OJSC “Paritetbank”

International Financial Reporting Standards
Financial Statements and
Independent Auditors' Report

For the year ended
31 December 2024

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Independent Auditors' Report

To the Chairman of the Management Board of Open Joint-Stock Company "Paritetbank" Sergey Aleksandrovich Karpov

Audit Opinion

We have audited the financial statements of Open Joint-Stock Company "Paritetbank" (hereafter - the "Bank" or "audited entity") (location: 61a, Kiseleva str., Minsk, Republic of Belarus, 220002, date of state registration: 15 May 1991, registration number in the Unified State Register of Legal Entities and Individual Entrepreneurs: 100233809) which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Audit Opinion

We conducted our audit in accordance with the requirements of the Law of the Republic of Belarus № 56-Z dated 12 July 2013 "On auditing" (with subsequent amendments and additions), Instruction on regulation of auditing activities in banks, banking groups and banking holdings approved by the Resolution of the Board of the National Bank of the Republic of Belarus № 495 dated 11 December 2019 (with subsequent amendments and additions) and the national rules on auditing, and International Standards on Auditing (ISAs). Our responsibilities under those requirements and standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Belarus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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<table>
<tr><th colspan="2">Expected credit loss allowance for loans to customers</th></tr>
<tr><td colspan="2">See Notes: 9 Loans to Customers and 25 Risk Management.</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Loans to customers measured at amortized cost represent 47.9% of total assets and are stated net of allowance for expected credit losses (the "ECL") that is estimated on a regular basis and is sensitive to assumptions used.

To assess ECL management needs to apply professional judgment and to make assumptions related to the following key areas:

- timely identification of a significant increase in credit risk and default events related to loans to customers (allocation between Stages 1, 2 and 3 in accordance with IFRS 9 Financial Instruments ("IFRS 9"));
- assessment of probability of default (PD) and loss given default (LGD);
- assessment of the add-on adjustment to account for different scenarios and forward-looking information;
- expected cash flows forecast for loans to customers classified in Stage 3.

Due to the significant volume of loans to customers and the related ECL allowance estimation uncertainty, this area is a key audit matter.</td><td>We analyzed the key aspects of the Bank's methodology and policies related to ECL estimates for compliance with the requirements of IFRS 9, including involvement into the analysis of financial risks management specialists.

Our audit procedures over the input data and calculations of ECL include the following:

- We assessed the design and tested the operating effectiveness of controls in respect of the timely transfer of overdue receivables to the respective accounts for overdue receivables.
- For a sample of corporate loans and borrowers we analyzed financial and non-financial information, as well as professional judgments applied by the Bank to assess if the sampled items are appropriately classified into stages of loss and rating assigned by the Bank for borrowers, and also on a sample basis tested input data used in the rating models.
- On a sample basis, we tested the correctness of the inputs used to calculate PD, LGD and EAD for corporate loans.
- For retail loans selected for test of details we checked the completeness and accuracy of the input data used for ECL calculation, the timeliness of late payments and repayments recognition and correct classification of loans by stages.
- We assessed the predictive capability of the Bank's ECL calculation methodology by comparing the estimates made as at 1 January 2024 with the actual results for 2024.
- We analyzed the overall adequacy of the add-on adjustment to account for different scenarios and forward-looking information considering current and future economic situation and business environment of certain categories of borrowers.
- For a sample of Stage 3 corporate loans, where ECLs are assessed individually, we critically assessed assumptions used by the Bank to forecast future cash flows, including estimated proceeds from realizable collateral and their expected disposal terms based on our understanding and publicly available market information. We specifically focused on loans to customers for which a potential change in the ECL allowance may have the most significant impact on the financial statements.

We also assessed whether the financial statements disclosures appropriately reflect the Bank's exposure to credit risk. In addition, we reviewed whether the disclosures of key judgments and assumptions are sufficiently informative.</td></tr>
</table>

Responsibilities of the Audited Entity for the Preparation of Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Audit Committee of the Supervisory Board is responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the requirements of the Law of the Republic of Belarus № 56-Z dated 12 July 2013 "On auditing" (with subsequent amendments and additions), Instruction on regulation of auditing activities in banks, banking groups and banking holdings approved by the Resolution of the Board of the National Bank of the Republic of Belarus № 495 dated 11 December 2019 (with subsequent amendments and additions) and the national rules on auditing, and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the requirements of the Law of the Republic of Belarus № 56-Z dated 12 July 2013 "On auditing" (with subsequent amendments and additions), Instruction on regulation of auditing activities in banks, banking groups and banking holdings approved by the Resolution of the Board of the National Bank of the Republic of Belarus № 495 dated 11 December 2019 (with subsequent amendments and additions) and the national rules on auditing, and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit Committee of the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee of the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with Audit Committee of the Supervisory Board all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee of the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Engagement Director
(Power of attorney № 42/12/24
dated 11 December 2024)

Olga Viktorovna Stanovaya
(auditor qualification certificate No. 0002468
dated 3 October 2018, registered number 2201)

Engagement Manager

Alisa Igorevna Karnei
(auditor qualification certificate No. 0002419
dated 13 December 2017, registered number 2160)

Limited Liability Company "Kept"

A member of the Chamber of Auditors, a single self-regulated body of audit organizations and auditors - individual entrepreneurs in the Republic of Belarus.

Legal address: 49 Platonova street, Room 26-7, Minsk, 220012, the Republic of Belarus

Registration information: registered by the Minsk City Executive Committee on 20 October 2010, Registration No. 191434140 in the Unified State Register of Legal Entities and Individual Entrepreneurs, Audit Company's Entry Registration No. 10033 in the Register of Audit Companies.

Minsk, Belarus

30 April 2025

Independent Auditors' Report received:	*Date 30 April 2025*
Acting Chairman of the Management Board O.A. Ponkevich	
(Name, Position)	*(signature)*

OJSC “PARITETBANK”

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2024
(in thousands of Belarusian Rubles)

	Notes	31 December 2024	31 December 2023
ASSETS:			
Cash and cash equivalents	6	413,562	252,413
Amounts due from financial institutions	7	8,642	9,531
Securities	8	61,601	101,869
- including those pledged under repurchase agreements		*-*	*30,638*
Derivative financial assets		4	10
Mandatory reserve deposits with the National Bank of the Republic of Belarus		7,075	5,373
Loans to customers	9	510,528	437,380
Non-current assets held-for-sale		92	1,130
Investment property	12	6,958	8,863
Property and equipment	10	25,975	19,169
Intangible assets	11	16,086	13,097
Current income tax asset		-	360
Other assets	14	14,492	36,711
TOTAL ASSETS		**1,065,015**	**885,906**
LIABILITIES AND EQUITY			
LIABILITIES:			
Amounts due to financial institutions	15	41,267	56,493
Derivative financial liabilities		4	34
Amounts due to customers	16	828,221	601,091
Debt securities issued	17	5,033	67,195
Current income tax liability		199	-
Deferred income tax liabilities	13	5,087	2,941
Other liabilities	14	18,532	11,746
TOTAL LIABILITIES		**898,343**	**739,500**
EQUITY:			
Share capital	18	153,754	153,754
Treasury shares		(136)	(136)
Fair value revaluation reserve for investments measured at FVOCI		885	1,247
Accumulated profit/(loss)		12,169	(8,459)
TOTAL EQUITY		**166,672**	**146,406**
TOTAL LIABILITIES AND EQUITY		**1,065,015**	**885,906**

The Notes on pages 13-81 form an integral part of these Financial Statements

Acting Chairman of the Management Board
D.A. Pankevich
30 April 2025
Minsk

Chief Accountant
E.M. Skriba
30 April 2025
Minsk

ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО «ПАРИТЕТБАНК» г. МИНСК

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024
(in thousands of Belarusian Rubles)

	Notes	2024	2023
Interest income calculated using the effective interest rate method		86,841	78,085
Interest expense		(34,807)	(34,956)
NET INTEREST INCOME	20	**52,034**	**43,129**
Effect of initial recognition of interest-bearing financial assets and liabilities		(143)	(1,209)
Allowances for ECL on interest-bearing financial assets	6,7,8,9	(7,155)	(5,225)
Net interest income after allowances for ECL on interest-bearing financial assets		44,736	36,695
Net fee and commission income	21	33,294	18,990
Net income from transactions with securities		(15)	5,193
Net income from transactions in foreign currencies and with derivative financial instruments	22	35,204	22,907
Other income	23	3,546	5,800
NON-INTEREST INCOME		**72,029**	**52,890**
Personnel costs	24	(35,731)	(29,628)
Depreciation and amortization	10,11	(7,033)	(6,231)
Other operating expenses	24	(41,178)	(28,705)
Allowances for ECL on non-interest bearing financial assets and credit related commitments	14,19	(3,120)	(1,462)
Change in fair value of investment property	12	(666)	(1,358)
NON-INTEREST EXPENSES		**(87,728)**	**(67,384)**
Profit before income tax expense		29,037	22,201
Income tax expense	13	(8,408)	(5,361)
Profit for the year		**20,629**	**16,840**

The Notes on pages 13-81 form an integral part of these Financial Statements.

Acting Chairman of the Management Board
D.A. Pankevich
30 April 2025
Minsk

«ПАРИТЕТБАНК»

Chief Accountant
E.M. Skriba
30 April 2025
Minsk

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(in thousands of Belarusian Rubles)

	Notes	2024	2023
PROFIT FOR THE YEAR		**20,629**	**16,840**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Comprehensive loss transferred to the statement of profit or loss on disposal of investments measured at FVOCI		18	(402)
Change in fair value of financial assets		(246)	3,426
Change in deferred income tax recognized in equity		44	(510)
Change in allowance for ECL on securities measured at FVOCI		(178)	(525)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**20,267**	**18,829**

The Notes on pages 13-81 form an integral part of these Financial Statements.

Acting Chairman of the Management Board
D.A. Pankevich
30 April 2025
Minsk

«ПАРИТЕТБАНК»

Chief Accountant
E.M. Skriba
30 April 2025
Minsk

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(in thousands of Belarusian Rubles)

	Notes	Share capital	Treasury shares	Accumulated loss	Fair value revaluation reserve for investments measured at FVOCI	Total equity
As at 31 December 2022		**153,754**	**(136)**	**(25,298)**	**(742)**	**127,578**
Comprehensive income						
Profit for the year		-	-	16,840	-	**16,840**
Other comprehensive income for the year		-	-	-	1,989	**1,989**
Total comprehensive income for the year		-	-	16,840	1,989	**18,829**
Transactions with owners						
Dividends declared	18	-	-	(1)	-	**(1)**
As at 31 December 2023		**153,754**	**(136)**	**(8,459)**	**1,247**	**146,406**
Comprehensive income						
Profit for the year		-	-	20,629	-	**20,629**
Other comprehensive income for the year		-	-	-	(362)	**(362)**
Total comprehensive income for the year		-	-	20,629	(362)	**20,267**
Transactions with owners						
Dividends declared	18	-	-	(1)	-	**(1)**
As at 31 December 2024		**153,754**	**(136)**	**12,169**	**885**	**166,672**

The Notes on pages 13-81 form an integral part of these Financial Statements.

Acting Chairman of the Management Board
D.A. Pankevich
30 April 2025
Minsk

Chief Accountant
E.M. Skriba
30 April 2025
Minsk

РЕСПУБЛИКА БЕЛАРУСЬ
ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО
«ПАРИТЕТБАНК»
г. МИНСК

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(in thousands of Belarusian Rubles)

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax expense		29,037	22,201
Adjustments for:			
Depreciation and amortization	10,11	7,033	6,231
Net interest income		(52,034)	(43,129)
Allowances for ECL on interest-bearing financial assets other than cash and cash equivalents	7,8,9	7,155	5,225
Allowances for ECL on non-interest bearing financial assets and credit related commitments	14,19	3,120	1,462
Net income from transactions with securities		15	(5,193)
Change in the fair value of investment property		666	1,358
Loss/(gain) on disposal of property and equipment, intangible assets and investment property		1,111	124
Change in fair value of financial derivatives		(24)	58
Creation of a provision for unused vacations and accrued bonuses		202	286
Foreign exchange gain/(loss)		394	(2,395)
Gain/(loss) on disposal of long-term assets held for sale and other property		(36)	(57)
Effect of initial recognition of interest-bearing financial assets and liabilities		143	1,209
Cash flows used in operating activities before changes in operating assets and liabilities		**(3,218)**	**(12,620)**
Decrease/(increase) in operating assets:			
Due from financial institutions and mandatory reserves with the National Bank of the Republic of Belarus		(2,462)	16,050
Loans to customers		(75,595)	(43,530)
Other assets		50,409	(1,863)
(Decrease) / increase in operating liabilities:			
Amounts due to financial institutions		(17,843)	9,595
Amounts due to customers		220,802	14
Other liabilities		1,121	998
Net cash inflow/(outflow) from operating activities before tax and interest received and paid		**173,214**	**(31,356)**
Income tax paid		(5,269)	(4,134)
Interest received		85,101	77,463
Interest paid		(36,030)	(36,023)
Net cash inflow from operating activities		**217,016**	**5,950**

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(in thousands of Belarusian Rubles)

	Notes	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property and equipment, intangible assets and other non-current assets	10, 11	(12,264)	(7,851)
Purchase of securities		(736)	(120,433)
Proceeds from redemption and sale of securities		22,283	131,026
Proceeds from sale of property and equipment and intangible assets		41	542
Net cash inflow from investing activities		**9,324**	**3,284**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of debt securities	30	(61,390)	(1,900)
Issue of debt securities	30	-	-
Dividends paid	18	(1)	(1)
Payment of finance lease liabilities		(1,563)	(1,210)
Net cash outflow from financing activities		**(62,954)**	**(3,111)**
Effect of exchange rates changes on cash and cash equivalents		(2,225)	16,714
Effect of changes in expected credit losses on cash and cash equivalents		(12)	10
Net increase in cash and cash equivalents		161,149	22,847
Cash and cash equivalents at the beginning of the year	6	252,413	229,566
Cash and cash equivalents at the end of the year	6	**413,562**	**252,413**

The Notes on pages 13-81 form an integral part of these Financial Statements

Acting Chairman of the Management Board
D.A. Pankevich
30 April 2025
Minsk

Chief Accountant
E.M. Skriba
30 April 2025
Minsk

«ПАРИТЕТБАНК»

1. ORGANIZATION

Commercial Bank "Poisk" (the "Bank") was registered by the National Bank of the Republic of Belarus (the "NBRB") under No. 5 on 15 May 1991. In 1992 the Bank was reorganized as SCB "Poisk" (Meeting of Shareholders dated 12 March 1992, Minutes No. 1) and registered in the NBRB on 2 July 1992 under No. 5. Since 1999 the Republic of Belarus has been the principal shareholder of the Bank. On 21 November 2000 the NBRB registered amendments and additions to the Statute of SCB "Poisk", approved by the meeting of the Bank's shareholders on 21 September 2000 (Minutes No. 2) and related to the change in the name to OJSC "Bank Poisk". On 26 March 2004 the General Meeting of Shareholders of OJSC "Bank "Poisk" (Minutes No. 2) decided to rename OJSC "Bank "Poisk" to OJSC "PARITETBANK". The changes were registered by the NBRB on 5 May 2004 under No. 5.

The Bank was issued license No. 5 of the National Bank of the Republic of Belarus dated 13 February 2024 (previously license No. 5 dated 17 March 2023 was in effect) to carry out banking operations and the following banking activities:

- attraction of funds of legal entities and individuals to accounts and deposits;
- placement of raised funds of individuals and legal entities in accounts and deposits on their own behalf and at their own expense under the repayment, payment, and maturity conditions (including granting loans);
- opening and maintaining bank accounts of legal entities;
- settlement and banking cash services to individuals and legal entities, including correspondent banks;
- currency exchange transactions;
- purchase and sale of precious metals in cases stipulated by the National Bank of the Republic of Belarus;
- issuance of bank guarantees and other activities with bank guarantees;
- trust funds under the contract of trust management;
- issue of bank payment cards and other payment instruments that require opening and maintaining accounts and performing settlement operations on payments accepted when using such payment instruments;
- issue of securities confirming the attraction of funds to deposits and placing them in the accounts;
- financing under assignment of monetary claims (factoring);
- provision to individuals and legal entities of special premises or safe boxes in them for bank storage of documents and valuables (cash, securities, precious metals and gem stones, etc.);
- settlement activities.

Pursuant to license No. 5 dated 13 February 2024, the Bank's right to transport cash, precious metals and precious stones and other valuables between banks and non-bank financial institutions, and also by their separate and structural subdivisions, as well as the right to deliver such valuables to clients of banks and non-bank financial institutions, is excluded.

The Bank also holds a license for securities professional and exchange operations.

As at 31 December 2024, the Bank's regional network included: 18 banking service centers; 1 cash settlement center; 1 operation department; 11 remote workplaces; 1 additional office; 7 remote cash desks; 5 currency exchange offices; 3 exchange offices located in Minsk and regions; 25 ATMs located in Minsk and regions.

As at 31 December 2023, the Bank's regional network included: 17 banking service centers; 1 cash settlement center; 1 operation department; 5 remote workplaces; 8 remote cash desks; 5 currency exchange offices; 4 exchange offices located in Minsk and regions; 20 ATMs located in Minsk and regions.

(in thousands of Belarusian Rubles)

As at 31 December 2024 and 2023, the Bank's share capital was distributed among its shareholders as follows:

Shareholders	31 December 2024	31 December 2023
R. A. Ismailov	99.85%	99.85%
Other (legal entities and individuals)	0.15%	0.15%

2. OPERATING ENVIRONMENT OF THE BANK

Republic of Belarus. The Bank's operations are primarily located in the Republic of Belarus. Therefore, the Bank is exposed to the economic and financial markets of the Republic of Belarus which display characteristics of an emerging market. The legal, tax, and regulatory frameworks continue to develop but remain subject to varying interpretations and frequent changes, which, together with other legal and fiscal impediments, contribute to the challenges faced by entities operating in the Republic of Belarus.

The introduction and subsequent strengthening of sanctions led to an increase in economic uncertainty, including a reduction in the amount of foreign and domestic direct investments. Moreover, there is an increased risk that further sanctions may be imposed. These events can have a significant negative impact on the economy of the Republic of Belarus. At the same time, the Belarusian economy is to some extent adapting to the changed external conditions of functioning and economic activity is reviving due to the gradual recovery of domestic and external demand. The increase in domestic demand is evidenced by the positive seasonally balanced dynamics of retail turnover and asset investment. Increase in external demand from the Russian Federation and establishment of new sales chains for Belarusian products.

The gross domestic product of the Republic of Belarus grew by 4%[1] in 2024. In 2024, the volume of foreign trade in goods grew at high rates due to the increase in exports to the Russian Federation and other CIS countries and growth of imports from other countries of the world, as well as due to a low base in 2023 due to the cessation of exports of oil products and fertilizers to the EU countries, the USA and Ukraine, restrictions on imports to the Republic of Belarus, problems with logistics and international settlements.

The sanctions imposed by the European Union, the USA and other countries with respect to the financial sector of the Republic of Belarus narrowed the opportunities for attracting external financing, including government borrowings in the global financial markets. The ban on transactions with the assets of the National Bank of the Republic of Belarus resulted in restricted opportunities to make payments on the external public debt. Liabilities to international financial organizations and Eurobonds are denominated in Belarusian Rubles.

The National Bank of the Republic of Belarus implements the policy of floating exchange rate of the Belarusian ruble, which allows limited foreign exchange interventions to smooth its sharp fluctuations and replenish gold and foreign exchange reserves. Monetary policy is conducted under the regime of monetary targeting, controlling the money supply in order to curb inflationary and devaluation processes. The refinancing rate remained unchanged during 2024 at 9.5%[2], which was effective from 28 June 2023. The actual inflation rate (January 2025 to January 2024) was 5.2%[2]. The USD exchange rate for 2024 increased by 8.2%, the EUR exchange rate increased by 3.17%, the RUB exchange rate decreased by 4.46%[3].

In 2024, the Bank had some difficulties in making certain payments due to foreign banks' compliance with sanctions restrictions and excessive compliance.

The financial statements reflect management's assessment of how the Belarusian business environment has impacted the operations and financial position of the Bank. The business environment in the future may differ from management's assessment.

[1] https://www.belstat.gov.by/ofitsialnaya-statistika/publications/izdania/public_compilation/index_148854/
[2] https://www.nbrb.by/press/2025/01/doklad_s-kalechits-2025.pdf
[3] https://www.nbrb.by/statistics/rates/indices

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Bank is required to maintain accounting records and prepare its financial statements in accordance with the laws and regulations of the Republic of Belarus on accounting and banking activities (hereinafter referred to as "BAS"). These financial statements are based on the Bank's statutory accounting records, as adjusted and reclassified in order to comply with IFRS.

These financial statements were prepared under the assumption that the Bank is a going concern and will continue to operate for the foreseeable future. The Management believes that the going concern assumption is appropriate for the Bank due to sufficient capital adequacy ratio (Note 31), and that on the basis of previous experience, short-term liabilities will be refinanced in the normal course of business.

The financial statements have been prepared on the historical cost basis, except for certain non-monetary items arising before 31 December 2014, which are accounted for in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies*, and items carried at fair value.

These financial statements are presented in thousands of Belarusian rubles ("BYN thousand") unless otherwise indicated.

Financial instruments

Classification of financial assets

Business model assessment

In order to select an accounting model for amounts due from financial institutions, customer loans, and debt securities, the Bank determines the business model at the level that best reflects how the grouped financial assets are managed to achieve a particular business objective.

The Bank's financial assets are held within the following business models.

Business model 1: Holding an asset to collect contractual cash flows.

The retail and corporate lending portfolios comprise mainly loans to customers held to collect contractual cash flows. The retail lending portfolio includes consumer lending within the Bank's network, lending under partner programs, credit cards and overdrafts, and other types of loans. The Bank does not make any sales of loans. Accordingly, sales of loans from these portfolios are not expected to occur or are extremely rare.

Interbank loans are held for the purpose of generating contractual cash flows. Sales from this category are not expected or are extremely rare.

Bonds issued by Belarusian banks and specialized financial institutions and government bodies are held to collect contractual cash flows.

Business model 2: Holding assets to collect contractual cash flows and/or to sell the assets.

Government long-term bonds are held by the Bank to earn cash interest income and to sell such assets before maturity in order to generate cash for investment purposes or to meet liquidity needs.

Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest (SPPI criterion), the Bank considers the contractual terms of the financial instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;

- prepayment and extension terms;
- features that limit the Bank's claim to cash flows from specified assets – (e.g. non-recourse asset arrangements);
- features that modify consideration for the time value of money – e.g. periodic revision of interest rates.

Substantially, all of the Bank's loans to individuals and legal entities have prepayment features.

Modification of financial assets and liabilities

In performing the derecognition modification analysis of financial assets, the Bank relies on the criteria for derecognition of financial liabilities by analogy.

Quantitative assessment of the materiality of the modification is applied in cases of changes in the terms of the contract, not related to the deterioration of the financial condition of the borrower (for financial assets in Stages 1 and 2).

A modification is deemed material if the net present value of the cash flows under the new terms of the financing (including any fees received or paid on the modification), discounted using the original effective interest rate, differs significantly (by analogy with the substantial modification test for financial liabilities) from the present value (discounted) of the remaining cash flows of the original debt instrument in accordance with the terms and conditions previously in effect.

Commissions include amounts paid or received by the parties directly or on behalf of each other and do not include amounts paid by the parties to their agents or other transaction costs.

If the difference between the present value of cash flows is not significant based on the results of the quantitative analysis, the Bank evaluates qualitative characteristics to determine how significant are the differences in conditions for a given instrument.

Signs of qualitative modification that may be significant (regardless of the presence of signs of quantitative modification) include:

- change of the counterparty;
- change of currency;
- change of the floating rate to fixed one and vice versa;
- change in terms that leads to non-compliance with the SPPI criterion.

In some cases, the effect of the modification may be offset by a reduction in expected credit losses due to a reduction in the expected amount of uncollected cash flows. In the absence of evidence that the modification is not attributable to a change in the credit risk of the borrower, the gain/loss on the modification of assets for which a credit impairment event is identified (Stage 3) is presented as an impairment gain or loss.

The Bank may grant various indulgences to borrowers in financial difficulty that would not be granted if the borrower was not in financial difficulty. Such reliefs include changes (modifications) to the terms of the contract by postponing payments to later dates, reducing interest payments and/or principal payments, and partial or full refinancing by replacing the existing debt with debt with more acceptable ("softened") terms of service for the borrower. Typically, at the time relief is granted, such loans are credit-impaired (Stage 3) and their gross carrying amount is reduced by the amount of provisions reflecting expectations of underperformance of contractual cash flows. For such assets, the quantitative test for derecognition is performed after determining the amount to be partially derecognized (written off) regardless of whether a portion of the principal or interest is forgiven. If the modification of a credit-impaired loan is accompanied by a change in the qualitative characteristics of the cash flows described above (for example, a change in currency), the former ("old") financial instrument is derecognized and the new one is recognized.

The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

The Bank performs quantitative and qualitative assessment of whether modification is significant analyzing qualitative factors, quantitative factors and the overall effect of qualitative and quantitative factors. The Bank concludes that a modification is significant based on the following qualitative factors:

- change in the currency of the financial liability;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment, the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Agreements containing the right of the Bank to initiate a change in the interest rate

Under the terms of certain agreements, in certain cases, the Bank has the right to revise the interest rate on the loan, in particular, in case of an increase in the refinancing rate of the National Bank of the Republic of Belarus of the Bank's cost of funding. If the borrower does not agree with the rate increase, they have the right to repay the loan prematurely.

For fixed-rate loans, where the borrower has an option to prepay the loan at par without significant penalty, the Bank treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Write-off of financial assets

The Bank reduces the gross carrying amount of a financial asset if there is no reasonable expectation that the financial asset will be recovered in full or in part. Write-off is an event leading to derecognition. If the Bank determines that the borrower has no assets or sources of income that can generate sufficient cash flows to repay the amounts subject to write-off. This assessment is carried out at the individual asset level.

Financial assets that are written off could still be subject to enforcement activities of the Bank in order to comply with the Bank's procedures for recovery of amounts due.

Impairment of financial assets

The Bank applies impairment requirements to financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income.

In accordance with the requirements of IFRS 9, the Bank applies the expected credit loss model for the purposes of provisioning financial instruments, the key principle of which is timely reflection of deterioration or improvement of credit quality of financial instruments taking into account current and forward-looking information. The amount of expected credit losses recognized as an allowance for expected credit losses depends on the degree of change in the credit quality of the financial instrument from its initial recognition date (the date on which the Bank assumes the obligation is used as the initial recognition date for credit related commitments).

According to the general approach, at the date of recognition, financial instruments are classified to Stage 1 of provisioning, then, depending on the degree of deterioration of credit quality from the date of initial recognition to the subsequent reporting dates, the Bank classifies financial instruments into one of the following stages:

Stage 1 – Financial instruments that have no factors indicating a significant increase in credit risk and no evidence of impairment for which expected credit losses are calculated due to events of default on the financial instrument, possible within 12 months after the reporting date;

Stage 2 – Financial instruments with factors indicating a significant increase in credit risk but no signs of impairment, for which expected credit losses are calculated for the entire life cycle of the financial instrument;

Stage 3 – Financial instruments with indicators of impairment for which expected credit losses are calculated for the entire life cycle of the financial instrument.

Credit-impaired financial assets acquired or created are not transferable from Stage 3.

Significant increase in credit risk

The Bank considers a significant increase in credit risk at the reporting date if, among other things, the following signs are present: overdue debt on financial assets for more than 30 days for individuals and legal entities (more than 3 days – for financial institutions), as well as a significant deterioration in the credit rating of the counterparty for legal entities and individual entrepreneurs and financial institutions, determined according to the developed rating change matrix.

In cases where there was a significant increase in credit risk at the previous reporting date compared to the date of initial recognition and the financial asset was classified to Stage 2, and at the reporting date there are no factors indicating a significant increase in credit risk compared to the date of initial recognition, the asset is classified to Stage 1 and expected credit losses are determined on a 12 month horizon, and the allowance is to be reversed.

Factors indicating evidence of impairment (default criteria)

The main factors that indicate the presence of indicators of impairment (default) and attributing a financial asset to Stage 3 are:

for legal entities:

- debt overdue for more than 90 days;
- client's written waiver (official statement) from the debtor's performance of obligations under the contract;
- initiation of economic insolvency (bankruptcy) proceedings against the client by an economic court;
- restructuring or refinancing of debts related to the financial difficulties of the client;
- the existence of a default by the parent entity or a related debtor;
- the decision of the Problem Assets Committee to transfer the overdue debt for further support to the Problem Debt Department;
- failure of the counterparty, guarantor to repay the entire amount presented by the Bank (banks) for early collection of the debt on the previously committed active credit transaction within the period specified by the request of the Bank (banks);
- motivated judgment of the Bank's management if an active market disappears due to economic or political events in the country, or if legislation is expected to be introduced that may significantly affect the debtor's financial position;

- D-rating;

for individuals:

- debt overdue for more than 90 days;
- restructuring or refinancing of debts related to the financial difficulties of the client;
- the existence of a default by an interrelated debtor;
- the decision of the Problem Assets Committee to transfer the overdue debt for further support to the Problem Debt Department;
- failure of the counterparty, guarantor to repay the entire amount presented by the Bank (banks) for early collection of the debt on the previously committed active credit transaction within the period specified by the request of the Bank (banks);
- motivated judgment of the Bank's management if an active market disappears due to economic or political events in the country, or if legislation is expected to be introduced that may significantly affect the debtor's financial position;

for financial institutions:

debt overdue for more than 30 days;

- suspension, termination, cancellation, revocation of special permits (licenses) to carry out banking activities, which may affect the performance of obligations by the Bank;
- availability of confirmed information on appointment of a temporary administration to manage the Bank, decision on liquidation of the Bank by decision of its members or the Bank's body authorized by its charter;
- absolute decrease in the Bank's capital by more than twenty percent compared to the maximum amount reached in the previous twelve months;
- suspension by authorized bodies of transactions with the Bank's correspondent accounts and/or seizure of the Bank's funds in the accounts opened by the Bank.

Generating the term structure of PD

PD of corporate clients is assessed on the basis of internal credit ratings calculated in accordance with the Methodology for assigning internal ratings to legal entities and individual entrepreneurs in OJSC "Paritetbank" (as amended by the Decision of the Board of OJSC "Paritetbank" dated 17 November 2022 No. 85). Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. These factors may vary depending on the nature of the exposure and the type of borrower.

The indicator of default for credit claims on legal entities is determined at the counterparty level. If a default occurs on a separate credit claim against a counterparty, it is considered that the default occurs on all of the Bank's credit claims against the counterparty (default occurs at the counterparty level). For financial assets in Stage 3 of credit risk or POCI (purchased or originated credit impaired) financial assets of legal entities, the lifetime allowance for impairment is determined on an individual basis.

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank collects information on the quality of debt service and the level of default for items exposed to credit risk. The Bank employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change over time.

PD is calculated based on the multiplication of migration matrices by quality categories defined on the basis of internal credit ratings.

In order to determine the probability of default, loans to individuals, depending on the type of product, are divided into two groups: consumer loans and loans under partnership programs.

The PIT PD of retail clients is assessed for homogeneous loans by aging: not past due, 1 to 30 days past due, 31 to 60 days past due, 61 to 90 days past due, over 90 days past due. PD is calculated based on the multiplication of migration matrices by periods of delay.

The probability of default of financial institutions is assessed on the basis of external credit ratings established by external rating agencies. If there is no long-term credit rating assigned to the Bank by international rating agencies (from among Fitch, S&P, Moody's), the Bank calculates a quasi-rating and uses this rating to calculate the expected credit losses on assets in these banks. The calculation of the quasi-rating is based on the analysis of the Bank's financial statements, the dynamics of financial indicators and the ratio analysis.

Measurement of expected credit losses

The amount of the allowance for expected credit losses (ECL) depends on the amount of exposure at default (EAD), the term of the financial asset or contingent liability, the probability of default (PD) and the loss given default (LGD). In general, the amount of expected credit losses is calculated according to the formula:

ECL = PD x LGD x EAD,

where PD is probability of default. This value is an estimate of the probability of default over a certain time period during the term of a financial asset (contingent liability).

LGD is loss given default. This value is an estimate of losses that occur in the event of default at a certain point in time.

EAD (exposure at default) is the value of the credit claim exposed to the risk of default.

The methodology of estimating PDs is discussed above under the heading "Generating the term structure of PD".

The Bank evaluates LGDs based on information on the repayment rates of counterparties that have defaulted on their obligations.

The general principles of provisioning for financial institutions and governmental authorities are similar to the general approach for corporate clients, but for the calculation of LGD in this case the Bank uses external sources of information based on actual losses incurred when financial institutions or governments default.

Moody's annual reports are used as information on the level of reimbursement, taking into account the distribution by rating.

The assessment of ECL on accounts receivable is implemented similar to the calculation used for loans to individuals and legal entities. For receivables where information about the debtor, the period of delay is not available without undue effort, a simplified approach is applied for the purposes of calculating the ECL: PD and LGD is assumed to be 100%.

EAD represents the expected exposure in the event of a default. The Bank will derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortization. The EAD of a financial asset is its gross carrying amount at the time of default. For loan commitments, the EAD comprises potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantee contracts, the EAD value is the amount payable at the time the financial guarantee is executed.

Incorporating of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Bank uses data from external sources (external rating agencies, government agencies and international financial institutions) to obtain forward-looking information.

(in thousands of Belarusian Rubles)

GDP forecasts were designated as the key factor. External information taken into account may include economic data and forecasts published by government agencies, international organizations.

The specialists of the Credit Risk Department of the Bank determine the weighting coefficients attributable to multiple scenarios. The table below shows the values of the main predictive economic variables/assumptions used in each economic scenario to estimate the ECL.

ECL scenario	Assigned probability, %	2025	2026	2027
Optimistic	10	3.8	3.8	3.0
Basic	65	2.5	2.4	1.7
Pessimistic	25	1.2	0.8	0.7

The macroeconomic adjustment for default probabilities did not have a significant impact at the reporting dates.

Estimation of expected credit losses on modified assets

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognized and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Bank renegotiates the terms and conditions of loans from customers experiencing financial difficulties ("renegotiation of loan agreements"). According to the Bank's policy on renegotiation of loan agreements, renegotiation is made with respect to each individual customer if a default event occurs or there is a high risk of default, and there is evidence that the debtor made all efforts to make payments under the original terms of the agreement, and there is also evidence that the debtor has made all necessary efforts to make payment under the original terms of the agreement, and is expected to be able to fulfill its obligations to the Bank on the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

For financial assets modified as part of the Bank's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal and the Bank's previous experience of similar forbearance action. As part of this process, the Bank evaluates the borrower's payment performance against the modified contractual terms and considers various behavioral indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behavior over a period of recovery before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized, and ECL are measured as follows:

- If the expected restructuring does not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring results in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI, and net investments in finance leases are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence of credit impairment of a financial asset is, among other things, the observable data presented under "Factors Indicating Evidence of Impairment (Default Criteria)" above.

Assets that are credit-impaired on initial recognition (POCI assets)

Impairment allowance is not created for POCI assets upon their initial recognition. Instead, the amount of lifetime expected credit losses is included into the effective interest rate calculation (the "EIR").

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision under "Other liabilities";
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECLs on the loan commitment component separately from those on the drawn component (loan issued): the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision under "Other liabilities"; and
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in "Change in allowance for ECL on securities measured at FVOCI".

Cash and cash equivalents

Cash and cash equivalents include amounts due from the NBRB (excluding mandatory reserves) and banks maturing within 90 days from the date of origination and not encumbered with any contractual commitments to use.

Mandatory reserve deposits with the National Bank of the Republic of Belarus. Mandatory cash reserves with the National Bank of the Republic of Belarus represent mandatory reserve deposits with the National Bank of the Republic of Belarus, which are not available to finance the Bank's day-to-day operations. Thus, they are not considered cash and cash equivalents used in the preparation of the statement of cash flows.

Collateral foreclosed for non-payment. Repossessed collateral represents non-financial assets received by the Bank in settlement of overdue loans. These assets are initially recognized at fair value when acquired and are subsequently revalued and accounted for depending on their nature and the Bank's intention in respect of selling of these assets in accordance with the accounting policies for these categories of assets.

Sale and repurchase agreements. Sale and repurchase agreements ("repo agreements"), which in fact provide a lender's return to the counterparty, are treated as secured financing transactions. Securities sold under such sale and repurchase agreements are not derecognized. Securities are not reclassified in another line item on the statement of financial position unless the acquirer has the right by contract or practice to sell or repledge the securities. The corresponding liability is presented within "Amounts due to financial institutions" or "Other borrowed funds".

Securities purchased under agreements to resell ("reverse repo") which effectively provide a lender's return to the Bank are recognized as "Amounts due from financial institutions" or "Loans to customers", as appropriate. The difference between the sale and repurchase price is recognized as interest income and accrued over the life of the repurchase agreement using the effective interest rate method.

Depreciation. Depreciation of items of property and equipment is calculated using the straight-line method, i.e. by evenly reducing their cost to the net book value over the following estimated useful lives:

	Depreciation of property and equipment, years
Buildings and constructions	3 – 125
Computer equipment	2 – 10
Vehicles	7 – 12
Office furniture and other property and equipment	1 – 50

Right-of-use assets and lease liabilities

The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Right-of-use assets are disclosed in the line "Property and equipment" in the statement of financial position and lease liabilities are disclosed in "Other liabilities" in the statement of financial position. Finance costs are included in "Interest expense" in the statement of profit or loss, depreciation of right-of-use assets is included in "Depreciation and amortization" in the statement of profit or loss. The total cash outflow on lease liabilities is presented in "Cash flows from financing activities" in the statement of cash flows.

Information on the movement of right-of-use assets is disclosed in Note 10.

Information on changes in the financial lease liability is disclosed in Note 30.

Payments related to short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis in profit or loss. Short-term leases are leases with a term of twelve months or less.

On transition to IFRS 16, the Bank has not made any adjustments to leases where it acts as a lessor and categorizes leases into finance and operating leases.

Intangible assets. Intangible assets include software and licenses.

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with a finite useful life are amortized over their useful life, which is from 2 to 10 years, and are analyzed for impairment if any indicators of possible impairment exist.

Investment property. Investment property is property held to earn rental income and which is not used by the Bank or held for the sale in the normal course of business. Investment property is initially recognized at cost, including transaction costs.

Subsequently, investment properties are stated at fair value. Items of investment property are not depreciated.

Long-term assets held-for-sale. Non-current assets, which may include non-current and current assets, are recognized in the statement of financial position as "Non-current assets held for sale" if their carrying amount will be recovered principally through sale rather than through use.

Derivative financial instruments. Derivative financial instruments, including foreign exchange contracts, currency and interest rate swaps, are measured at fair value.

(in thousands of Belarusian Rubles)

All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Gains and losses resulting from these instruments are included in the statement of profit or loss as net gains/(losses) from securities transactions or net gains/(losses) from foreign currency transactions, depending on the nature of the financial instrument.

Taxation. The current income tax charge is calculated in accordance with the regulations of the Republic of Belarus and is based on the results reported in the Bank's separate statement of comprehensive income prepared in accordance with BAS, as adjusted for tax purposes.

Other operating taxes effective in the Republic of Belarus and applicable to the Bank's operations are included in other operating expenses in the statement of profit or loss.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. Provisions are recognized in the financial statements when the Bank has liabilities (legal or arising from the established business practice) incurred prior to the reporting date. It is possible, however, that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Trade and other payables. Trade payables are accrued when the counterparty has performed its obligations under the contract and are carried at amortized cost.

Share capital. Ordinary and preference shares are recognized as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a decrease in revenue (net of tax). Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends. Dividends are recognized in equity in the period when they have been declared. All dividends declared after the end of the reporting period, but before the financial statements are authorized for issue, are disclosed in the "Subsequent events" note. Allocation of profit and its other expenditures are made on the basis of the accounting statements prepared in accordance with the requirements of the legislation of the Republic of Belarus. In accordance with the requirements of the legislation of the Republic of Belarus, the profit is distributed on the basis of the current year net profit according to the financial statements prepared in accordance with the requirements of the legislation of the Republic of Belarus.

Foreign currency translation

The financial statements are presented in Belarusian rubles, which is the Bank's functional and presentation currency. Gains and losses resulting from the translation of foreign currency transactions are recognized in the statement of profit or loss in "Net income/(loss) on foreign currency transactions – Revaluation of foreign currency items" line item.

The exchange rates at the year-end used by the Bank in the preparation of the financial statements are as follows:

	31 December 2024	**31 December 2023**
USD/BYN	3.4735	3.1775
EUR/BYN	3.6246	3.5363
RUB/BYN	0.033488	0.034991

Offsetting

The various types of income and expenses are presented separately in the financial statements according to their nature. Offsetting income and expenses for similar transactions is allowed if this is dictated by the economic substance of such transactions. Negative and positive financial results from the following types of transactions are subject to offsetting in the financial statements:

- trading transactions and market revaluation of financial instruments;
- trading transactions with foreign currencies;
- trading transactions with precious metals;

– revaluation of assets and liabilities denominated in foreign currency.

Staff costs and related contributions. Wages, salaries, social security and pension fund contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued as the Bank's employees render the related services. The Bank has no legal or constructive obligation to make pension or similar benefit payments beyond the state pension insurance scheme.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Bank makes estimates and assumptions that affect amounts recognized in statements and the carrying amount of assets and liabilities over the next financial year. Estimates and judgments are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

– classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding – Note 3. The Bank considers primarily the receipt of contractual flows on the securities portfolio and their sale as integral to achieving the goal of the business model. The Bank holds liquid securities of government agencies and resident banks to generate contractual cash flows and sells them to replenish liquidity, as well as financial assets for reinvestment in financial assets with higher yield. In past periods, this strategy has resulted in frequent and significant sales. Such sales are expected to continue in the future. The Bank also holds a part of government securities only for the purpose of generating contractual cash flows;

– information on establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL is presented in Note 3;

– to determine Levels of fair value hierarchy the Bank uses judgment with regard to the definition of an active market. The description of measurement methods and key input data for financial instruments carried at fair value is presented in Note 26.

Assumptions and estimations uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2024 includes:

Allowance for expected credit losses. Estimating impairment losses for all categories of financial assets requires judgment, particularly in determining the ECL / impairment losses and estimating a significant increase in credit risk, it is necessary to estimate the amount and timing of future cash flows and the value of collateral. The Bank makes judgments about the borrower's financial condition. These estimates are based on a number of assumptions and may differ from actual results, which will result in a change in the allowance in the future.

Estimating the allowance for expected credit losses for financial assets measured at amortized cost and fair value through other comprehensive income requires the use of complex models and significant assumptions regarding future economic conditions and the credit behavior of the counterparty.

The Bank applies judgment in assessing whether counterparty credit risk has increased significantly, in forecasting future economic conditions, and in selecting an appropriate model for estimating expected credit losses (Note 3, 25).

In 2024, the Bank changed the methodology for calculating the PD indicator, in particular, the approach to the construction of matrices when calculating PD for the purposes of calculating allowances for expected credit losses on loans to corporate customers was changed. As at 31 December 2024, for the purposes of calculating PD, the migration matrices do not include borrowers (debtors, counterparties to contingent liabilities), the debt of which is repaid as at the end of the reporting period (quarter).

This change resulted in an increase in allowances for expected credit losses on loans to corporate customers (excluding guarantee liabilities) by BYN 457 thousand and on commitments on granting loans to corporate customers by BYN 153 thousand, respectively.

Fair value of securities. Securities are represented by debt and equity securities (Note 8, 17).

To determine the fair value and disclose information on securities, the Bank uses quoted market prices. In the absence of an active market for certain financial instruments, the Bank measures their fair value using appropriate valuation techniques. Valuation techniques include the use of data on market transactions between independent, knowledgeable and willing parties, the use of the current fair value of another instrument similar in nature, discounted cash flow analysis and other applicable methods (Note 26). Changes in fair value of securities measured at fair value through other comprehensive income are recognized under "Change in fair value of financial assets" in equity.

Fair value of investment property. Key assumptions affecting the fair value of investment property are used in estimating the fair value of investment property (Note 12).

5. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

A number of new amendments to standards are effective for annual periods beginning after 1 January 2024. The Bank has not early adopted the amendments in the preparing these financial statements:

– Amendments to IAS 1 Presentation of Financial Statements (issued in January 2020 and effective for annual periods beginning on or after 1 January 2024). These amendments specify the criteria for classifying liabilities as current or non-current liabilities;

– Amendments to IAS 1 Presentation of Financial Statements (issued in October 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments clarify the criteria for covenant liabilities to be classified as current or non-current and also contain requirements for related disclosures in the financial statements;

– Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (issued in May 2023 and effective for annual periods beginning on or after 1 January 2024). The amendments include additional disclosure requirements for supplier financing agreements;

– Amendments to IFRS 16 Leases (issued in September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments clarify the subsequent measurement of assets and liabilities on sale and leaseback transactions.

Standards and amendments to existing standards that are not yet effective and not early adopted by the Bank

The new standard and amendments to standards are effective for annual periods beginning on or after 1 January 2025. In particular, the Bank has not early adopted the following standard and amendments:

– Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (issued in August 2023 and effective for annual periods beginning on or after 1 January 2025). The amendments introduce the concept of a convertible currency and establish a procedure for determining the exchange rate to be used when a currency cannot be exchanged into another currency, as well as requirements for related disclosures in the financial statements;

(in thousands of Belarusian Rubles)

– Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (issued in May 2024 and effective for annual periods beginning on or after 1 January 2026). The amendments clarify the classification of financial assets and derecognition of financial liabilities settled using an electronic payment system, and contain disclosure requirements for investments in equity instruments measured at fair value through other comprehensive income and financial instruments with contingent features;

– IFRS 18, Presentation and Disclosures in Financial Statements (issued in April 2024 and effective for annual periods beginning on or after 1 January 2027), replaces IAS 1, Presentation of Financial Statements, and establishes general requirements for presentation and disclosure in the financial statements.

The Bank is currently assessing the impact of the new standard and amendments to the standards on its financial position and performance.

6. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Loans issued by the bank for up to 90 days	185,529	76,709
Cash on hand	84,607	73,419
Cash in the correspondent accounts in the National Bank of the Republic of Belarus	60,694	57,566
Correspondent account balances with other credit institutions	82,757	44,732
Less allowance for impairment	(25)	(13)
Total cash and cash equivalents	**413,562**	**252,413**

As at 31 December 2024, the Bank placed BYN 80,734 thousand (31 December 2023: BYN 40,726 thousand) on correspondent accounts with non-resident banks, which are the main counterparties of the Bank in international settlements, in particular, banks of OECD countries account for about 0.02%, CIS and other countries account for about 99.98% (as at 31 December 2023, OECD banks accounted for 99.8% and CIS and other countries for 0.2%).

As at 31 December 2024, cash and cash equivalents included funds exceeding 10% of the Bank's equity in the amount of BYN 293,094 thousand placed with seven non-resident banks, including six banks of the Russian Federation, one bank of the Republic of Kazakhstan, and the National Bank of the Republic of Belarus, as well as funds exceeding 20% of the Bank's equity placed with the National Bank and one bank of the Russian Federation. These funds are denominated in six currencies, including 70% in Russian rubles and 18% in Belarusian rubles.

As at 31 December 2023, funds exceeding 10% of the Bank's equity in the amount of BYN 100,980 thousand placed in two non-resident banks.

Movements in the impairment allowance for cash and cash equivalents are as follows:

	Total
Credit loss allowance as at 31 December 2022	**23**
Reversal of allowances	(10)
Credit loss allowance as at 31 December 2023	**13**
Creation of allowances	12
Credit loss allowance as at 31 December 2024	**25**

All balances of cash and cash equivalents are allocated to Stage 1.

(in thousands of Belarusian Rubles)

7. AMOUNTS DUE FROM FINANCIAL INSTITUTIONS

As at 31 December 2024 and 31 December 2023, amounts due from credit institutions included the following items:

	31 December 2024	31 December 2023
Guarantee deposits	10,413	9,532
Other funds	566	-
Less allowance for credit losses	(2,337)	(1)
Total amounts due from financial institutions	**8,642**	**9,531**

Guarantee deposits are represented by funds deposited as collateral. The Bank's ability to withdraw these deposits is limited.

As at 31 December 2024, the 100% allowance for credit losses was created for funds transferred to impairment stage 3 in two non-resident banks in the amount of BYN 2,335 thousand as a result of temporary inability to recover these funds due to the sanction restrictions.

The following is an analysis of changes in gross carrying amounts and related expected credit losses at credit institutions:

	12-month ECL (Stage 1)	Lifetime ECL (Stage 3)	Total
Amounts due from financial institutions			
Gross carrying amount as at 31 December 2022	**24,964**	-	**24,964**
Newly originated financial assets	4,769	-	**4,769**
Derecognition	(23,286)	-	**(23,286)**
Other changes	3,085	-	**3,085**
Gross carrying amount as at 31 December 2023	**9,532**	-	**9,532**
Newly originated financial assets	3,865	-	**3,865**
Derecognition	(2,973)	-	**(2,973)**
Transfer to lifetime expected credit losses (Stage 3)	(4,678)	4,678	-
Other changes	555	-	**555**
Gross carrying amount as at 31 December 2024	**6,301**	**4,678**	**10,979**

	12-month ECL (Stage 1)	Lifetime ECL (Stage 3)	Total
Amounts due from financial institutions			
Allowance for ECL as at 31 December 2022	**70**	-	**70**
Decrease in an allowance for funds due from financial institutions that have been repaid	(69)	-	**(69)**
Allowance for ECL as at 31 December 2023	**1**	-	**1**
Creation of allowances	1	2,335	**2,336**
Allowance for ECL as at 31 December 2024	**2**	**2,335**	**2,337**

(in thousands of Belarusian Rubles)

8. SECURITIES

The following table presents securities at 31 December 2024 and 31 December 2023 measured at fair value through other comprehensive income.

	31 December 2024	31 December 2023
Corporate bonds of banks	5,740	6,857
Government bonds	43,174	62,374
- including pledged under REPO agreements	-	*30,638*
Securities measured at fair value through other comprehensive income	**48,914**	**69,231**

The securities at 31 December 2024 and 31 December 2023 measured at amortized cost are presented in the table below.

	31 December 2024	31 December 2023
Government bonds	12,781	11,715
Eurobonds of Development Bank of the Republic of Belarus	-	21,004
Securities measured at amortized cost	**12,781**	**32,719**
Allowance for expected credit losses	(94)	(81)
Total securities measured at amortized cost net of ECL allowance	**12,687**	**32,638**

Movements in the gross carrying amount and related expected credit losses of securities measured at fair value through other comprehensive income are as follows:

	12-month ECL (Stage 1)
Securities measured at fair value through other comprehensive income	
Gross carrying amount as at 31 December 2022	**59,686**
Newly acquired financial assets	92,818
Derecognition	(99,456)
Other changes	16,183
Gross carrying amount as at 31 December 2023	**69,231**
Newly acquired financial assets	736
Derecognition	(22,350)
Other changes	1,297
Gross carrying amount as at 31 December 2024	**48,914**

	12-month ECL (Stage 1)
Securities measured at fair value through other comprehensive income	
Allowance for ECL as at 31 December 2022	**1,006**
Newly acquired	646
Derecognition	(692)
Creation of allowances	(479)
Allowance for ECL as at 31 December 2023	**481**
Newly acquired	5
Derecognition	(139)
Reversal of allowances	(44)
Allowance for ECL as at 31 December 2024	**303**

(in thousands of Belarusian Rubles)

Movements in the gross carrying amount and related expected credit losses of securities measured at amortized cost are as follows:

	12-month ECL (Stage 1)	POCI-assets	Total
Securities measured at amortized cost			
Gross carrying amount as at 31 December 2022	**52,466**	-	**52,466**
Newly acquired financial assets	22,162	14,633	**36,795**
Derecognition	(69,267)	-	**(69,267)**
Other changes	6,354	6,371	**12,725**
Gross carrying amount as at 31 December 2023	**11,715**	**21,004**	**32,719**
Newly acquired financial assets	-	-	-
Derecognition	-	(25,011)	**(25,011)**
Other changes	1,066	4,007	**5,073**
Gross carrying amount as at 31 December 2024	**12,781**	-	**12,781**

	12-month ECL (Stage 1)	POCI-assets	Total
Securities measured at amortized cost			
Allowance for ECL as at 31 December 2022	719	-	**719**
Newly acquired	55	-	**55**
Derecognition	(171)	-	**(171)**
Other changes	(522)	-	**(522)**
Allowance for ECL as at 31 December 2023	**81**	-	**81**
Other changes	13	-	**13**
Allowance for ECL as at 31 December 2024	**94**	-	**94**

9. LOANS TO CUSTOMERS

As at 31 December 2024 and 31 December 2023, loans to customers included the following items:

	31 December 2024	31 December 2023
Corporate lending	318,949	277,998
Consumer lending	221,871	189,618
Total loans to customers	**540,820**	**467,616**
Allowance for expected credit losses	(30,292)	(30,236)
Total loans to customers less allowance for expected credit losses	**510,528**	**437,380**

(in thousands of Belarusian Rubles)

The following is an analysis of changes in gross carrying amounts and related expected credit losses on loans to corporate customers:

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	Total
Loans to corporate customers				
Gross carrying amount as at 31 December 2022	**193,882**	**39,936**	**11,181**	**244,999**
New financial assets originated and purchased	435,217	-	-	**435,217**
Principal debt that has been repaid	(308,527)	(119,012)	(2,033)	**(429,572)**
Transfer to 12-month expected credit losses (Stage 1)	48,139	(48,068)	(71)	**-**
Transfer to lifetime expected credit losses (Stage 2)	(194,575)	194,685	(110)	-
Transfer to lifetime expected credit losses (Stage 3)	(40)	(2,487)	2,527	**-**
Write-offs	-	-	(128)	**(128)**
Amortization of discount recognized in interest income	-	-	58	**58**
Exchange rate fluctuations	23,750	3,805	569	**28,124**
Other changes	(227)	36	(509)	**(700)**
Gross carrying amount as at 31 December 2023	**197,619**	**68,895**	**11,484**	**277,998**
New financial assets originated and purchased	556,997	-	-	**556,997**
Principal debt that has been repaid	(399,026)	(115,688)	(1,567)	**(516,281)**
Transfer to 12-month expected credit losses (Stage 1)	68,818	(68,774)	(44)	**-**
Transfer to lifetime expected credit losses (Stage 2)	(151,015)	151,026	(11)	**-**
Transfer to lifetime expected credit losses (Stage 3)	(18)	(636)	654	**-**
Write-offs	-	-	(3,730)	**(3,730)**
Amortization of discount recognized in interest income	-	-	19	**19**
Changes in exchange rate	3,791	(309)	111	**3,593**

(in thousands of Belarusian Rubles)

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	Total
Other changes	655	210	(512)	**353**
Gross carrying amount as at 31 December 2024	**277,821**	**34,724**	**6,404**	**318,949**

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	Total
Loans to corporate customers				
Allowance for ECL as at 31 December 2022	**1,802**	**474**	**6,245**	**8,521**
Creation of an allowance for new loans originated or purchased	3,899	-	-	**3,899**
Transfer to 12-month expected credit losses (Stage 1)	412	(341)	(71)	-
Transfer to lifetime expected credit losses (Stage 2)	(2,267)	2,280	(13)	-
Transfer to lifetime expected credit losses (Stage 3)	(161)	(131)	292	-
Decrease in the allowance for loans that have been repaid	(1,650)	(1,077)	(423)	**(3,150)**
Net change in allowance for credit losses	(1,234)	641	(229)	**(822)**
Write-offs	-	-	(128)	**(128)**
Amortization of discount recognized in interest income	-	-	58	**58**
Change in exchange rate	3	9	228	**240**
Allowance for ECL as at 31 December 2023	**804**	**1,855**	**5,959**	**8,618**
Creation of an allowance for new loans originated or purchased	3,838	-	-	**3,838**
Transfer to 12-month expected credit losses (Stage 1)	1,402	(1,398)	(4)	-
Transfer to lifetime expected credit losses (Stage 2)	(2,136)	2,147	(11)	-

(in thousands of Belarusian Rubles)

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	Total
Transfer to lifetime expected credit losses (Stage 3)	(2)	(25)	27	-
Decrease in the allowance for loans that have been repaid	(1,136)	(1,663)	(430)	**(3,229)**
Net change in allowance for credit losses	55	1,188	1,881	**3,124**
Write-offs	-	-	(3,730)	**(3,730)**
Amortization of discount recognized in interest income	-	-	19	**19**
Change in exchange rate	3	6	89	**98**
Allowance for ECL as at 31 December 2024	**2,828**	**2,110**	**3,800**	**8,738**

(in thousands of Belarusian Rubles)

The following is an analysis of changes in gross carrying amount and related expected credit losses on loans to retail customers:

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	Total
Loans to retail customers				
Gross carrying amount as at 31 December 2022	**147,475**	**4,307**	**19,655**	**171,437**
New financial assets originated and purchased	111,845	-	-	**111,845**
Principal debt that has been repaid	(85,722)	(1,322)	(5,358)	**(92,402)**
Transfer to 12-month expected credit losses (Stage 1)	1,899	(966)	(933)	-
Transfer to lifetime expected credit losses (Stage 2)	(10,786)	10,804	(18)	-
Transfer to lifetime expected credit losses (Stage 3)	-	(10,368)	10,368	-
Amortization of discount recognized in interest income	-	-	229	**229**
Write-offs	-	-	(1,280)	**(1,280)**
Other changes	(829)	-	618	**(211)**
Gross carrying amount as at 31 December 2023	**163,882**	**2,455**	**23,281**	**189,618**
New financial assets originated and purchased	149,302	-	-	**149,302**
Principal debt that has been repaid	(107,893)	(914)	(6,667)	**(115,474)**
Transfer to 12-month expected credit losses (Stage 1)	2,137	(479)	(1,658)	-
Transfer to lifetime expected credit losses (Stage 2)	(7,209)	7,228	(19)	-
Transfer to lifetime expected credit losses (Stage 3)	-	(5,879)	5,879	-
Amortization of discount recognized in interest income	-	-	213	**213**
Write-offs	-	-	(1,573)	**(1,573)**
Other changes	(1,575)	-	1,360	**(215)**
Gross carrying amount as at 31 December 2024	**198,644**	**2,411**	**20,816**	**221,871**

(in thousands of Belarusian Rubles)

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	Total
Loans to retail customers				
Allowance for ECL as at 31 December 2022	**2,698**	**1,576**	**11,829**	**16,103**
Creation of an allowance for new loans originated or purchased	1,796	-	-	**1,796**
Decrease in the allowance for loans that have been repaid	(1,197)	(449)	(2,939)	**(4,585)**
Transfer to 12-month expected credit losses (Stage 1)	1,151	(346)	(805)	-
Transfer to lifetime expected credit losses (Stage 2)	(328)	337	(9)	-
Transfer to lifetime expected credit losses (Stage 3)	-	(1,013)	1,013	-
Net change in allowance for credit losses	(1,399)	725	10,016	**9,342**
Amortization of discount recognized in interest income	-	-	229	**229**
Write-offs	-	-	(1,280)	**(1,280)**
Change in exchange rate	-	-	13	**13**
Allowance for ECL as at 31 December 2023	**2,721**	**830**	**18,067**	**21,618**
Creation of an allowance for new loans originated or purchased	1,907	-	-	**1,907**
Decrease in the allowance for loans that have been repaid	(1,632)	(286)	(4,971)	**(6,889)**
Transfer to 12-month expected credit losses (Stage 1)	1,758	(163)	(1,595)	-
Transfer to lifetime expected credit losses (Stage 2)	(221)	230	(9)	-
Transfer to lifetime expected credit losses (Stage 3)	-	(517)	517	-
Net change in allowance for credit losses	(1,637)	696	7,219	**6,278**
Amortization of discount	-	-	213	**213**

(in thousands of Belarusian Rubles)

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	Total
recognized in interest income				
Write-offs	-	-	(1,573)	(1,573)
Allowance for ECL as at 31 December 2024	**2,896**	**790**	**17,868**	**21,554**

Collateral and other credit enhancements

The amount and type of collateral required by the Bank depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- for corporate lending – pledge of real estate, equipment, transport and other property and equipment, inventories and receivables;
- for consumer lending – a guarantee, pledge of residential real estate and vehicles.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for loan impairment.

For impaired loans, the Bank usually reviews the estimated value of collateral, as the current value of collateral can be used in impairment assessment.

Concentration of loans to customers

As at 31 December 2024, the concentration of loans issued by the Bank to its ten largest borrowers amounted to BYN 154,067 thousand, or 28% of the total loan portfolio (31 December 2023: BYN 150,473 thousand, or 32% of the total loan portfolio). Loans primarily are issued to individuals, individual entrepreneurs and legal entities of the Republic of Belarus operating in the following industry sectors:

	31 December 2024	31 December 2023
Individuals	221,871	189,618
Trade and public catering	117,613	109,431
Leasing companies	108,203	103,788
Manufacturing	52,241	27,305
Construction	20,095	21,695
Individual entrepreneurs	5,433	5,689
Transport	3,523	3,478
Real estate	296	351
Agriculture	245	165
Petrochemicals	243	-
Other	11,057	6,096
Total loans to customers	**540,820**	**467,616**
Impairment allowance	(30,292)	(30,236)
Total net loans to customers	**510,528**	**437,380**

(in thousands of Belarusian Rubles)

10. PROPERTY AND EQUIPMENT

Property and equipment are as follows:

	Buildings and constructions	Computer equipment	Vehicles	Office furniture and other property and equipment	Construction in progress	Right-of-use leased items	Total
Cost							
As at 1 January 2024	**11,841**	**11,127**	**447**	**4,943**	**359**	**5,063**	**33,780**
Additions	103	2,300	59	1,377	1,546	3,649	**9,034**
Disposal	-	(168)	(57)	(248)	-	(988)	**(1,461)**
Transfers between categories	-	-	-	-	-	-	-
Reclassification of investment property to property and equipment	1,239	-	-	-	-	-	**1,239**
Reclassification from long-term assets held-for-sale	1,021	-	-	-	-	-	**1,021**
As at 31 December 2024	**14,204**	**13,259**	**449**	**6,072**	**1,905**	**7,724**	**43,613**
Accumulated depreciation							
As at 1 January 2024	**2,466**	**7,190**	**298**	**2,837**	-	**1,820**	**14,611**
Depreciation charge	259	1,733	41	573	-	1,573	**4,179**
Disposal	-	(164)	(57)	(154)	-	(969)	**(1,344)**
Transfers between categories	-	-	-	-	-	-	-
Reclassifications from long-term assets held-for-sale	192	-	-	-	-	-	**192**
As at 31 December 2024	**2,917**	**8,759**	**282**	**3,256**	-	**2,424**	**17,638**
Residual value							
As at 1 January 2024	**9,375**	**3,937**	**149**	**2,106**	**359**	**3,243**	**19,169**
As at 31 December 2024	**11,287**	**4,500**	**167**	**2,816**	**1,905**	**5,300**	**25,975**

(in thousands of Belarusian Rubles)

	Buildings and constructions	Computer equipment	Vehicles	Office furniture and other property and equipment	Construction in progress	Right-of-use leased items	Total
Cost							
As at 1 January 2023	**9,260**	**10,203**	**752**	**4,421**	**892**	**3,908**	**29,436**
Additions	636	977	-	692	-	1,655	3,960
Disposal	(128)	(30)	-	(193)	(533)	(500)	(1,384)
Transfers between categories	-	(23)	-	23	-	-	-
Reclassification of investment property to property and equipment	3,094	-	-	-	-	-	3,094
Reclassifications to long-term assets held-for-sale	(1,021)	-	(305)	-	-	-	(1,326)
As at 31 December 2023	**11,841**	**11,127**	**447**	**4,943**	**359**	**5,063**	**33,780**
Accumulated depreciation							
As at 1 January 2023	**2,489**	**5,543**	**436**	**2,440**	-	**857**	**11,765**
Depreciation charge	199	1,677	78	540	-	1,463	3,957
Disposal	(43)	(17)	-	(156)	-	(500)	(716)
Transfers between categories	-	(13)	-	13	-	-	-
Reclassifications to long-term assets held-for-sale	(179)	-	(216)	-	-	-	(395)
As at 31 December 2023	**2,466**	**7,190**	**298**	**2,837**	**-**	**1,820**	**14,611**
Residual value							
As at 1 January 2023	**6,771**	**4,660**	**316**	**1,981**	**892**	**3,051**	**17,671**
As at 31 December 2023	**9,375**	**3,937**	**149**	**2,106**	**359**	**3,243**	**19,169**

As at 31 December 2024 and 31 December 2023, the historical cost of fully depreciated property and equipment amounted to BYN 5,701 thousand and BYN 4,900 thousand, respectively.

The Bank acts as a lessee mainly in administrative premises. The leases, as a rule, have an extension option. These objects are included in property and equipment as right-of-use leased items.

(in thousands of Belarusian Rubles)

11. INTANGIBLE ASSETS

The movements in intangible asset items are presented as follows:

	2024	2023
Cost		
As at 1 January	**20,879**	**15,433**
Additions	6,879	5,454
Disposal	(2,469)	(8)
As at 31 December	**25,289**	**20,879**
Accumulated amortization		
As at 1 January	**7,782**	**5,516**
Amortization	2,854	2,274
Disposal	(1,433)	(8)
As at 31 December	**9,203**	**7,782**
Residual value		
As at 1 January	**13,097**	**9,917**
As at 31 December	**16,086**	**13,097**

Intangible assets of the Bank are represented by software and licenses. The cost of fully amortized assets as at 31 December 2024 was BYN 2,928 thousand (31 December 2023: BYN 2,622 thousand).

12. INVESTMENT PROPERTY

The movements in the value of the investment property are shown below:

	2024	2023
Cost		
As at 1 January	**8,863**	**13,223**
Revaluation recognized in the statement of profit or loss	(666)	(1,358)
Additions	-	92
Transfer to property, plant and equipment	(1,239)	(3,094)
As at 31 December	**6,958**	**8,863**

Investment property consists of a part of commercial real estate with a total area of 5,296 sq m (leasable area varied over 2024 in the range of 2,564 – 2,870 sq m), which is intended primarily for lease to third parties.

Investment property consists of a part of commercial real estate with a total area of 6,346 sq m (leasable area varied over 2023 in the range of 3,547 – 3,749 sq m), which is intended primarily for lease to third parties.

The total area of leased premises as at 31 December 2024 is 2,248.6 sq m, as at 31 December 2023 – 2,864.5 sq m.

As at 31 December 2024, the Bank entered into 69 operating lease agreements, under which the Bank acts as the Lessor, including the term of which is established, as a rule, for 1 year with the right of further extension an unlimited number of times. No contingent rents are charged.

As at 31 December 2023, the Bank entered into 88 operating lease agreements, under which the Bank acts as the Lessor, including the term of which is established, as a rule, for 1 year with the right of further extension an unlimited number of times. No contingent rents are charged.

Changes in fair value are unrealized and are recognized as other expenses in profit or loss.

(in thousands of Belarusian Rubles)

The total amount of forthcoming lease payments in 2025 is BYN 978 thousand, in the period from one to five years – BYN 5,234 thousand. In calculating this indicator, the assumption was applied that all contracts that do not have a contract end date will continue in effect through 2025.

The total amount of forthcoming lease payments in 2024 is BYN 780 thousand, in the period from one to five years – BYN 4,912 thousand. In calculating this indicator, the assumption was applied that all contracts that do not have a contract end date will continue in effect through 2024.

	2024	2023
Lease income received from investment property	906	791

Operating expenses associated with the maintenance and upkeep of investment property are borne by the lessee. The Bank has neither restrictions on the sale of its investment property nor contractual obligations to purchase, construct or develop investment properties, or to repair, maintain and enhance them.

The fair value of investment property as at 31 December 2024 and 31 December 2023 was determined by applying an internal valuation methodology.

The fair value measurement of investment property was based on the income approach and was categorized as Level 3 in the fair value hierarchy based on the inputs to the valuation techniques applied.

Valuation techniques and significant unobservable inputs

Commercial real estate owned by the Bank is leased primarily as office space. Due to the economic turmoil caused by the coronavirus pandemic, the geopolitical escalation in the region in February 2022 and the wide-ranging sanctions imposed on Belarusian legal entities and individuals, the uncertain economic outlook for this period could have a material negative impact on lessees' operations, business viability and ability to meet lease obligations. Due to increased uncertainty, assumptions may be substantially revised in 2025. A sensitivity analysis for these assumptions is provided later in this Note.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used, as at 31 December 2024.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: This model considers the present value of the net cash flows generated by the property, taking into account expected growth in leases, occupancy rates, and other costs not recoverable by lessees. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	– Expected market rental growth: 3% from 2025. – Occupancy rate: 74 - 100%. – Risk-adjusted discount rate: 13.5%.	The estimated fair value would increase (decrease) if: – Expected market rental growth was higher (lower); – The occupancy rate was higher (lower); – The risk-adjusted discount rate was lower (higher).

Sensitivity analysis

Significant professional judgment is required in evaluating inputs to determine the fair value of investment property. Reasonably possible changes at the reporting date to one of the relevant assumptions, holding other assumptions constant, would have affected the fair value of commercial real estate by the amounts shown below:

(in thousands of Belarusian Rubles)

	31 December 2024	31 December 2023
BYN thousand	Change	Change
Increase in discount rate by 1%	(580)	(627)
Occupancy rate in the terminal period (5% decrease)	(209)	(180)
Decrease in the market rental rate by 10%	(187)	(212)
Increase in the market rental rate by 10%	187	212

13. TAXATION

The income tax rate for banks was 25% in 2024 and 2023. The effective income tax rate differs from the statutory income tax rates. A reconciliation of the income tax expense based on the statutory rate with the actual expense is as follows:

	2024	2023
Profit before tax	**29,037**	**22,201**
Statutory tax rate	25%	25%
Theoretical income tax expense at the statutory rate	**7,259**	**5,550**
Adjustments for income or expenses that do not affect the taxable base:		
- securities transactions	(766)	(1,573)
- tax effect of changes in the taxable base of property and equipment due to revaluation under the Belarusian accounting rules	(92)	(744)
- other non-deductible expenses	1,534	2,128
- other	473	-
Income tax expense	**8,408**	**5,361**
Current income tax expense	6,218	3,774
Effect on deferred income tax recognized in the statement of profit and loss	2,190	1,587
Income tax expense	**8,408**	**5,361**

	2024	2023
Deferred tax asset/(liability)		
As at 1 January	**(2,941)**	**(844)**
Recognized in the statement of profit or loss	(2,190)	(1,587)
Recognized in other comprehensive income	44	(510)
As at 31 December	**(5,087)**	**(2,941)**

(in thousands of Belarusian Rubles)

Deferred tax assets and liabilities as at 31 December 2024 and 31 December 2023 as well as their movements for 2024 and 2023 are presented below:

Impact of temporary differences that decrease/(increase) the taxable base:	31 December 2024	Recognized (recovered) In profit or loss	Recognized (recovered) In other comprehensive income	31 December 2023	Recognized (recovered) In profit or loss	Recognized (recovered) In other comprehensive income	31 December 2022
Cash and cash equivalents	-	210	-	(210)	(210)	-	-
Derivative financial assets	(1)	1	-	(2)	45	-	(47)
Loans to customers	(4,465)	552	-	(5,017)	1,373	-	(6,390)
Securities	(4)	983	44	(1,031)	(1,397)	(510)	876
Property and equipment and intangible assets	3,435	(1,705)	-	5,140	3,111	-	2,029
Non-current assets held-for-sale	(14)	(59)	-	45	19	-	26
Investment property	167	1,632	-	(1,465)	(2,352)	-	887
Other assets	(1,502)	(1,758)	-	256	(875)	-	1,131
Derivative financial liabilities	1	(7)	-	8	(89)	-	97
Amounts due from financial institutions	(2,227)	(2,131)	-	(96)	59	-	(155)
Amounts due to financial institutions	-	-	-	-	285	-	(285)
Amounts due to customers	-	21	-	(21)	307	-	(328)
Other liabilities	(477)	71	-	(548)	(1,863)	-	1,315
Net tax asset/(liability)	**(5,087)**	**(2,190)**	**44**	**(2,941)**	**(1,587)**	**(510)**	**(844)**

(in thousands of Belarusian Rubles)

14. OTHER ASSETS AND LIABILITIES

Other assets and liabilities comprise the following:

	31 December 2024	31 December 2023
Accounts receivable	9,085	32,376
Accrued income	984	677
Equity holdings in commercial organizations	14	12
Allowance for impairment	(739)	(1,663)
Total other financial assets	**9,344**	**31,402**
Taxes recoverable other than income tax	1,039	1,103
Other prepayments	1,706	1,328
Deferred expenses	2,127	1,943
Materials	212	103
Other	64	832
Total other non-financial assets	**5,148**	**5,309**
Total other assets	**14,492**	**36,711**
Lease liabilities	5,132	3,406
Settlements with other creditors	3,578	2,245
Allowances for possible losses on operations	5,088	1,699
Total other financial liabilities	**13,798**	**7,350**
Settlements with personnel	3,605	3,340
Taxes payable other than income tax	526	553
Other	603	503
Total other non-financial liabilities	**4,734**	**4,396**
Total other liabilities	**18,532**	**11,746**

Movements in allowance for expected credit losses for 2024 and 2023 is presented below:

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	POCI-assets	Total
Other financial assets					
Allowance for ECL as at 31 December 2022	-	**26**	**1,402**	-	**1,428**
Creation of allowances	-	-	519	-	**519**
Write-offs	-	-	(284)	-	**(284)**
Allowance for ECL as at 31 December 2023	-	**26**	**1,637**	-	**1,663**
Creation/(Reversal) of allowances	-	-	(798)	419	**(379)**
Write-offs	-	-	(545)	-	**(545)**
Allowance for ECL as at 31 December 2024	-	**26**	**294**	**419**	**739**

Other assets include shares in commercial organizations. The Bank decided to recognize changes in the fair value of these equity interests in other comprehensive income.

(in thousands of Belarusian Rubles)

Accounts receivable as at 31 December 2024 included Eurobonds of the Republic of Belarus, 2023 (XS1634369067) in the amount of BYN 7,888 thousand. This debt is categorized as POCI-assets. In respect of securities acquired after the maturity date, according to the issue documents, debt is recognized net of loss from initial recognition in the amount of BYN 1,209 thousand. In 2024, the Bank recognized an increase in the allowance for this asset in the amount of BYN 419 thousand due to the revision of expected cash flows.

Accounts receivable as at 31 December 2023 included Eurobonds of the Republic of Belarus, 2023 (XS1634369067) in the amount of BYN 28,925 thousand. These receivables in the amount of BYN 7,481 thousand are classified as POCI assets. In terms of securities acquired after the maturity date, pursuant to the issuable documents, the debt is presented net of the loss from initial recognition in the amount of BYN 1,209 thousand, the debt in the amount of BYN 21,444 thousand is allocated to stage 3 and is presented net of the allowance for expected credit losses in the amount of BYN 887 thousand. For the year ended 31 December 2023 the Bank received a gain on acquisition of Eurobonds of the Republic of Belarus at a price lower than the current value in the amount of BYN 3,555 thousand recognized in "Net gains on transactions with securities".

The total undiscounted expected credit losses at initial recognition on financial assets initially recognized during 2023 amounted to BYN 1,209 thousand.

The following table summarizes the fair value of the equity investments and the amount of dividends received during the year:

	Fair value as at 31 December 2024	Dividends received in 2024
Equity interest in OJSC "Banking Technology Center" (share of 0.69%)	14	4
Total	**14**	**4**

	Fair value as at 31 December 2023	Dividends received in 2023
Equity interest in OJSC "Banking Technology Center" (share of 0.69%)	12	2
Total	**12**	**2**

15. AMOUNTS DUE TO FINANCIAL INSTITUTIONS

As at 31 December 2024 and 31 December 2023, amounts due to financial institutions included the following items:

	31 December 2024	31 December 2023
Loans and deposits	21,320	48,514
Correspondent accounts	19,947	6,884
Funds received as collateral	-	1,095
Total amounts due to financial institutions	**41,267**	**56,493**

As at 31 December 2024, amounts due to financial institutions included loans and deposits received from one bank, liabilities to which exceeded 10% of the Bank's equity (as at 31 December 2023 – from two resident banks). As at 31 December 2024, these banks' share of total borrowing was 48%; as at 31 December 2023 it was 86%.

(in thousands of Belarusian Rubles)

16. AMOUNTS DUE TO CUSTOMERS

As at 31 December 2024 and 31 December 2023, amounts due to customers included the following items:

	31 December 2024	31 December 2023
Term deposits	549,366	371,193
Current and other accounts	278,855	229,898
Total amounts due to customers	**828,221**	**601,091**

As at 31 December 2024, funds of the Bank's 10 largest corporate clients amounted to BYN 276,598 thousand, or 33% (31 December 2023: BYN 105,490 thousand, or 18%).

Term deposits include deposits of individuals in the amount of BYN 160,096 thousand (31 December 2023: BYN 164,322 thousand).

As at 31 December 2024, the Bank received loans from clients in the amount of BYN 197,080 thousand equivalent. The nature of the funds raised are on demand. Structure of borrowings from non-resident clients:

- the balance of outstanding borrowings under agreements in Russian rubles was RUB 5,862,898 thousand at a rate of 0.01% maturing no later than December 2025;
- the balance of outstanding borrowings under agreements in EUR was EUR 205 thousand at a rate of 0.01% maturing no later than December 2025.

As at 31 December 2023, the Bank received loans from clients in the amount of BYN 51,623 thousand equivalent. The nature of the funds raised are on demand. Structure of borrowings from non-resident clients:

- the balance of outstanding borrowings under agreements in Russian rubles was RUB 1,257,004 at a rate of 0.01% maturing no later than January 2025;
- the balance of outstanding borrowings under agreements in yuan is CNY 17,200 thousand at a rate of 0.01% maturing no later than January 2025.

As at 31 December 2024, the funds of clients amounted to BYN 570 thousand, in respect of which the Bank's right to defer their settlement depends on the Bank's compliance with covenants for twelve months after the end of the reporting period. The Bank has the following covenants:

- the existence of a valid banking license to perform operations in accordance with the terms of the financing agreement;

- the absence of outstanding court decisions on claims against the Partner Bank, the total amount of which exceeds 1% of the carrying amount of its assets as at the last reporting date;

- absence of sanctions of the National Bank of the Republic of Belarus stipulating the suspension of operations under licensing authorities;

- compliance with safe functioning standards in accordance with the requirements established by the regulatory documents of the National Bank of the Republic of Belarus, except for the standards of safe functioning, in respect of which the National Bank of the Republic of Belarus officially permits the non-application of measures of influence for non-compliance or there are written agreements between the National Bank of the Republic of Belarus and the Bank, and such official permission has not been revoked, revoked or annulled by the National Bank of the Republic of Belarus;

- prevent losses for three consecutive months;

- the ratio of the special provisions created to cover possible losses on the loan portfolio calculated in accordance with the Instructions on the Procedure for Creating and Using Special Provisions to Cover Possible Losses on Assets and Operations Not Recorded on the Balance Sheet, approved by Resolution of the Management

(in thousands of Belarusian Rubles)

Committee of the National Bank of the Republic of Belarus No. 138 of 28 September 2006, to the amount of the loan portfolio at a level not exceeding 15 percent;

- prevent overdue debt to the creditor.

As at 31 December 2024, all covenants were complied with and the Bank had no information on facts and circumstances indicating that the Bank may experience difficulties related to compliance with covenants.

Amounts due to customers include the following categories of amounts due to customers by form of ownership:

	31 December 2024	31 December 2023
Individuals	269,290	231,352
State ownership	10,937	11,111
Private ownership	547,994	358,628
Total amounts due to customers	**828,221**	**601,091**

Amounts due to customers include the following categories of customers by type of activity:

	31 December 2024	31 December 2023
Trade and commerce	497,400	312,371
Individuals	269,290	231,352
Insurance	16,981	13,989
Healthcare	12,559	4,361
Housing	9,361	8,948
Transport and communications	4,490	3,684
Financial activities	3,487	12,109
Non-governmental organizations	3,407	3,178
Culture and art	2,638	236
Real estate	2,632	3,271
Other activities of material production	1,342	3,337
Construction	1,337	2,116
Agriculture	378	439
Information and computer services	140	135
Manufacturing	5	-
Other	2,774	1,565
Total amounts due to customers	**828,221**	**601,091**

(in thousands of Belarusian Rubles)

17. DEBT SECURITIES ISSUED

Debt securities issued by the Bank as at 31 December 2024 and 31 December 2023 are represented by the following types of bond issues:

	Currency	Nominal interest rate	Maturity date	31 December 2024
Bonds of the 17th issue	BYN	RR+5.75	14.12.2025	5,033
Total debt securities in issue				**5,033**

	Currency	Nominal interest rate	Maturity date	31 December 2023
Bonds of the 16th issue	BYN	RR+0.7	31.12.2024	62,162
Bonds of the 17th issue	BYN	RR+5.75	14.12.2025	5,033
Total debt securities in issue				**67,195**

The Bank timely and fully fulfilled its obligations under the issued securities during 2024 and 2023. Holders of issued securities have the right to early claim of funds.

18. SHARE CAPITAL

Movements in issued, authorized and fully paid share capital are as follows:

	Total number of shares		Nominal amount, BYN thousand		Inflation adjustment	Total, BYN thousand
	Preference	Ordinary	Preference	Ordinary		
31 December 2023	18,838,294	220,310,818,106	6	66,093	87,655	153,754
31 December 2024	18,838,294	220,310,818,106	6	66,093	87,655	153,754

Holders of common (ordinary) shares of the Bank shall be entitled:

- to dispose of their shares of the Bank in accordance with the legislation, including to alienate them without consent of other shareholders to an unlimited number of persons;
- to receive information on the Bank's activities and be familiar with its documentation to the extent and in accordance with the procedure prescribed by the legislation and the Charter;
- to exercise other rights prescribed by the legislation and the Charter.

Holders of preference shares of the Bank shall be entitled:

- to receive a part of the Bank's profit in the form of fixed dividends at the rate of 16 (sixteen) per cent of the nominal value of a share per year for each preference share owned by them within the term established by the Charter;
- to receive in case of liquidation of the Bank a fixed value of assets equal to the total nominal value of preference shares owned by them, or a part of property corresponding to this value remaining after settlements with creditors;
- to participate in the General Meeting of Shareholders with the right to vote in cases stipulated by the legislation.

The nominal value of OJSC "PARITETBANK" shares remained unchanged and amounts to BYN 0.0003.

The authorized capital of the Bank was formed by contributions of shareholders in Belarusian rubles. Shareholders are entitled to dividends in Belarusian rubles.

In 2024, the Bank paid dividends totaling BYN 1 thousand (2023: BYN 1 thousand).

According to the decision of the Ordinary Annual General Meeting of the Bank's shareholders, dividends on the results of the Bank's work for 2023 were declared on common (ordinary) shares in the amount of BYN 0.00 per one share, on preference shares – BYN 0.000048 per one share.

According to the decision of the Ordinary Annual General Meeting of the Bank's shareholders, dividends on the results of the Bank's work for 2023 were declared on common (ordinary) shares in the amount of BYN 0.00 per one share, on preference shares – BYN 0.000048 per one share.

According to Belarusian legislation, only undistributed and unreserved earnings recorded in the financial statements of the Bank prepared in accordance with Belarusian legislation may be distributed as dividends among shareholders of the Bank.

In 2024 undistributed and unreserved earnings recorded in the financial statements of the Bank prepared in accordance with the legislation of the Republic of Belarus amounted to BYN 15,172 thousand (2023: BYN 9,667 thousand).

19. COMMITMENTS AND CONTINGENCIES

Legal proceedings. In the ordinary course of business, the Bank is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial position or the results of future operations of the Bank.

Taxation contingencies. The taxation system in Belarus is characterized by complexity and frequent changes in legislation, variety of official pronouncements and authorities' decisions, which, along with the lack of extensive court practice on tax issues, can in some situations lead to their ambiguous interpretations.

Taxes are subject to review and investigation by a number of regulatory authorities, which are entitled to impose severe fines, penalties and interest charges. A tax year generally remains open for review by the tax authorities during five subsequent calendar years, and in certain cases this period is unlimited.

Capital commitments. As at 31 December 2024 and 31 December 2023, the Bank had no material contractual capital commitments in respect of property and equipment, software and other intangible assets.

Credit related commitments. The main purpose of these instruments is to provide financial resources to clients as needed. Guarantees and guarantee letters of credit, which represent irrevocable commitments that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written obligations of the Bank to make payments on behalf of clients within a specified amount when certain conditions are met, are secured by appropriate supplies of goods or cash and, accordingly, have a lower risk level than direct lending.

Commitments to extend credit represent unused portions of amounts authorized by the management to provide funds in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the expected amount of loss is less than the total unused commitments since all of the Bank's commitments to extend credit may be withdrawn without a material adverse change in the financial condition of the borrower.

(in thousands of Belarusian Rubles)

As at 31 December 2024 and 31 December 2023, the Bank's credit related commitments included the following items:

	31 December 2024	31 December 2023
Credit related commitments		
Loan commitments	138,166	69,500
Guarantees	54,058	31,749
Letters of credit	3,559	2,064
Total credit related commitments (before allowance)	**195,783**	**103,313**
Allowance for expected credit losses	(5,088)	(1,701)
Total credit related commitments	**190,695**	**101,612**

The following is the movement in the allowance on credit related commitments:

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	Total
Credit related commitments				
Credit loss allowance as at 31 December 2023	**243**	**1,331**	**127**	**1,701**
Transfer to 12-month expected credit losses (Stage 1)	105	(105)	-	-
Transfer to lifetime expected credit losses (Stage 2)	(32)	32	-	-
Transfer to lifetime expected credit losses (Stage 3)	-	-	-	-
Creation/(reversal) of allowances	359	3,172	(127)	3,404
Exchange differences	(19)	2	-	(17)
Credit loss allowance as at 31 December 2024	**656**	**4,432**	**-**	**5,088**

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	Total
Credit related commitments				
Credit loss allowance as at 31 December 2022	**529**	**227**	**-**	**756**
Transfer to 12-month expected credit losses (Stage 1)	64	(64)	-	-
Transfer to lifetime expected credit losses (Stage 2)	(85)	85	-	-
Transfer to lifetime expected credit losses (Stage 3)	-	(3)	3	-
Creation/(reversal) of allowances	(268)	1,087	124	943
Exchange differences	3	(1)	-	2
Credit loss allowance as at 31 December 2023	**243**	**1,331**	**127**	**1,701**

(in thousands of Belarusian Rubles)

20. NET INTEREST INCOME

Net interest income comprises:

	2024	2023
Financial assets measured at amortized cost		
Loans to customers	69,092	63,839
Amounts due from financial institutions	10,510	4,285
Securities	4,358	6,774
Financial assets at FVOCI		
Securities	2,881	3,187
Interest income calculated using the effective interest rate method	**86,841**	**78,085**
Total interest income	**86,841**	**78,085**
Amounts due to customers	(24,576)	(25,463)
Debt securities issued	(7,024)	(7,432)
Amounts due to credit institutions	(2,661)	(1,618)
Lease liabilities	(546)	(443)
Interest expense	**(34,807)**	**(34,956)**
Net interest income	**52,034**	**43,129**

21. NET FEE AND COMMISSION INCOME

Net fee and commission income comprises:

	2024	2023
Transactions with bank cards	22,464	12,285
Opening and servicing accounts	16,492	12,154
Foreign exchange transactions	10,019	-
Cash and settlement services	4,514	3,389
Fee and commission income	**53,489**	**27,828**
Transactions with bank cards	(10,727)	(5,932)
Foreign exchange transactions	(5,460)	(113)
Settlement transactions	(1,086)	(1,041)
SSIS transaction expenses	(1,051)	(839)
Securities operations	(665)	(140)
Cash backing transactions	(64)	(194)
Other transactions	(1,142)	(579)
Fee and commission expense	**(20,195)**	**(8,838)**
Net fee and commission income	**33,294**	**18,990**

(in thousands of Belarusian Rubles)

Revenue recognition accounting policy

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with customer. The Bank recognizes revenue when it transfers control over the service to the customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition in accordance with IFRS 15
Retail and corporate banking service	The Bank provides banking services to retail and corporate customers, including account maintenance, foreign currency transactions, execution and issuance of credit cards and account maintenance. The commission for servicing accounts is charged by debiting the corresponding amounts from the client's account on a monthly basis. The Bank sets tariffs separately for retail and corporate banking customers on an annual basis. The commission for currency exchange operations, foreign currency transactions is charged by debiting the corresponding amounts from the client's account during the transaction. The commission for current maintenance is charged monthly based on fixed rates, which are annually reviewed by the Bank.	The commission for servicing accounts is recognized over time as the services are rendered. Remuneration for the transaction is recognized at the time of the transaction.

22. NET INCOME FROM TRANSACTIONS IN FOREIGN CURRENCY AND WITH FINANCIAL INSTRUMENTS

Net income from transactions in foreign currency comprise:

	2024	2023
Net income from transactions in foreign currency:		
- trading transactions	35,996	20,315
- revaluation (exchange rate differences)	(792)	2,592
including:		
revaluation of the foreign currency items of the balance sheet	*(394)*	*2,395*
the incomplete part of SPOT transactions	*(398)*	*197*
Total net income from transactions in foreign currency	**35,204**	**22,907**

23. OTHER INCOME

Other income comprises the following:

	2024	2023
Fines and penalties received	1,175	3,055
Income from operating leases	906	791
Proceeds related to debt previously written-off	564	1,058
Income from sale of other assets	107	246
Dividends	4	2
Income from consulting services	-	2
Other	790	646
Total other income	**3,546**	**5,800**

(in thousands of Belarusian Rubles)

24. NON-INTEREST EXPENSES

Non-interest expenses include the following items:

	2024	2023
Salaries and bonuses	27,591	22,870
Social insurance expenses	8,140	6,758
Personnel costs	**35,731**	**29,628**
Services of automated interbank settlement system	9,227	5,536
Legal, insurance and consulting services	7,528	4,898
Software maintenance costs	5,727	3,921
Marketing and advertising	2,835	3,186
Maintenance and repair of property and equipment	2,408	801
Operating taxes	2,006	1,617
Maintenance expenses	1,382	1,036
Transportation costs	1,294	329
Expenses on disposal of property and equipment and intangible assets	1,128	124
Security services	1,026	906
Telecommunication services	920	697
Utility services	790	711
Contributions to the individuals' deposit protection fund	619	837
Office supplies	526	527
Staff training costs, travel and related expenses	308	105
Charitable donations	256	261
Transportation expenses	223	371
Expenses from disposal of other assets	53	189
Audit services	53	168
Maintenance and lease of premises	49	68
Other	2,820	2,417
Total other operating expenses	**41,178**	**28,705**

25. RISK MANAGEMENT

Introduction

The Bank's activities have inherent risks. The Bank manages risks in the course of an ongoing process of identification, assessment and monitoring as well as through establishing risk limits and other internal control measures. The risk management process is critical to maintaining a stable profitability of the Bank, and each individual employee of the Bank is responsible for the risks associated with his or her responsibilities. The Bank is exposed to credit risk, liquidity risk and market risk, which in turn is divided into the risk associated with trading transactions and the risk associated with non-trading activities. The Bank is also exposed to operational risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. Such risks are controlled by the Bank during the strategic planning process.

Risk management structure

The Supervisory Board is generally responsible for identifying and controlling risks, but there are also separate independent bodies responsible for managing and monitoring risks.

The Supervisory Board

The Supervisory Board is responsible for the overall approach to risk management, for the adoption of a strategy and principles for risk management.

Risk Committee

The functions of the Risk Committee, headed by an Independent Director, include monitoring the implementation of the risk management strategy and implementation of decisions of the Bank's Supervisory Board regarding the Bank's risk profile and risk tolerance, assessment of the effectiveness of the Bank's risk management system, comprehensive resolution of issues related to the analysis of key banking risks and the development of policies for their management.

Audit Committee

The functions of the Audit Committee, headed by an Independent Director, include general management and provision of organization of the internal control system and the internal audit service of the bank, as well as selection and organization of interaction with audit organizations.

Management Board

The Management Board is responsible for the development of risk management strategy and policy and the implementation of risk principles, frameworks, policies and limits. It is responsible for the significant issues of risk management and controls the implementation of relevant decisions taken with respect to risks.

Finance Committee

The task of the Finance Committee is to conduct a unified financial policy of the Bank in the management of financial resources, aimed at the systematic growth of its income, increasing the efficiency of the use of financial resources.

Credit Committee

The Committee is responsible for comprehensive credit risk management, coordinates the activities of the Bank's divisions in the field of credit risk management in order to achieve an optimal ratio of credit risk and profitability.

Banking Risk Management Department

The Department performs quantitative and qualitative assessment of bank risks, analytical and methodological support of the risk analysis and management process, informs the Bank's management bodies on the level of accepted risks.

Treasury of the Bank

The Bank's Treasury is responsible for managing the Bank's assets and liabilities, as well as for the overall financial structure. The Treasury is primarily responsible for the Bank's liquidity management.

Internal audit

Risk management processes within the Bank are audited annually by the Audit Department, which verifies both the sufficiency of the procedures and the implementation of these procedures by the Bank. Audit Department discusses the results of the inspections with the management and presents its findings and recommendations to the Audit Committee and the Bank's Supervisory Board.

Risk assessment and reporting systems

The Bank performs quantitative and qualitative (expert) risk assessment. Where applicable, the Bank uses risk assessment at individual (for a specific transaction or customer), aggregated (typical transactions, groups of customers, type of product, specifics of the sales region, business line, business process) and portfolio level. As an additional tool for quantitative risk assessment, the Bank uses stress testing techniques to measure its potential vulnerability to specified changes in risk factors that correspond to exceptional but probable events.

Risk monitoring and control are mainly based on the limits set by the Bank and key risk indicators. These limits reflect the business strategy and market environment of the Bank as well as the level of risk the Bank is ready to take. In addition, the Bank monitors and evaluates its overall risk-bearing capacity when calculating capital adequacy and other economic ratios.

Information obtained on all types of activities is studied and processed for the purpose of analysis, control and early detection of risks. This information is submitted with explanations to the Supervisory Board, the Management Board, and the Risk Committee, the Finance Committee and the Credit Committee (to the extent of their competence). The reports contain information on the aggregate amount of credit risk, liquidity ratios, levels of operational and currency risks, and changes in risk levels. The adequacy of the allowance for credit losses is assessed on a monthly basis. On a quarterly basis, the Supervisory Board receives a report on the implementation of the Bank's Strategic Development Plan, which contains information on the implementation of volume indicators and financial results.

Risk mitigation

As part of its risk management, the Bank uses a system of measures and restrictions established by local regulations to manage positions resulting from changes in interest rates, exchange rates, equity price risk, credit risk, and projected transaction positions. The Bank actively uses collateral to reduce its credit risk.

Excessive concentration of credit risks

Risk concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Risk concentrations reflect the relative sensitivity of the Bank's performance to changes in conditions that affect a particular industry or geographic region. In order to avoid excessive concentrations of risks the Bank's policies and procedures include specific guidelines aimed at maintaining a diversified portfolio. The established concentrations of credit risk are monitored and managed accordingly.

Credit risk

Credit risk is the risk that the Bank will incur losses in case its clients or counterparties do not meet their contractual obligations.

Credit risk control in respect of borrowers (except for counterparty banks) includes the following procedures:

- monitoring of issued credit instruments by the relevant structural divisions of the Bank;
- classification of assets and contingent liabilities and creation of special provisions to cover possible losses with respect to assets and contingent liabilities;
- control of debtors' compliance with the terms of credit and similar agreements.

Control over the acceptable level of credit risk with respect to amounts deposited with counterparty banks include the following:

- analysis of negative financial and non-financial information in the process of applying the previously established limits (performed by the banking risk control department);
- regular and follow-up control over compliance with the limits set for counterparty banks.

The results of the analysis serve as the basis for the development of proposals for the departments working with clients on the parameters recommended for clients attracted by credit services. Additional parameters limiting the concentration of the Bank's portfolio can be developed on the basis of the portfolio analysis.

All activities carried out by the credit departments of the Bank during the monitoring of current loans are aimed at identifying problems at an early stage.

The credit portfolio quality control system allows the Bank to assess the amount of potential losses from the risks to which it is exposed and to take the necessary measures.

For the loans to legal entities and individuals, the Bank obtains collateral and guarantees from legal entities and individuals, however, a certain portion of loans is granted to individuals in respect of whom obtaining collateral or guarantees is inapplicable. Such risks are monitored on a regular basis.

The maximum exposure to credit risk for the components of the statement of financial position, including derivatives, before the effect of mitigation through the use of master netting and collateral agreements, is best represented by their carrying amounts.

Where financial instruments are recorded at fair value, the carrying amount represents the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

The maximum exposure to credit risk is equal to the carrying amount of financial assets.

Credit-related commitments risks

The Bank provides its clients with the possibility of obtaining guarantees that may require the Bank to make payments on behalf of clients. Customers shall reimburse such payments to the Bank in accordance with the terms and conditions of the guarantee. They expose the Bank to similar risks to loans and these are mitigated by the same control processes and policies.

Loans to corporate customers

The Bank uses an internal rating system for assessing the financial condition of corporate customers to determine credit ratings. The new credit rating scale consists of 10 groups (from 1 to 9, as well as D), where group 1 corresponds to the lowest credit risk, group 9 to the highest credit risk, and D rating is default. For purposes of ECL modeling, the ratings are grouped into the following quality categories:

Quality category	Group rated
Low risk	1,2,3,4
Standard risk	5
Watch list	6
High risk	7
Pre-default	8,9
Default	D

(in thousands of Belarusian Rubles)

The table below summarizes the credit quality of loans to legal entities, measured at amortized cost, in the statement of financial position by overdue and non-overdue loans to corporate customers. Non-overdue loans to corporate customers are categorized by credit quality based on the internal credit rating system.

	Non-overdue Quality category							Total 31 December 2024
	Low risk	Standard	Watch list	High risk	Pre-default	Default	Overdue	
Loans to corporate customers	15,202	102,229	156,012	21,516	17,407	1	6,582	**318,949**

	Non-overdue Quality category							Total 31 December 2023
	Low risk	Standard	Watch list	High risk	Pre-default	Default	Overdue	
Loans to corporate customers	19,480	64,749	108,962	34,180	39,012	134	11,481	**277,998**

(in thousands of Belarusian Rubles)

The table below shows the credit quality of loans to legal entities at amortized cost, of the statement of financial position, by impairment stage, broken down by credit quality categories calculated on the basis of the internal credit rating system.

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	Total 31 December 2024
Loans to corporate customers				
Low risk	15,202	-	-	**15,202**
Standard risk	102,229	-	-	**102,229**
Watch list	152,575	3,437	-	**156,012**
High risk	7,815	13,879	-	**21,694**
Pre-default	-	17,408	-	**17,408**
Default	-	-	6,404	**6,404**
Total gross carrying amount of loans to corporate customers	**277,821**	**34,724**	**6,404**	**318,949**
Allowance for expected credit losses	(2,828)	(2,110)	(3,800)	**(8,738)**
Total loans to corporate customers	**274,993**	**32,614**	**2,604**	**310,211**

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	Total 31 December 2023
Loans to corporate customers				
Low risk	19,480	-	-	**19,480**
Standard risk	64,749	-	-	**64,749**
Watch list	108,962	-	-	**108,962**
High risk	4,428	29,883	-	**34,311**
Pre-default	-	39,012	-	**39,012**
Default	-	-	11,484	**11,484**
Total gross carrying amount of loans to corporate customers	**197,619**	**68,895**	**11,484**	**277,998**
Allowance for expected credit losses	(804)	(1,855)	(5,959)	**(8,618)**
Total loans to corporate customers	**196,815**	**67,040**	**5,525**	**269,380**

(in thousands of Belarusian Rubles)

Credit quality of loans to retail customers

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	Total 31 December 2024
Loans to retail customers				
Not overdue	192,138	-	-	**192,138**
1–30 days	6,506	-	-	**6,506**
31–60 days	-	1,692	-	**1,692**
61–90 days	-	719	-	**719**
Over 90 days	-	-	20,816	**20,816**
Total gross carrying amount of loans to retail customers	**198,644**	**2,411**	**20,816**	**221,871**
Allowance for credit losses	(2,896)	(790)	(17,868)	**(21,554)**
Total loans to retail customers	**195,748**	**1,621**	**2,948**	**200,317**

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 3)	Total 31 December 2023
Loans to retail customers				
Not overdue	156,741	-	-	**156,741**
1–30 days	7,141	-	-	**7,141**
31–60 days	-	1,633	-	**1,633**
61–90 days	-	822	-	**822**
Over 90 days	-	-	23,281	**23,281**
Total gross carrying amount of loans to retail customers	**163,882**	**2,455**	**23,281**	**189,618**
Allowance for credit losses	(2,721)	(830)	(18,067)	**(21,618)**
Total loans to retail customers	**161,161**	**1,625**	**5,214**	**168,000**

Credit quality of amounts due from financial institutions and securities

The following table analyzes the credit quality of funds held in financial institutions and securities based on quasi-ratings using the following methodology: for banks with an international rating (except for residents of the Russian Federation and the Republic of Belarus), classification is based on this rating and uses information on international ratings and their corresponding probability of default obtained from external official sources. Ratings established by Moody's, S&P and Fitch methodologies are considered.

For resident banks of the Russian Federation and the Republic of Belarus, information obtained from external official sources on ratings assigned by Russian rating agencies, such as ACRA, Expert RA and others (hereinafter – the "national rating agencies") is used. For state-owned banks for which the international (national) rating is not determined, the country rating is used. For banks with non-state ownership for which the international (national) rating is not determined, the country rating is used, worsened by at least one position.

Credit ratings of national rating agencies are aligned with those of international rating agencies to ensure comparability of data with a certain range of default probabilities. The table below shows the ratings according to the Moody's rating scale. The 'Not Rated' category includes cash on hand.

(in thousands of Belarusian Rubles)

	A3	A1	Aa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	C	Not rated	Total 31 December 2024
Cash and cash equivalents	9,442	-	-	54,977	98,367	44,298	28,730	27,766	61,799	266	2,013	1,122	175	84,607	**413,562**
Amounts due from financial institutions	-	972	3,186	2,344	-	-	-	25	2,115	-	-			-	**8,642**
Mandatory reserve deposits with the National Bank of the Republic of Belarus	-	-	-	-	-	-	-	-	7,075	-	-			-	**7,075**
Securities	-	-	-	-	-	-	-	-	61,601	-	-			-	**61,601**

	Aa3	A3	Ba1	Ba2	Ba3	B1	B3	Ca	Caa1	Caa2	Caa3	Not rated	Total 31 December 2023
Cash and cash equivalents	-	7,847	1,547	101,750	542	57	80	66,485	169	400	117	73,419	**252,413**
Amounts due from financial institutions	3,588	-	4,112	10	-	-	14	1,807	-	-	-	-	**9,531**
Mandatory reserve deposits with the National Bank of the Republic of Belarus	-	-	-	-	-	-	-	5,373	-	-	-	-	**5,373**
Securities	-	-	-	-	-	-	-	101,869	-	-	-	-	**101,869**

(in thousands of Belarusian Rubles)

Offsetting financial assets and financial liabilities

The disclosure in the table below includes financial liabilities that are subject to a legally enforceable general netting agreement or similar agreements that relate to the same financial instruments whether they are offset in the statement of financial position or not. Similar financial instruments include repurchase transactions, reverse repurchase transactions, agreements on securities borrowing and lending. Information on such financial instruments as loans and deposits is not disclosed in the table below, except for the cases when they are set in the statement of financial position.

	Full amounts of recognized financial liabilities	Full amounts of recognized financial instruments which were offset in the statement of financial position	Net amount of financial instruments in the statement of financial position	Amount of financial instruments which were not offset in the statement of financial position		Net amount
				Financial instruments	Cash collateral received	
31 December 2024						
REPO agreements with banks	-	-	-	-	-	-
Total financial liabilities	-	-	-	-	-	-
31 December 2023						
REPO agreements with banks	(30,014)	-	(30,014)	30,638	-	624
Total financial liabilities	**(30,014)**	-	**(30,014)**	**30,638**	-	**624**

Financial liabilities from repurchase transactions with banks are included in amounts due to financial institutions.

(in thousands of Belarusian Rubles)

Geographical concentration

The geographical concentration of the Bank's financial assets and liabilities is set out below:

	31 December 2024				31 December 2023			
	Belarus	OECD countries	CIS countries and others	Total	Belarus	OECD countries	CIS countries and others	Total
Cash and cash equivalents	147,290	16	266,256	**413,562**	134,983	85	117,345	**252,413**
Amounts due from financial institutions	2,102	4,170	2,370	**8,642**	1,807	3,597	4,127	**9,531**
Mandatory reserve deposits with the National Bank of the Republic of Belarus	7,075	-	-	**7,075**	5,373	-	-	**5,373**
Derivative financial assets	-	-	4	**4**	4	-	6	**10**
Loans to customers	510,528	-	-	**510,528**	423,411	-	13,969	**437,380**
Securities	61,601	-	-	**61,601**	101,869	-	-	**101,869**
Other financial assets	9,344	-	-	**9,344**	31,402	-	-	**31,402**
Total financial assets	**737,940**	**4,186**	**268,630**	**1,010,756**	**698,849**	**3,682**	**135,447**	**837,978**
Amounts due to financial institutions	34,362	-	6,905	**41,267**	50,857	-	5,636	**56,493**
Derivative financial liabilities	-	-	4	**4**	-	-	34	**34**
Amounts due to customers	515,578	32,044	280,599	**828,221**	451,714	33,462	115,915	**601,091**
Debt securities issued	5,033	-	-	**5,033**	67,195	-	-	**67,195**
Other financial liabilities	13,798	-	-	**13,798**	7,350	-	-	**7,350**
Total financial liabilities	**568,771**	**32,044**	**287,508**	**888,323**	**577,116**	**33,462**	**121,585**	**732,163**
Net financial assets and liabilities	**169,169**	**(27,858)**	**(18,878)**	**122,433**	**121,733**	**(29,780)**	**13,862**	**105,815**

(in thousands of Belarusian Rubles)

Liquidity risk

Liquidity risk is the risk that the Bank will be unable to fulfill its payment obligations when they fall due in normal or unforeseen circumstances. In order to limit this risk, the management ensured that various sources of financing were available in addition to the current minimum amount of bank deposits. The management also manages assets by taking into account liquidity and monitors future cash flows and liquidity on a daily basis.

The process comprises evaluation of expected cash flows and availability of high-quality collateral, which may be used for obtaining additional funds if required.

The Bank also assesses liquidity in terms of compliance with the liquidity ratios set by the National Bank of the Republic of Belarus. Prudential indicators are used to assess liquidity risk. Values of liquidity indicators as at 31 December 2024 and 31 December 2023 are presented below:

Reporting date	**Name of norm**	
	Liquidity coverage	**Net stable funding**
Norm	at least 100.00%	at least 100.00%
1 January 2025	209.5%	148.4%
1 January 2024	150.8%	148.8%

In accordance with the requirements of the legislation of the Republic of Belarus, the Bank places a cash deposit (mandatory reserve) with the National Bank of the Republic of Belarus, the amount of which depends on the level of customer deposits.

The table below summarizes the Bank's financial liabilities as at 31 December 2024 and 31 December 2023, by their remaining contractual maturity based on contractual undiscounted repayment obligations.

Liabilities which are to be paid on the first notice are considered as if collection notice was given at the earliest possible date. However, the Bank expects that the majority of customers will not request repayment on the earliest date on which the Bank would be required to pay and, accordingly, the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

31 December 2024	**Less than 3 months**	**From 3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Amounts due to financial institutions	41,275	-	-	-	**41,275**
Derivative financial liabilities	4	-	-	-	**4**
Amounts due to customers	711,908	111,563	16,468	-	**839,939**
Debt securities issued	-	5,378	-	-	**5,378**
Other financial liabilities	13,798	-	-	-	**13,798**
Financial guarantees and loan commitments	142,635	-	-	-	**142,635**
Total undiscounted financial liabilities	**909,620**	**116,941**	**16,468**	**-**	**1,043,029**

(in thousands of Belarusian Rubles)

31 December 2023	Less than 3 months	From 3 to 12 months	1 to 5 years	Over 5 years	Total
Amounts due to financial institutions	55,446	1,101	-	-	**56,547**
Derivative financial liabilities	34	-	-	-	**34**
Amounts due to customers	489,455	81,295	43,803	67	**614,620**
Debt securities issued	-	75,397	-	-	**75,397**
Other financial liabilities	7,350	-	-	-	**7,350**
Financial guarantees and loan commitments	102,218	1,095	-	-	**103,313**
Total undiscounted financial liabilities	**654,503**	**158,888**	**43,803**	**67**	**857,261**

The Bank expects that not all financial guarantees and loan commitments will need to be fulfilled before they expire.

The maturity analysis does not reflect the historical stability of funds in current accounts, which have traditionally been repaid over a longer period than indicated in the tables above. These balances are included in amounts due in less than three months in the tables above.

The following are the contractual maturities of derivative financial instruments that are settled by delivery of the underlying asset.

31 December 2024	Less than 3 months	From 3 to 12 months	1 to 5 years	Over 5 years	Total
Receivables under forward and swap transactions	7,593	-	-	-	**7,593**
Liabilities under forward and swap transactions	7,589	-	-	-	**7,589**

31 December 2023	Less than 3 months	From 3 to 12 months	1 to 5 years	Over 5 years	Total
Receivables under forward and swap transactions	6,182	-	-	-	**6,182**
Liabilities under forward and swap transactions	(6,207)	-	-	-	**(6,207)**

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. Market risk is managed and controlled using various sensitivity analysis techniques. With the exception of currency positions, the Bank has no significant concentrations of market risk.

Equity risk

Equity risk is the risk of changes in the value of equity financial instruments. The Bank is exposed to equity risk as a result of changes in stock exchange quotations of the shares available in the Bank's trading portfolio.

As at 31 December 2024 and 31 December 2023, the Bank had no trading portfolio of equity financial instruments.

(in thousands of Belarusian Rubles)

Market risk – non-trading portfolio

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or fair values of financial instruments.

The Bank's interest rate risk management policy is primarily aimed at maintaining sufficient interest margin and a stable level of net interest income. The Bank's interest rate policy is analyzed and developed by the Finance and Credit Committees and approved by the Management Board of the Bank. To assess the interest rate risk exposure of the bank portfolio, the bank uses GAP-analysis and interest rate spread assessment. The table below presents a sensitivity analysis of interest rate risk based on changes that were reasonably possible for floating rate financial instruments. The extent of these changes is determined by management. The sensitivity analysis presents the effect of increasing/decreasing interest rates effective as at 31 December 2024 by 5 percentage points, assuming that changes occur at the beginning of the fiscal year, after which rates remain unchanged throughout the reporting period, with all other factors considered unchanged.

Increase in basis points 2024	Sensitivity of net interest income 2024	Effect on equity 2024
500	19,946	14,959

Decrease in basis points 2024	Sensitivity of net interest income 2024	Effect on equity 2024
(500)	(19,946)	(14,959)

Increase in basis points 2023	Sensitivity of net interest income 2023	Effect on equity 2023
500	7,279	5,459

Decrease in basis points 2023	Sensitivity of net interest income 2023	Effect on equity 2023
(500)	(7,279)	(5,459)

The following table presents a sensitivity analysis of fair value risk, which has been made based on reasonably possible changes in fixed-rate securities. The extent of these changes is determined by management. The sensitivity analysis presents the effect of a 1% increase and a 1% decrease in interest rates effective at the reporting date on the Bank's equity, assuming that changes occur at the beginning of the financial year, after which rates remain unchanged throughout the reporting period, with all other factors held constant.

	31 December 2024		31 December 2023	
	Interest rate	Interest rate	Interest rate	Interest rate
	+1%	-1%	+1%	-1%
Securities	(304)	345	(817)	936
Net impact on equity	(228)	259	(613)	702

The Bank's management monitors its interest rate margin and believes that the Bank is not exposed to significant interest rate risk or consequential cash flow risk.

(in thousands of Belarusian Rubles)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on positions in foreign currency based on the requirements of the National Bank of the Republic of Belarus. Positions are monitored by the Banking Risk Management Department on a daily basis.

Information about the Bank's exposure to foreign currency risk as at 31 December 2024 and 31 December 2023 is presented below:

	BYN	USD 1 = 3.4735	EUR 1 = 3.6246	RUB 100 = 3.3488	Other currencies	Total
FINANCIAL ASSETS:						
Cash and cash equivalents	79,004	66,006	24,367	231,642	12,543	**413,562**
Derivative financial assets	-	-	-	4	-	**4**
Amounts due from financial institutions	309	5,968	-	358	2,007	**8,642**
Mandatory reserves with the National Bank	7,075	-	-	-	-	**7,075**
Securities	5,740	27,287	28,574	-	-	**61,601**
Loans to customers	394,761	65,412	21,819	28,536	-	**510,528**
Other financial assets	8,574	719	3	35	13	**9,344**
TOTAL FINANCIAL ASSETS	**495,463**	**165,392**	**74,763**	**260,575**	**14,563**	**1,010,756**
FINANCIAL LIABILITIES:						
Amounts due to financial institutions	19,522	12,234	6,942	2,202	367	**41,267**
Derivative financial liabilities	3	1	-	-	-	**4**
Amounts due to customers	343,299	148,021	67,292	255,151	14,458	**828,221**
Debt securities issued	5,033	-	-	-	-	**5,033**
Other financial liabilities	12,866	49	842	41	-	**13,798**
TOTAL FINANCIAL LIABILITIES	**380,723**	**160,305**	**75,076**	**257,394**	**14,825**	**888,323**
TOTAL CURRENCY POSITION	**114,740**	**5,087**	**(313)**	**3,181**	**(262)**	**122,433**
Receivables under forward and swap transactions	3,695	-	1,812	2,086	-	**7,593**
Liabilities under forward and swap transactions	-	3,897	-	3,692	-	**7,589**
NET POSITION UNDER FORWARD AND SWAP TRANSACTIONS	**3,695**	**(3,897)**	**1,812**	**(1,606)**	-	**4**
TOTAL CURRENCY POSITION	**118,435**	**1,190**	**1,499**	**1,575**	**(262)**	**122,437**

(in thousands of Belarusian Rubles)

	BYN	USD 1 = 3.1775	EUR 1 = 3.5363	RUB 100 = 3.4991	Other currencies	Total
FINANCIAL ASSETS:						
Cash and cash equivalents	66,676	45,438	21,014	109,051	10,234	**252,413**
Derivative financial assets	10	-	-	-	-	**10**
Amounts due from financial institutions	155	4,384	-	719	4,273	**9,531**
Mandatory reserves with the National Bank	5,373	-	-	-	-	**5,373**
Securities	6,857	54,368	40,644	-	-	**101,869**
Loans to customers	347,840	35,192	24,479	29,869	-	**437,380**
Other financial assets	31,328	72	2	-	-	**31,402**
TOTAL FINANCIAL ASSETS	**458,239**	**139,454**	**86,139**	**139,639**	**14,507**	**837,978**
FINANCIAL LIABILITIES:						
Amounts due to financial institutions	50,477	2,107	3,191	661	57	**56,493**
Derivative financial liabilities	34	-	-	-	-	**34**
Amounts due to customers	242,733	130,733	75,229	137,924	14,472	**601,091**
Debt securities issued	67,195	-	-	-	-	**67,195**
Other financial liabilities	6,795	182	365	8	-	**7,350**
TOTAL FINANCIAL LIABILITIES	**367,234**	**133,022**	**78,785**	**138,593**	**14,529**	**732,163**
TOTAL CURRENCY POSITION	**91,005**	**6,432**	**7,354**	**1,046**	**(22)**	**105,815**
Receivables under forward and swap transactions	2,210	668	707	2,597	-	**6,182**
Liabilities under forward and swap transactions	508	1,974	1,202	2,523	-	**6,207**
NET POSITION UNDER FORWARD AND SWAP TRANSACTIONS	**1,702**	**(1,306)**	**(495)**	**74**	-	**(25)**
TOTAL CURRENCY POSITION	**92,707**	**5,126**	**6,859**	**1,120**	**(22)**	**105,790**

(in thousands of Belarusian Rubles)

The following table shows the currencies in which the Bank has significant positions as at 31 December 2024 and 31 December 2023 for non-trading monetary assets and liabilities and projected cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Belarusian ruble on the statement of comprehensive income (due to the existence of non-trading monetary assets and liabilities whose fair value is sensitive to changes in the currency rate), with all other variables held constant. Negative amounts in the table reflect a potential net decrease in the statement of comprehensive income and equity, while positive amounts reflect a potential net increase.

	at 31 December 2024		**at 31 December 2023**	
	BYN/USD 10.00%	BYN/USD -10.00%	BYN/USD 10.00%	BYN/USD -10.00%
Effect on profit before tax	119	(119)	513	(513)
Effect on equity	89	(89)	384	(384)

	at 31 December 2024		**at 31 December 2023**	
	BYN/EUR 10.00%	BYN/EUR -10.00%	BYN/EUR 10.00%	BYN/EUR -10.00%
Effect on profit before tax	150	(150)	686	(686)
Effect on equity	113	(113)	514	(514)

	at 31 December 2024		**at 31 December 2023**	
	BYN/RUB 10.00%	BYN/RUB -10.00%	BYN/RUB 10.00%	BYN/RUB -10.00%
Effect on profit before tax	158	(158)	112	(112)
Effect on equity	119	(119)	84	(84)

Commodity risk

Commodity risk reflects the amount of possible losses of the Bank associated with changes in the value of goods. The Bank considers movable property received as repayment for loan transactions and property intended for sale to be subject to commodity risk. Commodity risk was calculated in accordance with the legislation of the Republic of Belarus. As at 31 December 2024 and 31 December 2023, the carrying amounts of these assets were BYN 92 thousand and BYN 1,131 thousand, respectively, and the value of commodity risk as at 31 December 2024 and 31 December 2023 was BYN 17 thousand and BYN 204 thousand, respectively.

Operational risk

Operational risk is a risk occurring due to a systemic failure, personnel's mistakes, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage the risks. The control system includes effective segregation of duties, access rights, approval and reconciliation procedures, staff training, and evaluation procedures, including internal auditing.

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bank uses the following hierarchical structure of evaluation methods to determine and disclose information on the fair value of financial instruments.

- Level 1: quoted market price (unadjusted) in an active market for an identical asset or liability.

(in thousands of Belarusian Rubles)

- Level 2: estimation methods based on observable data obtained either directly or indirectly. This category includes instruments that are measured using quotes in active markets for similar instruments; quotes for similar or identical instruments in markets that are considered less active; or other valuation techniques for which all significant inputs are directly or indirectly available based on market information.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization (based on the lowest level inputs that are significant to the fair value measurement as a whole) at the end of each reporting period.

The table below analyzes financial instruments carried at fair value, by level in the fair value hierarchy:

31 December 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Derivative financial assets	-	4	-	**4**
Securities	-	48,914	-	**48,914**
	-	**48,918**	**-**	**48,918**

31 December 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities				
Derivative financial liabilities	-	4	-	**4**
	-	**4**	**-**	**4**

31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Derivative financial assets	-	10	-	**10**
Securities	-	69,231	-	**69,231**
	-	**69,241**	**-**	**69,241**

31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities				
Derivative financial liabilities	-	34	-	**34**
	-	**34**	**-**	**34**

(in thousands of Belarusian Rubles)

The table below analyzes financial instruments carried not at fair value for which fair value is disclosed in the financial statements, by level in the fair value hierarchy:

31 December 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Loans to customers	-	-	508,351	**508,351**
Securities measured at amortized cost		13,232	-	**13,232**
	-	**13,232**	**508,351**	**521,583**

31 December 2024	Level 1	Level 2	Level 3	Total
Financial liabilities				
Amounts due to customers	-	-	829,002	**829,002**
	-	-	**829,002**	**829,002**

31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Loans to customers	-	-	437,265	**437,265**
Securities measured at amortized cost	-	32,855	-	**32,855**
	-	**32,855**	**437,265**	**470,120**

31 December 2023	Level 1	Level 2	Level 3	Total
Financial liabilities				
Amounts due to customers	-	-	603,396	**603,396**
	-	-	**603,396**	**603,396**

Financial instruments recognized at fair value

The following is a description of the determination of fair value for financial instruments which are recognized at fair value using valuation techniques. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

Securities carried at FVOCI

For securities measured at fair value through other comprehensive income, information on quoted prices for similar or identical securities in an inactive market is used to determine fair value, or a discount model is used based on observable or insignificant unobservable inputs, current market prices at the date.

Derivatives

Derivative instruments whose value is determined using valuation models with market observable inputs are primarily interest rate and currency swaps. The most frequently applied valuation models include swap models, using present value calculations. The models incorporate various inputs including counterparties' creditworthiness, foreign exchange forward and spot rates and interest rate curves.

(in thousands of Belarusian Rubles)

Below is a comparison by class of the carrying amounts and fair values of the Bank's financial instruments that are recognized in the financial statements.

	Carrying amount as at 31 December 2024	Fair value as at 31 December 2024	Carrying amount as at 31 December 2023	Fair value as at 31 December 2023
Financial assets				
Cash and cash equivalents	413,562	413,562	252,413	252,413
Derivative financial assets	4	4	10	10
Due from financial institutions and mandatory reserves with the National Bank of the Republic of Belarus	8,642	8,642	9,531	9,531
Loans to customers	510,528	508,351	437,380	437,265
Securities	61,601	62,146	101,869	102,086
Other financial assets	9,344	9,344	31,402	31,402
Financial liabilities				
Amounts due to financial institutions	41,267	41,267	56,493	56,493
Derivative financial liabilities	4	4	34	34
Amounts due to customers	828,221	829,002	601,091	603,396
Debt securities issued	5,033	5,033	67,195	67,195
Other financial liabilities	13,798	13,798	7,350	7,350

Financial assets and liabilities with fair values approximating their carrying values

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months) it is assumed that their carrying amounts approximate their fair values. This assumption is also applied to demand deposits, savings accounts without a fixed maturity and floating rate financial instruments.

Fixed rate financial instruments

The fair value of financial assets and liabilities with fixed interest rates, which are recognized at amortized cost are estimated by comparing market interest rates at the moment of first recognition with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debt instruments with similar credit risk and maturity.

(in thousands of Belarusian Rubles)

27. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities by expected maturities as at 31 December 2024 and 31 December 2023.

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	No maturity defined	Total as at 31 December 2024
FINANCIAL ASSETS:						
Cash and cash equivalents	413,562	-	-	-	-	**413,562**
Amounts due from financial institutions	4,446	4,196	-	-	-	**8,642**
Mandatory reserves with the National Bank	-	-	-	-	7,075	**7,075**
Derivative financial assets	4	-	-	-	-	**4**
Loans to customers	171,573	171,734	161,747	5,474	-	**510,528**
Securities	-	30,569	30,301	731	-	**61,601**
Other financial assets	1,456	7,888	-	-	-	**9,344**
TOTAL FINANCIAL ASSETS	**591,041**	**214,387**	**192,048**	**6,205**	**7,075**	**1,010,756**
FINANCIAL LIABILITIES:						
Amounts due to financial institutions	41,267	-	-	-	-	**41,267**
Derivative financial liabilities	4	-	-	-	-	**4**
Amounts due to customers	508,981	302,829	16,240	171	-	**828,221**
Debt securities issued	-	5,033	-	-	-	**5,033**
Other financial liabilities	13,798	-	-	-	-	**13,798**
TOTAL FINANCIAL LIABILITIES	**564,050**	**307,862**	**16,240**	**171**	-	**888,323**
OPEN BALANCE SHEET POSITION	**26,991**	**(93,475)**	**175,808**	**6,034**	**7,075**	**122,433**

(in thousands of Belarusian Rubles)

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	No maturity defined	Total as at 31 December 2023
FINANCIAL ASSETS:						
Cash and cash equivalents	252,413	-	-	-	-	**252,413**
Amounts due from financial institutions	5,919	3,612	-	-	-	**9,531**
Mandatory reserves with the National Bank	-	-	-	-	5,373	**5,373**
Derivative financial assets	10	-	-	-	-	**10**
Loans to customers	147,717	144,427	143,334	1,902	-	**437,380**
Securities	-	41,889	59,294	686	-	**101,869**
Other financial assets	17,065	14,337	-	-	-	**31,402**
TOTAL FINANCIAL ASSETS	**423,124**	**204,265**	**202,628**	**2,588**	**5,373**	**837,978**
FINANCIAL LIABILITIES:						
Amounts due to financial institutions	55,398	1,095	-	-	-	**56,493**
Derivative financial liabilities	34	-	-	-	-	**34**
Amounts due to customers	433,589	126,082	41,355	65	-	**601,091**
Debt securities issued	-	62,195	5,000	-	-	**67,195**
Other financial liabilities	7,350	-	-	-	-	**7,350**
TOTAL FINANCIAL LIABILITIES	**496,371**	**189,372**	**46,355**	**65**	-	**732,163**
OPEN BALANCE SHEET POSITION	**(73,247)**	**14,893**	**156,273**	**2,523**	**5,373**	**105,815**

Amounts due to customers include revocable loans totaling BYN 197,080 thousand and BYN 51,623 thousand as at 31 December 2024 and 31 December 2023, respectively, and revocable deposits totaling BYN 98,077 thousand and BYN 89,744 thousand as at 31 December 2024 and 31 December 2023, respectively, which are disclosed in accordance with the expected maturity based on the final maturity of the respective agreements. The amount of such revocable loans and deposits as of 31 December 2024 included in the "3 to 12 months" category is BYN 195,671 thousand and BYN 1,888 thousand, respectively, revocable deposits included in the "1 to 5 years" category are BYN 85 thousand and revocable deposits included in the "more than 5 years" category are BYN 171 thousand. The amount of such revocable loans and deposits as at 31 December 2023 included in the category "3 to 12 months" is BYN 48,913 thousand and BYN 338 thousand, respectively, and revocable deposits included in the category "1 to 5 years" is BYN 8 thousand.

The maturity analysis does not reflect the historical stability of current accounts. Their liquidation has historically taken place over a longer period than indicated in the tables above. These balances are included in amounts due in less than three months in the tables above. The Bank's management believes that the diversification of such funds by number and type of depositors, as well as the experience accumulated by the Bank, indicate that these funds form a long-term and stable source of funding for the Bank's activities. At the same time, securities held by the Bank to meet its daily liquidity needs are classified as "1 to 5 years" and "more than 5 years" by maturity.

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the successful management of the Bank. It is unusual for banks ever to be completely matched since business transacted is often of an uncertain term and of different types. The items mismatching potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its risks in case of change in interest and exchange rates.

28. RELATED PARTY DISCLOSURES

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

Related parties may enter into transactions that would not be conducted between unrelated parties. Prices and terms of such transactions may differ from those between unrelated parties.

As at 31 December 2024 and 31 December 2023, the main shareholder is Rasim Arifovich Ismailov with 99.8459% of the shares.

The information in the statements is presented separately for each category of related parties:

- the controlling party is represented by the shareholder Rasim Arifovich Ismailov;
- other related parties are represented by all group companies in which the controlling party is Rasim Arifovich Ismailov, as well as private individuals and close family members of the owner;
- key management personnel of the Bank.

As at 31 December 2024 and 31 December 2023, amounts due to customers do not include amounts due to legal entities from related parties.

(in thousands of Belarusian Rubles)

The volumes of transactions and balances with related parties at the end of the reporting period, as well as the corresponding amounts of expenses and income for the year, are as follows:

	2024		
	Key management personnel	**Other related parties**	**Controlling party**
Loans before allowance for expected credit losses	48	1	-
- allowance for expected credit losses	-	-	-
Amounts due to customers	1,209	1,267	5
Lease liabilities	203		
Financial credit related commitments	54	10	-

	2024		
	Key management personnel	**Other related parties**	**Controlling party**
Interest income	8	1	-
- other related parties	-	*2*	-
Interest expense	14	45	-
Other banking and operating expenses (excluding payroll)	293	13	197
Payroll expenses	8,603	519	-

	2023		
	Key management personnel	**Other related parties**	**Controlling party**
Loans before allowance for expected credit losses	62	5	-
- allowance for expected credit losses	1	-	-
Amounts due to customers	620	1,072	29
Financial credit related commitments	55	1	-

	2023		
	Key management personnel	**Other related parties**	**Controlling party**
Interest income	13	2	-
- other related parties	-	*2*	-
Interest expense	2	12	-
Other banking and operating expenses (excluding payroll)	390	-	176
Payroll expenses	7,789	565	-

As at 31 December 2024, the weighted average contractual interest rate on customer deposits denominated in BYN was 10% with a weighted average term of 190 days (31 December 2023: 8.15% with a weighted average term of 203 days); on customer deposits denominated in foreign currency: 1% with a weighted average term of 89 days (31 December 2023: 8.11% with a weighted average term of 255 days).

As at 31 December 2024, the weighted average contractual interest rate on customer current accounts denominated in BYN was 0.36% (31 December 2023: 0.99%); on customer current accounts denominated in foreign currency: 0.00% (31 December 2023: 0.01%).

29. SEGMENT ANALYSIS

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available. An individual or a group of individuals engaged in allocation of resources and evaluation of the Bank's performance may be the chief operating decision maker. The chief operating decision maker is the Management Board of the Bank.

The Bank's operations are organized by main business segments:

- Retail segment – provision of retail banking services, services to individual clients to open and maintain settlement accounts, take deposits, provide retail investment products, custody services, debit and credit card services, consumer and mortgage lending.
- Corporate segment – this segment includes services for settlement and current accounts of organizations, attraction of deposits, overdrafts and other types of lending, operations with foreign currency and derivative financial instruments.
- Investment segment – operations with banks, securities market operations, operations within the framework of liquidity, currency and interest rate risks management.
- General banking segment – transactions, income and expenses of general banking importance are recognized.

Management monitors the operating results of each business unit separately for the purpose of making decisions about resource allocation and performance assessment. Since 2021, the Bank has implemented transfer pricing in order to determine the financial results of the Bank's structural units and their contribution to the overall result of the Bank.

Transfer pricing represents the transfer rates that reflect the cost of resources within the Bank's transfer pricing system and are used to calculate transfer income and expenses and to determine the analytical financial performance for the purposes of management reporting by analysis objects. The transfer rate is the interest rate at which the profit center buys/sells resources from/to the resource management center.

The center of resource management, the Treasury department, is the center of financial responsibility, which performs transactions on the interbank, foreign exchange and stock markets, as well as other operations related to liquidity regulation in order to ensure interbank settlements.

Transfer income and expenses are contingent interest income and expenses from internal operations of buying or selling resources at transfer rates.
In general, reallocation or attraction/allocation of resources between profit centers bypassing the resource management center, as well as self-financing of profit centers with funds raised by the same profit Center, without transferring resources to the resource management center, is not allowed.

Profit center is the Bank's center of financial responsibility allocated within the Bank's management accounts.

(in thousands of Belarusian Rubles)

Information on reportable segment profit or loss, assets and liabilities is presented below:

ASSETS:	Investment segment	Corporate segment	Retail segment	General banking segment	31 December 2024
Cash and cash equivalents	413,562	-	-	-	**413,562**
Amounts due from financial institutions	8,642	-	-	-	**8,642**
Mandatory reserve deposits with the National Bank of the Republic of Belarus	7,075	-	-	-	**7,075**
Loans to customers		310,210	200,318	-	**510,528**
Securities	61,601	-	-	-	**61,601**
Derivative financial assets	4	-	-	-	**4**
Other assets	7,888	-	-	6,604	**14,492**
TOTAL ASSETS	**498,772**	**310,210**	**200,318**	**6,604**	**1,015,904**
LIABILITIES:					
Amounts due to financial institutions	41,267	-	-	-	**41,267**
Amounts due to customers	-	558,931	269,290	-	**828,221**
Debt securities issued	-	5,033	-	-	**5,033**
Derivative financial liabilities	4	-	-	-	**4**
Other liabilities	-	-	-	18,532	**18,532**
TOTAL LIABILITIES	**41,271**	**563,964**	**269,290**	**18,532**	**893,057**

(in thousands of Belarusian Rubles)

ASSETS:	**Investment segment**	**Corporate segment**	**Retail segment**	**General banking segment**	**31 December 2023**
Cash and cash equivalents	252,413	-	-	-	**252,413**
Amounts due from financial institutions	9,531	-	-	-	**9,531**
Mandatory reserve deposits with the National Bank of the Republic of Belarus	5,373	-	-	-	**5,373**
Loans to customers	-	269,377	168,003	-	**437,380**
Securities	101,869	-	-	-	**101,869**
Derivative financial assets	10	-	-	-	**10**
Other assets	28,925	-	-	7,786	**36,711**
TOTAL ASSETS	**398,121**	**269,377**	**168,003**	**7,786**	**843,287**
LIABILITIES:					
Amounts due to financial institutions	56,493	-	-	-	**56,493**
Amounts due to customers	-	369,740	231,351	-	**601,091**
Debt securities issued	-	67,195	-	-	**67,195**
Derivative financial liabilities	34	-	-	-	**34**
Other liabilities	-	-	-	11,746	**11,746**
TOTAL LIABILITIES	**56,527**	**436,935**	**231,351**	**11,746**	**736,559**

(in thousands of Belarusian Rubles)

	Investment segment	Corporate segment	Retail segment	General banking segment	2024
Interest income calculated using the effective interest rate method	18,748	34,517	33,576	-	**86,841**
Interest expense	(2,013)	(15,079)	(17,715)	-	**(34,807)**
NET INTEREST INCOME	**16,735**	**19,438**	**15,861**	-	**52,034**
Effect of initial recognition of interest-bearing financial assets and liabilities	(143)	-	-	-	**(143)**
Creation of allowances for ECL on interest-bearing financial assets	(2,129)	(3,730)	(1,296)	-	**(7,155)**
Net interest income after allowances for ECL on interest-bearing financial assets	**14,463**	**15,708**	**14,565**	-	**44,736**
Net fee and commission income	5,839	19,223	8,232	-	**33,294**
Net income from transactions with securities	(15)	-	-	-	**(15)**
Net income from transactions in foreign currencies and derivative financial instruments	20,142	2,762	12,300	-	**35,204**
Other income	-	89	884	2,573	**3,546**
NON-INTEREST INCOME	**25,966**	**22,074**	**21,416**	**2,573**	**72,029**
Personnel costs	(6,193)	(12,202)	(16,942)	(394)	**(35,731)**
Depreciation and amortization	(1,455)	(2,054)	(3,518)	(6)	**(7,033)**
Other operating expenses	(5,055)	(7,928)	(17,476)	(10,719)	**(41,178)**
Change in fair value of investment property				(666)	**(666)**
Creation) of allowances for ECL on non-interest bearing financial assets and credit related commitments	388	-	(2)	(3,506)	**(3,120)**
NON-INTEREST EXPENSES	**(12,315)**	**(22,184)**	**(37,938)**	**(15,291)**	**(87,728)**
Profit before income tax expense	**28,114**	**15,598**	**(1,957)**	**(12,718)**	**29,037**
Income tax expense	-	-	-	(8,408)	**(8,408)**
Profit for the year	**28,114**	**15,598**	**(1,957)**	**(21,126)**	**20,629**
For reference:					
Transfer income (expense)	(5,569)	16,933	(3,200)	-	**8,164**
Profit for the year including transfer result	**22,545**	**32,531**	**(5,157)**	**(21,126)**	**28,793**

(in thousands of Belarusian Rubles)

	Investment segment	Corporate segment	Retail segment	General banking segment	2023
Interest income calculated using the effective interest rate method	14,246	27,932	35,907	-	**78,085**
Interest expense	(1,096)	(12,324)	(21,536)	-	**(34,956)**
NET INTEREST INCOME	**13,150**	**15,608**	**14,371**	-	**43,129**
Effect of initial recognition of interest-bearing financial assets and liabilities	(1,209)	-	-	-	**(1,209)**
Creation of allowances for ECL on interest-bearing financial assets	1,255	127	(6,607)	-	**(5,225)**
Net interest income after allowances for ECL on interest-bearing financial assets	13,196	15,735	7,764	-	**36,695**
Net fee and commission income	1,510	12,596	4,884	-	**18,990**
Net income from transactions with securities	5,193	-	-	-	**5,193**
Net income from transactions in foreign currencies and derivative financial instruments	21,326	1,581	-	-	**22,907**
Other income	-	310	2,710	2,780	**5,800**
NON-INTEREST INCOME	28,029	14,487	7,594	2,780	**52,890**
Personnel costs	(6,306)	(9,519)	(13,736)	(67)	**(29,628)**
Depreciation and amortization	(1,450)	(1,739)	(3,041)	(1)	**(6,231)**
Other operating expenses	(4,932)	(6,360)	(12,958)	(4,455)	**(28,705)**
Change in fair value of investment property				(1,358)	**(1,358)**
(Creation)/ reversal of allowances for ECL on non-interest bearing financial assets and credit related commitments	(976)	-	(26)	(460)	**(1,462)**
NON-INTEREST EXPENSES	(13,664)	(17,618)	(29,761)	(6,341)	**(67,384)**
Profit before income tax expense	27,561	12,604	(14,403)	(3,561)	**22,201**
Income tax expense	-	-	-	(5,361)	**(5,361)**
Profit for the year	27,561	12,604	(14,403)	(8,922)	**16,840**
For reference:					
Transfer income (expense)	(10,542)	10,404	138	-	-
Profit for the year including transfer result	**17,019**	**23,008**	**(14,265)**	**(8,922)**	**16,840**

(in thousands of Belarusian Rubles)

30. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in financial liabilities related to financing activities for 2024 and 2023 are as follows:

	Lease liabilities	Debt securities issued	Dividends paid	Total liabilities arising from financing activities
Carrying amount as at 31 December 2022	**2,998**	**69,342**	**-**	72,340
Additions	1,646	-	-	1,646
Repayment	(1,210)	(1,900)	-	(3,110)
Early derecognition	(70)	-	-	(70)
Charges	443	7,432	1	7,876
Accrual payments	(443)	(7,679)	(1)	(8,123)
Exchange differences	42	-	-	42
Carrying amount as at 31 December 2023	**3,406**	**67,195**	**-**	**70,601**
Additions	2,949	-	-	**2,949**
Repayment	(1,563)	(61,390)	-	**(62,953)**
Early derecognition	(25)	-	-	**(25)**
Charges	546	7,024	1	**7,571**
Accrual payments	(546)	(7,796)	(1)	**(8,343)**
Exchange differences	365	-	-	**365**
Carrying amount as at 31 December 2024	**5,132**	**5,033**	**-**	**10,165**

31. CAPITAL ADEQUACY

The main regulatory body of the banking system is the National Bank of the Republic of Belarus, which establishes and monitors capital adequacy of the Bank.

In order to comply with capital management requirements, the National Bank of the Republic of Belarus requires the Bank to maintain a ratio of total capital to total risk weighted assets. The ratio is calculated on the basis of accounting (financial) statements prepared in accordance with the National Financial Reporting Standards. The degree of risk is determined in accordance with the credit risk ratios of the National Bank of the Republic of Belarus, which are typical for certain classes of assets.

As at 31 December 2024, the Bank's regulatory capital amounted to BYN 130,227.6 thousand, tier 1 core capital amounted to BYN 99,049.7 thousand. As at 31 December 2024, the regulatory capital adequacy ratio was 13.0% (the standard being 10%) and the core capital adequacy ratio was 8.8% (the standard being 4.5%).

According to the law, the minimum size of regulatory capital for the Bank shall be not less than BYN 60,000 thousand as at 31 December 2024.

As at 31 December 2024 and 31 December 2023, the Bank was in compliance with the capital requirements described above.

(in thousands of Belarusian Rubles)

The capital adequacy ratios as at 31 December 2024 and 31 December 2023 based on these financial statements were as follows:

	31 December 2024	31 December 2023
Tier 1 capital, BYN thousand	165,787	145,159
Tier 2 capital, BYN thousand	885	1,247
Total regulatory capital, BYN thousand	**166,672**	**146,406**
Tier 1 capital adequacy ratio, %	**23.7**	**24.8**
Regulatory capital adequacy ratio, %	**23.8**	**25.0**

32. SUBSEQUENT EVENTS

The financial statements are approved for issue on the same date as signed.

According to the decision of the regular annual general meeting of the Bank's shareholders, dividends on the results of the Bank's performance for 2024 were declared on preferred shares as BYN 0.000048 per one share in the total amount of BYN 1 thousand, no dividends were declared on common (ordinary) shares.

In the period after the reporting date and before the financial statements were signed, the Bank received cash in the amount of BYN 8,307 thousand under the debt of the Ministry of Finance of the Republic of Belarus on Eurobonds of the Republic of Belarus (repayment date 25 February 2025).

The Bank obtained the banking license No. 5 dated 27 February 2025. In accordance with the new license, the Bank cannot carry out financing operations under assignment of monetary claims (factoring). The right to perform other banking operations remained unchanged and is in compliance with license No. 5 dated 13 February 2024.

As at the date of the financial statements issue, exchange rates were USD 1 = BYN 3.0512 (31 December 2024: USD 1 = BYN 3.4735), EUR 1 = BYN 3.4673 (31 December 2024: EUR 1 = BYN 3.6246), RUB 100 = BYN 3.6471 (31 December 2024: RUB 100 = BYN 3.3488), CNY 10 = BYN 4.1900 (31 December 2024: CNY 10 = BYN 4.8500).