related social expenses are composed of:

	2001 '000 BYR	2000 '000 BYR
Staff salaries and salaries to management of the Bank	7,406,680	2,923,676
Social security	2,534,349	2,770,848
Other staff expenses	276,286	181,613
Total	10,217,315	5,876,137

Other staff expenses include recruitment, training, and other similar expenses. During the reporting year, the Bank employed the average number of 2,051 employees (1,878 in 2000).

24. OTHER ADMINISTRATIVE EXPENSES

Other administrative expenses is composed of:

	2001	2000
	'000 BYR	'000 BYR
Non-income taxes	3,145,708	1,955,954
Rent, utilities and maintenance	2,334,153	1,705,199
Transport	364,361	273,902
Communications	669,403	262,129
Professional fees	478,620	204,232
Supplies	114,110	68,760
Other	672,864	415,273
Total	7,779,219	4,885,449

25. INCOME TAX

The amounts of '000 BYR 4,095,283 and 2,028,378 represent the charge for profit tax in 2001 and 2000 respectively, which is determined on the basis of statutory profits calculated in accordance with Belarus tax legislation and statutory accounting regulations of the National Bank of the Republic of Belarus. In 2001 and 2000 income tax rate was 30%.

Reconciliation of profit before tax and income taxable in accordance with Belarus tax legislation is as follows:

	2001	%	2000	%
	'000 BYR		'000 BYR	
Profit before tax	4,444,807		2,225,635	
Income tax at 30%	1,333,442	30%	667,691	30%
Effect of adjustments bringing statutory accounting profit before taxation to taxable profit	(1,246,321)	(28%)	(330,391)	(15%)
Effect of adjustments bringing statutory financial statements in accordance with IAS	4,008,162	90%	1,691,078	76%
Income tax	4,095,283	92%	2,028,378	91%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts used for income tax purposes.

Deferred income taxes as of 31 December 2001 and 2000 are calculated as follows:

	2001	2000
	'000 BYR	'000 BYR
Deferred tax assets:		
Provisions for doubtful debts	3,135,094	2,333,504
Securities revaluation losses	155,295	210,370
General and administrative expenses	96,023	171,533
Accrued interest income	1,946,504	-
Deferred tax assets	5,332,916	2,715,407
Deferred tax liabilities		
Accrued interest income	-	(11,028)
Deferred tax liabilities	-	(11,028)
Deferred tax assets, net	5,332,916	2,704,379
Less: valuation allowance	(5,332,916)	(2,704,379)
Total deferred tax assets	-	-

The resulting deferred tax assets were not recorded in these financial statements because of an uncertainty, which exists as to probability, amount and terms of realisation of the asset.

26. RELATED PARTY TRANSACTIONS

As of 31 December 2001 the Bank has several demand and term deposits in the amount of '000 BYR 2,293,911 ('000 BYR 5,411,812 as of 31 December 2000) from related parties on the basis of normal interest rate which does not differ from the average rates stated for other clients.

As of 31 December 2001 the Bank issued to its related parties several guarantees in the amount of '000 BYR 16,906,000 ('000 BYR 7,142,860 as of 31 December, 2000) and import letters of credit in the amount of '000 BYR 3,710,671 ('000 BYR 8,418,535 as of 31 December 2000).

As of 31 December, 2001 the bank also had loans and factoring facilities granted to related parties in the amount of '000 BYR 12,434,815 ('000 BYR 8,619,505 as of 31 December, 2000).

27. CONCENTRATION OF ASSETS AND LIABILITIES

In 2001 and 2000 the Government of the Republic of Belarus exercised certain influence on activities of the Bank. Exposure to the Government of the Republic of Belarus includes various direct obligations of the Government as well as commercial credits, guaranteed by the Government where a significant probability exists of ultimate recourse to the Government's funds:

	2001	2000
	'000 BYR	'000 BYR
Government bonds (Note 6)	876,351	1,072,831
Due from the Ministry of Finance (Note 9)	25,051,374	12,272,000
Loans guaranteed by the Government	4,046,380	12,921,000
Total	29,974,105	26,265,831

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are composed of:

	2001	2000
	'000 BYR	'000 BYR
Cash	6,510,086	4,351,587
Due from the National Bank	19,773,256	76,303
Due from other banks with maturity less than three months	96,271,284	56,678,273
Total	122,554,626	61,106,163

29. FOREIGN CURRENCY EXPOSURE

The analysis of assets and liabilities according to the principal classes of currencies in which they are denominated is as follows:

'000 BYR	Assets	Liabilities	Net currency exposure
US dollar (USD)	1,275,656	9,822,596	(8,546,940)
German mark (DEM)	1,010,747	-	1,010,747
British pound (GBP)	2,117,825	1,901,582	216,243
French franc (FRF)	4,563	-	4,563
Euro (EUR)	6,920,264	2,733,545	4,186,719
Russian rouble (RUR)	182,804	1,091,292	(908,488)
Australian dollar (AUD)	1,164,684	1,041,354	123,330
Other hard currencies	301,741	98,551	203,190
Other soft currencies	260,800	7	260,793
Total as of December 31, 2001	13,239,084	16,688,927	(3,449,843)
Total long position as of December 31, 2001			6,005,585
Total short position as of December 31, 2001			(9,455,428)
Total long position as of December 31, 2000			19,748,198
Total short position as of December 31, 2000			(615,719)

In accordance with the National Bank requirements, as of 31 December 2001 and 2000, the combined open position in all freely convertible currencies and the combined open position in all currencies with restricted conversion could not exceed 10% and 5% of the Bank's regulatory capital, respectively. As of the reporting dates, the Bank was in compliance with these regulations in respect of both currency categories.

30. CAPITAL ADEQUACY AND REGULATORY MATTERS

Based on the guidelines set out by the Basle Agreements, Bank's capital adequacy ratio is calculated as total capital to risk weighted. As of 31 December 2001 and 2000 the capital base corresponding to the Basle Agreement target capital ratio was '000 BYR 32,708,613 and 21,980,509, respectively. Thus, the Bank's capital adequacy ratio based on the guidelines of the Basle Agreement as of 31 December 2001 and 2000 was 12.8% and 9.7% respectively. The recommended target capital to risk weighted ratio is 8%.

31. LIQUIDITY ANALYSIS

The table below provides an analysis of assets and liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity. Those assets and liabilities that do not have a contractual maturity date are grouped together in the "Over 1 year" category. The remaining period to maturity of assets and liabilities was as follows:

	Up to 1 month '000 BYR	From 1 to 3 months '000 BYR	From 3 to 6 months '000 BYR	From 6 months to 1 year '000 BYR	Over 1 year 000 BYR	Total '000 BYR
Assets						
Cash	6,510,08	-	-	-	-	6,510,086
Due from the National Bank	39,209,199	-	-	-	-	39,209,199
Due from credit institutions, net	89,777,484	6,493,800	22,739,360	3,299,096	-	122,309,740
Loans and advances to customers, net	41,489,166	30,410,476	21,630,947	12,496,026	16,469,130	122,495,745
Securities	37,491	-	800,960	3,261,808	6,637,180	10,737,439
Accrued income and other assets	1,372,472	801,652	980,940	830,352	7,803,409	11,788,825
Fixed assets, net	-	-	-	-	28,834,121	28,834,121
Due from the Ministry of Finance	-	-	-	-	25,051,374	25,051,374
Total assets	178,395,898	37,705,928	46,152,207	19,887,282	84,795,214	366,936,529
Liabilities and shareholders' investment						
Due to the National Bank	11,022,511	-	-	948,431	-	11,970,942
Due to credit institutions	35,699,072	158,000	-	-	54,705,549	90,562,621
Current and term deposit accounts	161,550,883	14,647,678	16,722,869	13,248,353	220,948,161	
Accrued expenses and other short-term liabilities	4,673,170	-	-	-	-	4,673,170
Debt securities issued by the Bank	3,071,022	-	-	3,002,000	6,073,022	
Shareholders' investment	-	-	-	-	32,708,613	32,708,613
Total liabilities and shareholders' investment	216,016,658	14,936,378	14,647,678	17,671,300	103,664,515	366,936,529
Off-balance sheet liabilities	73,962,564	-	-	-	-	73,962,564
Total liabilities, shareholders' investment and off-balance sheet liabilities	289,979,222	14,936,378	14,647,678	17,671,300	103,664,515	440,899,093
Liquidity risk						
as of December 31, 2001	(111,583,324)	22,769,550	31,504,529	2,215,982	(18,869,301)	
Liquidity risk as of December 31, 2000	(89,636,368)	13,698,456	7,511,641	14,612,525	(9,004,689)	

32. INTEREST RATE RISK

Interest rate risk is composed as follows:

	Up to 1 month '000 BYR	1 to 3 months '000 BYR	3 to 6 months '000 BYR	6 to 12 months '000 BYR	Over 1 year '000 BYR	Non-interest bearing funds '000 BYR	Total '000 BYR
Assets							
Cash	-	-	-	-	-	6,510,086	6,510,086
Due from the National Bank	19,753,136	-	-	-	-	19,456,063	39,209,199
Due from credit institutions, net	18,135,431	6,493,800	22,739,360	3,299,096	-	71,642,053	122,309,740
Loans and advances to customers, net	41,489,166	30,410,476	21,630,947	12,496,026	16,469,130	-	122,495,745
Securities	37,491	-	800,960	3,261,808	6,427,257	209,923	10,737,439
Accrued income and other assets	1,372,472	801,652	980,940	830,351	7,803,410	-	11,788,825
Fixed assets, net	-	-	-	-	-	28,834,121	28,834,121
Due from the Ministry of Finance	-	-	-	-	-	25,051,374	25,051,374
Total assets	80,787,696	37,705,928	46,152,207	19,887,281	30,699,797	151,703,620	366,936,529
Liabilities and shareholders' investment							
Due to the National Bank	-	-	-	948,431	-	11,022,511	11,970,942
Due to credit institutions	17,998,136	158,000	-	-	54,705,549	17,700,936	90,562,621
Current and term deposit accounts	19,437,789	14,778,378	14,647,678	16,722,868	13,248,354	142,113,094	220,948,161
Accrued expenses and other short-term liabilities	-	-	-	-	-	4,673,170	4,673,170
Debt securities issued by the Bank	3,071,022	-	-	-	3,002,000	-	6,073,022
Shareholders' Investment	-	-	-	-	-	32,708,613	32,708,613
Total liabilities and shareholders' investment	40,506,947	14,936,378	14,647,678	17,671,299	70,955,903	208,218,324	366,936,529
Off-balance sheet liabilities	-	-	-	-	-	73,962,564	73,962,564
Total liabilities, shareholders' investment and off-balance sheet liabilities	40,506,947	14,936,378	14,647,678	17,671,299	70,955,903	282,180,888	440,899,093
Interest rate risk as of December 31, 2001	40,280,749	22,769,550	31,504,529	2,215,982	(40,256,106)	(130,477,268)	
Interest rate risk as of December 31, 2000	39,476,521	23,142,499	7,666,923	8,135,935	(22,105,280)	(132,225,681)	

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk.

As a rule, the Bank is able to change interest rates, thus changes in market interest rates usually lead to rearrangement of the contractual maturity of most financial instruments.

33. LITIGATION AND CLAIMS

The Bank was not involved in any legal proceedings as of 31 December 2001 and 2000 apart from those related to loan recovery.

34. UNCERTAINTIES

Uncertainty in the Republic of Belarus

There is a considerable degree of uncertainty in the Republic of Belarus surrounding the continued success of domestic economic policy. Furthermore, the recoverability of the Bank's loans and advances to domestic commercial banks and companies, as well as their financial situations and consequently their ability to repay the loans, largely depends on the future direction of the economic and legal policy of the Government of the Republic of Belarus.

The management of the Bank has made its best estimate on recoverability and classification of recorded assets and liabilities. While management of the Bank believes that adjusted amounts represent their net realizable value and that any further deterioration in the economic or political stability of the country will not have a material affect on the operations of the Bank, this can not be predicted with absolute certainty and the future operations of the Bank may continue to be affected by economic problems in the country.

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